	NATO	NORTH ATLANTIC COUNCIL
	OTAN	CONSEIL DE L'ATLANTIQUE NORD

NATO UNCLASSIFIED

13 December 2018

DOCUMENT
C-M(2018)0062-AS1

**IBAN AUDIT ON THE 2017 FINANCIAL STATEMENTS OF NATO NAVAL FORCES
SENSORS AND WEAPON ACCURACY CHECK SITES OFFICE (FORACS)**

ACTION SHEET

On 12 December 2018, under the silence procedure, the Council noted the IBAN report on the 2017 financial statements of FORACS, endorsed the RPPB report attached to C-M(2018)0062, and agreed to the public disclosure of this report, the IBAN audit and associated 2017 financial statements of FORACS.

(Signed) Jens Stoltenberg
Secretary General

NOTE: This Action Sheet is part of, and shall be attached to C-M(2018)0062.

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4 December 2018

DOCUMENT

C-M(2018)0062

Silence Procedure ends:

12 Dec 2018 17:30

**IBAN AUDIT ON THE 2017 FINANCIAL STATEMENTS OF NATO NAVAL FORCES
SENSORS AND WEAPON ACCURACY CHECK SITES OFFICE (FORACS)**

Note by the Secretary General

1. I attach the International Board of Auditors for NATO (IBAN) report on the audit of the 2017 financial statements of NATO Naval Forces Sensors and Weapon Accuracy Check Sites Office (FORACS). The IBAN audit produced unqualified opinions on both the financial statements and compliance for FORACS.
2. The IBAN report has been reviewed by the Resource Policy and Planning Board (RPPB) (see Annex 1).
3. I do not believe this issue requires further discussion. Therefore, **unless I hear to the contrary by 17:30 hours on Wednesday, 12 December 2018**, I shall assume the Council noted the IBAN report on the 2017 financial statements of FORACS, endorsed the RPPB report, and agreed to the public disclosure of this report, the IBAN audit and associated 2017 financial statements of FORACS.

(Signed) Jens Stoltenberg

**IBAN AUDIT ON THE 2017 FINANCIAL STATEMENTS OF NATO NAVAL FORCES
SENSORS AND WEAPON ACCURACY CHECK SITES OFFICE (FORACS)**

Report by the Resource Policy and Planning Board (RPPB)

References:

- | | |
|--------------------|--|
| A. IBA-A(2018)0089 | IBAN Audit on the 2017 Financial Statements of FORACS |
| B. PO(2015)0052 | Wales Summit tasker on transparency and accountability |

BACKGROUND

1. This report by the RPPB addresses the IBAN audits of the 2017 financial statements and compliance of FORACS. The IBAN audits set out unqualified opinions on the financial statements and on compliance of FORACS in 2017 (reference A).

DISCUSSION

2. The IBAN issued one observation in 2017: weaknesses in the internal controls over financial reporting. Additionally, the IBAN followed up on the status of observations from previous years' audits and noted that four were settled, one was partially settled, none remain outstanding and one was superseded by the current year observation. In general, the FORACS Financial Controller (FC), who is the International Staff FC, concurred with the IBAN observation and recommendation.

3. Weaknesses in internal controls over financial reporting: The RPPB notes that there were discrepancies found in the budget execution statement where the distribution of expenditures reported by Chapter was incorrect although total expenditures were correct. The RPPB also notes the issues identified with respect to the table and notes depicting the 2016 restatement, and minor overstatement and omission in the Notes to the financial statements.

CONCLUSION

4. The IBAN issued an unqualified audit opinion on the 2017 financial statements and on compliance of FORACS. The RPPB notes that one observation was repeated from the prior year, but also highlights that progress is being made by FORACS. No further action is required by the Board at this stage on the audit reports of the 2017 financial statements of this NATO entities.

RECOMMENDATIONS

5. The RPPB recommends that the Council:

5.1. note the IBAN report at reference A;

5.2. endorse the conclusion at paragraph 4; and,

5.3. agree to the public disclosure of this report, the IBAN audit and the associated 2017 financial statements of FORACS in line with the agreed policy in reference B.



