28 November 2025

DOCUMENT
PO(2025)0344-AS1

IBAN AUDIT REPORT ON THE 2024 FINANCIAL STATEMENTS OF THE NATO COMMUNICATIONS AND INFORMATION ORGANISATION (NCIO)

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 NCIO, 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)0344.

20 November 2025

DOCUMENT
PO(2025)0344
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 COMMUNICATIONS AND INFORMATION ORGANISATION (NCIO)

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 restated Financial Statements of the NATO Communications and Information Organisation (NCIO).

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 NCIO, the associated IBAN Audit Report and the RPPB decision.

(Signed) Mark RUTTE

1 Annex
2 Enclosures

Original: English

ANNEX TO
PO(2025)0344

RESOURCE POLICY AND PLANNING BOARD

IBAN AUDIT REPORT ON THE 2024 FINANCIAL STATEMENTS OF THE NATO COMMUNICATIONS AND INFORMATION ORGANISATION (NCIO)

DECISION

References:

A) IBA-A(2025)0019 (IBAN Audit Report)
B) PO(2025)0320 (IBAN Performance Audit Report on Deployable Assets)

The Resource Policy and Planning Board:

1. Considered the IBAN Audit Report on the 2024 Financial Statements of the NATO Communications and Information Organisation (NCIO) (and the entity's comments) (reference A) for which IBAN issued an unqualified opinion on the restated financial statements and on compliance, with four observations that do not impact the audit opinion;

2. Notes that further discussions may be necessary in order to come to a conclusion on the transfer of control of the deployable CIS completed assets, considering the recently issued IBAN Performance Audit Report on NATO Deployable Assets (reference B);

3. Supports the IBAN's recommendations addressing the observations and recommends to Council to:

3.1. task the NATO Military Authorities and NCIO to work towards an agreement regarding the transfer of financial control of the deployable CIS completed assets in line with IBAN's recommendation; and

3.2. approve the public disclosure of the 2024 Financial Statements for the NCIO and its associated IBAN Audit Report.

International Board of Auditors for NATO
Collège international des auditeurs externes de l'OTAN

Brussels - Belgium

NATO UNCLASSIFIED

IBA-A(2025)0079
28 August 2025

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

Cc: NATO Permanent Representatives
Chair, Agency Supervisory Board, NATO Communications & Information Organisation (NCIO)
General Manager, NATO Communications & Information Agency (NCIA)
Financial Controller, NATO Communications & Information Agency (NCIA)
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 Communications and Information Organisation's (NCIO) Financial Statements for the year ended 31 December 2024 – IBA-AR(2025)0019***

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 NCIO and on compliance for financial year 2024.

Yours sincerely,

Sébastien Lepers
Chair

Attachments: As stated above.

International Board of Auditors for NATO
1110 Brussels, Belgium
Email: mailbox.IBAN@hq.nato.int

IBA-AR(2025)0019

Summary Note for Council
by the International Board of Auditors for NATO (IBAN)
on the audit of the Financial Statements of the
NATO Communications and Information Organisation (NCIO)
for the year ended 31 December 2024

The NATO Communications and Information Organisation (NCIO) comprises an Agency Supervisory Board (ASB) and an Executive Body, the NATO Communications and Information Organisation Agency (NCIA). NCIO's mission is to deliver to NATO secure, coherent, cost effective and interoperable communications and information systems and services in support of consultation, command and control (C3) and enabling intelligence, surveillance and reconnaissance capabilities. It includes information technology support to NATO Headquarters, the Command Structure and NATO Agencies. In 2024, NCIO generated revenues of EUR 906 million (EUR 788 million after restatement in 2023) and incurred expenses of EUR 1,069 million (EUR 801 million after restatement in 2023), including a EUR 163 million impairment of fixed assets and inventory, resulting in a deficit of EUR 163 million.

Following a request of NCIO to correct material misstatements identified by IBAN during the course of the audit, we agreed to audit the resubmitted financial statements communicated to us on 10 July 2025. Without these corrections, the NCIO 2024 Financial Statements would have included material errors leading to a qualified audit opinion on the Financial Statements.

IBAN issued an unqualified opinion on the resubmitted Financial Statements and on compliance for the year ended 31 December 2024.

IBAN made four observations and recommendations. These observations do not impact the audit opinion on the Financial Statements and on compliance:

1. Seek formal agreement with ACO or approval from Nations to transfer the control over CIS deployable assets to its end user.

2. NCIO needs to improve inventory impairment methodology and disclosures in its financial statements.

3. Further improvements needed in the automation, controls, auditability and accountability of the cost to complete (CTC) process for revenue recognition.

4. Improvement required in IT risk management processes and NCIO's IT governance.

IBAN followed up on the status of observations and recommendations from the previous years' audits and found that two were closed and three remain in progress.

The Audit Report was issued to NCIO whose comments have been included, with the

IBAN's position on those comments where necessary.

The observations and recommendations that are not in the Audit Report are included in a Management Letter addressed to NCIO management. This is because IBAN considers that these matters are to be addressed by Management and therefore fall under NCIO executive responsibility.

IBA-AR(2025)0019

28 August 2025

INTERNATIONAL BOARD OF AUDITORS FOR NATO

AUDIT REPORT ON THE FINANCIAL STATEMENTS OF THE NATO COMMUNICATIONS AND INFORMATION ORGANISATION (NCIO) 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 NCIO, for the 12-month period ended 31 December 2024, issued under document reference NCIA/FC/2025/03459, and submitted to IBAN on 10 July 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 NCIO 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.

Management's Responsibility for the Financial Statements

Management's responsibility for the financial statements is laid down in the NFRs.

The Financial Statements of NCIO 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 Financial Rules and Procedures 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 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

OBSERVATIONS AND RECOMMENDATIONS

IBAN made four observations and recommendations. These observations do not impact the audit opinion on the Financial Statements and on compliance:

1. Seek formal agreement with ACO or approval from Nations to transfer the control over CIS deployable assets to its end user.

2. NCIO needs to improve inventory impairment methodology and disclosures in its financial statements.

3. Further improvements needed in the automation, controls, auditability and accountability of the cost to complete (CTC) process for revenue recognition.

4. Improvement required in IT risk management processes and NCIO's IT governance.

IBAN followed up on the status of observations and recommendations from the previous years' audits and found that two were closed and three remain in progress.

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

The observations and recommendations that are not in the Audit Report are included in a Management Letter addressed to NCIO management. This is because IBAN considers that these matters are to be addressed by Management and therefore fall under NCIO executive responsibility.

1. SEEK FORMAL AGREEMENT WITH ACO OR APPROVAL FROM NATIONS TO TRANSFER THE CONTROL OVER CIS DEPLOYABLE ASSETS TO ITS END USER

Reasoning

1.1 In the public sector, there may be uncertainty whether some items of Property Plant and Equipment (PP&E) should be accounted for as an asset, as defined in the NATO Accounting Framework (NAF), adapted from the International Public Sector Accounting Standards (IPSAS). This is because to be recognised as an asset, an item of PP&E must meet all three criteria of an asset: a resource, presently controlled by the entity, and which arose from a past transaction or other past event.

1.2 According to IPSAS 17, the cost of an item of PP&E should be recognised as an asset if and only if it is probable that future economic benefit or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably. In addition, the NAF requires that all NATO assets are recognised by a NATO reporting entity, with the exception of assets acquired before 2013 and those acquired before 2018 for NCIO Computer Information System (CIS) and Automated Information Systems (AIS) assets.

1.3 In determining whether a NATO reporting entity controls a resource, the NAF supplements the IPSAS with ten criteria that may indicate the control that a NATO reporting entity exercises over assets for financial reporting purposes. If the NATO reporting entity responds positively to six of the NAF's control criteria, it is deemed likely that the asset is controlled by the NATO reporting entity. In this case, the reporting entity will normally need to capitalise the asset and include it in its financial statements.

1.4 In addition, the NAF includes a specific adaptation for CIS and AIS assets that takes precedence over the assessment based on the ten control criteria:

- *"If NCIO acts as a service provider to NATO Commands (including IS and IMS) for CIS and/ or AIS assets including the construction of these assets, NCIO has control over these CIS and or AIS assets."*

1.5 The NATO Accounting Policy for PP&E and Intangible assets also states that:

- *"NCIO has control over these (CIS/AIS) assets because it uses them to provide goods and services to its customers and has to report them in its Financial Statements."*

- Article 3.1.6 *"The moment of recognition of an item of PP&E is when the end-user of the NATO entity receives the item for NATO's operational use. For the moment of recognition for Assets under Construction see paragraphs 3.4.3 until 3.4.7"*

1.6 Under the NATO Security Investment Program (NSIP), situations may occur where NCIO, as Host Nation (HN), is appointed by the Investment Committee (IC) to deliver infrastructure or systems ultimately operated by another NATO reporting entity, with no further involvement from NCIO during the asset's lifecycle. This type of scenario can make it more difficult to identify which NATO reporting entity has control of the asset during the various phases of its life in the NATO context.

1.7 During the construction phase of CIS/AIS asset within the NSIP framework, NCIO is required to recognise an Asset under Construction (AuC) in accordance with the NAF's IPSAS 17, because:

- The IC, as the authorising and ordering authority for the asset acquisition, effectively acts as the customer or contributor of the HN responsible for implementation. It constitutes an exclusive binding agreement between the IC and the HN in accordance with the provisions of the NSIP *"Implementation Management Procedure"* (AC-4-D(2017)0006-FINAL (INV)).

- NCIO, in its role as HN, exercises exclusive control over the construction phase, thereby precluding any other end-user within NATO from recognising the AuC.

1.8 Once the NSIP CIS/AIS asset is completed and transferred for operation from the HN to another NATO reporting entity, assuming that there is no further involvement from NCIO after the delivery, both the transferring and receiving entities must assess the control criteria to determine which party should ultimately recognise the asset.

1.9 If the control assessment reveals uncertainty over which NATO reporting entity controls the asset, such as when none meet at least six out of the ten control criteria, the NAF provides that:

- *"Where there is a conflict between more than one NATO Reporting Entity as to the control of asset, only the end-use entity shall report the PPE in its financial statements based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities;"*

1.10 In case of uncertainty regarding control of asset, the form of the agreement between the NATO entity controlling the asset during the development phase and the operational end-user entity, and the level of signing authority are important in determining the assessment of the financial control in line with the NAF. An agreement on the transfer of control to the end-user entity would require NCIO to provide appropriate detailed information regarding the cost of the constructed asset, enabling the end-user entity to recognise the asset in their financial statements.

1.11 Under NSIP, the overall stewardship and implementation of the programme remains with the IC especially when it comes to technical acceptance of projects, financial closure and discharge of HN responsibilities for the implementation of projects, and deletion, donation, write-off or redeployment of assets. Therefore, any persistent difference of views between a NATO reporting entity and NCIO regarding control of assets or withdrawal of responsibility should ultimately be resolved by the Nations.

1.12 Over the last decade, NCIO was appointed by the IC for the acquisition of a variety of deployable CIS (DCIS) asset capabilities, which are currently operated by the Deployable Air Command and Control Centre (DACCC) in Poggio Renatico, Italy. These capabilities were funded through the NSIP, with NCIO as HN in charge of the construction, Allied Command Operations (ACO) being in practice the operational end-user entity.

1.13 The DCIS include among others:

- The Deployable Air Control Centre, Recognized Air Picture Production Centre and Sensor Fusion Post (DARS)
- The Deployable Air Defense Radar (DADR)

- The Deployable Passive ESM Tracker (DPET)
- The Ground Maritime (GM)

1.14 The DADR and DPET are mainly included in Capability Package (CP) 9A0202 “Deployable Ground based sensor”, approved by the Council (C-M2008)0012). The Hand Over/Take Over (HOTO) process, which began in 2022, is scheduled to be completed in 2025. After that, NCIO will no longer be responsible for the service support phase, which will be managed by the NATO Support and Procurement Agency (NSPA).

1.15 The DARS project belongs to Capability Package ACCS Loc 1 CP 50109 approved by the Council (C-M(2005)0047). This equipment was entirely handed over under the HOTO process in previous years, and NCIO continues to provide Operation and Maintenance (O&M) support for software.

1.16 In 2024, the Chief Service Operation (CSO) and the Sustainment Support Centre (CSSC) of NCIO in Brunssum, Netherlands, raised concerns about asset management and compliance deficiencies related to DCIS assets at DACCC, particularly in regard to:

- Ownership and recognition of assets, as not all the systems were procured, delivered and maintained by NCIO.

- The O&M activities, particularly the delineation of roles and responsibilities concerning the maintenance of DCIS asset, are highly complex and must be clearly defined for each capability, given the number of active entities operating within the DACCC.

1.17 A Tiger Team (TT) was created in April 2024, mainly at the initiative and leadership of NCIO, including participants from NSPA and ACO, with the aim to:

- Define the DACCC DCIS assets categories.
- Review assets’ ownership and control responsibilities as per the NATO Accounting Framework.
- Review/Update the support strategy for all involved entities during the asset’s lifecycle.

1.18 With regard to the control of assets, the TT proposed some of the following actions:

- Adoption of DACCC DCIS asset categories, based on the primary function of the assets and the relative weight of their CIS and non-CIS components.

- Nomination and agreement on the *"Entities in Control"* determined according to the above asset categories, an evaluation of the ten control criteria defined by the NAF, and the adaption for the control of CIS assets by the NCIO.

- In addition, the TT proposed that: *"NCIA will undertake until end 2024 a review of its* accounts *and assets register to carve out those assets that should not be reported within NCIA FS and set-up the necessary coordination with ACO to handover asset accounting and register details that will enable ACO to account for the assets."*

1.19 The TT finally proposed that ACO be designated as the entity in control for the majority of the assets, contingent upon further analysis to determine whether ACO holds financial accountability for these assets. This proposal was based on the main following interpretation:

- NCIO does not provide in-service support or manage the asset life cycle after delivery to ACO, and therefore does not exercise control.

- From NCIO's perspective, the fixed assets fail to meet at least six of the ten control criteria outlined in the NAF.

- The capabilities comprise both CIS and non-CIS asset components, with unclear delineation of responsibility and control. Therefore, they should be classified as complete weapon system, with indivisible components.

1.20 In practice, ACO never formally accepted the TT's conclusion designating it as the controlling entity and requested additional time to review and clarify the assessment.

1.21 Finally, NCIO decided to remove from its Financial Statements first submitted to IBAN for audit on 31 March 2025, the DACCC's DCIS assets for a total gross value of EUR 33.2 million as at 31 December 2024, and to restate the net opening balance by EUR 23.8 million. None of these assets are recognised in ACO's 2024 Financial Statements.

Observations

1.22 IBAN found that the formal conditions allowing NCIO to derecognise the DCIS assets were not met as at 31 December 2024, therefore leading to material misstatements which were corrected in the resubmitted Financial Statements issued on 10 July 2025. Without these corrections, the NCIO 2024 Financial Statements would have included material errors, leading to a qualified audit opinion on the Financial Statements.

1.23 We found that NCIO should not have derecognised the DCIS assets. This is because the construction of the assets was carried out within the NSIP framework under the authority of the IC, with NCIO acting as the HN in an exclusive binding arrangement with the IC. Given that a NATO asset was constructed, it should have continued to be recognised by NCIO and included in its statement of financial position until a formal agreement with ACO governing the transfer of operational and financial control was concluded.

1.24 The provisional and final system acceptance documents, as well as the HOTO, notified the logistical delivery of the assets and the transfer of operational risks and maintenance responsibilities to DACCC. However, even taking these factors into account, the minimum number of six control criteria established by the NAF that ACO must meet in order to recognise the asset for financial reporting purposes are not met. This leads to a situation where neither ACO nor NCIO appears to have control within the meaning of NAF. As explained in the reasoning in such situation of uncertainty regarding the control, *“only the end-use entity shall report the PPE in its financial statements based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities;”.*

1.25 Despite the efforts made under the TT, no formal agreement has yet been reached between NCIO and ACO allowing these assets to be derecognised from NCIO's Financial Statements and the financial control to be transferred to ACO. Therefore, the derecognition of completed DCIS assets delivered to DACCC was not supported, as required by the NAF, by an appropriate agreement with ACO confirming the respective responsibility for financial reporting and addressing the uncertainty regarding control of these assets. Ultimately, given the NSIP nature of the transaction, the authority to make this decision rests with the Nations.

1.26 Consequently, in the absence of an agreement with ACO or, as last resort, a decision by the appropriate governing body, NCIO could not unilaterally decide to no longer recognise these assets. Without the resubmission of the financial statements, this would have left NATO as a whole in a situation where the DCIS assets would not have been recognised by any NATO reporting entity, resulting in non-compliance with the NAF. Going forward, it is important to ensure that assets, for which NCIO is the designated NSIP Host Nation, are recognised as assets under construction in its financial statements, as they remain under NCIO’s exclusive control during the construction phase.

Recommendations

1.27 IBAN recommends that NCIO:

a) Reach an agreement with ACO regarding the transfer of financial control of DACCC’s completed assets in line with the NATO Accounting Framework (NAF). Until such an agreement is in place, NCIO should continue to recognise these assets in its financial statements.

b) Ensure that assets, for which NCIO is the designated NSIP Host Nation, are recognised as assets under construction in its financial statements, as they remain under NCIO’s exclusive control during the construction phase.

c) Where necessary, seek appropriate authorisation from the Nations to formally assign financial control of these assets in line with the NAF.

2. NCIO NEEDS TO IMPROVE INVENTORY IMPAIRMENT METHODOLOGY AND DISCLOSURES IN ITS FINANCIAL STATEMENTS

Reasoning

2.1 The NAF, IPSAS 12 *"Inventories"* para 15 states that: *"Inventories shall be measured at the lower of cost and net realizable value". The "net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution."*

2.2 Para 38 provides that: *"The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. […] The practice of writing inventories down below cost to net realizable value is consistent with the view that assets are not to be carried in excess of the future economic benefits or service potential expected to be realized from their sale, exchange, distribution, or use."*

2.3 Para 42: *"A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist, or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (i.e., the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value".*

2.4 The NAF, IPSAS 12 establishes that for financial reporting requirements NATO reporting entities:

- *"May choose to write down to the net realizable value items which are considered as slow-moving over the last 36 months. The value of slow-moving inventory which is written down shall be disclosed in the inventory note to the financial statements;".*

- *"May choose to measure slow moving stock items as strategic at historical cost. Reporting shall include a description of the stock items and a description of the assets or services to which they relate. The basis by which strategic stocks are measured shall be disclosed;"*

2.5 The NAF defines *"Some complex elements of slow-moving stock can be identified as strategic if they are deemed essential to the effective operation of an asset and cannot be readily replaced by commercial off the shelf items or cannot be purchased due to market decisions to close production lines of key inventory items due to the advanced age of the strategic asset to which the stock relates."*

2.6 The NAF also states that *“Assuming turnover of stock is over a 12-month period, any items not used over a 36 months period shall be deemed to be slow moving.”*

2.7 Moreover, the NATO Accounting Policy for Inventory states:

- For Strategic stocks, in paragraph 6.7, that: *“Strategic stock shall be measured at WAC. This shall be disclosed in the accounting policy of the Financial Statement. It must also include a description of the stock items and a description of the assets or services to which they relate.”.*

- For obsolete, slow moving and expired stock, in paragraph 7.1, that: *“NATO entities need to identify obsolete and slow-moving stock based on criteria such as age, movements in the past, expected future movements and estimated scrap values of the inventory.”.*

- In paragraph 7.4 *“Impairment”,* that: *“Obsolete, slow moving and expired stock has to be impaired. An inventory item is considered as impaired if its carrying amount (net book value) is greater than its recoverable amount. The impairment loss is the difference between the carrying and the recoverable amount and is accounted for as an expense in the Statement of Financial Performance.”.*

2.8 Therefore, we understand from the above, that NCIO shall disclose in its financial statements, its accounting policy regarding the inventory, including:

- The principles driving the impairment of slow-moving inventory.

- The amount of slow-moving strategic stocks providing also a description of the assets and services to which they relate as well as whether they have or not been impaired.

2.9 We also understand that impairment of obsolete, slow-moving inventory should take into consideration both retrospective and prospective analysis of consumption.

2.10 According to the NAF, the rarity of an item is a key factor when judging whether a stock item, like spare parts, is strategic. If the item is hard to find and cannot be easily replaced with standard commercial alternatives, it becomes strategically important to keep the supported asset running.

2.11 However, whether an item is considered strategic also depends on how much of it is left in stock and how much will be used before the main asset is retired. This calls for a forward-looking approach. If the stock on hand is likely to outlast the asset's remaining service life, a portion of it may need to be written down for impairment from a financial perspective.

2.12 From an operational point view, as a precautionary measure and in the absence of a formal decision by the governance to dispose of obsolete stock, NCIO's logistics and project managers wish to keep all quantities physically available. However, from a financial perspective, this does not prevent the impairment of the value of strategic stock with low turnover and low probability of use.

2.13 According to information provided by NCIO, as at 31 December 2024, out of total inventories amounting to EUR 68.1 million net value:

- EUR 13.8 million related to Global stocks: EUR 22.2 million gross value of which EUR 8.4 million (38%) were non-strategic slow movers impaired for their total value (EUR 8.4 million).

- EUR 8 million related to slow-moving Dedicated stocks: EUR 8.1 million identified as strategic stocks, of which EUR 0.1 million was impaired.

- EUR 46.3 million Dedicated stocks for which the strategic or non-strategic nature was not assessed yet by NCIO as these are not slow-movers.

2.14 Note 4 of the NCIO 2024 Financial Statements *"Inventory"* provides that: *"Furthermore NCIO, as per NATO Accounting Framework, retaining the option to write down/off, items which are considered as slow-moving over the last 36 months, has chosen to perform an impairment on the inventory holdings for a total value of EUR 8.4 million."*

Observations

2.15 IBAN found that, contrary to the requirements of the NAF, NCIO's 2024 Financial Statements do not:

- Disclose in its accounting policy the methodology applied to the impairment of obsolete, slow-moving, and expired inventories, with particular emphasis on strategic stock. In practice, there are significant disparities between different types of inventories that are not described in the Financial Statements. For example, only 1% of the gross value of slow-moving items for strategic Dedicated stock was impaired, compared to a 100% write-down applied to the slow-moving items of Global stock.

- Disclose strategic stock inventory and provide a description of the underlying assets and services these strategic stocks are intended to support.

2.16 IBAN also found that NCIO's impairment strategy primarily relies on an analysis of historical trends and does not incorporate a forward-looking assessment to determine whether the remaining quantities held in dedicated stock exceed the expected consumption needs over the remaining useful life of the associated asset.

2.17 For example, we found that out of a total of EUR 8.1 million in strategic stock, EUR 8 million consisted of slow-moving items that logistics has already flagged as *"Obsolete – No further use / No longer required"* (OBS). Despite this indication, these items were not impaired. This decision was primarily based on project managers' inputs, particularly the determination of which portion of the obsolete stock is still considered operationally essential and therefore strategic. However, this assessment lacks a documented approach, especially in terms of forecasting future consumption.

Recommendations

2.18 IBAN recommends that NCIO:

a) Disclose the accounting policy related to inventory impairment in the financial statements.

b) Provide all relevant information on strategic stock in the financial statements, as required by the NAF, in particular, the amount of slow-moving strategic stocks providing also a description of the assets and services to which they relate as well as whether they have or not been impaired.

c) Enhance the assessment and supporting documentation for inventory impairment by incorporating expected consumption needs.

3. FURTHER IMPROVEMENTS NEEDED IN THE AUTOMATION, CONTROLS, AUDITABILITY AND ACCOUNTABILITY OF THE COST TO COMPLETE (CTC) PROCESS FOR REVENUE RECOGNITION

3.1 Article 6 of the NATO Financial Regulations (NFRs) requires the Financial Controller to be responsible *"for the organisation and administration of the financial internal control system established pursuant to article 12.1".*

3.2 As per Article 12.1: *"the Head of NATO bodies shall ensure the necessary internal management functions are in place to support effective internal control, designed to provide reasonable assurance that the NATO body will achieves its objectives […]"* including *"[…] verify the accuracy and reliability of accounting data and records;".*

3.3 Article 12.3 states that *"Internal control activities shall include, […] adequate audit trails and data confidentiality, integrity and availability in information systems;"*

3.4 The NCIO internal control framework (ICF) approved by the Agency Supervisory Board (ASB) (AC/337-D(2016)0038-REV1) has been developed according to the components and principles of the Committee of Sponsoring Organizations' (COSO) Integrated Internal Control Framework.

3.5 The ICF is expected to enable NCIO to effectively and efficiently develop a system of internal control that adapts to a changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organisation.

3.6 IPSAS 9 and 11 state that *“when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognized by reference to the stage of completion of the transaction at the reporting date.”* One of the key reliability conditions to be met is that *“the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.”*

3.7 Note 12 of the NCIO Financial Statements states that: *“For all Customer Funded revenue, revenue is recognised, in accordance with IPSAS 9 and 11, by reference to the stage of completion or the cost burn rate, depending on the type of funding agreement; firm fixed price or cost reimbursable. In applying this revenue recognition, a “cost to complete” is calculated based on either input from the project manager as to the resources required to complete the project/deliverables or either based on information from the financial system as to the legal liabilities incurred per the end of 2024, but not yet accrued or expended.”*

3.8 In practice, the calculation of earned revenue for Project and Support Services, External Services, and Acquisition is not integrated within the Enterprise Business Application (EBA). For many years, NCIO has relied on an *Excel*-based process to determine the percentage of project completion by comparing actual costs incurred to date with the estimated total cost at completion of projects.

3.9 This process, known as the *"Cost-to-Complete"* (CTC) method, aims to calculate the variance between revenue recorded in the financial system and the earned revenue. It supports the generation of journal entries for revenue adjustments and provides management reporting on earned revenue.

3.10 The CTC revenue recognition process consolidates all available financial project data from EBA Project Accounting (EBA PA) with project planning data from the Project, Portfolio, Program, and Service Management (P3SM) tool. As such, it is highly dependent on the quality of upstream data and the reconciliation between P3SM and EBA PA.

3.11 In the CTC project, master data related to funding, costing, and billing is sourced from EBA, while staff time accounting, calculated using standard costs, is provided by ServiceNow, the P3SM tool since 2024. This data is compiled into the Project Controlling Report (PCR), which includes all project-related accounting transactions (Acquisition cost and contractual supplies and services costs). It also incorporates inputs from the Enterprise Service Delivery Management (ESDM) mechanism for project cost reallocations in relation to Service Level Agreement (SLA), as well as the Time Accounting System (TAS), which calculates standard labour costs based on customer rates.

3.12 The process has developed continuously since 2021, with some key improvements:

- Documented task scheduling with general allocation of responsibilities (2021 Agency Instruction AI 04.06.08).

- Several data control and reconciliation processes, including a monthly reconciliation of costs and revenues between EBA's project accounting (EBA-PA) modules and general ledger, as well as labour costs and time accounting from ServiceNow.

- Structured and layered Cost a Completion (CaC) revision.

- The implementation of nearly thirty automated detection controls embedded within the CTC model.

3.13 This setup requires close coordination between NCIO's Business/Project Management and Finance, and therefore process engages several teams and key individuals, including the Financial General Ledger (GL) team, Project Managers (PMs), the Head of the Project Management Office (HPMO), the Chief Operating Officer (COO), and the Financial Controller.

3.14 However, despite improvements in the description and documentation of the methodology, the revenue recognition process still demands on considerable manual effort. It involves compiling, reprocessing, correcting, and performing checks on large volumes of project financial data in *Excel* files.

3.15 The process remains long and labour-intensive, comprising no fewer than twelve steps, many of which rely on manual and selective copy-pasting of data inputs, repeated updates to file links, and frequent refreshing of formulas and pivot tables. In addition, certain entries in the CTC tool still need to be posted manually, such as accruals, opening corrections, budget revisions, and project completion forecasts.

Observations

3.16 Although the initial intention of NCIO was to fully integrate the revenue recognition tool into EBA, NCIO eventually decided that customising the Enterprise Resource Planning (ERP) software for that purpose was too costly and not practical. However, we found that NCIO has not yet implemented a safer alternative, such as using business intelligence (BI) and analytics tools that can automatically connect different data sources, organise and transform the data, to provide adapted reports.

3.17 However, this objective of automation is currently being in scope of the Agency Internal Investment (A2I) project "Cost to Complete Integration and Automation", which aims to integrate the CTC tool and process into a BI solution. EUR 0.5 million was approved by the Agency Supervisory Board in November 2024 (AC/337-D(2024)0073, NCIA 2025-2027 Corporate Plan).

3.18 Meanwhile, NCIO continues relying on Excel for its revenue recognition of the projects, which is not a secure or traceable solution for managing and consolidating large databases representing more than EUR 500 million of revenue. The risk grows with the number of worksheets, their size, the complexity of the formulas, and the number of files linked.

3.19 Consequently, we found inherent weaknesses in the model that could impact the reliability of internal controls, reducing the agency's ability to ensure oversight, accountability, and detect errors.

3.20 The reconciliation of costs between EBA project accounting and the accounting general ledger, which is one of the prerequisites for the process, is a complex, Excel-based task for which a model has been developed in the last two years, but lacks standard operating procedures.

3.21 The number of manual interventions in the CTC tool, often beyond those explicitly defined in the agency instructions, increases the risk of human errors and questions the accuracy, integrity, and traceability of the financial data.

3.22 These risks are further amplified by the fact that only one individual administrator of the model is responsible for managing the tool, with no designated backup in place to ensure continuity.

3.23 Accountability and governance Agency instructions remain unclear, as responsibilities are generally assigned to teams rather than to specific individuals. In addition, the agency's instructions for control tasks don not clearly explain the purpose, goals, or risks of each task.

3.24 Key reconciliation and control activities are either incomplete or narrowly scoped, often lacking reference to the relevant source or file to be updated. Some are carried out on an ad hoc basis, which affects consistency and weakens overall control assurance.

3.25 Most of the automated controls in the CTC tool are based on a project completion inconsistency detection model built with Excel formulas embedded in the tool. When the control flags significant deviations from the initial budget or inconsistencies in cost completion estimates, the Finance team makes the necessary adjustments in coordination with the relevant project manager, with confirmation provided by email.

3.26 However, we found that, there was no version control or audit trail in place through protected log, making it impossible to track, who accessed the tool, who made changes, when, or what was altered, weakening accountability, traceability and questioning data integrity.

3.27 Finally, from an Information Technology (IT) general control perspective, we found that backup and restoration procedures were not carried out on a regular basis, inconsistent with the agency's backup policy, relying on ad hoc manual saving made by the tool administrator, therefore increasing the risk of data loss in the event of error or system failure.

Recommendations

3.28 IBAN recommends that NCIO:

a) Automate manual tasks for data consolidation of the CTC by replacing the Excel-based revenue recognition tool with a more advanced, purpose-built business intelligence and analytics solution that ensures data traceability, integrity, and security.

b) Officially designate a team of at least two trained individuals within the organisation to ensure continuity and accountability in the operation and management of the CTC tool and process.

c) Enhance control assurance by documenting the reconciliation procedure between the Project accounting and general ledger entries.

d) Establish a formal digitalised sign-off mechanism with centralised track change logs in support of the data validation and accountability of each step of the CTC process.

e) Regularly review, refine and update the CTC process documentation and agency instruction and evaluate on a risk-based approach that existing controls provide sufficient assurance over revenue recognition.

f) Reinforce IT and security controls (e.g. access control, logging, validation checks) adapted to the CTC tools architecture.

4. IMPROVEMENT REQUIRED IN IT RISK MANAGEMENT PROCESSES AND NCIO’S IT GOVERNANCE

4.1 Article 12 of the NFRs states that the *“the Head of NATO bodies shall ensure the necessary internal management functions are in place to support effective internal control, designed to provide reasonable assurance that the NATO body will achieves its objectives”.*

4.2 Article 6 of the NFRs requires the Financial Controller (FC) to be responsible *“for the organisation and administration of the financial internal control system established pursuant to article 12.1.“*

4.3 Article 11 of the NFRs provides that: *“The Secretary General, the Supreme Commanders, subordinate commanders by delegation and the other Heads of NATO bodies shall: (a) Ensure effective, efficient and economical risk management* *procedures are in place to support the achievement of objectives as set by the Nations. (b) Identify, assess and mitigate the risks to the achievement of these objectives.”.*

4.4 NCIO Financial Rules and Procedures (FRPs) XI states that: *“1) The Head of the NATO Body shall ensure commitment to overall risk management and that all staff divisions are able to identify the key risks, an evaluation of the nature and extent of those risks, and implementing controls to mitigate these risks. 2) Risk management is to be considered in strategic and operational planning, day-to-day management and decision making at all levels in the organization, whenever possible.”*

4.5 The NCIO internal control framework (ICF) approved by the Agency Supervisory Board (ASB) (AC/337-D(2016)0038-REV1) has been developed according to the components and principles of the COSO’s Internal Control – Internal Framework, and it is expected to enable NCIO to effectively and efficiently develop a system of internal control that adapts to a changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organisation.

4.6 Paragraph 4.6 of the ICF provides that NCIA’s control environment includes the governance framework for the Agency, including Executive Management Board, external oversight bodies and the standards applicable to the organisation’s activities. It includes ethical values, management’s philosophy and operating style, organizational structure, assignment of authority and responsibility, human resources policies and practices, and efficiency, competence and integrity of personnel.

4.7 Paragraph 6.1 of the ICF states that: *“NCI Agency is exposed to risks from external and internal sources. These must be assessed and managed through an organization-wide effort to identify, assess and monitor those that threaten the accomplishment of Agency’s objectives.”*

4.8 Paragraph 6.2 of the ICF continues that *“At all levels of the organization, risks are identified, risk profiles are maintained, and management responses are prepared and monitored as an integral aspect of NCI Agency operations.”*

4.9 Paragraph 6.3.2 of the ICF states that *“Security is a high-priority area of risk management. In accordance with NATO Security Policy, security risk management shall be mandatory within NATO civil and military bodies. Security risk management requires awareness of security issues to be raised and performance targets to be measured.”*

4.10 Paragraph 9.12.3 of the ICF states: *“Service Management and Control (SMC) enables standardised, repeatable ways of working across the NATO enterprise holding the Governance of all ITIL [Information Technology Infrastructure Library] Processes.”*

4.11 Agency Directive (AD) 06.00.07 related to *“NCI Agency Information and Communication Technology (ICT) & Architecture Principles”* provides a *“security by* *design"* principle (Annex 1 ID 3.5) where*: "NCI Agency will follow NATO policies and directives required when implementing appropriate administrative, technical, and physical safeguards to ensure the security and confidentiality of sensitive data and information against unauthorized access and use."*

4.12 The NATO Primary Directive on Communications and Information Systems (CIS) Security (AC/35-D/2004-REV4) regarding NATO CIS Security Policy Governance, provides that *"Governing CIS Security includes establishing strategic direction, through policies, directives and guidance on the protection of CIS handling NATO Information, as well as defining related roles and responsibilities."*

4.13 The Directive further describes NATO Security Risk Management as *"a systematic approach to determine which security measures are required to protect information and CIS, based upon an assessment of the asset's value, current and predictable threats, vulnerabilities and impact on the mission objectives."*

4.14 NCIA Agency Directive 06.00.02 (REV 1) on Risk Management provides guidance regarding the management of risk to support the achievement of strategic objectives, protect staff and business assets and ensure financial sustainability and to establish a pragmatic, systematic and disciplined approach to identifying and managing risks throughout NCIA.

4.15 Effective IT Governance and Risk Management are essential for aligning IT initiatives with organisational goals, ensuring accountability, and managing operational and strategic risks. Inadequate IT Governance and Risk Management can compromise the systems and processes that generate financial data, directly affecting the accuracy, completeness and reliability of the organisation's financial statements. These areas are driven by internationally recognised Information Security Management Standards (ISMS) such as ITIL, International Organization for Standardization (ISO)/International Electrotechnical Commission (IEC) 27001, National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, and CIS Critical Security Controls (CIS Controls) version 8, as well as commonly adopted internal IT governance frameworks and principles. These provide, for example, that:

- IT directives and role/responsibility matrices must be periodically reviewed and updated to ensure alignment with current organisational structure, strategic goals, and operational realities.

- Performance measurement frameworks, including Key Performance Indicators (KPIs) and outcome reporting, are critical for tracking IT value delivery, informed decision-making, and providing organization-wide transparency.

- IT Governance process documentation should follow a structured lifecycle, including annual reviews, to ensure relevance, effectiveness, and the ability to demonstrate compliance with established procedures.

- A comprehensive IT Risk Register must reflect the scale and complexity of IT and cyber risk exposure, supported by regular risk identification and assessment exercises to ensure proactive risk management.

- Each documented risk should be detailed and measurable, including elements such as description, threat source, affected assets, risk scoring, and review timelines, to enable informed mitigation planning and oversight.

4.16 Finally, NCIO's IT risk assessment and governance are considered to align with the broader NATO Enterprise strategic plan and Cyber Adaptation Roadmap, under which the Office of the Chief Information Officer (OCIO) fulfils the role of Enterprise risk owner as well as the single point of authority for cybersecurity. As part of this effort, the NCIO contributes to the development of an enterprise-wide cybersecurity ecosystem and plays a key role in defining effective cybersecurity risk management.

Observations

4.17 IBAN found weaknesses in the NCIO IT Risk Management processes, which do not fully comply with the requirements of Article 11 of the NFRs, nor with the IT internal control framework, directives and principles adopted by NCIO, as outlined in the reasoning. This concerns in particular:

- Outdated internal IT management directive and RACI (Responsible, Accountable, Consulted, Informed) Matrix: NCIO's Internal IT Management Directive has been in effect since 2021 and not revised since its issuance, compromising the accuracy and reliability of the presented IT roles and responsibilities (RACI Matrix) and the overall Strategic IT Planning.

- Absence of IT performance measurement and strategic outcome reporting: there are no KPIs and metrics in place to measure IT performance and value delivery. NCIO IT Management has neither provided IBAN with reported outcomes of the NCIO Technology Strategy '21-'23, nor communicated a current or updated Technology Strategy for the ongoing period.

- IT risk register and risk assessment are limited and inadequate: The IT Risk Register currently includes only seven risks for which we did not find evidence of a Regular Risk Assessment Exercise conducted prior to logging them.

- Insufficient detail in documented risks: The IT Risk Register is not only limited in quantity of risks addressed, but also in their assessment quality. The document lacks details on risk description, threat source, affected assets, risk score (likelihood and impact), risk tolerance, date risk identified and risk next review date.

4.18 Given the scale and critical nature of IT and cyber risks across NATO, including NCIO, and in light of the objectives outlined in the OCIO Cybersecurity

Roadmap, it is essential to broaden the scope of NCIO IT risk domains with corresponding financial risk profiles. Some NATO Enterprise strategic IT areas are not fully addressed by NCIO in its risk management processes and documentation. For example, this includes, but is not limited to: NATO Enterprise cybersecurity ecosystem; personal data protection; risk management framework and tools; business continuity; asset configuration and patch management; vulnerability management and exposure to threats; cryptographic management; requirement, capability delivery and investment programmes.

4.19 In addition, we found that the documentation related to IT governance processes is obsolete and not regularly updated. None of the reviewed IT governance documents (Access Management; Incident Management; Patch Management; Problem Management; Release Management; Service Change Management & Risk Management) have undergone the recommended annual update cycle, leaving processes outdated, inadequate and ultimately unreliable to verify compliance against current process condition.

Recommendations

4.20 IBAN recommends that NCIO:

a) Strengthen IT risk management to ensure compliance with Article 11 of the NFRs, NCIO's internal control framework directives and applicable principles, aligning more closely with internationally recognised Information Security Management Standards, by:

i. Initiating a review and update of the Internal IT Directive to reflect current strategic objectives, roles and responsibilities (RACI matrix). Establish a governance mechanism to ensure this document is formally reviewed and updated at least annually.

ii. Developing and implementing a set of IT KPIs aligned with organisational objectives (e.g., service availability, incident response time, project delivery timelines, cost efficiency). Formally communicate outcomes of the '21–'23 Technology Strategy, along with the current and upcoming strategy cycle.

iii. Conducting a formal, organisation-wide IT and cyber risk assessment at least annually. Use the results to populate a comprehensive IT risk register that reflects current threat landscapes and risk exposure.

iv. Standardising the format and content of risk entries to include: risk description, threat source, affected systems/assets, likelihood and impact scoring, risk tolerance, risk identification date and next review date, on top of the already applied format.

b) Define and enforce an annual review process for all IT governance documentation, by maintaining version control and a document review log.

FOLLOW-UP OF PREVIOUS YEARS' OBSERVATIONS

IBAN followed up on the status of observations from the previous years' audit. The observations and recommendations, the actions taken by the auditee as reviewed by IBAN, and their status are summarised in the table below.

The Open status is used for recommendations that are open and for which no notable progress has been achieved to date. The In-progress status is used for open recommendations when the NATO Reporting Entity has started to implement the recommendation or when some (but not all) sub-recommendations are closed. The Closed status is used for recommendations that are closed because they have been implemented, are superseded, or have lapsed. In the case where there are sub-recommendations, the status related to each sub-recommendation is indicated in the Action Taken column.

OBSERVATION / RECOMMENDATION	ACTION TAKEN BY AUDITEE	STATUS
(1) NCIA FY 2023 **IBA-AR(2024)0020, Observation 2** **NEED TO ENSURE FULL COMPLIANCE WITH THE NATO ACCOUNTING FRAMEWORK REGARDING ACCOUNTING POLICIES IMPACTING THE NCIO OPERATING FUND** **IBAN's Recommendation** IBAN recommends that NCIO ensure full compliance with the NATO Accounting Framework regarding accounting policies impacting the NCIO Operating Fund by:		Observation **Closed**.
a) Considering to distinguish in the Operating Fund, items arising from cash outflows/inflows from non-cash items, in note 'C. Notes to the NCIO Statement of Changes in Net Assets/Equity';	a) Since the creation of an inventory reserve separate from the operating fund (OF), the counterparty of the OFs is mainly associated with cash or liquid assets with a maturity of less than one year. Therefore, the NCIO has decided not to implement this recommendation, as maintaining the current approach remained appropriate and consistent with accounting policy and financial reporting requirements. **Closed**	
b) Completing the assessment of the value of NCIO inventory holdings, in order to recognise and disclose any inventory write-	b) The Office of the Financial Controller, in collaboration with Asset Management staff,	

OBSERVATION / RECOMMENDATION	ACTION TAKEN BY AUDITEE	STATUS
off and/or write-down on the face of the NCIO Financial Statements in accordance with the NAF IPSAS 1 and 12;	conducted an analysis to identify slow-moving and strategic assets. This assessment led to the impairment of inventory assets that were determined to have no remaining service potential and the identification of the slow mover Strategic stocks. However, IBAN found that further improvements could be achieved in this domain. **Closed, superseded by current year's Observation 2**	
c) Derecognising the untaken leave liability amounting to EUR 10 million as of 31 December 2023 reported under "Other Current Liabilities" against the Operating Fund categorised within "Net Assets/Equity" in the 2023 NCIO Statement of Financial Position in accordance with NAF IPSAS 39;	c) Following a request for clarification from the NATO Office of Resources, the IPSAS Board clarified that the accounting of an untaken leave liability, even if it will not be paid, should apply to NATO in accordance with IPSAS 39 'Employee Benefits'. As a result, NCIO has maintained a provision for untaken leave in its books. **Closed.**	
d) Recognising and measuring a liability only for the exceptional cases foreseen in the NATO Civilian Personnel Regulations where NCIO expects to pay an additional amount as a result of the unused entitlement in accordance with NAF IPSAS 39; e) Referring to IPSAS 39, which superseded IPSAS 25, instead of IPSAS 25 in the NCIO Financial Statements disclosure notes.	d) Similar as sub-recommendation c) above. **Closed.** e) Note 10 of the 2024 NCIO Financial Statements refers to IPSAS 39. **Closed.**	
(2) NCIA FY 2022 **IBA-AR(2023)0022, Observation 1** **NEED TO STRENGTHEN INTERNAL CONTROLS OVER THE PREPARATION OF THE FINANCIAL STATEMENTS** **IBAN's Recommendation** IBAN recommends that NCIO: a) Strengthen internal controls over the preparation of the financial statements, including by establishing compensatory	a) Despite NCIO's improvement through the implementation of additional	Observation **In-Progress.**

OBSERVATION / RECOMMENDATION	ACTION TAKEN BY AUDITEE	STATUS
internal controls when needed, to provide a reasonable basis for obtaining assurance that financial statements are in compliance with the NATO Accounting Framework and NATO Financial Regulations (NFRs); b) Ensure compliance with the NFRs and the IBAN Charter by strengthening the audit trail, and by providing to IBAN in a timely manner complete supporting data relating to the financial statements including the notes, in a specific file prior to the commencement of the audit fieldwork.	Level 3 internal control processes, IBAN still identified several misstatements and typos in the first version of the resubmitted 2024 NCIO Financial Statements. **In-Progress** b) Sub-recommendation closed as part of the previous year's audit report (IBA-AR(2024)0020). **Closed**	
(3) NCIA FY 2021 **IBA-AR(2022)0015, Observation 2** **STRENGTHENING INTERNAL CONTROLS RELATED TO CASH MANAGEMENT** **IBAN's Recommendation** IBAN recommends that NCIO: a) Comply with AC/4-D/2663, Annex paragraph 3 by including bank interests received on NSIP funds ('IC' bank deposits) and any profit and loss in a special Miscellaneous Account, and by regularly introducing the result of this operation in the NSIP Call for Contribution, in coordination with the NATO Office of Resources; b) Ensure that the treasury procedures approved by the NCIA Financial Controller cover the management of 'IC' and 'BC' related bank accounts, associated transfers between these accounts and sharing of interests received; c) Implement the Treasury Management System (TMS) in order to fully integrate treasury management into the Enterprise Business Application (EBA).	a) Sub-recommendation closed as part of the previous year's audit report (IBA-AR(2023)0022). **Closed.** b) Sub-recommendation closed as part of the previous year's audit report (IBA-AR(2023)0022). **Closed.** c) IBAN noted that the implementation of the TMS service is on-going and that the Go Live is foreseen by the end of 2025. **In-Progress.**	Observation **In-Progress.**

OBSERVATION / RECOMMENDATION	ACTION TAKEN BY AUDITEE	STATUS
(4) NCIA FY 2021 **IBA-AR(2022)0015, Observation 4** **WEAKNESS REGARDING EBA USER ACCESS RIGHTS AND SEGREGATION OF DUTIES** **IBAN's Recommendation** IBAN recommends that NCIO: a) Systematically develop and maintain a detailed action plan with regard to recommendations expressed in internal audit reports.	a) Sub-recommendation closed as part of the previous year's audit report (IBA-AR(2024)0020) **Closed**	Observation **In-Progress.**
b) Enhance segregation of duties by creating:	b) IBAN noted that:	
i. appropriate documentation on all roles and responsibilities in EBA and	i. According to the NCIA an Internal Improvement Project has been initiated with the scope of documenting all EBA roles and responsibilities. Additionally, the scope of this project entails reviewing and formalising the EBA User Access Management Processes. The project is ongoing and is expected to be finalised by end of 2025. **In-Progress.**	
ii. a Segregation of Duties matrix identifying all conflicting roles and responsibilities.	ii. Sub-recommendation closed as part of the previous year's audit report (IBA-AR(2024)0020) **Closed.**	
c) Revoke roles and responsibilities for leavers at the time of departure.	c) IBAN noted that NCIA stated that it has implemented as of 1 January 2025 a monthly manual control that ensures access is revoked for staff leaving the agency and staff members changing positions or departments. This is a temporary measure until the implementation of the EBA User Management Processes mentioned as part of the action taken by the auditee in sub-recommendation b) i above. **Closed.**	

OBSERVATION / RECOMMENDATION	ACTION TAKEN BY AUDITEE	STATUS
d) Perform, for staff members changing positions or departments within the Agency, an analysis in order to ensure that the new roles and responsibilities comply with the segregation of duties principle.	d) Similar as sub-recommendation c) above. **Closed.**	
(5) NCIA FY 2020 **IBA-AR(2021)0016, Observation 5** **IMPROVEMENT NEEDED TO THE NCIO COST TO COMPLETE (CTC) MODEL FOR REVENUE RECOGNITION** **IBAN's Recommendation** While IBAN acknowledges the improvement in the cost to complete (CTC) revenue recognition model since 2018 through the implementation of the EBA and that, at a high level, no material inconsistencies were found, IBAN recommends that NCIO: a) Replaces the Excel based process with an EBA model tailored to NCIO's operations, which should guarantee the traceability, integrity and security of data; b) Ensure that the treasury procedures approved by the NCIA Financial Controller cover the management of 'IC' and 'BC' related bank accounts, associated transfers between these accounts and sharing of interests received; c) Establishes a sign-off on the responsibility and validation of the final cost at completion estimates embedded within the EPM-EBA interface and integrates the project management document in support hereof.	a) IBAN acknowledges several improvements made to CTC's internal control process and changes in the environment and tools used for revenue recognition, which require this observation to be updated. **Closed, superseded by current year's Observation 3** b) Sub-recommendation closed as part of the previous year's audit report (IBA-AR(2023)0022). **Closed.** c) Sub-recommendation closed as part of the previous year's audit report (IBA-AR(2024)0020) **Closed.**	Observation **Closed**.

NATO COMMUNICATIONS AND INFORMATION ORGANISATION (NCIO) FORMAL COMMENTS ON THE AUDIT REPORT AND THE INTERNATIONAL BOARD OF AUDITORS (IBAN) POSITIONS

OBSERVATION 1: DERECOGNITION OF DEPLOYABLE CIS ASSETS NOT COMPLYING WITH THE NATO ACCOUNTING FRAMEWORK

NCIO's Formal Comments

Not agreed.

NCIO notes that the title of observation #1 could be misinterpreted in relation to the main context outlined in the observation. NCIO would recommend a slight rephrasing to better reflect its intended meaning.

For item a) and c); NCIO agrees with the recommendation and continue to reach out to ACO to find a formal agreement.

For item b); NCIO does not agree as the DACCC assets have been recognized in the resubmitted Financial Statement thus suggest rephrasing the observation and recommendation.

IBAN's Position

IBAN acknowledges that the title of the observation and the wording in sub-recommendation b) may be nuanced to more accurately reflect the main context outlined in the observation. The title and sub-recommendation b) were amended accordingly.