NORTH ATLANTIC TREATY ORGANIZATION
ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
INTERNATIONAL BOARD OF AUDITORS
COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES



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IBA-A(2018)0089
29 August 2018

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

Cc: Chairman, NATO FORACS Steering Committee
Project Manager and Technical Director, NATO FORACS Office
Financial Controller, International Staff (IS)
Chairman, Resource Policy & Planning Board (RPPB)
Branch Head, Plans and Policy Branch, NATO Office of Resources (NOR)
Private Office Registry

Subject: ***International Board of Auditors for NATO (Board) Auditor's Report and Letter of Observations and Recommendations on the audit of the NATO FORACS Office (NFO) Financial Statements for the year ended 31 December 2017 – IBA-AR(2018)0020***

The Board submits herewith its approved Auditor's Report (Annex 2) and Letter of Observations and Recommendations (Annex 3) with a Summary Note for distribution to the Council (Annex 1).

The Board's report sets out an unqualified opinion on the Financial Statements of the NATO FORACS Office (NFO) and on compliance for financial year 2017.

Yours sincerely,

Hervé-Adrien Metzger
Chairman

Attachments: As stated above.



**Summary Note for Council
by the International Board of Auditors for NATO (Board)
on the audit of the Financial Statements of the NATO FORACS Office
for the year ended 31 December 2017**

The NATO Naval Forces Sensors and Weapon Accuracy Check Sites (NATO FORACS) provide a comprehensive calibration of sensors associated with the weapon systems of NATO naval units such as surface ships, submarines and anti-submarines helicopters. These tests are conducted at three FORACS ranges under the jurisdiction of Norway (NFN), Greece (NFG), and the United States (NFA).

The overall management of the programme is the responsibility of the FORACS Steering Committee. The NATO FORACS Office is located at the NATO Headquarters in Brussels and serves as the executive staff of the Steering Committee. The NATO FORACS Office budget for 2017 (including brought forward credits) amounted to EUR 2.41 million while budget expenses amounted to EUR 1.59 million.

The Board issued an unqualified opinion on the financial statements and on compliance for the year ended 31 December 2017.

During the audit, the Board made one observation and recommendation. This observation does not impact the audit opinion.

1. Weaknesses in the internal controls over financial reporting.

The Board also followed up on the status of six outstanding observations from its previous years' audits and noted that four were settled, one was partially settled and one was superseded by current year observation.

The Auditor's Report (Annex 2) and the Letter of Observations and Recommendations (Annex 3) were issued to the NATO FORACS whose comments have been included, see the Appendix to Annex 3.

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ANNEX 2
IBA-AR(2018)0020

29 August 2018

INTERNATIONAL BOARD OF AUDITORS FOR NATO

**AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF
NATO NAVAL FORCES SENSOR AND WEAPON ACCURACY SITES
(NATO FORACS OFFICE (NFO))
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**REPORT OF THE INTERNATIONAL BOARD OF AUDITORS
FOR NATO TO THE NORTH ATLANTIC COUNCIL**

Report on the Financial Statements

The International Board of Auditors for NATO (Board) audited the accompanying financial statements of NATO FORACS Office (NFO), which comprised the Statement of Financial Position as at 31 December 2017, the Statement of Financial Performance, Statement of Changes in Net Assets and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes. The Board also audited the Statement of Budget Execution for the year ended 31 December 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the NATO Accounting Framework and the requirements of the NATO Financial Regulations as authorised by the North Atlantic Council. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, which is conducted in accordance with our Charter and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, due to fraud or error. In making those risk assessments, internal control relevant to the entity's preparation and presentation of financial statements is considered 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the Financial Statements

In our opinion, the financial statements present fairly, in all material respects, the financial position of the NFO as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with the NATO Accounting Framework.

Report on Compliance

Management's Responsibility for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the financial transactions and information reflected in the financial statements are in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations as authorised by the North Atlantic Council.