OBSERVATION 2: NCIO NEEDS TO IMPROVE INVENTORY IMPAIRMENT METHODOLOGY AND DISCLOSURES IN ITS FINANCIAL STATEMENTS

NCIO's Formal Comments

Not agreed.

For item a); NCIO agrees with the recommendation and will indicate in its accounting policy the methodology applied to inventory impairment particularly in distinguishing between general slow-moving stock and strategic inventory valuation methodology.

For item b); NCIO agrees and acknowledges the recommendation regarding the need to provide the relevant information on strategic stock in the Financial Statements, as required by the NAF.

For Item c); NCIO does not agree with the observation, as NCIO is compliant with the current NAF allowing retention of strategic (dedicated) slow-moving stock at historical cost.

However, NCIO acknowledges the opportunity to investigate forward looking impairment analytics this effort is part of the asset management program led by the Property Accountable Officer (PAO).

IBAN's Position

IBAN acknowledges that NATO reporting entities may choose to measure slow moving stock items as strategic at historical cost in accordance with the NAF. Sub-recommendation c) was reformulated in order to remove the reference to scrap values, and to clarify that NCIO needs to enhance the assessment and supporting documentation for inventory impairment by incorporating expected consumption needs.

OBSERVATION 3:
FURTHER IMPROVEMENTS NEEDED IN THE AUTOMATION, CONTROLS, AUDITABILITY AND ACCOUNTABILITY OF THE COST TO COMPLETE (CTC) PROCESS FOR REVENUE RECOGNITION

NCIO's Formal Comments

Not agreed.

For item a); NCIO agrees with the recommendation. NCIO is executing a dedicated Agency Internal Investment project that aims to embed CTC calculation in a BI solution, which will address matters regarding data traceability, integrity and security in a comprehensive manner.

For item b); NCIO considers that there are sufficient trained backup resource to ensure continuity in the operation and management of the CTC. Implementation of the BI solution once implemented will further enhance business continuity in the operation and oversight of the CTC process.

For item c); NCIO agrees with the observation, a high-level reconciliation document outlining the reconciliation procedure between Project Accounting and General Ledger entries has already been introduced. Formalization of this document into an operational policy is scheduled in the upcoming months.

For item d); NCIO does not agree. NCIO has put in place robust review and sign-off process for the critical CTC steps (CaC estimate, exceptions loadings, FC review of final figures, and the SLMB review where appropriate). NCIA will run a cost benefit assessment before implementing a fully digitalized solution as it may turn out to be costly exercise.

For item e); NCIO agrees. The Agency Internal Investment project implementation for the CTC will mandate a specific dedicated review to embed changes pertaining BI solution implementation.

For item f); NCIO does not agree. NCIO consider that the appropriate IT and security controls are in place, considering that the CTC file used for Financial Statements is password protected and the SharePoint access has its own access controls in place aligned with the overall NCIO policies. Once the BI solution is implemented it should comprehensively address the recommendations outlined regarding the IT and security controls.

IBAN's Position

Sub-recommendation b): IBAN considers that the backup resource with some knowledge to replace the staff currently assigned to manage the CTC is an informal solution and needs to be formalised. This sub-recommendation was reformulated accordingly.

Sub-recommendation d): IBAN acknowledges that a manual sign-off process currently exists, however changes to the CTC can be made directly without track changes in a log. This sub-recommendation was reformulated accordingly.

Sub-recommendation f): IBAN considers that the IT and security controls need to be reinforced and adapted to the CTC's Excel architecture, which is not secure by design. This sub-recommendation was reformulated accordingly.

OBSERVATION 4:
IMPROVEMENT REQUIRED IN IT RISK MANAGEMENT PROCESSES AND NCIO'S IT GOVERNANCE

NCIO's Formal Comments

Agreed.

The NCIO agrees with the findings, with the immediate comments provided below, and will give due consideration to the IBAN recommendations overall.

A comprehensive action plan will be developed and communicated to fully address the observation, taking into account the IBAN recommendations to the extent practically feasible.

- *Some mitigations measures have already been launched at corporate level with the establishment of a global Risk management directive as well as a Quality Management System.*

- *This endeavour will prioritise the IT related component in light of the audit findings and recommendations, ensuring the establishment of a robust and consolidated IT risk register.*

The application of risk management best practices in the different organizational elements will be closely monitored.

FOLLOW-UP OF PREVIOUS YEARS' OBSERVATIONS

(2) NCIA 2022 FY
IBA-AR(2023)0022, Observation 1
NEED TO STRENGTHEN INTERNAL CONTROLS OVER THE PREPARATION OF THE FINANCIAL STATEMENTS

NCIO's Formal Comments

NCIO agrees.

The Agency has significantly strengthened its internal controls and introduced;

Interim Closing.

This process was introduced to:

- *Enhance the quality and accuracy of financial data at yearend.*
- *Improve control efficiency by conducting certain procedures earlier in the fiscal year.*

Sample-Based Controls Using Interim Closing Figures Controls were performed.

In addition, a specific procedure will be put in place to suppress editorial errors in the Financial Statements.

(3) NCIA 2021 FY
IBA-AR(2022)0015, Observation 2
STRENGTHENING INTERNAL CONTROLS RELATED TO CASH MANAGEMENT

NCIO's Formal Comments

NCIO agrees.

The implementation of TMS is ongoing. The Agency has received the SWIFT BIC, TMS is in the UAT phase. IATO expected by end of June 2025. Go Live foreseen by end of 2025.

(4) NCIA 2021 FY
IBA-AR(2022)0015, Observation 4
WEAKNESS REGARDING EBA USER ACCESS RIGHTS AND SEGREGATION OF DUTIES

NCIO's Formal Comments

Agreed.

NCIO has initiated an Internal Improvement Project with the scope of documenting all EBA roles and responsibilities.

Additionally, the scope of this project entails reviewing and formalising the EBA User Access Management Processes. The project is ongoing and is expected to be finalised by end of 2025.

The status for this part of the observation is in progress.

For item c) and d); The Agency has implemented as of 1st January 2025 a monthly manual control that ensures access is revoked for staff leaving the agency and staff members changing positions or departments. The status for this part of the observation is closed.

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.

Office of the Financial Controller

Boulevard Leopold III
1140 Brussels, Belgium
Telephone: +32 (0)2 707 8286

NATO Communications and Information Agency

NCIA/FC/2025/03459
09 July 2025

To : IBAN Board Member Mr. Carlo Mancinelli

Subject : **Revised version of the resubmitted NCIO 2024 Financial Statements**

References :
A. IBA-A(2024)0143, Interim and final financial audit of the NATO Communication and Information Organisation (NCIO) 2024 Financial Statements.
B. IBA-A(2025)0043, IBAN audit of NCIO 2024 Financial Statements – Request to resubmit the NCIO 2024 Financial Statements (FS), dated 19 June 2025.
C. NCIA/FC/2025/03408, resubmitted NCIO 2024 Financial Statements, dated 19 June 2025.

Dear Carlo,

While reviewing the resubmitted NCIO 2024 Financial Statements at reference C, the Agency identified an oversight. Some figures/numbers in the narrative text were not fully aligned with the corresponding tables.

While we believe that this would not affect the substance of the resubmitted financial statements, it could potentially lead to misinterpretation of some financial data.

As a result, the Agency has aligned the numbers and herewith provide you with a revised version of the resubmitted NCIO 2024 Financial Statements, this effort was done in coordination with the prime auditor.

Respectfully,

Ludwig Decamps 2025.07.10 12:54:37 +02'00'

Antoine Pailhes Digitally signed by Antoine Pailhes Date: 2025.07.09 19:06:27 +02'00'

Ludwig Decamps
General Manager

Antoine Pailhès
Financial Controller

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NATO OTAN
NATO Communications and Information Agency

NCIA/FC/2025/03459

Enclosure:
1. NCIO Financial Statements for the year ended 31 December 2024

Distribution:

External
Chair Agency Supervisory Board

Internal

Members of Executive Management Board

Head of Internal Audit

NATO Communications and Information Agency

Agence OTAN d'Information et de Communication

Enclosure to
NCIA/FC/2025/03459

NATO Communications and Information Organisation

Financial Statements
for the year ended 31 December 2024

NATO UNCLASSIFIED

Overview of the NATO Communications and Information Organisation (NCIO) and Agency (NCIA)

The NATO Communications and Information Agency (NCIA) is NATO's technology and cyber hub. We are a team of 3000 civilian and military staff members, located in five campuses and 29 direct support locations throughout Europe and North America. NCIA's central elements are split between Brussels, Braine-l'Alleud, Mons, Oeiras and The Hague. Our CIS Support Units (CSUs), logistics centres and satellite ground stations enable NATO networks, service operations, exercises and IT infrastructure. We help the Alliance communicate and work together to fulfil the NATO's mission of preserving peace and security for one billion citizens.
The NCIA is on the frontlines against cyber-attacks protecting NATO's network and work closely with governments and industry to prevent future debilitating attacks.

The NATO Communications and Information Agency – or NCIA – acts as NATO's principal Consultation, Command and Control (C3) deliverer and Communications and Information Systems (CIS) provider.
The NCIA acquire, deploy and defend communications systems for NATO's political decision-makers and Commands.
The NCIA is working to deliver a secure, modern digital infrastructure to NATO – wherever the Alliance is working. In addition, the NCIA conducts the central planning, system engineering, implementation and configuration management for the NATO Air Command and Control System (ACCS) Programme.

The NCIA, led by a General Manager, is headquartered at Boulevard Leopold III, 1140 Brussels, Belgium.

The NCIA is the executive arm of the NATO Communication and Information Organisation (NCIO), which aims to achieve maximum effectiveness in delivering NATO's Consultation, Command and Control capabilities to stakeholders, while ensuring their coherence and interoperability, and ensuring the provision of secure CIS services at minimum cost to Allies – individually and collectively.

NCIO is managed by an Agency Supervisory Board (ASB) composed of representative from each NATO nation. The ASB oversees the work of the NCIO. After consulting with the NATO Secretary General, NCIO's ASB appoints the General Manager of the NCIA. All NATO nations are members of the NCIO.
The ASB, which reports to the North Atlantic Council (NAC), issues directives and makes general policy decisions to enable NCIO to carry out its work. Its decisions on fundamental issues such as policy, finance, organization and establishment require unanimous agreement by all member countries.

The NCIA was created on 1 July 2012 through the merger of the NATO C3 Organisation, NATO Communication and Information Systems Services Agency (NCSA), NATO Consultation, Command and Control Agency (NC3A), NATO Air Command and Control System Management Agency (NACMA), and NATO Headquarters Information and Communication Technology Service (ICTM).

For 65 years, the NATO Communications and Information Organisation and Agency and their predecessors have worked tirelessly in providing the means that enable the connectedness and togetherness that keep our Alliance strong. There is a long legacy of dedication to our mission and commitment to our customers. Our fundamental role as enshrined in the NCIO Charter is to act as NATO's principal C3 capability deliverer and CIS service provide for the full range of its entitled requirements holders and customers.

As established by the NCIO Charter in mid-2012, the NCIA is customer funded for delivering ICT to NATO and nations. The principles of Customer Funding are based on the NCIO Charter:

- Customers shall be charged the direct costs plus overhead to cover general administrative expenditures, recuperation of capital investments, and NCIA operating and running costs;
- Charges to customers shall be subject to customer agreement prior to being incurred;
- Customer Rates and Service Rates are set in such a way to ensure balance between planned income (revenue) and expenditure (expenses) to achieve breakeven over the planning period; and are submitted, after review by the ASB Finance Committee (FINCOM), to the Agency Supervisory Board (ASB) for endorsement and finally to the Budget Committee (BC) for approval on behalf of all Customers.

The Customer Funding Regulatory Framework (CFRF) forms the basis of the NCIA's financial operations. A key aspect of this framework covers the issues contained within the overarching principles for funding eligibility:

- Definition of customers internal/external and their roles and responsibilities;
- Coordination with existing programming and planning mechanisms;
- Recapitalization of ICT assets and equipment;
- Roles of the ASB, Resource Policy and Planning Board (RPPB), Budget Committee (BC), and Investment Committee (IC);

- Service demand and requirements validation;
- Pricing of NCIA services;
- Provision of independent advice to the NATO resource community;
- Roles of other stakeholders in the governance of the NCIA;
- Requirement for ICT Services and Capabilities;
- Procedures governing the use of the Operating Fund;

Governed by the Nations, the Operating Fund, in this context, performs the function of a repository for Accumulated Surpluses or Deficits and is a risk management reserve. A process has been put in place to return Operating Fund surpluses over the target level back to customers through Customer Rates rebates.

The main aim of the Customer Funding financial model is to empower the customer who can define requirements and/or volume of services and thus secure the best value for money in obtaining the services it requires. The concept also aims to ensure that the beneficiaries of the goods and services are those who pay the full costs of the benefits they receive. The customers state their requirements; generally in the context of the draft Service Level Agreement (SLA), Service Support Packages (SSP), Service Support Training Packages (SST), Capability Package (CP) or by submitting a Task Order (TO) or a Customer Request Form (CRF). The NCIA confirms its ability to fulfil the requirements, and following internal staffing and coordination, proposes a cost for each service or capability requested based on approved Customer Rates and/or the CCSC. Operating as an integral part of NATO, the NCIA must remain attentive to NATO's funding constraints and in close coordination with its customers to tailor its service levels to the requirements and priorities set by its customers.

By being Customer Funded, the NCIA must recover all of its costs from the work and services it provides its customers. In line with the BC's guidance, the Customer Rates or professional labour fees are used to determine Service Rates and NCIA charges to its customers, respectively by Project Service Costs (PSCs) for capability development and Service Support Costs (SSCs) for ICT services, with the aim to achieve financial breakeven over time.

The NCIA's Customer Rates are based on the actual costs as disclosed in the Annual Financial Statements or from the latest and most accurate possible execution data.

Consistent with the CFRF, the NCIA predominantly provides customers with CIS services based on Firm Fixed Price (FFP) agreements whereby the NCIA delivers a specified set of goods or services for a fixed price. The use of FFP agreements reduce administration costs and provides customers with more stability and less risk as the NCIA manages associated risks with delivering the goods or services within the agreed price unless otherwise agreed with the customer. The NCIA's obligation is the delivery of goods and services in accordance with the agreed customer specifications, and the customers' obligation is the payment of the agreed amount. The NCIA relies on the customer provided funding via advance payments and the timely payment of invoices to provide the cash flow for daily NCIA business operations.

Financial Statements general information & certification

Basis of Preparation

The NCIO Financial Statements are a formal record of the financial activities and position of the NCIA and the ASB Secretariat. These include an extensive set of notes to the financial statements describing each item on the statement of financial position, performance, cash flow and budget execution statement in further detail.

The NCIO Financial Statements are a standalone document and undergo a specific approval process as well as an audit by the International Board of Auditors for NATO (IBAN). For full visibility of the NCIA's operating performance and strategic alignment to the NATO mission, readers should consult the NCIO Annual Report.

In respect to the 2024 NCIO Financial Statements, these were prepared:

- for public disclosure
- on a going-concern principle
- on the basis of a single entity
- on an accrual basis and a historical cost convention, except as disclosed in the accounting policies and detailed notes.

Amounts in the financial statements are stated in Euro currency.

Compliance with Financial Regulations

The NCIO Financial Statements are submitted to the Agency Supervisory Board (ASB) and the International Board for Auditors of NATO (IBAN) in accordance with NAC approved standards, including the International Public Accounting Standards (IPSAS) as adopted through the NATO Accounting Framework and the NATO Financial Regulations (NFR).

Article 35 of the NATO Financial Regulations: "An annual financial statement for each NATO body, consolidated where applicable and appropriate, shall be submitted for audit to the International Board of Auditors for NATO by the Financial Controller not later than 31st March following the end of the financial year. The IBAN audit report, together with the associated financial statements, shall be finally noted or approved by the Council not later than 31 December."

This is consistent with Article 53 of the NCIO Charter: "The General Manager shall submit to the ASB and the International Board of Auditors for NATO annual financial statements in accordance with NAC approved standards, including the International Public Sector Accounting Standards (IPSAS) as adopted by NATO, and the provisions of the NATO Financial Regulations".

The Financial Regulations that are applicable to NCIO are described in the NCIO Charter under Article 50: "The NCIO shall be governed by the provisions of the NATO Financial Regulations, subject to such derogations as may be approved by the NAC upon recommendation by the Resource Policy and Planning Board".

Article 27 of the NATO Financial Regulations specifically relates to the NCIA as a Customer Funded entity: "Customer-Funded bodies make agreements with Customers to provide goods and services in accordance with Customer requirements. Customers' agreement will describe the requirements for how funds are to be made available to the Customer-Funded bodies and how the funds will be committed and carried forward; these requirements may be different from common-funded NATO bodies".

The NATO Communications & Information Agency Customer Funding Regulatory Framework is a fundamental part of the governance of the NCIA, along with the NCIO Charter provisions. It is designed to deliver effective and efficient C&I service provision by NCIA by establishing mechanisms for validating NCIA costs and for validation of all requirements, including ICT services, while future C&I capability requirements will continue to be provided through the Capability Package process with greater emphasis on ICT asset renewal which will be on a biennial schedule to ensure that technology upgrades and replacement of obsolescent equipment keeps up with the military requirement.

NCIO's Financial Position and Financial Performance are based on the usage made of its capabilities by NATO Nations and its partner Nations. As such, its performance is impacted by NATO operations and the demand of its Nations and partners for the capabilities and services that it offers.

Certification of the NCIO Financial Statements

The NCIO 2024 Financial Statements were prepared in accordance with the following reference documents:

- C-M(2012)0049, Charter of the NATO Communications and Information Organisation, approved by Council, dated 14 June 2012.
- C-M(2015)0025), NATO Financial Regulations, approved by Council, dated 4 May 2015;
- PO(2015)0394, NATO Communications & Information Agency Customer Funding Regulatory Framework (CFRF), approved by Council, dated 16 July 2015 and regular reviews by RPPB towards the CFRF ;

- C-M(2016)0023, revised NATO Accounting Framework (IPSAS adaptation), approved by Council, dated 29 April 2016;
- C-M(2017)0022(INV), NATO Accounting policy for Property Plant and Equipment , approved by Council, dated 31 May 2017;
- C-M(2017)0044, NATO Accounting Policy for Intangible Assets, approved by Council, dated 08 September 2017;
- C-M(2017)0043, NATO Accounting Policy for Inventory, approved by Council, dated 08 September 2017;
- PO(2023)0315-AS1 (INV), amendments to the NATO Accounting Framework, approved by Council, dated 03 August 2023;
- AC/337-D(2016)0014-REV2 (INV), NCIO Financial Rules and Procedures, approved by the ASB, dated 05 October 2023;

The NCIA General Manager and NCIA Financial Controller certify that the NCIO 2024 Financial Statements present fairly the NCIO's financial position, financial performance, cash flows and changes in net assets/equity during the period.

Ludwig Decamps 2025.07.10 12:55:16 +02'00'

Ludwig Decamps
General Manager

Antoine Pailhes Digitally signed by Antoine Pailhes Date: 2025.07.09 19:07:44 +02'00'

Antoine Pailhès
Financial Controller

NCIO Statement of Financial Position

For the year ended 31 December 2024
(all figures are expressed in thousands of Euro)

	Note	NCIO 2024	NCIO 2023 Restated	NCIO 2023
ASSETS				
Current Assets				
Cash and Cash Equivalents	1	402,588	271,243	271,243
Receivables	2	413,890	332,231	332,231
Prepayments and Miscellaneous Assets	3	25,824	16,852	16,852
Inventory	4	68,118	69,758	69,758
Work in Progress	5	1,853	5,476	5,476
Other Current Assets		0	0	0
Total Current Assets		**912,273**	**695,562**	**695,562**
Non-Current Assets				
Financial Assets		0	0	0
Non-current Receivables	6	553	549	549
Property, Plant and Equipment	7	451,633	405,968	408,924
Intangible Assets	7	303,348	400,287	421,740
Other Non-Current Assets		0	0	0
Total Non-Current Assets		**755,535**	**806,804**	**831,213**
TOTAL ASSETS		**1,667,808**	**1,502,365**	**1,526,775**
LIABILITIES				
Current Liabilities				
Payables	8	195,858	125,923	125,923
Deferred Revenue and Advances	9	691,626	526,216	525,180
Other Current Liabilities	10	21,450	18,244	18,244
Total Current Liabilities		**908,934**	**670,383**	**669,347**
Non-Current Liabilities				
Non-Current Payables		0	0	0
Non-Current Deferred Revenue and Advances	9	633,168	700,288	725,491
Non-Current Borrowings		0	0	0
Provisions	11	6,776	4,625	4,625
Total Non-Current Liabilities		**639,944**	**704,913**	**730,116**
TOTAL LIABILITIES		**1,548,878**	**1,375,296**	**1,399,463**
NET ASSETS/EQUITY				
Retained Earnings	27	41,568	102,299	102,299
Reserved Earnings	26	77,363	24,770	25,013
TOTAL NET ASSETS/EQUITY		**118,930**	**127,069**	**127,312**
TOTAL LIABILITIES AND NET ASSETS/EQUITY		**1,667,808**	**1,502,365**	**1,526,775**

NCIO Statement of Financial Performance

For the year ended 31 December 2024

(all figures are expressed in thousands of Euro)

	Note	NCIO 2024	NCIO 2023 Restated	NCIO 2023
REVENUE				
Project and Support Services Revenue	12	428,228	357,806	355,089
External Services Revenue	13	217,119	199,818	199,818
Acquisition Revenue	14	246,109	214,691	208,386
Other Revenue	15	4,038	8,497	8,497
Financial Revenue	16	10,495	7,201	7,201
TOTAL REVENUE		**905,990**	**788,013**	**778,991**
EXPENSES				
Cost of Acquisition	17	(148,363)	(134,298)	(130,518)
Personnel Costs	18	(334,469)	(306,129)	(304,261)
Contractual Supplies and Services	21	(282,963)	(250,867)	(250,814)
Depreciation and Amortisation	22	(291,152)	(102,688)	(99,235)
Provisions Expenses	23	(8,345)	(4,678)	(4,678)
Financial Expenses	16	(3,346)	(2,812)	(2,812)
Other Expenses		0	0	0
TOTAL EXPENSES		**(1,068,638)**	**(801,473)**	**(792,318)**
SURPLUS/(DEFICIT)		**(162,648)**	**(13,460)**	**(13,327)**
Distributed(net) to Retained Earnings	27	**(151,673)**	**(13,428)**	**(13,428)**
Distrubuted(net) to Reserved Earnings	26	**(10,975)**	**(32)**	**101**

NCIO Statement of Cash Flows

For the year ended 31 December 2024

(all figures are expressed in thousands of Euro)

	NCIO		
	2024	2023 Restated	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the Period	(162,648)	(13,460)	(13,327)
Depreciation and Amortisation	127,445	101,195	97,742
Impairment of Assets	154,510	0	0
Reclassification to Net Assets	154,510	0	0
Decr./(Incr.) Receivables	(81,659)	13,545	13,545
Decr./(Incr.) Prepayments and Miscellaneous Assets	(8,972)	(9,524)	(9,524)
Decr./(Incr.) Inventory	1,640	(5,508)	(5,508)
Decr./(Incr.) Work in Progress	3,623	(1,172)	(1,172)
Decr./(Incr.) Other Current Assets	0	0	0
Incr./(Decr.) Payables	69,935	23,576	23,576
Incr./(Decr.) Deferred Revenue and Advances	165,411	30,768	31,267
Incr./(Decr.) Non-Current Deferred Revenue and Advances	(67,121)	97,952	106,474
Incr./(Decr.) Borrowings	0	0	0
Incr./(Decr.) Other Current Liabilities	3,205	(4,854)	(4,854)
Incr./(Decr.) Provisions	2,151	(4,651)	(4,651)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**362,032**	**227,866**	**233,568**
CASH FLOWS FROM INVESTING ACTIVITIES			
Decr./(Incr.) Financial Assets	0	0	0
Decr./(Incr.) Non-current Receivables	(4)	(1)	(1)
Decr./(incr.) PP&E and Intangible Assets	(230,683)	(210,374)	(216,076)
Decr./(Incr.) Other Non-Current Assets	0	0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(230,687)**	**(210,376)**	**(216,078)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Incr./(Decr.) Non-Current Payables	0	0	0
Incr./(Decr.) Non-Current Borrowings	0	0	0
Incr./(Decr.) Other Non-Current Liabilities	0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES	**0**	**0**	**0**
NET INCR./(DECR.) CASH AND CASH EQUIVALENTS	**131,345**	**17,491**	**17,491**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**271,243**	**253,753**	**253,753**
Incr./(Decr.) Cash and Cash Equivalents	**131,344**	**17,491**	**17,491**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**402,588**	**271,243**	**271,243**

NCIO Statement of Change in Net Assets/Equity

For the year ended 31 December 2024

(all figures are expressed in thousands of Euro)

	NCIO		
	2024	**2023 Restated**	**2023**
BALANCE AT BEGINNING OF PERIOD	**127,069**	**140,529**	**140,639**
Net surplus/(deficit) for the period	(162,648)	(13,460)	(13,327)
Reclassification to Net Assets	154,510	0	0
BALANCE AT END OF PERIOD	**118,930**	**127,069**	**127,312**
RESERVES AT BEGINNING OF PERIOD	**24,770**	**24,801**	**24,912**
Net decrease/(increase) of bookvalue of property, plant and equipment	(1,133)	456	589
Net decrease/(increase) of Internal Investements reserves	1,971	(488)	(488)
Net decrease/(increase) of Transition reserves	(2,127)	0	0
Net decrease/(increase) of Inventory reserves	53,882	0	0
Net decrease/(increase) of currency translation differences	0	0	0
RESERVES AT END OF PERIOD	**77,363**	**24,770**	**25,013**
RETAINED EARNINGS AT END OF PERIOD (OF)	**41,568**	**102,299**	**102,299**
Retained Earnings/Operating fund (excluding Inventories)	**41,568**	**36,603**	**36,603**
Retained Earnings/Operating fund related to Inventories	**0**	**65,696**	**65,696**
NET ASSETS/EQUITY AT END OF PERIOD	**118,930**	**127,069**	**127,312**

NCIO Statement of Change in Net Asset/Equity detail can be found under note C.

NCIO Budget Execution Statement

For the year ended 31 December 2024

(all figures are expressed in thousands of Euro)

	NCIO									
	Initial Budget	Transfers	Budget Revision	Transfers	Final Budget	Net Commitment	Expenses	Total Spent	Carry Forward	Lapsed
BUDGET										
Chapter 1 - Personnel	1,400	0	0	0	1,400	0	1,262	1,262	0	138
Chapter 2 - Contractual supplies and services	296	0	15	0	311	0	179	179	0	132
Chapter 3 - Investments	0	0	0	0	0	0	0	0	0	0
Total Fiscal Year 2024	**1,696**	**0**	**15**	**0**	**1,711**	**0**	**1,441**	**1,441**	**0**	**270**
Chapter 1 - Personnel	0	0	0	0	0	0	0	0	0	0
Chapter 2 - Contractual supplies and services	0	0	0	0	0	0	0	0	0	0
Chapter 3 - Investments	0	0	0	0	0	0	0	0	0	0
Total Fiscal Year 2023	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Chapter 1 - Personnel	0	0	0	0	0	0	0	0	0	0
Chapter 2 - Contractual supplies and services	0	0	0	0	0	0	0	0	0	0
Chapter 3 - Investments	0	0	0	0	0	0	0	0	0	0
Total Fiscal Year 2022	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**1,696**	**0**	**15**	**0**	**1,711**	**0**	**1,441**	**1,441**	**0**	**270**

NCIO Budget Execution Statement details can be found under note E.

Accounting Policies

1. General information

The below information provides a summary of the material accounting policies that have been applied by the NATO Communications and Information Organisation (NCIO) when preparing its Financial Statements for the year ended 31 December 2024. The NCIO Financial Statements are a formal record of the financial activities and position of the NCIA and the Agency Supervisory Board (ASB) Secretariat. These include an extensive set of notes to the Financial Statements describing each item on the Statement of Financial Position, Performance, Cash Flow and Budget Execution Statement in further detail.

Article 35 of the NATO Financial Regulations state that financial statements prepared by NCIO have to be submitted for audit to the International Board of Auditors for NATO (IBAN) by the NCIO Financial Controller no later than 31st March following the end of the financial year. In addition, Financial Statements also have to be submitted to the ASB. The IBAN audit report, together with the associated Financial Statements, have to be finally noted or approved by the Council not later than 31 December following the end of the financial year.

2. Summary of significant accounting policies

a. Statement of compliance and basis of preparation

These Financial Statements have been prepared in accordance with the NATO Accounting Framework (NAF) which is based upon the International Public Sector Accounting Standards (IPSAS). NCIO applies all IPSAS apart from the below standards which have been adapted by the Council.

The following IPSAS were adapted by the Council in August 2013:

- IPSAS 6 – Consolidated financial statements and accounting for controlled entities;
- IPSAS 12 – Inventories;
- IPSAS 17 – Property, Plant and Equipment;
- IPSAS 31 – Intangible Assets.

The following standard was adapted by the Council in April 2016:

- IPSAS 1 – Presentation of Financial Statements.

The following standard was further adapted by the Council in July 2023:

- IPSAS 17 – Property, Plant and Equipment;
- IPSAS 31 – Intangible Assets.

In addition, these financial statements are also prepared in accordance with the NATO Financial Regulations (NFRs) and NCIO Financial Rules and Policies (FRPs).

The NCIO Financial Statements consist of:

- A statement of financial position;
- A statement of financial performance;
- A statement of changes in net assets;
- A statement of changes in cash flows;
- Accompanying notes.

NCIO prepares its Financial Statements on the basis that it will continue to operate as a going concern basis which means that those charged with governance of NCIO consider that they believe NCIO will continue in existence for at least a year from the date the financial statements are issued. The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The Cash Flow Statement is prepared using the indirect method for operating, investing and financing activities as well. The Financial Statements are prepared on an accrual basis.

The preparation of Financial Statements in compliance with the NAF requires the use of certain critical accounting estimates and requires that those responsible for preparing and presenting the financial statements of NCIO use judgement in applying these accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the notes to the financial statements.

The policies have been consistently applied to all the years presented.

b. Presentation and functional currency used in these financial statements

The NCIO financial statements are presented in EUR, which is the functional and presentation currency of NCIO. Figures included in these financial statements are expressed in thousands EUR, unless otherwise stated. Because the amounts are stated in thousands of Euro it could result to certain immaterial rounding differences in the presented numbers.

c. Financial period covered by these financial statements

The financial statements are prepared on an annual basis, beginning on the first day of January and ending on the thirty-first day of December each year.

d. Changes in accounting policies

New and amended standards and interpretations;

New and amended standards adopted by NCIO in the reporting period;

New and amended standards not yet adopted by NCIO in the reporting period;

The International Public Sector Accounting Standards Board has published the following new accounting standards, which are not yet effective as at 31 December 2024:

- **IPSAS 43 – Leases.** This Standard will be applicable to annual financial statements covering periods beginning on or after 1 January 2025. Earlier application is permitted provided the entity applies IPSAS 41 ‘Financial instruments’ at the same time. This standard will replace IPSAS 13. The NCIO is in the process of identifying the impact of this new standard on its financial statements.
- **IPSAS 44 – Non-current assets held for sale and discontinued operations.** This Standard will be applicable to annual financial statements covering periods beginning on or after 1 January 2025. Earlier application is permitted provided the entity applies IPSAS 43 ‘Leases’ at the same time. This standard will likely have no material impact on the financial statements.
- **IPSAS 45 – Property, plant & equipment**. This Standard will be applicable to annual financial statements covering periods beginning on or after 1 January 2025. This standard will replace IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. Earlier application is permitted. The NCIO does not have heritage assets recognised at the reporting date. This standard will likely have no material impact on the financial statements. IPSAS 17 is adapted by NATO within the NATO Accounting Framework (NAF) hence NCIO expects that this new IPSAS 45 Standard will also be adapted soon within NATO and the NAF will be updated accordingly.

- **IPSAS 46 – Measurement**. This Standard will be applicable to annual financial statements covering periods beginning on or after 1 January 2025. Earlier application is permitted. The NCIO is not expected to be materially impacted by this standard.
- **IPSAS 47 – Revenue**. This Standard will be applicable to annual financial statements covering periods beginning on or after 1 January 2026. Earlier application is permitted. IPSAS 47 presents two accounting models based on the existence of a binding arrangement. A binding arrangement is an arrangement that confers both rights and obligations, enforceable through legal or equivalent means, on the parties to the arrangement. NCIO has a minor budget funded revenue source, however it mainly derives its revenue from its customer funded activities that are entered into by NCIO by means of a binding arrangement. Therefore, at the inception of the contract, NCIO has to identify all compliance obligations in the binding arrangement. Revenue is to be recognized at the amount allocated to a compliance obligation when NCIO satisfies the compliance obligation. NCIO is in the process of identifying the impact of this new standard on its financial statements.
- **IPSAS 48 – Transfer expenses**. This Standard will be applicable to annual financial statements covering periods beginning on or after 1 January 2026. Earlier application is permitted. The NCIO is not expected to be impacted by this standard as it does not generally provide good, service or asset to another entity without directly receiving any good, service, or other asset in return, however the NCIO is in the process of identifying the impact of this new standard on its financial statements.

  For the implementation of new IPSAS, analysis and consultation is ongoing with other NATO entities and the HFRP/NOR) to determine the applicability of the standard to NATO entities. NCIA is an active contributor to the ongoing consultation process with relevant NATO entities to be prepared for the implementation of the new standards if required.

Changes in Accounting Policies/Standards and Adoption

As per IPSAS 3 – Accounting Policies, changes in accounting estimates and errors requires that "A change in the accounting treatment, recognition, or measurement of a transaction, event, or condition within a basis of accounting is regarded as a change in accounting policy".

Restatement and reclassifications that impact the face of the NCIO Financial Statements

As per AC/337(FC)DS(2024)0004, the ASB Finance Committee, approved the creation of a separate Asset Inventory Reserve outside the Operating Fund.

Further details can be found in the respective notes to the financial statements.

e. Revenue Recognition

Main Revenue Streams

Communications and Information partnerships agreed by the NCIO are customer funded agreements between NCIO, two or more NATO nations and, if mutually agreed, non-NATO nations, whereby NCIO provides the participating nations with technical expertise, services, or support (i.e. development and maintenance of C3 and CIS assets) within the scope of approved missions and activities. All the activities performed by NCIO are therefore customer funded.

Under this Customer Funding Regulatory Framework, NCIO customer funded revenue is reported as follows:

Revenue line item	Description
Project and Support Services Revenue	**Project revenue** represents revenue that is generated by NCIO from customers in relation to recharged personnel costs mainly incurred by NCIO staff throughout the construction phase of C3 and CIS tangible and intangible assets. **Support Services revenue** represents revenue that is generated by NCIO from customers in relation to recharged personnel costs incurred by NCIO staff throughout the operational maintenance activities on these C3 and CIS tangible and intangible assets, and other standard and non-standard services as per the service agreements (throughout their useful life).
External Services Revenue	**External services revenue** represents revenue that is generated by NCIO from customers as result of recharges made by NCIO of maintenance costs incurred and procurement of low value assets from industry in relation to maintenance activities of C3 and CIS assets.
Acquisition revenue	**Acquisition revenue** represents amounts that can be invoiced to customers in relation to NCIO's costs incurred in relation to materials and effort procured from the market and utilized in the development of both C3 and CIS assets.

Revenue recognition pattern for C3 and CIS assets whereby NCIO acts as the service provider for NATO Command Structure, NATO IS and NATO IMS

The amount of revenue recognised by NCIO in relation to C3 and CIS assets for which it acts as a service provider is derived from the costs capitalized in accordance with IPSAS 17 – Property, Plant and Equipment and/or IPSAS 31 – Intangible Asset. As a result, revenue in relation to C3 and CIS assets is recognised by NCIO in its Statement of Financial Performance on a straight-line basis over the estimated useful life of the related assets matching the corresponding depreciation and/or amortization charge recognised for the related assets.

Additional revenue can be recognised by NCIO upon performing maintenance services on these assets throughout their useful life.

Revenue recognition pattern for C3 and CIS assets whereby NCIO does not act as the service provider for NATO Command Structure, NATO IS and NATO IMS

Revenue in relation to C3 and CIS assets for which NCIO does not act as a service provider are recognised by reference to the stage of completion or the cost burn rate, depending on the type of funding agreement, firm fixed price or cost reimbursable, respectively.

As per IPSAS 11, when the outcome of a construction contract can be reliably estimated, revenue and costs related to the contract are recognised by NCIO by reference to the stage of completion at the reporting date. Under the percentage of completion method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and surplus/deficit that can be attributed to the proportion of work completed.

Additional revenue can be recognised by NCIO upon performing maintenance services on these assets throughout their useful life.

Financial Revenue

Mainly consist of bank interest or gains on foreign currency exchanges which occur when transactions are settled in another currency than EUR. Realised gains on foreign currency transactions are either refunded, charged or absorbed by the NCIA, depending on the agreement with the Customers.

Other Revenue

All activities performed by the ASB Executive Secretariat are not customer funded and distinct contributions are obtained from the different NATO member states on the basis of the NAC-agreed cost shares for NATO's Military Budget to cover the funding of its independent secretariat and the direct costs of supporting ASB meetings.

Revenue from non-exchange transactions is recognised by NCIO in the Statement of Financial Performance at the same moment on which the related expense, covered by the revenue from non-exchange transactions, is incurred by NCIO.

f. Expenses Recognition

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets.

Expenses are recognized by NCIO when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

NCIO typically incurs the following main type of expenses:

- **Acquisition costs:** Acquisition costs mainly relate to costs incurred by NCIO to acquire goods or obtain services in relation to assets whereby NCIO acts as a principal on behalf of sponsors, NATO entities or Member Nations.
- **Personnel costs:** Personnel costs are costs derived from the employment of civilian personnel, as per NATO Civilian personnel regulations, including salaries, allowances, pension contribution, joining and leaving costs. In addition, this also includes costs incurred for training and medical activities as well as the costs incurred for Interim Workforce Contractors, temporary staff and external consultants.
- **Contractual supplies and services costs:** These costs mainly relate to goods and services procured from industry partners (either directly in support of the delivery of services and capabilities or required for the normal functioning of the NCIA's facilities and equipment).
- **Costs related to depreciations, amortisations and provisions:** These costs mainly relate to spreading the capitalised costs of property, plant and equipment as well as intangible assets over their useful life. In addition, it relates to additional expenses recognised for provisions.
- **Financial Expenses;** losses on foreign currency exchanges occur when transactions are settled in another currency than EUR. Realised losses on foreign currency transactions are either refunded, charged or absorbed by the NCIA, depending on the agreement with the Customers.

g. Foreign Currency Transactions

Transactions entered into by NCIO in a currency other than EUR (which is NCIO's functional and presentation currency) are recorded at the exchange rates in effect when the transactions occur. The use of exchange rates does not materially impact the financial statements.

NSIP and Third-Party acquisition transactions are converted using the quarterly exchange rates issued by the Investment Committee (IC). This rate is imposed by the IC and allows the NCIA to get reimbursed for all exchange, bank and miscellaneous financial results. All other foreign currency transactions are recorded by converting the foreign currency amount at the Budget Committee (BC) conversion rates valid at the date of the transaction.

NCIO adheres to the following principles when reporting foreign currency items at each reporting date:

- Foreign currency monetary items are translated using the closing rate: and
- Foreign currency non-monetary items (i.e. those at historical cost) are translated using the exchange rate at the date of the transaction.

All exchange differences are reported as a financial expense or financial revenue in the Statement of Financial Performance in the period in which they occur.

h. Segment Reporting

A segment is a distinguishable activity of NCIO for which it is appropriate to separately report financial information. At NCIO, segment information is based on customer funding sources. As such, NCIO reports separate financial information for five segments:

#	Segments	Customer base	Description
A.	**Investment Committee**	**Internal customers IC funded**: • Investment Committee	Internal Customers are NATO common funded and comprise: • The Investment Committee, which is assigning NCIA as Host Nation and is authorising NSIP funding for the development and implementation of common-funded C3 capabilities. Although the Strategic Commands are primarily the requirements holders, the investment committee is responsible for fulfilling the role of internal customer of NCIA. • The BC funded entities (NCS, IS and IMS), which are common funded entities resourced through direct contributions to NATO budgets to support objectives, priorities and activities that serve the interests of the Alliance as a whole – and cannot reasonably be borne by any single member – such as Alliance operations and missions or NATO-wide air defense, command and control structure.
B.	**Budget Committee**	**Internal customers BC funded**: • NATO Command Structure (ACO and ACT) • NATO International Staff (IS) • NATO International Military Staff (IMS)	
C.	**(Multi-) National and other**	**External customers**	External Customers are non-common funded customers. External customers include non-common funded NATO Agencies, NATO Force Structure, NATO nations, Other Agencies and Multinational Organisations and Partner Nations to which NCIA delivers projects and services.
D.	**Budget funded**	**Not applicable.**	This segment reflects the running costs of the Independent Secretariat in support of the ASB Chairman and Nations, funded directly by a NATO common funded budget envelop.
E.	**NCIA (CIS support & running support)**	**Not applicable.**	This segment discloses the NCIA Operating running costs intra-segment allocation to Internal and External Customers as well as the Communication and Information System (CIS) support. It also refers mainly to Overhead & General

NCIO allocates operating assets, liabilities, revenues and expenses that are directly attributable to the segment or can be allocated to the segment on a reasonable basis to the different identified segments they relate to.

Some assets, liabilities and revenues and expenses cannot be directly attributed towards customer funding sources, or allocated on a reasonable basis towards the individual segments.

Within NCIO, limited segment information is available for cash and cash equivalents as well as net assets across the different segments. These elements are shown within an ‘unallocated segment’ allowing to reconcile the segment disclosures to the aggregate amounts of revenue, expense, asset and liabilities that are presented in the financial statements of NCIO that are prepared in accordance with IPSAS.

i. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets, Type of financial assets hold by NCIO;

- Cash and Cash Equivalents
- Receivables

Financial Liabilities, Type of financial liabilities hold by NCIO;

- Trade and Accrued Payables
- Advances and/or Unearned Revenue

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NCIO's financial obligations are financed by payments and advances from its Customers, who are either NATO Nations or Partners. NCIO does not borrow money and only invests on short term bank deposits. No other financial instruments are held other than financial assets and liabilities which are generated by day-to-day operational activities.

Risk Types

Liquidity risk
NCIO's financial requirements and capital expenditure are met by its Customers and are typically funded in advance. NCIO is therefore not exposed to material liquidity risks. Nevertheless, to ensure business continuity, Treasury holds around 3 months payroll costs equivalent of cash as a security buffer. Based on agreed procedures, Treasury may request additional advance payments to NATO bodies if the cash levels approach to the security buffer or cash forecasts indicate any potential liquidity problems.

Credit risk
NCIO's Customers are member and partner Nations of NATO and hence NCIO is therefore not exposed to material credit risks.

Foreign currency risk
NCIA aims to have natural hedge in its transactions to avoid foreign currency risk exposure. NCIA operates mainly in EUR, USD, GBP and NOK currencies. Treasury may request calls for contributions in these currencies, in line with expected outflows, based on either cash projections or previous business experiences.
Treasury holds currency bank accounts in those currencies to pay and receive funds.
In addition to the main currencies, there are fewer transactions in other currencies; PLN, TRY, RON and CAD. NCIA holds a TRY bank account in Türkiye as an advance account to facilitate direct debit payments in Türkiye. Aligned with NFR, Treasury does not take any speculative positions nor makes any speculative transactions. All foreign currency transactions are related to current or future business needs.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to cash and that are subject to an insignificant risk of changes in value, with original maturities of three months or less, and bank overdrafts.

k. Receivables

Receivables are measured at Net Realisable Value after taking bad and doubtful debts into account. NCIO, as required in accordance with IPSAS 41, considers forward looking information in its Expected Credit Loss (ECL) model. As a general rule, the NCIA considers that as it works with customers which are funded through national governments, that debts are considered to be "good"; only on rare occasions provisions are made for bad or doubtful debts.

NCIO utilizes its historical credit loss experience for receivables to estimate the 12-month expected credit losses. NCIO applies provision matrix based:

- on a 3 year average basis provision rates function of total trade receivable amount overdue beyond 60 days;
- on the diversity of its customer base, NCIO distinguishes two categories of customers:
    - All NATO entities, including, but not limited to, NATO International Staff, NATO International Military Staff, NATO Agencies, NATO Command Structures etc.
    - Member and Partner Nations, or External Organisations, public or private.

The average would have to be reviewed on a yearly basis to maintain the trend of the receivables paid/impaired within a 3-year basis analysis.

The standard introduces a Forward-Looking Impairment Model deriving Expected Credit Losses, which no longer depend on a triggering event based on an objective indication for recognizing impairment. The model is designed to provide users of financial statements with information on Expected Credit Losses that is more useful and timely.

IPSAS 41 proposes an AR Provision Matrix for ECL estimations, with calculations begin solely derived from the year-end AR Aging Balances. These are extracted separately for every 31st of December of the year, for period 2022 to 2024 included. As stated in the introduction, we then identify each customer as NATO or Non-NATO body, based on their respective funding source.

The calculations also require a deep analysis of the Total Write-Off amounts performed for trade receivables. Similar to the previous paragraph, we also aim to identify the funding source for classifying the amounts belonging to NATO and Non-NATO bodies.

NCIO adopt a 3-Year ECL model for better reflection of impairment, for the purpose of the exercise we shall report ECL values separately for each NCIO customer category, however the final average amount will combine both of them, following the standard's accounting treatment.

The impact of the initial application/restatement can be found in detail in the NCIO Financial Statements under chapter 2. Accounts Receivable of the Notes to the NCIO Statement of Financial Position.

l. Accounts Payable

Accounts Payable represent amounts for which goods and services, supported by a vendor invoice, have been received at the year-end but which remain unpaid. Accounts payable include services and goods received supported by an unpaid invoice and estimates of accrued obligations for goods and services received but not yet invoiced by the vendors.

m. Advances and/or Unearned Revenue

In order to ensure that Customer and budget requirements can be met, NCIO can call for money in advance of need to provide adequate cash flow. The advance is shown as an asset but is matched by a liability because until the funds are used, they are owed back to the Customer who provided the funding.

n. Prepayments and Miscellaneous assets

Prepayments mainly relate to amounts paid in advance by NCIO to suppliers for goods or services not yet received.

o. Property, Plant and Equipment

Recognition

In addition to the IPSAS requirements and definition on control, the NATO Accounting Framework (NAF) establishes criteria as to assist in assessing the level of control that any NATO Reporting Entity has for reporting assets in its financial statements. The NAF states that the NCIO acts as a service provider for CIS and/or Automated Information Systems (AIS) assets (including the construction of these assets) for the NATO Military Commands (Allied Command Operations (ACO) and Allied Command Transformation (ACT)) as well as for the International Staff (IS) and the International Military Staff (IMS). NCIO has control over these assets because it uses them to provide goods and services to its customers and therefore reports them in its Financial Statements since 1 January 2018.

In adherence to the NAF, NCIO capitalises all CIS Assets, including Assets under Construction (AuC) starting as of 1 January 2018. NCIO considers CIS Assets, including AuC prior to 1 January 2018 as fully expensed. If AuC continue after 1 January 2018, only the portion that has not already been expensed should be capitalised.

NCIO provides a brief description on the items of PP&E that were held and expensed prior to 1 January 2013 in the notes to the financial statements. In addition, as from 1 January 2018 onwards, NCIO provides in the notes to the financial statements further disclosure on types and the locations of CIS assets that were under construction prior to 1 January 2018.

Measurement

Initial measurement

PP&E is initially recognised at cost, which includes the purchase price (inclusive of import duties, non-refundable purchase taxes, and deducting trade discounts and rebates) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, such as costs of site preparation, initial delivery and handling costs and installation costs.

Regarding self-constructed assets, the eligible costs for capitalization include expenses such as material costs, site preparation, installation and assembly, project service, internal engineering services, external professional fees (architecture and engineering fees), direct attributable labour costs, and any other directly attributable costs.

Each category of PP&E has specified capitalization threshold values per item. Items falling below these thresholds are treated as expenses. Refer for more information to the next section.

Subsequent measurement

PP&E is subsequently measured at cost less accumulated depreciation and impairment.
Depreciation is applied to all PP&E items, using a straight-line pro-rata basis to gradually reduce their carrying value over their expected useful economic lives. Land and AuC are not subject to depreciation.
According to the NAF, costs related to assets used in support of Allied Operation Missions (AOM) must be capitalised and depreciated over 12 months.
According to the NAF, the capitalization thresholds, useful lives, and annual depreciation for each category of PP&E items are outlined below:

SUB CATEGORIES	Threshold	Economic Life Time (years)	Annual Depreciation %
CLASS 1: PLANT AND EQUIPMENT			
CATEGORY 1.1: AUTOMATIC DATA PROCESSING EQUIPMENT(NAF: AUTOMATED INFORMATION SYSTEMS)	50,000	3	33.33%
CATEGORY 1.2: COMMUNICATION SYSTEMS (NAF: COMMUNICATIONS)	50,000	3	33.33%
CATEGORY 1.3: MACHINERY (NAF: MACHINERY)	30,000	10	10.00%
CATEGORY 1.4: INSTALLED EQUIPMENT (NAF: INSTALLED EQUIPMENT)	30,000	10	10.00%
CATEGORY 1.5: FURNITURE (NAF: FURNITURE)	30,000	10	10.00%
CATEGORY 1.6: TRANSPORT EQUIPMENT (NAF: VEHICLES)	10,000	5	20.00%
CATEGORY 1.7: MISSION EQUIPMENT (NAF: MISSION EQUIPMENT)	50,000	3	33.33%
CLASS 2: LAND AND BUILDINGS			
CATEGORY 2.1: LAND (NAF: LAND)	200,000	N/A	N/A
CATEGORY 2.2: BUILDINGS (NAF: BUILDINGS)	200,000	40	2.50%
CATEGORY 2.3: INFRASTRUCTURE (NAF: OTHER INFRASTRUCTURE)	200,000	40	2.50%

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

De-recognition

NCIO derecognizes an item of PP&E in the following potential circumstances when it is disposed of, or when no future economic benefits and service potential are expected from its use.

In case of received donations (prior approval required) the PP&E Item is recognised at fair value, with the exception of items of PP&E acquired before 1 January 2013 and for Assets constructed by NCIO before 1 January 2018 where no recognition requirement exists. Where the item of PP&E has a net book value at the moment of de-recognition, a loss is being accounted for in the Statement of Financial Performance.

In case of a transfer (between a NATO entity and NCIO) an item of PP&E is de-recognised at one NATO entity disposing the item and recognised at the other entity receiving the item according to the provisions of C-M(2017)0022(INV), NATO Accounting policy for Property Plant and Equipment, approved by Council, dated 31 May 2017.

Upon completion of the development of CIS assets, a reclassification from AuC to PP&E and /or Intangible Assets is made by NCIO.

The request to write-off of assets is done in accordance with the NFRs. The request to write-off NSIP funded assets is submitted to the Investment Committee for approval in accordance with the NFRs and the Procedure on Property Accountability and write-off Authority for NATO Infrastructure for which NATO MNCs or Agencies are Responsible (Annex II to Addendum to AC/4-D/1058 (Final)).

Services-in-kind

NCIO occupies different buildings and facilities which it received for free by the Host Nation or the hosting Organisation. The usage of these buildings and facilities is considered by NCIO as free service provided (services in kind) and not as concessionary leases. As NCIO has the access to the usage, it can be categorized as services in-kind instead of goods in-kind. Services in kind are services provided to public sector entities in a non-exchange transaction. IPSAS allows an entity to recognise services in kind in its financial statements. If the entity elects (accounting policy choice) to do so, it recognises a revenue and a corresponding expense at the fair value of the service received during the period in which the service is received. NCIO does not measure nor record it in its financial statements these services-in-kind.

p. Intangible Assets

Recognition

The recognition of intangible assets is in line with the recognition of PPE as described above.

Measurement

An Intangible asset is initially recognised when the asset is controlled by NCIA and subsequently carried at cost less accumulated amortization and impairment.

The measurement of intangible assets is in line with the measurement of PPE as described above.

According to the NAF, the capitalization thresholds, useful lives, and annual amortization for each category of intangible items are outlined below:

SUB CATEGORIES	Threshold	Economic Life Time (years)	Annual Amortization %
CLASS 3: INTANGIBLE ASSETS			
CATEGORY 3.1: SOFTWARE (NAF: COMPUTER SOFTWARE(COMMERCIAL OF THE SHELF); COMPUTER DATABASE, INTEGRATED SYSTEM)	50,000	4	25%
CATEGORY 3.2: RIGHTS OF WAY, INTELLECTUAL PROPERY RIGHTS (IPR'S), ADMINISTRATIVE CONCESSION RIGHTS (NAF: COPYRIGHTS, INTELLECTUAL PROPERTY RIGHTS)	50,000	N/A	N/A
CATEGORY 3.3: INVESTMENTS IN RESEARCH AND DEVELOPMENT (R&D) (NAF: SOFTWARE DEVELOPMENT)	50,000	N/A – Tested annually for impairment	N/A
CATEGORY 3.4: SOFTWARE (NAF: COMPUTER SOFTWARE (BESPOKE))	50,000	10	10%

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

An intangible asset’s carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset’s carrying amount is greater than its estimated recoverable amount or recoverable service amount.

De-recognition

De-recognition of intangible assets is similar to de-recognition of PPE.

q. Leases

NCIO classifies a lease as a finance lease if the contract transfers substantially all the risks and rewards incidental to ownership from the lessor to the lessee. All other leases are classified as an operating lease. The following are examples of situations that, individually or in combination, would normally lead to a lease being classified as a finance lease:

- ownership is transferred to the lessee at the end of the lease term;
- the lessee has an option to buy the leased asset at the end of the lease term, priced so that it is reasonably certain at inception that the lessee will exercise the option;
- the lease term is for the majority of the economic life of the asset;
- at inception, the fair value of the asset is not significantly more than the present value of the minimum lease payments;
- the leased asset is much specialised and only the lessee can use it without major modifications.

Additional indicators that a lease may be a finance lease include the following:

- if the lessee can cancel the lease, it bears any losses of the lessor that arise from the cancellation;
- the lessee benefits from fluctuations in the fair value of the residual value, for example by receiving rent rebates for most of the sales proceeds at the end of the lease;
- the lessee can continue the lease for a secondary period at a below-market rent, making it highly probable that the lease will be renewed.

Finance lease

At the commencement of the lease, NCIO recognises assets acquired under finance leases as assets, and the associated lease obligations as liabilities in its statements of financial position. The amount recognised as an asset and liability is the lower of:

- the fair value of the leased asset; and
- the present value of the minimum lease payments.

To calculate the present value, the minimum lease payments are discounted at the interest rate implicit in the lease, which is the rate that makes the sum of the minimum lease payments and the unguaranteed residual value equal to the fair value of the leased asset plus initial direct costs.

If this rate is not available, NCIO uses its incremental borrowing rate, i.e. the rate it would have to pay on a similar lease or on borrowings over a similar term with similar security.

The leased assets are depreciated over the shorter of the lease term and its useful life. If it is reasonably certain that title will pass to the lessee at the end of the lease term, the asset is depreciated over its useful life.

Lease rentals are split into two components: an interest charge and the reduction in the lease liability.

Operating lease

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term by NCIO.

All leases entered into by NCIO as a lessee are currently classified as an operating lease. Main types of assets leased by NCIO relate to buildings, fibre optic/coax network/pipeline or other IT infrastructure lease, leased communication lines, network stations, sites, antennas, nodes, other machinery/equipment leases (e.g., Satcom MOU), towers/ground satellite station lease, data centre lease, cloud computing leases, transmission capacities, photocopiers and cars.

r. Inventories

Inventories are assets in the form of materials or supplies to be consumed or distributed in the production process or in the rendering of services or held for sale or distribution in the ordinary course of operations or in the process of production for sale or distribution.

Recognition

NCIO recognises an inventory item when all the following apply:

- it is probable that the future economic benefits or service potential associated with the item will flow to NCIO;
- NCIO has control over it; and
- the cost can be measured reliably (estimates are also permitted).

In accordance with the NAF, NCIO acts as a service provider for inventory items of CIS and/or AIS for the NATO Military Commands ((ACO) and (ACT)) as well as for (IS) and (IMS). As a result, NCIO has control over these inventories because it uses them to provide goods and services to its customers. It therefore reports these inventory items in its financial statements

Stock items within NCIO, therefore, mainly include the following tangible items:

- materials or supplies to be consumed in the production process;
- materials or supplies to be consumed or distributed in the rendering of services;
- held for sale or distribution in the ordinary course of operations; or
- in the process of production for sale or distribution.

NCIO has not applied capitalisation thresholds towards its Inventory holdings.

Initial measurement

The cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.
The costs of purchase comprise the purchase price; import duties and other taxes (insofar as not recoverable from the taxing authorities) and transport, handling, and other costs directly attributable to the acquisition of finished goods, materials and supplies.
Trade discounts, rebates and other similar items are deducted. The costs of conversion include costs directly related to the units of production, such as direct labour and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.
Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

Subsequent measurement

The cost of standard items of inventories is measured by using the weighted average cost (WAC) formula at NCIO.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the NCIO.

s. Impairment of non-financial assets – cash generating assets

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets.

NCIO reviews and tests the carrying value of cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash generating assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

t. Impairment of non-financial assets – non-cash generating assets

NCIO reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, NCIO undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount.

u. Provisions

General

Provisions are recognized when NCIO has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NCIO recognises provisions for liabilities of uncertain timing or amount including those for legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The reversal of the unused provision is recognized under 'Other Revenue' in the Statement of Financial Performance. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

v. Contingent liabilities and contingent assets

NCIO does not recognize any contingent liabilities, instead contingent liabilities are disclosed, unless the possibility of an outflow is remote. NCIO discloses the inflow of economic benefits when it is probable.

NCIO discloses in the notes to the Financial Statements contingent liabilities where:

- the NCIO is exposed to possible financial liabilities that arose from events which occurred before the year-end, and where the confirmation of the existence of the liability will only be known through the occurrence or non-occurrence of one or more uncertain future events not wholly within the organisations control, or,
- the NCIO is exposed to a current financial liability which arose from events which occurred before the year-end where NCIO does not believe it will be required to pay for the financial liability, or the amount of the financial liability cannot be measured with sufficient reliability.

Contingent assets are recognized when it is virtually certain that the economic benefits will flow into the Group.

w. Events after the financial reporting date of 31 December 2024

NCIO will disclose events, both favourable and unfavourable, that occurred between the reporting date of 31 December 2024 and the date when these Financial Statements were authorised for issue by the General Manager. IPSAS requires two types of events which should be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

x. Employee benefits

Employment of NATO civilian staff is governed by the NATO Civilian Personnel Regulations. Different rules apply depending on the circumstances of employment. NCIO recognizes the following categories of employee benefits: short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits mainly consist of regular monthly benefits such as wages, salaries and allowances and other benefits such as education allowances and home leave at NCIO. An expense is recognised when employees render service to NCIO and a liability is recognised for an entitlement that has not been settled at the reporting date.

Post-employment benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Provident Fund and Defined Contribution Pension Scheme (DCPS)

Contributions to Provident Fund and DCPS are charged to the Statement of Financial Performance in the year to which they relate. NCIO is not exposed directly to any liabilities that may arise on the scheme and have no control over the assets of the scheme which is accounted for centrally at NATO Headquarters.

Defined Benefit Pension Scheme (DBPS)

Contributions to the NATO Defined Benefit Pension Scheme are charged to the Statement of Financial Performance in the year to which they relate. NCIO is not exposed directly to any liabilities that may arise on the scheme and has no control over the assets of the scheme which is accounted for centrally at NATO Headquarters.

Termination benefits

Termination benefits are employee benefits payable as a result of either NCIO’s decision to terminate a staff member’s employment before the normal retirement date; or a Staff members’ decision to accept voluntary redundancy in exchange for those benefits. A typical example of a termination benefit is a compensation that is paid for loss of job indemnities (LOJI).

The event that gives rise to an obligation is not the service rendered by the employee but the termination itself. NCIO therefore only recognizes a liability for termination benefits when it is effectively committed to either:

- terminating the employment of a (group of) staff member(s) before the normal retirement date; or
- providing termination benefits as a result of an offer made in order to encourage voluntary redundancy.

NCIO needs to have a detailed formal plan for the termination, without realistic possibility of withdrawal.

NCIO recognises its termination benefits as an expense at the moment the employee is notified by means of official letters. In the case of an offer made to encourage voluntary redundancy, NCIO bases its measurement of the termination benefits on the number of employees expected to accept the offer.

y. Related Party Disclosures

NCIO has no related party relationships where significant influence or control of the related party exists from a financial reporting perspective. Many Member Nations and Partner Countries have financial and operating control, or, significant influence over suppliers based in their territories; as such the NCIO can trade with suppliers which may be controlled or influenced by its Member Nations. However, NCIO trades with such suppliers at "arms-length" and under transparent procurement regulations; while it aims to get the best value for money for its Customers, it does not do this through exerting control or significant influence over its suppliers.

The general criteria state that a person, or a close member of that person's family as well as another entity is a related party of NCIO if that person or entity:

- as control or joint control over NCIO;
- has significant influence over NCIO; or
- is a member of the key management personnel of NCIO.

A related party, therefore, can be an individual person or an entity. A related party transaction is defined as a transfer of resources, services or obligations between a reporting entity (i.e., NCIO) and a related party, regardless of whether a price is charged. NCIO's main related parties are the Agency Supervisory Board and its key management personnel.

z. Net Assets/Equity including Operating Fund

The Net Surplus / (Deficit) for the Period as realised by NCIO is carried forward in the Statement of Changes in Net Assets/Equity of NCIO by allocating amounts to:

- Net increase / (decrease) to the Reserved Earnings; and
- Net increase / (decrease) to the Retained Earnings.

The Reserved Earnings are further broken down in different subcategories of reserves (see further).

- Reserves – Tangible and Intangible Assets Depreciation Reserves
- Reserves – Internal Investments Reserves

The Tangible and Intangible Assets Depreciation Reserves includes the earnings which remain reserved for the assets not yet fully depreciated and/or impaired. The tangible and intangible assets depreciation reserve increases by the acquisition of fixed assets (additions of the year) and decreases by the depreciation of the year. It therefore matches with the carrying amount of owned Intangible Assets and Property, Plant and Equipment at the end of the reporting period.

The aim of the Internal Investment Reserves is to fund NCIA Internal Investments.

aa. Budget Execution Statement/Financial Plan

IPSAS 24 - Presentation of Budget Information in Financial Statements applies to public sector entities which are required or elected to make their approved budgets publically available, NCIO does not make their approved budgets publicly available, hence NCIO do not apply IPSAS 24. However, NCIO shows a budget execution summary for specific budget elements to provide useful information to the reader of the Financial Statements.

NCIA, under full Customer Funding, has no budget but an Annual Financial Plan, which is approved by the ASB under the NCIO Charter, and which includes a statement of planned income (revenue) and expenditure (expenses).

3. Significant accounting judgements, estimates, assumptions and legal proceedings

The preparation of Financial Statements in accordance with IPSAS requires NCIO to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

NCIO makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Some balances such as accruals and unbilled sales need to be assessed at the year-end to estimate the value of work and services delivered at the year-end. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The areas where estimates, assumptions or judgements are significant to NCIO's Financial Statements include, but are not limited to:

- the assessment and measurement of revenue and related expenses in relation to developing C3 and CIS assets during the asset under construction phase using the percentage of completion method;
- the period over which non-current assets (i.e. intangible assets and property, plant and equipment) are depreciated or amortised;
- the measurement of provisions and pension obligations; and
- the estimates used in impairment tests that have been carried out.

Legal proceedings both real and possible

In accordance with IPSAS, NCIO recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements could have a material effect on NCIO's financial position.

Application of these accounting principles to legal cases requires NCIA's management to make determinations about various factual and legal matters beyond its control. The NCIA reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisors, experience on similar cases.

NOTES TO THE FINANCIAL STATEMENTS

A. *Notes to the NCIO Statement of Financial Position*

1. Cash and Cash Equivalents

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Cash and Cash Equivalents				
100	Cash in hand	25	27	27
102	Current bank accounts - Euro	291,516	247,242	247,242
104	Current bank accounts - Non-Euro	14,233	10,500	10,500
106	Current investments accounts - Euro	90,581	10,184	10,184
108	Current investments accounts - Non-Euro	6,233	3,291	3,291
		402,588	**271,243**	**271,243**

Cash in hand is mainly related to cash that is held by the approved NCIA business credit card users and the advance account in Izmir. It represents the cash holding for the procurement of low value, urgent items but not yet spent.

Current bank accounts are considered to be cash that can be accessed at very short notice (e.g. 1 working day) while Current investments represents short-term deposits with a duration of typically one to three months. Non-Euro bank accounts are mainly held in USD, GBP and NOK currencies to pay NCIA liabilities in these currencies.

Cash and Cash equivalents Current bank accounts and investments are spread among a number of banks that have “A grade” credit ratings to optimise the bank charges and interest cost as well as to manage the counterparty risk. The only exception to a grade rated bank is an advance account in Türkiye with a total value of 22 KEUR to facilitate local operations.

Cash and cash equivalents include amounts advanced by Customers for future usage, the NCIA relies on the Customer provided funding via advance payments and timely payment of invoices to provide the cash flow for daily operations.

2. Accounts Receivable

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Receivables				
11001	Customer receivables (A/R) - Common funded - NATO and NATO entities	214,801	193,323	193,323
11002	Customer receivables (A/R) - Not common funded	15,917	20,675	20,675
1107	Customer receivables - Bad debts	263	78	78
11000	Customer receivables (A/R) - Common funded - NSIP	0	0	0
113	Customer receivables - Recoverable expenses	167	14	14
114	Customer receivables - Impairments	(4,256)	(837)	(837)
115	Current receivables - Tax or personnel related	5,669	4,753	4,753
116	Current receivables - Accrued, unbilled revenue	181,331	114,211	114,211
119	Current receivables - Other	0	15	15
		413,890	**332,231**	**332,231**

The NCIA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash generating assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities.

3. Prepayments and Miscellaneous Assets

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Prepayments and Miscellaneous Assets				
13	Prepayments	25,824	16,852	16,852
		25,824	**16,852**	**16,852**

This amount represents advances and prepayments made to vendors (including prepaid expenses) required to maintain continuity in service provision toward the NCIA customers.

4. Inventories

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Inventory				
14000	Inventory - Consumables	24,684	24,543	24,543
14001	Inventory - Spare parts	1,845	1,854	1,854
14005	Inventory - Minor Equipment	50,075	43,362	43,362
14009	Inventory - Impairment	(8,486)	0	0
		68,118	**69,758**	**69,758**

The NATO Accounting Framework clarifies that the NCIA on behalf of the NCIO acts as a service provider for inventory of CIS and/or Automated Information Systems (AIS) for the NATO Military Commands (Allied Command Operations (ACO) and Allied Command Transformation (ACT)) as well as for International Staff (IS) and International Military Staff (IMS). NCIO has control over these inventories in order to provide goods and services to its customers and, therefore, reports them as inventories in its financial statements.

Since the NCIA became fully Customer Funded as of 1 Jan 2014 inventories are fully disclosed, as the NCIA is no longer acting as an agent on behalf of a third party but rather as a principal in rendering services to its Customers.

The regular inventory variance of the year is reflected within the statement of performance. CSSC logistic staff conducts regularly a count of the inventories, and where necessary, they update the items on stock that requires weighted average cost price adjustments based at the best fair value. At the end of Fiscal Year 2024, the inventory ending balance amounts to 68.1 MEUR (decrease of stock)[1].

NCIO CIS/AIS inventories are required to assure the delivery of services by NCIO to our customers and are in line with Service Level Agreements, Service Support Projects and Operational Level Agreements. These items are often, due to their nature, slow moving and are disclosed at weighted average cost. NCIO has already initiated a process (integral part of which is the identification of that kind of stock which could be deemed strategic due to its nature) of valuation of items that could potentially be characterized as slow moving, taking into consideration NATO Accounting Framework provisions as well as short and long term operational needs.

Furthermore NCIO, as per NATO Accounting Framework, retaining the option to write down/off, items which are considered as slow-moving over the last 36 months, has chosen to perform an impairment on the inventory holdings for a total value of 8.5 M EUR.

[1] NSPO held inventory on behalf of NCIA for providing logistical services and support for certain NATO equipment. Those inventory items are financially reported as assets under construction under Property, Plant and Equipment (PP&E) and Intangible Assets note.

5. Work In Progress

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Work in Progress				
145	Work in progress	1,853	5,476	5,476
		1,853	**5,476**	**5,476**

The work in progress consists of capitalised expenses for pre-financed projects, cost overruns on Advance Planning Funds (APF) and for recoverable exceptions.

Pre-financed projects totalling 0.5 MEUR are governed by existing binding arrangements (overarching framework agreements such as Memorandum of Understanding – MOU) between NCIA and its main customers. All existing pre-finance authorisations are granted as per the terms and conditions prescribed in the FRPs specifically developed for the NCIA operating under its Customer Funding Regime. The decision to pre-finance projects is assessed by the Chief Operating Officer (COO), Production Chiefs and the Financial Controller prior to being approved on a case-by-case basis by the Financial Controller. Accordingly this is not considered as a technical contingent asset.

For projects sponsored by NSIP, APFs may be authorised to cover the initial cost for writing the full project price proposal (TBCE). In some cases the APFs are insufficient to cover this initial effort in which case the NCIA capitalises the shortfall pending approval of the Project Service Cost (PSC). Funds expended during this stage are capitalised as work in progress for a total amount of 0.3 KEUR.

In the course of project execution, changes in scope, specifications or duration may occur—often at the request of the Customer—resulting in forecasted or actual costs exceeding the initially contracted amounts. In such cases, the NCIA maintains continuity of delivery and records these cost overruns as Work in Progress, provided there is a high degree of confidence that the excess costs are recoverable. These recoverable overruns are capitalised and reported in the Statement of Financial Position until the related contractual adjustments are finalised. As of 31 December 2024, the total capitalised amount for such recoverable exceptions is 1.3 MEUR.

6. Non-current Receivables

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Non-current Receivables				
160	Non-current financial assets	553	549	549
		553	**549**	**549**

These are outstanding prepayments on long term (> 1 year) to suppliers.

7. Property, Plant and Equipment (PP&E) and Intangible Assets

The NCIA has applied the NATO Accounting Framework (NAF), adapting IPSAS 17 on Property Plant and Equipment (PP&E) and IPSAS 31 on Intangible Fixed Assets, in that respect all Tangible and Intangible (PPE and Intangible Assets) acquired prior to 1 Jan 2013 are considered expensed.

According to the NATO Accounting Framework and in accordance with IPSAS 17 Property, Plant and Equipment and IPSAS 31 Intangible Assets, NCIO shall capitalise all CIS Assets including under Construction or Development for the NATO Command Structure as well as for IS and IMS as of 1 January 2018.

This shall apply for all new CIS assets with construction starting on or after 1 January 2018 but also, for existing assets partially under Construction or Development that continue after 1 January 2018. The costs as of 1 January 2018 have to be capitalised and the cost of assets under construction prior to 1 January 2018 shall be expensed as per the NATO Accounting Framework – Note by the Deputy Secretary General reference C-M(2016)0023.

The restatement is the result of a continuing Asset Management process improvement and Finance internal control effort on CIS Assets Under Construction or Under Development, and CIS In-Service Assets including Tangible and Intangible Assets where NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS:

- NCIA carried out extensive analysis due to continuing uncertainty surrounding the Governance decision on the future of NATO’s AIRC2 capability, resulting to an asset impairment of 154.5 MEUR due to absence of service potential and therefore evaluation of this asset has been reduced to zero.

In accordance to NCIO Financial Rules and Procedures, Write Offs related to CIS PPEs and Asset under Constructions is disclosed on Note 25. The NCIA submit the request of the write-off of NSIP funded assets to the Investment Committee for approval in accordance with the NFRs and the Procedure on Property Accountability and write-off Authority for NATO Infrastructure for which Agencies (NCIO) are Responsible (Annex II to Addendum to AC/4-D/1058 (Final)).

NCIO Statement of Property, Plant and Equipment and Intangible Assets

As of 31 December 2024 *(all figures are expressed in thousands of Euro)*	ACQUISITION						DEPRECIATION/IMPAIRMENT				BOOK VALUE
	31-Dec-23 Restated	Current Year	Transfers / Reversals	Disposals / Adjustm.	Revaluation	31-Dec-24	31-Dec-23 Restated	Current Year	Disposals / Adjustm.	31-Dec-24	31-Dec-24
PLANT, PROPERTY AND EQUIPMENT											
Automated Data Processing (ADP) Equipment	331,587	1,503	118,389	(530)	0	450,948	(222,450)	(92,444)	468	(314,426)	136,523
Communications Equipment	5,971	0	4,735	(2)	0	10,704	(3,837)	(2,506)	2	(6,341)	4,363
Mission Equipment	6,493	99	822	0	0	7,414	(5,639)	(836)	0	(6,475)	939
Machinery	3,910	74	122	(277)	0	3,828	(2,732)	(375)	247	(2,860)	967
Installed Equipment	7,842	0	5,145	0	0	12,986	(3,398)	(1,190)	0	(4,588)	8,398
Office Furniture	9,287	0	0	0	0	9,287	(2,380)	(929)	0	(3,309)	5,978
Passenger Vehicles	544	0	0	0	0	544	(442)	(37)	0	(479)	65
Buildings	5,427	0	136	0	0	5,563	(670)	(514)	0	(1,184)	4,379
Other Infrastructure	12,761	0	118	0	0	12,879	(482)	(331)	0	(813)	12,066
Assets under construction - Tangible	268,758	148,551	(134,715)	(58)	0	282,536	(4,581)	0	0	(4,581)	277,956
TOTAL PLANT, PROPERTY AND EQUIPMENT	**652,579**	**150,227**	**(5,249)**	**(867)**	**0**	**796,690**	**(246,612)**	**(99,163)**	**718**	**(345,057)**	**451,633**
INTANGIBLE ASSETS											
Software Licences - COTS	45,513	0	5,028	0	0	50,541	(29,490)	(7,912)	0	(37,402)	13,139
Software Licences - Bespoke	183,316	0	209,188	0	0	392,503	(54,538)	(20,371)	(154,510)	(229,419)	163,084
Assets under construction - Intangible	255,486	80,796	(208,967)	(190)	0	127,125	0	0	0	0	127,125
TOTAL INTANGIBLE ASSETS	**484,315**	**80,796**	**5,249**	**(190)**	**0**	**570,170**	**(84,028)**	**(28,283)**	**(154,510)**	**(266,822)**	**303,348**
TOTAL PLANT, PROPERTY AND EQUIPMENT & INTANGIBLE	**1,136,894**	**231,023**	**0**	**(1,057)**	**0**	**1,366,860**	**(330,640)**	**(127,446)**	**(153,793)**	**0** **(611,878)**	**754,982**
DEPRECIATION RESERVE	**27,573**	**3,535**	0	0	0	**31,108**	**(10,910)**	**(4,668)**	0	**(15,578)**	**15,530**
INCREASE/(DECREASE) DEPRECIATION RESERVE		3,535	0	0	0	**3,535**		(4,668)	0	**(4,668)**	**(1,133)**
DEFERRED REVENUE	**1,109,321**	**227,488**	0	**(1,057)**	0	**1,335,752**	**(319,730)**	**(122,778)**	(153,793)	**(596,300)**	**739,452**
INCREASE/(DECREASE) DEFERRED REVENUE	0	227,488	0	(1,057)	0	**226,431**	0	(122,778)	(153,793)	**(276,571)**	**(50,140)**

NCIO Statement of Property, Plant and Equipment and Intangible Assets

As of 31 December 2023 Restated *(all figures are expressed in thousands of Euro)*	ACQUISITION 31-Dec-22 Restated	ACQUISITION Current Year	ACQUISITION Transfers / Reversals	ACQUISITION Disposals / Adjustm.	ACQUISITION Revaluation	ACQUISITION 31-Dec-23	DEPRECIATION/IMPAIRMENT 31-Dec-22 Restated	DEPRECIATION/IMPAIRMENT Current Year	DEPRECIATION/IMPAIRMENT Disposals / Adjustm.	DEPRECIATION/IMPAIRMENT 31-Dec-23	BOOK VALUE 31-Dec-23
PLANT, PROPERTY AND EQUIPMENT											
Automated Data Processing (ADP) Equipment	255,268	1,200	75,119	0	0	**331,587**	(154,382)	(68,068)	0	**(222,450)**	**109,136**
Communications Equipment	5,127	162	682	0	0	**5,971**	(2,231)	(1,607)	0	**(3,837)**	**2,134**
Mission Equipment	6,215	105	172	0	0	**6,493**	(4,499)	(1,140)	0	**(5,639)**	**854**
Machinery	3,907	0	2	0	0	**3,910**	(2,341)	(391)	0	**(2,732)**	**1,177**
Installed Equipment	6,455	129	1,258	0	0	**7,842**	(2,708)	(691)	0	**(3,398)**	**4,443**
Office Furniture	9,253	0	34	0	0	**9,287**	(1,447)	(933)	0	**(2,380)**	**6,907**
Passenger Vehicles	544	0	0	0	0	**544**	(404)	(38)	0	**(442)**	**102**
Buildings	4,504	0	924	0	0	**5,427**	(146)	(524)	0	**(670)**	**4,757**
Other Infrastructure	12,439	0	322	0	0	**12,761**	(158)	(324)	0	**(482)**	**12,279**
Assets under construction - Tangible	214,050	136,671	(80,540)	(1,423)	0	**268,758**	(4,581)	0	0	**(4,581)**	**264,178**
TOTAL PLANT, PROPERTY AND EQUIPMENT	**517,761**	**138,267**	**(2,026)**	**(1,423)**	**0**	**652,579**	**(172,896)**	**(73,716)**	**0**	**(246,612)**	**405,968**
INTANGIBLE ASSETS											
Software Licences - COTS	33,464	0	12,049	0	0	**45,513**	(19,371)	(10,120)	0	**(29,490)**	**16,023**
Software Licences - Bespoke	165,664	0	17,652	0	0	**183,316**	(37,178)	(17,360)	0	**(54,538)**	**128,778**
Assets under construction - Intangible	209,631	73,569	(27,675)	(38)	0	**255,486**	0	0	0	**0**	**255,486**
TOTAL INTANGIBLE ASSETS	**408,759**	**73,569**	**2,026**	**(38)**	**0**	**484,315**	**(56,549)**	**(27,479)**	**0**	**(84,028)**	**400,287**
TOTAL PLANT, PROPERTY AND EQUIPMENT & INTANGIBLE	**926,520**	**211,836**	**(0)**	**(1,461)**	**0**	**1,136,894**	**(229,445)**	**(101,195)**	**0 0**	**(330,640)**	**806,255**
DEPRECIATION RESERVE	**22,687**	**4,886**	0	0	0	**27,573**	**(6,480)**	**(4,430)**	0	**(10,910)**	**16,663**
INCREASE/(DECREASE) DEPRECIATION RESERVE		4,886	0	0	0	**4,886**		(4,430)	0	**(4,430)**	**456**
DEFERRED REVENUE	**903,833**	**206,950**	0	**(1,461)**	0	**1,109,321**	**(222,964)**	**(96,765)**	0	**(319,730)**	**789,592**
INCREASE/(DECREASE) DEFERRED REVENUE		206,950	0	(1,461)	0	**205,489**		(96,765)	0	**(96,765)**	**108,723**

NCIO Statement of Property, Plant and Equipment and Intangible Assets

As of 31 December 2023 *(all figures are expressed in thousands of Euro)*	ACQUISITION 31-Dec-22 Restated	ACQUISITION Current Year	ACQUISITION Transfers / Reversals	ACQUISITION Disposals / Adjustm.	ACQUISITION Revaluation	ACQUISITION 31-Dec-23	DEPRECIATION/IMPAIRMENT 31-Dec-22 Restated	DEPRECIATION/IMPAIRMENT Current Year	DEPRECIATION/IMPAIRMENT Disposals / Adjustm.	DEPRECIATION/IMPAIRMENT 31-Dec-23	BOOK VALUE 31-Dec-23
PLANT, PROPERTY AND EQUIPMENT											
Automated Data Processing (ADP) Equipment	261,635	1,200	68,192	0	0	331,027	(157,473)	(65,648)	0	(223,121)	107,906
Communications Equipment	4,871	162	497	0	0	5,530	(2,192)	(1,481)	0	(3,673)	1,857
Mission Equipment	6,217	105	172	0	0	6,495	(4,513)	(1,135)	0	(5,647)	848
Machinery	3,907	0	2	0	0	3,909	(2,341)	(391)	0	(2,732)	1,177
Installed Equipment	6,455	129	1,258	0	0	7,841	(2,708)	(691)	0	(3,399)	4,443
Office Furniture	9,250	0	34	0	0	9,285	(1,447)	(933)	0	(2,380)	6,905
Passenger Vehicles	544	0	0	0	0	544	(404)	(38)	0	(442)	102
Buildings	4,504	0	924	0	0	5,427	(146)	(524)	0	(670)	4,757
Other Infrastructure	12,439	0	322	0	0	12,761	(158)	(324)	0	(482)	12,279
Assets under construction - Tangible	205,774	140,281	(71,401)	(1,423)	0	273,231	(4,581)	0	0	(4,581)	268,651
TOTAL PLANT, PROPERTY AND EQUIPMENT	**515,596**	**141,877**	**0**	**(1,423)**	**0**	**656,050**	**(175,962)**	**(71,163)**	**0**	**(247,126)**	**408,924**
INTANGIBLE ASSETS											
Software Licences - COTS	31,322	0	9,187	0	0	40,509	(17,987)	(9,219)	0	(27,207)	13,303
Software Licences - Bespoke	165,664	0	17,652	0	0	183,316	(37,178)	(17,360)	0	(54,538)	128,778
Assets under construction - Intangible	230,876	75,660	(26,839)	(38)	0	279,659	0	0	0	0	279,659
TOTAL INTANGIBLE ASSETS	**427,862**	**75,660**	**0**	**(38)**	**0**	**503,484**	**(55,165)**	**(26,579)**	**0**	**(81,744)**	**421,740**
TOTAL PLANT, PROPERTY AND EQUIPMENT & INTANGIBLE	**943,458**	**217,538**	**0**	**(1,461)**	**0**	**1,159,534**	**(231,128)**	**(97,742)**	**0**	**(328,870)**	**830,664**
DEPRECIATION RESERVE	**22,687**	**4,886**	0	0	0	27,573	**(6,370)**	**(4,297)**	0	(10,667)	16,906
INCREASE/(DECREASE) DEPRECIATION RESERVE	0	4,886	0	0	0	4,886	0	(4,297)	0	(4,297)	589
DEFERRED REVENUE	**920,770**	**212,652**	0	**(1,461)**	0	1,131,961	**(224,757)**	**(93,446)**	0	(318,203)	813,758
INCREASE/(DECREASE) DEFERRED REVENUE	0	212,652	0	(1,461)	0	211,191	0	(93,446)	0	(93,446)	117,745

8. Payables

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Payables				
2000	Supplier payables - Accounts payable	67,692	42,877	42,877
2004	Supplier payables - Accrued supplier invoices	127,346	82,337	82,337
2006	Supplier payables - Warranties received	820	709	709
		195,858	**125,923**	**125,923**

Trade payables are short-term (< 1 year) liabilities to Vendors; directly related to the activities and operations of the NCIA.

9. Deferred Revenue and Advances

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Deferred Revenue and Advances				
Current Liabilities		**691,626**	**526,216**	**525,180**
211	Deferred Revenue	475,651	326,968	325,932
215	Advances	215,975	199,247	199,247
Non-Current Liabilities		**633,168**	**700,288**	**725,491**
271	Deferred Revenue	633,168	700,288	725,491
		1,324,794	**1,226,504**	**1,250,670**

The Current and Non-Current Deferred/Unearned Revenue and Advances are composed of:

- Revenue billed for ongoing projects and services, however revenue earned is determined through the stage of completion resulting in 1,109 MEUR of revenue billed but not yet recognised as earned.
- Advances and prepayments of 216 MEUR refer to deposits from customers and nations for projects and services that will be delivered by the NCIA.

For comparative reasons, the 2023 deferred revenue, Current and Non-Current were restated. These restatements are related to the ongoing improvement effort and review of assets under construction and in-services assets Property, Plant and Equipment and Intangible assets.

10. Other Current Liabilities

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Other Current Liabilities				
250	Current tax and personnel related liabilities	11,648	10,523	10,523
254	Current other liabilities	9,802	7,721	7,721
		21,450	**18,244**	**18,244**

The Other Current Liabilities are composed of:

- The current Tax and personnel related liabilities of 11.6 MEUR which include:
  - The NCIA estimated liability for the untaken leave days outstanding at year end, in accordance with IPSAS 39 Employee benefits, constitutes a liability towards the future for 10.7 MEUR (2023: 10.1 MEUR). This liability is calculated on a rolling basis, i.e. the prior year liability is reversed at the beginning of the year and a new estimate calculated, thus charging the change for the year to the personnel costs in the Statement of Financial Performance. The costs of these untaken leaves days has been absorbed during the year through the monthly salaries whereas the loss of production of capacity when the leave to be taken is pushed forward to the next year. This constitutes an NCIA liability towards the future which is recognized.
  - The remaining part of this liability is mainly composed of provisioning the JFC Naples for "Trattamento di Fine Rapporto (TFR)" in application of the Italian Law and of IPSAS 19. TFR is a vested benefit payable to the employee for a part of his / her salary deferred in time to the moment when termination of the contract takes place. The calculation of the value of this liability takes place annually and includes interests for the loan forcedly made by the employee to the employer given the fact that payment is deferred to a later time. In view of the foregoing, TFR has to be considered as one extra monthly instalment of the annual pay.
- The current other liabilities of 9.8 MEUR mainly represent NSIP annual realized/unrealized gains and losses.

11. Provisions

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Provisions				
2901	Provisions - Major risks and costs	6,776	4,625	4,625
		6,776	**4,625**	**4,625**

Provisions are liabilities and obligations, which are known to exist but for which the amount is not certain yet and the probability of occurrence is not fully known at the time of the disclosure.

Provisions - Major risk and costs 2024	Beginning Balance	Additions	Used	Reversal	Ending Balance
Provisions for future/expected loss on active Project/Service contracts	2,594	3,928	(2,144)	-	4,378
Provisions for litigations	2,031	2,270	(339)	(1,564)	2,398
Total 2024	**4,625**	**6,198**	**(2,483)**	**(1,564)**	**6,776**

(all figures are expressed in thousands of Euro)

Major risks and costs:

- Projects are constantly monitored and deviations from the original cost estimates and authorised budgets are reported and analysed. At year-end closing a thorough cost-to-complete exercise is carried out to determine what the current status is in terms of costs and revenue to date, and to estimate what the cost-to-complete will be for multiple year projects. If, as a result of this process, the project management together with the NCIA Capability Development's financial management come to the conclusion that the project is likely to generate a loss at completion, then a provision is made to cover for that potential future loss. Analysis conducted at a later stage may result in a change of estimates which translates in an increase or decrease of the provision built up in prior years. The total provision for the Customer Funded projects stands at 4.4 MEUR following an increase of 1.8 MEUR.
- Provisions related to litigations (contractual) and other major risks amount to 2.4 MEUR, reflecting an increase of 0.4 MEUR.

B. *Notes to the NCIO Statement of Financial Performance*

12. Projects and Support Service Revenue

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Project and Support Services Revenue				
5000	Project services revenue - Billed	173,928	143,740	143,740
5005-5009	Project services revenue - Accrued/(Deferred)	(33,266)	(32,570)	(35,287)
5010	Support services revenue - Billed	268,483	246,090	246,090
5015-5019	Support services revenue - Accrued/(Deferred)	19,084	545	545
		428,228	**357,806**	**355,089**

With the introduction of full Customer Funding as of 1 Jan 2014, the 2024 operations revenue can be categorised as either net Project Services Revenue for 140.7 MEUR and net Support Services Revenue for 287.6 MEUR, coming from signed Service Level Agreements (Service Support Costs) and other Service Agreements, all agreed and calculated at approved Customer Rates.

For all Customer Funded revenue, revenue is recognised, in accordance with IPSAS 9 and 11, by reference to the stage of completion or the cost burn rate, depending on the type of funding agreement; firm fixed price or cost reimbursable. In applying this revenue recognition a “cost to complete” is calculated based on either inputs from the project manager as to the resources required to complete the project/deliverables or either based on information from the financial system as to the legal liabilities incurred per the end of 2024, but not yet accrued or expended, and which nevertheless form part of the 2024 services signed with the Customers through the Service Level Agreements.

For comparative reasons, the 2023 numbers were restated related resulting to an increase of 2.7 MEUR in comparison with 2023 audited note. These restatements are related to the ongoing improvement effort and review of assets under construction and in-services assets Property, Plant and Equipment and Intangible assets.

13. External Service Revenue

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
External Services Revenue				
5100	External CIS revenue – Billed	199,676	199,052	199,052
5105-5109	External CIS revenue – Accrued/(Deferred)	17,442	766	766
		217,119	**199,818**	**199,818**

The total revenue per service as specified in the Service Level agreements have two revenue components. There is the Service Support Revenue element that is based on effort charged at approved customer rates and the External CIS Revenue of 217.1 MEUR in 2024 that represents the revenue charged to customers to cover the contractual supplies and services delivered by industry required by the NCIA to provide its CIS services.

14. Acquisition Revenue

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Acquisition Revenue				
5110	Acquisition revenue - Billed	418,189	356,042	356,042
5115-5119	Acquisition revenue – Accrued/(Deferred)	(172,080)	(141,351)	(147,656)
		246,109	**214,691**	**208,386**

Acquisition Revenue is earned as Host Nation for the NSIP, and for other NATO entities and Nations.

Revenue is recognised by reference to the stage of completion or the cost burn rate, depending on the type of funding agreement; firm fixed price or cost reimbursable. All of NSIP and, most other agreements as well, are through cost reimbursable funding agreements, and thus at cost burn rate.

For comparative reasons, the 2023 numbers were restated resulting to an increase of 6.3 MEUR in comparison with audited 2023 note. These restatements are related to the ongoing improvement effort and review of assets under construction and in-services assets Property, Plant & Equipment and Intangible assets.

15. Other Revenue

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Other Revenue				
52	Other operations revenue	2,405	2,070	2,070
546	Reversal of unused Provisions	1,633	6,427	6,427
		4,038	**8,497**	**8,497**

Other Revenue consists of elements such as:

- Revenue from 2024 budget for the ASB Independent Secretariat for a total of 1.4 MEUR. Details and their Budget Execution Statement can be found under section E of the Notes to the Financial Statements.

16. Financial Revenue and Expenses

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Financial Revenue and Expenses				
550	Foreign exchange surpluses	3,757	2,375	2,375
555	Other financial surpluses	6,738	4,826	4,826
750	Foreign exchange deficits	(3,332)	(2,798)	(2,798)
7550	Financial costs - Current liabilities	(14)	(15)	(15)
7555	Financial costs - Other	0	0	0
		7,149	**4,389**	**4,389**

The total result from financial revenue and expenses is a gain of 7.1MEUR. For IC acquisition activity the financial result is borne by NSIP and is thus not included here.

17. Cost of Acquisitions

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Cost of Acquisition				
727560	Contractors, general services and supplies for NSIP	145,388	144,694	144,694
727560	Contractors, general services and supplies for Third Parties	108,056	88,750	88,750
727561	Lease Expenses for NSIP	63,214	61,190	61,190
7291	Capitalized costs - Acquisition costs	(168,295)	(160,336)	(164,116)
		148,363	**134,298**	**130,518**

The NCIA procures goods and services using funds provided by all its customers but the main expenses represented in the cost of acquisition are related to IC/NSIP funds.

As for the revenue, the cost of acquisitions does not include the Project Service Costs (PSCs) of the NCIA to enact the procurements on behalf of customers. These professional fees are accounted for through the Project and Service Support Revenue as they relate to the NCIA work across the C4ISR lifecycle. It must be noted that there is not a direct relationship for any financial year between the PSCs with the specific acquisition payments and costs associated with major acquisitions. This is due to the fact that PSCs are recognisable when the service is provided and not when the actual acquisition transactions occur, particularly as the subsequent receipt of goods and payment to Vendors can occur over many years when downstream activity is minimal.

The decrease of capitalized Acquisition costs of 3.8 MEUR in the 2023 restated column in comparison with the 2023 column is the result of the restatements are related to the ongoing improvement effort and review of assets under construction and in-services assets Property, Plant and Equipment and Intangible assets..

Operating Lease Commitments:

(all figures in the table are expressed in thousands of Euro)

At 31 December 2024 the NCIA was party in an operating lease agreement related to its activities that expires within the contractual terms agreed. The minimum future non-cancellable operating lease payments under the agreement are as follows:

		2024	2023 Restated	2023
Operating Lease - Future Commitments				
	Less than 1 year	58,868	63,823	63,823
	More than 1 year and less than 5 years	247,483	242,630	242,630
	More than 5 years	338,236	401,956	401,956
		644,587	**708,410**	**708,410**

The rent expense under such lease for the period ended 31 December 2024 amounted to 58.9 MEUR and is included in the surplus/deficit of the year. The 2023 Operating lease commitments are restated to represent the actual cost of 2024.
In some particular cases, NCIA recognizes operating lease expenses on accrual basis when the services are obtained, that represents more correctly the time when the benefits are received.

18. Personnel Costs

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Personnel Costs				
710	Salaries, allowances and other remunerations	258,403	240,405	240,405
711	Interim Workforce Capacity (IWC)	67,791	61,470	61,470
712	Recruitment costs and installation and separation allowances	3,305	2,969	2,969
713	Clothing costs and allowances	135	89	89
715	Medical examinations and general personnel related insurances	25,962	23,372	23,372
716	Education and training	7,601	5,891	5,891
717	Employer contributions to pensions; loss of job and other personnel contracts related indemnities	125	603	603
718	NATO Pensions (Pension funds)	20,913	18,867	18,867
719	Capitalized personnel Costs	(49,455)	(46,939)	(48,807)
7191	Usage of Provision	(310)	(597)	(597)
		334,469	**306,129**	**304,261**

Personnel costs in this category are for staff members hired under the NATO Civilian Personnel Regulations (CPRs) and contractors. The figures represent the costs of personnel working on activities required to operate the NCIA and deliver services to Customers.
LOJI paid in 2024 was for 0.1 MEUR and the provision is 0.5 MEUR for a settlement payment.

The capitalized personnel costs of 49.5 MEUR in the 2024 slightly increased in comparison with the 2023. It is the result of the disclosure of capitalized labour costs related to the construction of CIS Assets for which NCIO acts as a service provider toward the NATO Command Structure as well as for IS and IMS and other Asset Under Construction or Under Development, and In-Service Tangible or Intangible Assets. The capitalized costs of 2023 are restated, a decrease of 1.9 MEUR in comparison to the 2023 published. These restatements are related to the ongoing improvement effort and review of assets under construction and in-services assets Property, Plant& Equipment and Intangible assets.

19. Employee Disclosures

Staff Numbers
At 31 December 2024 - 642 (2023: 667) military posts and 2322 (2023: 2185) NATO civilian posts were filled.

Retirement benefits
NCIA NICs and temporary personnel (not contractors), past and present, are enrolled in various NATO pension schemes. The NCIA contributes to the schemes for existing employees at amounts laid out in the CPR.
The NCIA does not control or manage any of the schemes or scheme assets and is not exposed to the risks and rewards of the schemes and hence does not record any assets or liabilities of the schemes on its Statement of Financial Position. In 2024 the NCIA contributed 20.9 MEUR (2023: 18.9 MEUR) to the various NATO pension schemes, this is displayed within disclosure note 'Personnel Costs' – 718 NATO Pensions (Pension funds).

20. Related Party Transactions

Related Party Transactions of Members of Boards and Committees

The NCIO reports to a number of Boards and Committees which form part of its governance. With the exception of the ASB, those charged with governance may also have potential related party transactions with NCIO this has not been validated.

Representative Allowance of the General Manager

The General Manager (GM), in addition to other allowances to which all staff are entitled, receives a representation allowance due to the requirements to represent the NCIA.

Since 2013, management of the GM representation allowance moved, per the BC guidance, from a situation where recipients receive the representation allowance as an advance and return the unspent amount to the NATO body, to a situation where all recipients are reimbursed permitted expenses within the limits of their individual representation allowance allocation.

The total entitlement to representation allowance for the NCIA GM was 10,000 EUR. The actual expenses during 2024: 2,045.80 EUR (2023: 275 EUR) were as follows:

- Rental supplement: € 0
- Functions: € 2,045.80
- Total representation allowance: € 2,045.80

Key Management Personnel

Key Management Personnel hold positions of responsibility within NCIA. They are responsible for implementing the strategic direction and carrying out the operational management of NCIA; they are entrusted with significant authority. Procedures are in place to ensure Key Management Personnel carry out their responsibilities impartially and in compliance with the Code of Conduct (applicable to all staff) and the NCIA discloses:

- the remuneration of Key Management Personnel,
- related parties,
- loans made, and
- payments provided for services provided to the entity other than as an employee.

Euro (G24/A7 - G23/A6)	2024	2023
Basic salaries	1,548,029	1,526,003
Allowances	300,792	321,508
Post-employment benefits	0	0
Employer's contribution to Insurance	179,368	171,608
Employer's contribution to Pension	142,399	141,257
Total	**2,170,588**	**2,160,376**
FTE	**2024**	**2023**
General Manager	1	1
Directors (A6/OF6/OF7)	10	10

Name	*Nationality*	*Role*	*Loans received from NCIA*	*Family members receiving income from NCIA*	*Other revenue from NCIA or NATO*
Ludwig Julien DECAMPS	*BEL*	*General Manager*	*Nil*	*Nil*	*Nil*
Johannes Martinus FOLMER	*NLD*	*Chief of Staff*	*Nil*	*Nil*	*Nil*
Timothy MURPHY	*GBR*	*Chief Service Operations*	*Nil*	*Yes*	*Nil*
Michael STOLTZ (left 29 Feb 24)	*DEU*	*Director Air and Missile Defence Command & Control*	*Nil*	*Nil*	*Nil*
Michael STOLTZ (app 01 Mar 24)	*DEU*	*Chief Quality Officer*	*Nil*	*Nil*	*Nil*
Garry HARGREAVES	*GBR*	*Director of the Academy*	*Nil*	*Nil*	*Nil*

Antonio Jose CALDERON PEREZ	*ESP*	*Chief Technology Officer*	*Nil*	*Nil*	*Nil*
Su Jin CHAN	*CAN*	*Legal Adviser*	*Nil*	*Yes*	*Nil*
Antoine Pierre Jean PAILHES	*FRA*	*Financial Controller*	*Nil*	*Nil*	*Nil*
Jennifer Colleen UPTON	*USA*	*Chief of Acquisition*	*Nil*	*Nil*	*Nil*
Wiebe Eelco Ids NAUTA	*NLD*	*Chief Operating Officer*	*Nil*	*Nil*	*Nil*
Ralf HOFFMANN	*DEU*	*Director of Service Operations*	*Nil*	*Nil*	*Nil*

All Key Management Personnel of the NCIA must sign a declaration statement that supports the disclosure requirements of IPSAS 20.

21. Contractual Supplies and Services

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Contractual Supplies and Services				
720	Rent and operational leasing costs	47,230	31,726	31,726
721	Maintenance and repair (Services)	131,236	122,767	122,767
722	Consumables and spare parts (Supplies)	3,294	1,173	1,173
723	Minor equipment (Investments below threshold)	26,109	28,112	28,112
724	Utilities, postal and courier services, travel and transportation	21,063	18,903	18,903
725	Facilities management, environment, safety and security	13,521	12,983	12,983
726	Public relations, representation, hospitality and moral and welfare	491	266	266
727	Contractors, general services and supplies	42,687	35,878	35,878
730-738	Investment costs	6,402	7,392	7,392
7290/7390	Capitalized Costs	(9,071)	(8,332)	(8,385)
		282,963	**250,867**	**250,814**

The 2023 restated balance was increased by a total of 0.1 MEUR. These restatements are related to the ongoing improvement effort and review of assets under construction and in-services assets Property, Plant & Equipment and Intangible assets.

Operating Lease Commitments:

(all figures in the table are expressed in thousands of Euro)

At 31 December 2024 the NCIA was party in an operating lease agreement related to its activities that expires within the contractual terms agreed. The minimum future non-cancellable operating lease payments under the agreement are as follows:

Operating Lease - Future Commitments	2024	2023 Restated	2023
Less than 1-year	1,342	1,318	1,318
More than 1-year and less than 5-years	5,370	5,273	5,273
More than 5-years	839	2,142	2,142
	7,551	**8,734**	**8,734**

The rent expense under such lease for the period ended 31 December 2024 amounted to 1.34 MEUR (2023: 1.32 MEUR) and is included in the surplus/deficit of the year. The 2023 commitments are restated due to an accounting error the operating lease was not disclosed in 2023.
In some particular cases, NCIA recognizes operating lease expenses on accrual basis when the services are obtained, that represents more correctly the time when the benefits are received.

22. Depreciation and Amortisation

(all figures in the table are expressed in thousands of Euro)

Depreciation and Amortisation		2024	2023 Restated	2023
740	Amortisation and depreciation	127,445	101,195	97,742
741	Write-offs	707	1,493	1,493
742	Impairments and revaluation	163,001	0	0
		291,152	**102,688**	**99,235**

For Fixed Assets, the NCIA takes into account the current year depreciation as a cost which amounts to 127.4 MEUR (2023 restated: 101.2 MEUR) and write-offs for 0.7 MEUR in 2024. In 2024, the NCIA has performed different impairments related to Property, Plant and Equipment (PP&E) and Inventory for an amount of 163 MEUR. Full details can be found in the respective notes: Property, Plant and Equipment (PP&E) and Inventory.

Full details on the 2024, 2023 restated and 2023 annual depreciation and retirements by asset categories can be found within note: Property, Plant and Equipment (PP&E) and Intangible Assets. This restatements is related to the ongoing improvement effort and review of assets under construction and in-services assets Property, Plant & Equipment and Intangible assets as well as the restatements of the deployable assets.

23. Provisions Expenses

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Provisions Expenses				
7461	Provisions Expenses - Major risks and costs	8,345	4,678	4,678
		8,345	**4,678**	**4,678**

NCIO has made the following provisions:

- Major risks and costs, provisions were made for future losses for active projects/services. The expected loss was recognised as an expense immediately (IPSAS 9 and 11);
- Provision for bad debt and impairment loss related to outstanding receivables.

For reasons of commercial confidentiality, details of which programmes/projects/customers are not disclosed.

Further details can be found under note 11, Provisions. IPSAS defines a provision as “a liability of uncertain timing or amount”.

24. Contingent Liabilities

IPSAS defines a contingent liability as “A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or, a present obligation that arises from past events, but is not recognised because:

1) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

2) The amount of the obligation cannot be measured with sufficient reliability”. The NCIA has a process to capture information on provisions and contingent liabilities at year-end from all the organisational elements, and is implementing a process to capture that information throughout the year.

As of 31 December 2024, no contingent liabilities have been identified by NCIO.

25. Write-offs

Per the applicable NCIO Financial Rules and Procedures (document AC/337-D(2016)0014-REV2 (INV));
FRP XVII 8) on write-offs, information will be provided to the NATO Budget Committee and the Finance Committee on an aggregated level in the Financial Statements as audited by IBAN.
For the period between 01 January 2024 and 31 December 2024 the NCIA has written off:

- CIS assets with total net book value of 3.4 KEUR;
- CIS consumables and spare parts with a total value of 165 KEUR;
- Credit Memo on Accounts receivable with a total value of 8,229.40 EUR;
- Pre-Fin anticipatory commitments write off with total value of 13,913.60 EUR.

C. *Notes to the NCIO Statement of Changes in Net Assets/Equity*

Under its Charter and its Customer Funding model, the NCIO is allowed to have an Operating Fund (OF) which represents its retained earnings accumulated over the years. The use of the OF is regulated by the Customer Funding Regulatory Framework approved by Council in 2015 (PO(2015)0394-AS1) and are part of the NCIO Financial Rules and Procedures (FRPs).

The OF is not the NCIA's only source of working capital, because the NCIA benefits from significant advance payments from its main customers for purposes of the execution of its programmes and services. In addition, all the work performed by the NCIA in its role as Host Nation under the NSIP and acquisition projects for Third Parties is funded in advance respectively by the Investment Committee and by NATO Nations & Organisations. The Retained Earnings/Operating fund is composed of 2 elements:

1. Retained Earnings/Operating fund (excluding Inventories)
   - The surplus (deficits) carried forward from prior years; and
   - A portion of the Surplus (Deficits) for the current year, which is allocated to Retained Earnings (therefore not allocated to Reserved Earnings).
2. Retained Earnings/Operating fund related to Inventories
   - The Inventory accounting is composed of earnings on the accounting for inventories, including low value PPEs (below thresholds) stored at the CSSC and CSU warehouses and as a result of changes in inventory asset values (WAC). These inventory flows are mainly non-monetary elements and therefore are kept separately from the Retained Earnings/Operating fund used for the Customer Rates Calculation rebates. This approach is similar to the accounting principle applied for the depreciation reserve mechanism.

When implementing IPSAS 17, a portion of these earnings were partially encumbered for the value of fixed assets not yet fully depreciated, reported separately as a depreciation reserve. The categories of assets and the breakdown of the remaining book value per category is reported in the Statement of Property Plant and Equipment (PPE).

	Opening 2023 (published)	Opening 2023 (restated)	Resut of the Year 2023 (published)	Adjustment to 2023 result (restated)	Resut of the Year 2023 (restated)	Closing 2023 (published)	Closing 2023 (restated)	Opening 2024 (restated)	Resut of the Year 2024	Reclassification to Net Assets	Reclassification to Inventory Reserves	Transfer to OF (Transition Reserve)	Closing 2024
Operating Fund	**115,727**	**115,727**	**(13,428)**	**0**	**(13,428)**	**102,299**	**102,299**	**102,299**	**(151,673)**	**154,510**	**(65,696)**	**2,127**	**41,568**
Reserves	**24,912**	**24,801**	**101**	**133**	**(32)**	**25,013**	**24,770**	**24,770**	**(10,975)**	**0**	**65,696**	**(2,127)**	**77,363**
Reserves - Tangible and Intangible Assets Depreciation Reserves	16,317	16,207	589	133	456	16,906	16,663	16,663	(1,132)	0	0	0	15,530
Reserves - Internal Investements	6,468	6,468	(488)	0	(488)	5,980	5,980	5,980	1,971	0	0	0	7,951
Reserves - Special Programmes	2,127	2,127	0	0	0	2,127	2,127	2,127	0	0	0	(2,127)	0
Reserves - Inventory Assets	0	0	0	0	0	0	0	0	(11,814)	0	65,696	0	53,882
Total Net Asset/Equity	**140,639**	**140,529**	**(13,327)**	**133**	**(13,460)**	**127,312**	**127,069**	**127,069**	**(162,648)**	**154,510**	**0**	**0**	**118,930**

The above table shows the reconciliation to the restated opening and closing balances of the reserved and retained earnings. The Special Programme Reserve was closed as per the RPPB, thus the transfer of 2.1 MEUR remaining funds into the Operating Fund.

26. Reserved Earnings

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Reserved Earnings				
3100, 3101	Reserves - Tangible and Intangible Assets Depreciation Reserves	15,530	16,663	16,906
311	Reserves - Internal Investements	7,951	5,980	5,980
311	Reserves - Special Programmes	0	2,127	2,127
3102	Reserves - Inventory Assets	53,882	0	0
		77,363	24,770	25,013

The reserved earning is composed of:

- 15.5 MEUR of earnings remain reserved for Tangible and Intangible Assets not yet fully depreciated;
- In 2024, the net increase of the Internal Investment reserve of 1.9 resulting from an consumption 3.9 MEUR and a budget increase of 5.8 MEUR in the other end;
- 2.1 MEUR of accumulated transition expenses from 2023 were transferred to OF as per the governance decision (AC/335-D(2024)0089);
- As per AC/337(FC)DS(2024)0004, a new Reserve was created in 2024 related to Inventory holdings for a total value of 53.9 MEUR.

The Reserve – Tangible and Intangible Assets depreciation have been restated. The ongoing improvement effort and review of assets under construction and in-services assets resulted in to corrective action/restatement.

Internal Investment Reserve

		2024	2023 Restated	2023
Internal Investements Reserves				
311131	Special programmes reserves - A2I - EBA R4	346	346	346
311132	Special programmes reserves - A2I - Interim Facility (IF)/Braine L'Alleud (BLL)	0	0	0
311133	Special programmes reserves - A2I - Multi Year Investment Plan (MYIP)	7,606	5,634	5,634
		7,951	**5,980**	**5,980**

As per the AC/337(FC)D(2021)0054 - NCIA Internal Investment Reserve (A2I) - Mechanism and Governance Framework paragraph 20; In the Financial Statements, the internal investment reserve will be accounted for separately within Reserved Earnings, considered as the accumulated surplus and deficit that is reserved for a specific purpose. Furthermore, the internal investment reserve is under the control of the ASB with authority over the fund delegated to the ASB Finance Committee.

27. Retained Earnings

(all figures in the table are expressed in thousands of Euro)

		2024	2023 Restated	2023
Retained Earnings				
5	Revenue	905,990	788,013	778,991
7	Expenses	(1,068,638)	(801,473)	(792,318)
	Surplus (Deficits) Current Year	(162,648)	(13,460)	(13,327)
	Distributed(net) to Retained Earnings	(151,673)	(13,428)	(13,428)
	Distributed(net) to Reserved Earnings	(10,975)	(32)	101
30, 301	Surplus (Deficits) carried forward - Prior Years	102,299	115,727	115,727
	Reclassification to Net Assets	90,941	0	0
	Retained Earnings (OF)	**41,568**	**102,299**	**102,299**

The 2023 Restated column is the result of the ongoing improvement effort and review of assets under construction and in-services assets resulted in to corrective action/restatement.

Note: Retained earnings columns in the below tables on Net Assets/Equity represent the Operating fund.

NCIO Reconciliation of Net Assets/Equity

For the year ended 31 December 2024

(all figures are expressed in thousands of Euro)

As of 31 December 2024		2024 Published (Unaudited)	2023 Published Restated (Unaudited)	2023 Published (Audited)	2022 Published (Audited)
Property, Plant and Equipment (PP&E) & Intangible Assets	Acq. Value	31,105	27,570	27,573	22,684
	Depreciation	(15,577)	(10,909)	(10,667)	(6,480)
Reserves - Tangible and Intangible Assets Depreciation	Book Value	15,530	16,663	16,906	16,207
Reserves - Special Programmes		0	2,127	2,127	2,127
Reserves - Internal Investments		7,951	5,980	5,980	6,468
Reserves - Inventory Assets		53,882	0	0	0
RESERVED EARNINGS		**77,363**	**24,770**	**25,013**	**24,801**
Retained Earnings/Operating fund related to Inventories		0	65,696	65,696	62,692
Retained Earnings/Operating fund (excluding Inventories)		41,568	36,603	36,603	53,035
NET ASSETS/EQUITY	**Surpl./(Def.) Yr**	**(162,648)**	**(13,460)**	**(13,327)**	**(12,576)**
	Year-End Balance	**118,930**	**127,069**	**127,312**	**140,528**

YEAR-END BALANCES		2024 Published (Unaudited)	2023 Published Restated (Unaudited)	2023 Published (Audited)	2022 Published (Audited)
Year-end Balance		**118,930**	**127,069**	**127,312**	**140,529**
Property, Plant and Equipment (PP&E) & Intangible Assets	**Acq. Value**	31,105	27,570	27,573	22,684
	Acc. Deprec.	(15,577)	(10,909)	(10,667)	(6,480)
Reserves - Tangible and Intangible Assets Depreciation	**Book Value**	15,530	16,663	16,906	16,207
Reserves - Special Programmes		0	2,127	2,127	2,127
Reserves - Internal Investments		7,951	5,980	5,980	6,468
Reserves - Inventory Assets		53,882	0	0	0
RESERVED EARNINGS		**77,363**	**24,770**	**25,013**	**24,801**
Retained Earnings/Operating fund related to Inventories		0	65,696	65,696	62,692
Retained Earnings/Operating fund (excluding Inventories)		41,568	36,603	36,603	53,035
NET ASSETS/EQUITY	**Year-End Balance**	**118,930**	**127,069**	**127,312**	**140,528**

NET INCR./(DECR.) FOR THE YEAR		2024 Published (Unaudited)	2023 Published Restated (Unaudited)	2023 Published (Audited)	2022 Published (Audited)
Surplus/(Def.) for the Year		**(162,648)**	**(13,460)**	**(13,327)**	**(12,576)**
Property, Plant and Equipment (PP&E) & Intangible Assets	**Acq. Value Yr**	3,532	4,883	4,886	7,995
	Deprec. Yr	(4,910)	(4,539)	(4,297)	(2,749)
Reserves - Tangible and Intangible Assets Depreciation	**Book Value**	(1,133)	456	589	5,249
Reserves - Special Programmes		(2,127)	0	0	(74)
Reserves - Internal Investments		1,971	(488)	(488)	648
Reserves - Inventory Reserves		53,882	0	0	0
RESERVED EARNINGS		**52,593**	**(32)**	**101**	**5,822**
Retained Earnings/Operating fund related to Inventories		(65,696)	3,004	3,004	(11,801)
Reclassification to Net Assets		(154,510)	0	0	0
Retained Earnings/Operating fund (excluding Inventories)		4,965	(16,432)	(16,432)	(6,707)
NET ASSETS/EQUITY	**Surpl./(Def.) Yr**	**(162,648)**	**(13,460)**	**(13,327)**	**(12,686)**

28. Events after the financial reporting date of 31 December 2024

NCIO is required to disclose events, both favourable and unfavourable, that occurred between the reporting date of 31 December 2024 and the date when these Financial Statements were authorised for issue by the General Manager. IPSAS requires two types of events which should be identified:

a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

NCIO has not detected any events after reporting for disclosure.

29. MWA disclosure

NCIO also has some Morale and Welfare Activities (MWA) which are not consolidated into the Financial Statements as per the NAF adapted IPSAS 6, even if they are considered to be under the control, from a financial reporting perspective of the NCIA. They are reported separately towards the ASB FinCom.
Revenue generated throughout the year for MWA activities amounted at 26,160 EUR (2023: 18,628 EUR), originated primarily from contributions from external parties (5,872 EUR) and tickets sale for two major social events with additional contribution funds (19,833 EUR).
Total expenses for the MWA activities related to 2024 amounted 40,894 EUR (2023: 30,767 EUR). Hence a loss for the year 2024 of 14.735 EUR.

Main assets of the MWA consists of cash and cash equivalents balance of 50,831 EUR and payables of 33,040 EUR.

D. *Notes to the NCIO Segment Reporting*

(all figures in the table are expressed in thousands of Euro)

SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2024 *(all figures are expressed in thousands of Euro)*	CUSTOMER FUNDING								BUDGET FUNDING		Unallocated		CONSOLIDATED	
	NATO Security Investment Programme		Budget Committee		Multi-National		Overhead & General		Agency Supervisory Board Secretariat		Segment			
	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated
SEGMENTED REVENUE														
Project and Support Services Revenue	34,289	30,197	330,459	280,156	63,480	47,453	(0)	0	0	0	(0)	0	428,228	357,806
External Services Revenue	0	0	202,011	186,180	15,108	13,638	(0)	0	0	0	0	0	217,119	199,818
Acquisition Revenue	165,915	143,673	33,795	36,477	46,399	34,540	0	0	0	0	0	0	246,109	214,691
Other Revenue	1,289	5,379	141	37	0	67	0	0	1,442	1,307	1,166	1,706	4,038	8,497
Financial Revenue	(0)	0	533	464	252	245	(0)	0	0	0	9,710	6,492	10,495	7,201
SUBTOTAL SEGMENTED REVENUE	**201,493**	**179,250**	**566,939**	**503,314**	**125,239**	**95,943**	**(0)**	**0**	**1,442**	**1,307**	**10,877**	**8,198**	**905,990**	**788,013**
INTRA-SEGMENTS ELIMINATIONS REVENUE														
Intra-Segment Service Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL INTRA -SEGMENTS ELIMINATIONS REVENUE	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0	**0**
TOTAL SEGMENTED REVENUE	**201,493**	**179,250**	**566,939**	**503,314**	**125,239**	**95,943**	**(0)**	**0**	**1,442**	**1,307**	**10,877**	**8,198**	**905,990**	**788,013**
SEGMENTED EXPENSES		0												
Cost of Acquisition	(208,000)	(205,621)	(58,998)	(51,734)	(46,093)	(35,476)	0	(1,802)	0	0	(34)	0	(313,126)	(294,634)
Personnel Costs	(0)	0	(488)	(1,498)	(61)	(195)	(379,804)	(345,700)	(1,276)	(1,227)	0	0	(381,628)	(348,620)
Contractual Supplies and Services	(3,681)	(10,983)	(18,747)	(19,212)	(10,166)	(6,541)	(33,215)	(22,561)	(166)	(80)	0	0	(65,975)	(59,378)
Capitalization Costs (+)	171,420	185,029	52,299	26,538	220	2,230	3,535	0	0	0	0	0	227,474	213,797
Depreciation and Amortisation	(264,386)	(91,559)	(22,115)	(6,711)	9	(39)	(4,660)	(4,380)	0	0	0	0	(291,152)	(102,688)
Provisions Expenses	(3,940)	(3,496)	(251)	(0)	(176)	(47)	(0)	0	0	0	(3,978)	(1,135)	(8,345)	(4,678)
Financial Expenses	0	0	(846)	(364)	(259)	(353)	0	0	0	0	(2,241)	(2,095)	(3,346)	(2,812)
Other Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL TOTAL SEGMENTED EXPENSES	**(308,587)**	**(126,630)**	**(49,147)**	**(52,981)**	**(56,526)**	**(40,422)**	**(414,144)**	**(374,443)**	**(1,442)**	**(1,307)**	**(6,253)**	**(3,230)**	**(836,099)**	**(599,013)**
INTRA-SEGMENTS ELIMINATIONS/ALLOCATIONS EXPENSES														
Intra-Segment Service Delivery	(5,920)	(4,919)	(231,892)	(200,788)	(21,532)	(18,468)	29,680	24,354	0	0	0	0	(229,664)	(199,821)
Intra-Segment Workforce Capacity	(49,845)	(50,425)	(279,818)	(257,889)	(53,016)	(40,026)	379,804	345,700	0	0	0	0	(2,875)	(2,639)
SUBTOTAL INTRA -SEGMENTS ELIMINATIONS/ALLOCATIONS EXPENSES	**(55,765)**	**(55,343)**	**(511,710)**	**(458,676)**	**(74,548)**	**(58,494)**	**409,484**	**370,054**	**0**	**0**	**0**	**0**	**(232,538)**	**(202,460)**
TOTAL SEGMENTED EXPENSES	**(364,352)**	**(181,973)**	**(560,857)**	**(511,657)**	**(131,074)**	**(98,916)**	**(4,660)**	**(4,389)**	**(1,442)**	**(1,307)**	**(6,253)**	**(3,230)**	**(1,068,638)**	**(801,473)**
SEGMENTED SURPLUS/(DEFICIT) FOR THE PERIOD	**(162,859)**	**(2,723)**	**6,083**	**(8,343)**	**(5,836)**	**(2,973)**	**(4,660)**	**(4,389)**	**0**	**0**	**4,624**	**4,968**	**(162,648)**	**(13,460)**
Revaluation of Assets														
CONSOLIDATION ELIMINATIONS														

SEGMENTED EXPENSES TO STATEMENT OF PERFORMANCE RECONCILIATION	CUSTOMER FUNDING								BUDGET FUNDING		Unallocated		CONSOLIDATED	
	NATO Security Investment Programme		Budget Committee		Multi-National		Overhead & General		Agency Supervisory Board Secretariat		Segment			
	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated
SEGMENTED EXPENSES														
Cost of Acquisition	(78,107)	(64,710)	(23,907)	(33,391)	(46,652)	(34,395)	338	(1,802)	0	0	(34)	0	(148,363)	(134,298)
Personnel Costs	(11,885)	(9,957)	(266,094)	(255,241)	(52,720)	(39,703)	(2,494)	(0)	(1,276)	(1,227)	0	0	(334,469)	(306,129)
Contractual Supplies and Services	(6,033)	(12,251)	(247,644)	(215,950)	(31,277)	(24,378)	2,156	1,793	(166)	(80)	0	0	(282,963)	(250,867)
TOTAL	**(96,026)**	**(86,918)**	**(537,644)**	**(504,583)**	**(130,648)**	**(98,476)**	**0**	**(10)**	**(1,442)**	**(1,307)**	**(34)**	**0**	**(765,794)**	**(691,295)**
SEGMENTED EXPENSES														
Cost of Acquisition	(208,000)	(205,621)	(58,998)	(51,734)	(46,093)	(35,476)	0	(1,802)	0	0	(34)	0	(313,126)	(294,634)
Personnel Costs	(0)	0	(488)	(1,498)	(61)	(195)	(379,804)	(345,700)	(1,276)	(1,227)	0	0	(381,628)	(348,620)
Contractual Supplies and Services	(3,681)	(10,983)	(18,747)	(19,212)	(10,166)	(6,541)	(33,215)	(22,561)	(166)	(80)	0	0	(65,975)	(59,378)
Capitalization Costs (+)	171,420	185,029	52,299	26,538	220	2,230	3,535	0	0	0	0	0	227,474	213,797
TOTAL	**(40,261)**	**(31,575)**	**(25,934)**	**(45,906)**	**(56,101)**	**(39,982)**	**(409,484)**	**(370,064)**	**(1,442)**	**(1,307)**	**(34)**	**0**	**(533,256)**	**(488,835)**
INTRA-SEGMENTS ELIMINATIONS/ALLOCATIONS EXPENSES														
Intra-Segment Contract Supplies and Services	(5,920)	(4,919)	(231,892)	(200,788)	(21,532)	(18,468)	29,680	24,354	0	0	0	0	(229,664)	(199,821)
Intra-Segment Personnel Costs	(49,845)	(50,425)	(279,818)	(257,889)	(53,016)	(40,026)	379,804	345,700	0	0	0	0	(2,875)	(2,639)
SUBTOTAL INTRA -SEGMENTS ELIMINATIONS/ALLOCATIONS EXPENSES	**(55,765)**	**(55,343)**	**(511,710)**	**(458,676)**	**(74,548)**	**(58,494)**	**409,484**	**370,054**	**0**	**0**	**0**	**0**	**(232,538)**	**(202,460)**
TOTAL	**(96,026)**	**(86,918)**	**(537,644)**	**(504,583)**	**(130,648)**	**(98,476)**	**0**	**(10)**	**(1,442)**	**(1,307)**	**(34)**	**0**	**(765,794)**	**(691,295)**

OTHER SEGMENTED INFORMATION

For the year ended 31 December 2024
(all figures are expressed in thousands of Euro)

	CUSTOMER FUNDING								BUDGET FUNDING		Unallocated Segment		CONSOLIDATED	
	NATO Security Investment Programme		Budget Committee		Multi-National		Overhead & General		Agency Supervisory Board Secretariat					
	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated	2024 Restated	2023 Restated
SEGMENTED ASSETS														
Current Assets														
Cash and Cash Equivalents	72,944	61,795	0	0	0	0	0	0	0	0	329,644	209,448	402,588	271,243
Receivables	147,693	111,662	119,986	186,479	142,885	27,996	0	0	799	58	2,527	6,036	413,890	332,231
Prepayments and Miscellaneous Assets	4,606	3,070	1,610	176	1,117	384	0	0	0	0	18,491	13,222	25,824	16,852
Inventory	(0)	(0)	52,005	38,721	(0)	(0)	0	0	0	0	16,113	31,037	68,118	69,758
Work in Progress	1,240	4,758	256	59	356	659	0	0	0	0	0	0	1,853	5,476
Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	**226,483**	**181,286**	**173,858**	**225,435**	**144,358**	**29,039**	**0**	**0**	**799**	**58**	**366,775**	**259,743**	**912,273**	**695,562**
Non-Current Assets														
Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-current Receivables	0	0	0	0	0	0	0	0	0	0	553	549	553	549
Property, Plant and Equipment	355,174	344,950	90,169	53,368	0	0	6,289	7,649	0	0	0	0	451,633	405,968
Intangible Assets	280,444	380,116	13,662	11,231	0	0	9,243	8,940	0	0	0	0	303,348	400,287
Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	**635,619**	**725,067**	**103,831**	**64,599**	**0**	**0**	**15,532**	**16,589**	**0**	**0**	**553**	**549**	**755,535**	**806,804**
TOTAL SEGMENTED ASSETS	**862,102**	**906,352**	**277,689**	**290,034**	**144,358**	**29,039**	**15,532**	**16,589**	**799**	**58**	**367,328**	**260,293**	**1,667,808**	**1,502,365**
SEGMENTED LIABILITIES														
Current Liabilities														
Payables	71,149	51,897	27,070	11,880	23,851	6,338	0	0	281	196	73,506	55,612	195,858	125,923
Deferred Revenue and Advances	254,519	248,305	151,971	89,485	285,138	188,368	0	0	(1)	58	0	0	691,626	526,216
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	9,532	7,460	0	(4)	0	1,553	0	0	270	261	11,648	8,974	21,450	18,244
Total Current Liabilities	**335,200**	**307,662**	**179,041**	**101,361**	**308,989**	**196,260**	**0**	**0**	**550**	**514**	**85,154**	**64,586**	**908,934**	**670,383**
Non-Current Liabilities														
Non-Current Payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current Deferred Revenue and Advances	543,704	642,120	89,464	58,168	(0)	0	0	0	0	0	0	0	633,168	700,288
Non-Current Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	6,076	3,682	395	154	176	47	0	0	0	0	129	742	6,776	4,625
Other Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	**549,780**	**645,802**	**89,859**	**58,322**	**176**	**47**	**0**	**0**	**0**	**0**	**129**	**742**	**639,944**	**704,913**
TOTAL SEGMENTED LIABILITIES	**884,979**	**953,464**	**268,900**	**159,683**	**309,165**	**196,307**	**0**	**0**	**550**	**514**	**85,283**	**65,328**	**1,548,878**	**1,375,296**

Consistent with the definition under IPSAS 18, a segment is a distinguishable activity or group of activities whose identification shall be driven by the evaluation of the entity's past performance in achieving its objectives from accountability purposes and, the decision-making about the future allocation of resources.

With the Agency Supervisory Board Finance Committee's expressed support as per AC/337(FC)DS(2023)0005 (INV) dated 03 October 2023, NCIO has defined five distinctive segment in in its Financial Statements based on Customer Funding sources (Customer Funding and Budget Funding), almost similar with the main business segments structure within the NCIA's Business and Financial Plans guidance. It fairly represent the way the NCIA's past performance is evaluated and the way decisions are made about future allocation of resources.

Intra-segment eliminations/allocations:

- **CIS support costs to Customers segments**: These are annual Service Level Agreement mainly related to maintenance costs incurred from industry in relation to maintenance activities of C3 and CIS assets.
- **NCIA costs to Customers segments:** These are NCIA running costs, including Personnel costs and Contractual Supplies and Services that are reallocated on the time and effort basis to Customers.

Unallocated segment:

Some assets, liabilities and revenues and expenses cannot be directly attributed towards customer funding sources, or allocated on a reasonable basis towards the individual segments.

The Cash Flow reconciliation is kept at the consolidated financial level.

E. *Notes to the NCIO Budget Execution Statement*

Although NCIA is fully Customer Funded as of 2014, the NCIO Independent Secretariat is Budget Funded, as per the Charter of the NCIO, approved by Council on 19 June 2012 under C-M(2012)0049, the NCIO is composed of an ASB and an executive body composed of a General Manager and his/her staff (the NCIA).

Article 26 (e) of the Charter, the chairperson of the ASB is supported by an Independent Secretariat that is only responsible to the chairperson.

Article 50 (c) and AC/337-D(2014)0007-AS1 dated 9 May 2014, the ASB approved core funding (distinct and separate from NATO common funding) for the NCIO Independent Secretariat.

The ASB approves an annual budget. The basic structure of the Military Budget cost share model is used;

- Budgets are submitted with the following breakdown of nature of costs; Chapter 1 - Personnel, Chapter 2 - Contractual supplies and services and Chapter 3 - Investments.
- Commitments ; As per the NCIO FRP XXV; '…Appropriations shall be committed only for the purposes and to the extent authorised in the approved budget…' and '…commitment of appropriations (budget) is the acceptance and recording of a legal liability to expend international funds..'.
- Expenses include expense accruals for goods and services delivered.
- Carry forward amounts are the net commitments at the end of the financial year that have not been converted into expenses at the end of the financial year.
- Lapsed amounts represent budget funds that were not used (unspent) during the course of the financial year.

NCIO does not provide their budgets publically available, this table only represents a summary of the appropriations related to the running cost of the ASB secretariat.

NATO Accounting Framework (NAF) additional disclosures
NAF Impact prior 1 January 2013 Expensed PPE/Inventory and prior 1 January 2018 Assets under Construction

NATO assets are composed of Property Plant and Equipment and Intangible Elements. The classification of the different assets is done in accordance with the requirements set forth by the NAF. If multiple categories were applicable the assignment was done on the intended use of the asset involved. The NCIA was established July 1st 2012, following the merger of three legacy NATO Agencies (NACMA, NC3A and NCSA).

1. Property Plant and Equipment and Intangible Assets

In accordance with the NATO Accounting Framework (C-M(2016)0023) the NCIO shall, for PPE and intangible assets held prior to 1 January 2013, and not previously recognized as an asset, provide a brief description of the assets in the notes to the financial statements.
The projects were funded by the Infrastructure Committee, and are summarised as follows.

Infrastructure Assets put in Service prior to 01 January 2013

Location of Project [1]	Type of Project	Number [2]
ACO and former ACE area	Networking and Command and Control Capabilities for Military Commands.	48
ACT and former Aclant area	Networking and Command and Control Capabilities for Military Commands.	33
Former Yugoslavia	Communication networks and installations in theatre.	98
Peace Support Operations	CIS support for Peace Support Operations located in Former Yugoslavia.	32
SATCOM	Military Satellite Communications projects.	23
Various Networking Projects	NATO-wide networking infrastructure.	186
TOTAL		**420**

[1] Project defined as Infrastructure Committee slice serials.
[2] Table does not include infrastructure completed by the legacy agencies prior to the year 2000.

It should be noted that almost all of these projects were delivered to legacy military commands, prior to NATO military reorganisation in 2012. Many of the projects were installed ‘in theatre’ (former Yugoslavia). All the items are largely or completely obsolescent, and due to their age, should be considered as fully depreciated.

2. Inventory

In accordance with the NATO Accounting Framework (C-M(2016)0023) the NCIO shall, for inventory held prior to 1 January 2013, and not previously recognized as an asset, provide a brief description of the inventory in the notes to the financial statements.

NSPO held inventory prior to 1 January 2023 on behalf of NCIA for providing logistical services and support for certain NATO equipment whose location, description and quantities cannot be publically disclosed due to restricted information.

3. Assets under Construction/Development

In accordance with the NATO Accounting Framework, the NATO ACCOUNTING POLICY FOR PROPERTY, PLANT AND EQUIPMENT (C-M(2017)0022 APPENDIX 1 ANNEX 1) and the NATO ACCOUNTING POLICY FOR INTANGIBLE ASSETS (C-M(2017)0044 APPENDIX 1 ANNEX 1); the NCIO shall for the NCIO controlled CIS Assets under Construction/Development before 1 January 2018 provide a brief description on the types and locations of CIS assets that were under construction prior to 1 January 2018 for the NATO Command Structure as well as for IS and IMS.

The Assets under Construction/Development are grouped by geographical region, if multiple locations are involved no specific region was assigned but kept general. (e.g. ACCS, NATO wide location was assigned as this asset is located in the different NATO member countries)

Asset Location[2]	NATO Asset Category	Asset Type	Number of Assets[1]
Eastern Europe	**Automated Information Systems**	VARIOUS Networking Projects	3
NATO-WIDE	**Automated Information Systems**	Networking and Command and Control Capabilities for Military Commands	7
	Automated Information Systems	VARIOUS Networking Projects	59
	Communications	SATCOM	8
	Mission Equipment	Peace Support Operations	5
	Vehicles	Peace Support Operations	2
North America	**Automated Information Systems**	Networking and Command and Control Capabilities for Military Commands	1
Northern Europe	**Automated Information Systems**	VARIOUS Networking Projects	1
Southern Europe	**Automated Information Systems**	Networking and Command and Control Capabilities for Military Commands	4
	Automated Information Systems	VARIOUS Networking Projects	2
Theatre	**Automated Information Systems**	VARIOUS Networking Projects	3
Western Europe	**Automated Information Systems**	Networking and Command and Control Capabilities for Military Commands	2
	Automated Information Systems	VARIOUS Networking Projects	3
	Communications	SATCOM	1
Grand Total			**101**

(1) Asset defined as Infrastructure Committee slice serials.
(2) Countries by Geographic Locations:
Eastern Europe: Czech Republic, Lithuania, Montenegro, Poland, North Macedonia, Slovakia, Hungary, Romania
NATO-Wide: Albania, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Türkiye, United Kingdom, United States
North America: United States
Southern Europe: Italy, Portugal, Türkiye
Theatre: Balkans
Western Europe: Belgium, France, Germany, Netherlands

4. Assets under Construction/Development completed during the period of 2013-2017

In accordance the NAF and related accounting policies for CIS Assets constructed and developed for the NATO Command Structure as well as for IS and IMS, which were completed during the period 01 January 2013 and 31 December 2017. NCIO discloses the number assets that were completed by Asset location, Asset Category and Asset Type.

The assets are grouped similar to the disclosure under paragraph 3 Assets under Construction/Development.

Asset Location[2]	**NATO Asset Category**	**Asset Type**	**Number of Assets[1]**
Eastern Europe	Automated Information Systems	Networking and Command and Control Capabilities for Military Commands	2
	Automated Information Systems	VARIOUS Networking Projects	2
NATO-WIDE	Automated Information Systems	Networking and Command and Control Capabilities for Military Commands	11
	Automated Information Systems	VARIOUS Networking Projects	4
	Software Bespoke	Command and Control Capabilities for Military Commands	2
	Software COTS	Command and Control Capabilities for Military Commands	1
	Communications	Networking and Command and Control Capabilities for Military Commands	1
North America	Automated Information Systems	Command and Control Capabilities for Military Commands	1
Southern Europe	Automated Information Systems	Networking and Command and Control Capabilities for Military Commands	1
	Automated Information Systems	VARIOUS Networking Projects	4
	Communications	Networking and Command and Control Capabilities for Military Commands	1
Theatre	Automated Information Systems	Networking and Command and Control Capabilities for Military Commands	1
	Automated Information Systems	VARIOUS Networking Projects	1
Western Europe	Automated Information Systems	Networking and Command and Control Capabilities for Military Commands	1
	Automated Information Systems	VARIOUS Networking Projects	2
	Software COTS	Command and Control Capabilities for Military Commands	1
	Communications	SATCOM	1
TOTAL			**37**

[1] Asset defined as Infrastructure Committee slice serials.
[2] Countries by Geographic Locations:
Eastern Europe: Czech Republic, Lithuania, Montenegro, Poland, North Macedonia, Slovakia, Hungary, Romania
NATO-Wide: Albania, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Türkiye, United Kingdom, United States
North America: United States
Southern Europe: Italy, Portugal, Türkiye
Theatre: Balkans
Western Europe: Belgium, France, Germany, Netherlands

NATO UNCLASSIFIED

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NCIA/FC/2025/03453
23 June 2025

Subject : **Statement of Internal Control**
NATO Communications and Information Organisation (NCIO)
Financial Statements for the period 01 January 2024 to 31 December 2024

1. This Statement of Internal Control applies to the NCIO Financial Statements for the year ended 31 December 2024.

Internal control is driven by the requirement of the NATO Financial Regulations, the NCIO Financial Rules and Procedures, the NATO Accounting Framework, the NCIO Internal Control Framework and good business practices. Internal control is to ensure that NATO assets are utilized for the purposes intended and that the transactions relating to their usage reflect the highest standards of integrity to justify continued confidence of the NATO Member Nations.

Statement of internal control by the General Manager and the Financial Controller

Considering the statement below, the General Manager and the Financial Controller provide confirmation that the system of internal control of the NCIA is generally effective and that continuous improvements actions are undertaken on a regular basis.

2. Main accountabilities supporting the NCIO system of internal control.

The NCIO system of internal control is based on an ongoing process effected by the Board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. As part of the process, identified risks to the achievement of NCIO goals and objectives, are managed efficiently, effectively and economically. In detail:

a. The ASB has the responsibility to: (1) ensure that effective risk management measures are in place and monitor performance execution on that basis; (2) exercise management control by comparison of the NCIA activities with applicable ASB directives; (3) oversee the delivery of results against targets; (4) evaluate the performance against objectives of the NCIA; (5) benchmark the NCIA against comparable organisations;

b. The ASB has established an Audit Committee (AC) comprising 32 members of NATO nations. The AC assists the Board in fulfilling its oversight responsibilities in the areas of internal controls, risk management, internal and external audits, financial reporting, and regulatory compliance. In 2024, the AC carried out three meetings in plenary session.

c. The Chairman of the ASB is responsible to maintain a sound system of internal control that supports the ASB Secretariat and ensures it delivers on its mandate;

d. The General Manager (GM) is responsible to maintain a sound system of internal control that supports the NCIA and ensures it delivers on its Chartered mandate;

e. The Chief Operating Officer (COO) is responsible to maintain a sound system of internal control for business planning together with the related business intake and capacity management, as well as monitoring programme/project exceptions;

f. The Director Acquisition is responsible to maintain a sound system of internal control that ensures the integrity of the procurement process;

g. The Head of Human Resources is responsible to maintain a sound system of internal control relating to the recruitment and departure of staff and associated payment of salaries and allowances;

h. The Financial Controller is responsible for maintaining a sound system of internal financial controls, for the correct use and accounting of funds made available to the NCIA and the ASB Independent Secretariat.

3. The main aspects of the NCIO's system of internal control for 2024 are as follows:

a. All funds received are recorded, accounted and managed through a set of information systems, which include: enterprise-wide project management and time accounting system and the Oracle R 12 based tool Enterprise Business Applications (EBA) ·. Controls are in place at transactional level to control use and disbursement of funds.

b. The Independent Secretariat has its budget approved and funded by ASB Member Nations.

c. The NCIA annually updates its Customer Rates based on the ASB approved Customer Rates Principles and Methodology. These are endorsed by the ASB, and approved by the NATO Budget Committee on behalf of all Customers.

d. The NCIA also annually updates its Services Rates (based on Customer Rates for the NCIA's professional services element) and these are validated by the ASB and NATO Budget Committee.

e. The NCIA has an integrated planning and reporting process under ASB supervision: Strategic Plan; Corporate Plan; and the Multi-Year Investment Plan, quarterly and ASB annual reports.

f. Agreements with Customers are in writing and are usually concluded on a Firm Fixed Price and/or Cost Reimbursable basis.

g. Procurement activities are under the responsibility of the Director of Acquisition with the specific involvement of the GM. The NCIA is using Neo to support sourcing activities, contract administration as well as the management of Suppliers' data. For deviations from standard competition, whose approval is within the remit of the NCIA, a Competition Advocate has been designated – Chief Information Officer and advises the GM.

h. Through its Service Lifecycle Management Board (SLMB) chaired by the COO, the NCIA oversees the operational environment with a focus on early identification and quantification of risks which affect services and projects to allow for timely management oversight and/or assistance to mitigate.

i. The NCIA has an Enterprise-wide Risk Management Policy and Framework which sets out the risk management processes in place and details the roles and responsibilities of staff in relation to risk. This policy has been issued to all staff who are expected to work within the NCIA's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work. There are regular reviews by senior management of key risks and related controls.

j. A Risk Appetite Framework on an NCIA and governance level has been established in 2024 as a tool to guide the NCIA in its risk management activities. This framework also supports the ASB in fulfilling its oversight responsibilities with respect to risk management.

k. The NCIA has adopted the Three Lines Model for its internal governance. This model, published on 20 June 2020 by the Institute of Internal Auditors as an update of the Three Lines of Defense Model, is based on an assurance system combined around three lines, providing a comprehensive view of how the different parts of the NCIA interact in an effective and coordinated manner, increasing the efficiency of the processes for management and internal control of the entity's significant risks. Its purpose is to improve the operational efficiency of the NCIA.

l. The NCIA has an Internal Audit Function, compliant with internationally accepted Internal Auditing standards and with an approved risk-based three years audit plan, which reviews, amongst other areas, internal control and risk mitigation. The Head of Internal Audit reports functionally to the ASB and administratively to the GM.

m. The NCIA has Fraud Prevention and Detection function. It reports to the Investigative Authority delegated by the GM and provides regular updates on lessons learned at the Internal Control Panel and the Complaints Triage Board. The NCIA has established procedures for managing risks of fraud, including fraud prevention, detection and response in line with the NATO wide Strategy on the prevention, detection and response to Fraud and Corruption. In 2024, the NCIA was not exposed to material fraudulent activities.

n. In order to support the NCIA Management and the ASB in undertaking internal control responsibilities, an Internal Control Questionnaire and Assessment (ICQA) is used to serve as a management self-assessment and evaluation tool. This questionnaire is in line with the provisions of the NCIO Internal Control Framework which was developed based on the guidance issued by the Committee of Sponsoring Organizations of the Tread way Commission (COSO) approved by ASB in November 2016. On 10 June 2022, the ASB approved the updated version of the NCIO Internal Control Framework (ICF), to address organizational and operational changes introduced over time. Management has continued work on developing the internal control framework within the

Finance Directorate by employing a risk based methodology to design process controls in line with the COSO guidance.

o. With this Internal Control Statement, GM and FC certify that no work was done that was not specifically requested and paid for by a customer, beyond what could be absorbed as part of a reasonable overhead envelope as approved by the ASB. This certification is based on internal reassurance mechanism whereby each manager entrusted with business responsibility has to provide in writing reinsurance to the GM and FC. As part of this reassurance process, NCIA is willing to make transparent that the former PMO of Polaris ITM remained funded from NCIA overheads in 2024.

p. Currently new joiners to the NCIA receive information about NCIA procedures and behaviour standards. Moreover, the NCIA has a Code of Conduct for all staff, as well as an Anti-Fraud Directive, and staff must undergo training in ethical behaviour and appropriate use of resources.

4. Key progresses achieved in 2024:

The control environment and the control activities continue to be strengthened in the Agency with the ongoing improvements and the increased functional coverage of Agency's ERP (EBA), including access rights management. Reporting tools and their standardisation across the Agency is improving. The Agency continues to improve business planning and resource allocation with changes of practices and the roll out of modern resources planning tools. Improvements have been introduced in ServiceNow (project planning and monitoring) to secure data quality for the Financial Statements. The Asset Management Program (AM) continued to mature the core AM processes. In addition, the risk management framework was strengthened in line with the Risk Appetite framework approved by the ASB.

Agency is however willing to report that in the absence of formal agreement with ACO on the ownership of deployable assets, NCI Agency accounts in its financial statements for deployable assets in use within ACO although it has no means to confirm inventories. NCIA will work with the governance to clarify ownership definition and accountabilities.

5. IBAN observations related to the 2023 NCIO Financial Statements:

During its last Financial Statements audit, the International Board of Auditors for NATO (IBAN) made two observations and recommendations related to the 2023 NCIO Financial Statements. These findings are listed in the Letter of Observations and Recommendations. None of the observations and recommendations impact the audit opinion on the Financial Statements and compliance: (1) Need to strengthen internal controls over the preparation of the financial statements, (2) Need to ensure full compliance with the NATO Accounting Framework regarding accounting policies impacting the NCIO Operating Fund. IBAN followed up on the status of observations and recommendations from the previous years' audits and found that three were closed and four remain in progress.

The NCIO remains focused and committed to resolving all IBAN observations and recommendations.

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Antoine Pailhes Digitally signed by Antoine Pailhes Date: 2025.07.09 19:08:53 +02'00'

Ludwig Decamps	Antoine Pailhès
General Manager	Financial Controller

Distribution:

External

Chairman Board of Auditors for NATO

Chairman NCIO Agency Supervisory Board

Internal

Members Executive Management Board

ACRONYMS

AAS	ADVISORY AND ASSISTANCE SERVICES
AC	AUDIT COMMITTEE
ACCS	NATO AIR COMMAND AND CONTROL SYSTEM
ACO	ALLIED COMMAND OPERATIONS
ACPV	ASSET, CONFIGURATION, PATCH AND VULNERABILITY
ACT	ALLIED COMMAND TRANSFORMATION
AIR C2	AIR COMMAND AND CONTROL
AIS	AUTOMATED INFORMATION SYSTEM
APF	ADVANCE PLANNING FUNDS
ASB	AGENCY SUPERVISORY BOARD
AuC	ASSET UNDER CONSTRUCTION/DEVELOPMENT
A2I	AGENCY INTERNAL INVESTMENT
FinCom	AGENCY SUPERVISORY BOARD FINANCE COMMITTEE
BC	NATO BUDGET COMMITTEE
BEUR	BILLION EUR
BMD	BALLISTIC MISSILE DEFENCE
C4ISR	CONSULTATION, COMMAND, CONTROL, COMMUNICATIONS, INTELLIGENCE, SURVEILLANCE AND RECONNAISSANCE
C3	CONSULTATION, COMMAND AND CONTROL
CCSC	AGENCY’S COSTED CUSTOMER SERVICE CATALOGUE
CFRF	CUSTOMER FUNDING REGULATORY FRAMEWORK
CIS	COMMUNICATION INFORMATION SYSTEMS
CMBC	THE CRISIS MANAGEMENT AND BUSINESS CONTINUITY OFFICE
COO	CHIEF OPERATING OFFICER
COSO	COMMITTEE OF SPONSORING ORGANISATIONS
CP	CAPABILITY PACKAGE
CPR	NATO CIVILIAN PERSONNEL REGULATIONS
CRF	CUSTOMER REQUEST FORM
CSSC	CIS SUSTAINMENT SUPPORT CENTRE
DACCC	DEPLOYABLE AIR COMMAND AND CONTROL CENTRE
DBPS	DEFINED BENEFIT PENSION SCHEME
DCPS	DEFINED CONTRIBUTION PENSION SCHEME
EBA	ENTERPRISE BUSINESS APPLICATIONS
ECL	EXPECTED CREDIT LOSS

ERM	ENTERPRISE RISK MANAGEMENT
ESPE	END STATE PEACETIME ESTABLISHMENT
FFP	FIRM FIXED PRICE
FRP	FINANCIAL RULES AND PROCEDURES
FS	FINANCIAL STATEMENTS
GM	GENERAL MANAGER
HN	HOST NATION
HO/TO	HANDOVER/TAKEOVER
IA	INTERNAL AUDIT
IBAN	INTERNATIONAL BOARD OF AUDIT FOR NATO
IC	NATO INVESTMENT COMMITTEE
ICF	INTERNAL CONTROL FRAMEWORK
ICQA	INTERNAL CONTROL QUESTIONNAIRE AND ASSESSMENT
ICT	INFORMATION AND COMMUNICATIONS TECHNOLOGY
ICTM	INFORMATION COMMUNICATIONS TECHNOLOGY MANAGEMENT
IMS	INTERNATIONAL MILITARY STAFF
IS	INTERNATIONAL STAFF
ISAF	INTERNATIONAL SECURITY ASSISTANCE FORCE
ISMERLO	THE INTERNATIONAL SUBMARINE ESCAPE AND RESCUE LIAISON OFFICE
IPSAS	INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS
ITM	IT MODERNIZATION (PROGRAM)
KEUR	THOUSAND EURO
KFOR	KOSOVO FORCES
LC2IS	LAND COMMAND AND INFORMATION SYSTEM
LOJI	LOSS OF JOB INDEMNITIES
MC	MILITARY COMMITTEE
MEUR	MILLION EURO
MYIP	MULTI YEAR INVESTMENT PLAN
MWA	MORALE AND WELFARE ACTIVITIES
IWC	INTERIM WORKFORCE CAPACITY
NAC	NORTH ATLANTIC COUNCIL
NAF	NATO ACCOUNTING FRAMEWORK

NAGSMOIL	NATO ALLIANCE GROUND SURVEILLANCE MANAGEMENT ORGANISATION IN LIQUIDATION
NATO	NORTH ATLANTIC TREATY ORGANISATION
NCIA	NATO COMMUNICATIONS AND INFORMATION AGENCY
NCIO	NATO COMMUNICATIONS AND INFORMATION ORGANISATION
NCS	NATO COMMAND STRUCTURE
NDEC	NCIA DIGITAL ENTERPRISE CENTRE
NFR	NATO FINANCIAL REGULATIONS
NIC	NATO INTERNATIONAL CIVILIAN
NITEC	NATO INDUSTRY CONFERENCE AND TECHNET INTERNATIONAL
NSIP	NATO SECURITY INVESTMENT PROGRAMME
OF	OPERATING FUND
PE	PEACETIME ESTABLISHMENT/PERSONNEL ESTABLISHMENT
PP&E	PROPERTY PLANT and EQUIPMENT
PSC	PROJECT SERVICE COSTS
QAFR	QUARTERLY ACCOUNTING FINANCIAL REPORT
RPPB	NATO RESOURCE POLICY AND PLANNING BOARD
RS	RESOLUTE SUPPORT
SATCOM	SATELLITE COMMUNICATION
SATCOM MOU	SATELLITE COMMUNICATION MEMORANDUM OF UNDERSTANDING
SLA	SERVICE LEVEL AGREEMENT
SLMB	SERVICE LIFECYCLE MANAGEMENT BOARD
SSC	SERVICE SUPPORT COST
SSP	SERVICE SUPPORT PACKAGES
SST	SERVICE SUPPORT TRAINING PACKAGES
TBCE	TYPE B COST ESTIMATE
TFR	‘TRATTAMENTI DI FINE RAPPORTO’
TO	TASK ORDER
TOPFAS	TOOLS FOR OPERATIONS PLANNING FUNCTIONAL AREA SERVICE
WAC	WEIGHTED AVERAGE COST
WGNTE	WORKING GROUP OF NATIONAL TECHNICAL EXPERTS