Auditor's Responsibility

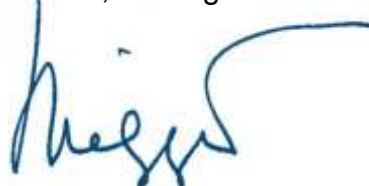
In addition to the responsibility to express an opinion on the financial statements described above, our responsibility includes expressing an opinion on whether the financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations. This responsibility includes performing procedures to obtain reasonable assurance about whether the funds have been used for the settlement of authorised expenditure and whether their operations have been carried out in compliance with the financial and personnel regulations in force. Such procedures include the assessment of the risks of material non-compliance.

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

Opinion on Compliance

In our opinion, in all material respects the financial transactions and information reflected in the financial statements of the NFO are in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations.

Brussels, 29 August 2018

A handwritten signature in blue ink, appearing to read 'H Metzger', with a long horizontal stroke extending to the right.

Hervé-Adrien Metzger
Chairman

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ANNEX 3
IBA-AR(2018)0020

29 August 2018

INTERNATIONAL BOARD OF AUDITORS FOR NATO

LETTER OF OBSERVATIONS AND RECOMMENDATIONS

FOR THE NATO FORACS OFFICE (NFO)

FOR THE YEAR ENDED 31 DECEMBER 2017

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Introduction

The International Board of Auditors for NATO (Board) audited the NATO FORACS Office (NFO) Financial Statements for the year ended 31 December 2017 and issued an unqualified opinion on the financial statements and on compliance.

Observations and Recommendations

The Board's audit resulted in one observation and recommendation. This observation does not impact the audit opinion:

1. Weaknesses in the internal controls over financial reporting.

The Board also followed up on the status of six outstanding observations from its previous years' audits and noted that four were settled, one was partially settled and one was superseded by current year observation.

OBSERVATIONS AND RECOMMENDATIONS

1. WEAKNESSES IN THE INTERNAL CONTROLS OVER FINANCIAL REPORTING

Reasoning

1.1 Article 6 of the NATO Financial Regulations (NFRs) require the Financial Controller to exercise the responsibility of budgeting, accounting and reporting activities of the NATO entity. This includes being responsible for the financial internal control system established, and for the preparation of the financial statements in accordance with the NATO Accounting Framework.

1.2 According to IPSAS 3, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by restating the comparative amounts for prior period(s) presented in which the error occurred. In doing so, the entity shall disclose the following:

- a) The nature of the prior period error.
- b) For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected.

Observations

1.3 The Board found the following misstatements or errors in the financial statements:

- a) According to Budget Execution Statement for 2017, the total amounts of expenses in Chapter 1, Chapter 2 and Chapter 3 are EUR 1,313,226, EUR 245,629 and EUR 0 respectively. We found that the total expenditure reported is correct but the distribution among the chapters is incorrect. The actual amounts per chapter are EUR 632,760, EUR 871,852 and EUR 54,243.
- b) Note 4 to the Financial Statements states that funds managed for NATO FORACS Range Norway (NFN) was EUR 235,083 at 2016 year-end. This amount does not agree with the Cash and Cash Equivalents balance in the Statement of Financial Position. We found that a correction made to prior year errors was not taken into account in this Note and this led to an overstatement of EUR 6,945.
- c) Note 26 to the Financial Statements provides information on related party transactions. In this Note the costs of various services provided by the International Staff (IS) to the NFO are disclosed for both 2016 and 2017. However, the cost of rent for 2017, which is the same as 2016 (EUR 12,969), is omitted.

1.4 NFO restated prior year figures in the 2017 NFO Financial Statements. A table depicting the changes for the restated line items of the Statement of Financial Position was included in the Notes. This table, however, does not show separately the impact from the changes in accounting policies and correction of prior period errors. In addition, the nature of the prior year errors was not explained in the Notes. Also, we noted that the initial 2016 figures disclosed in this table did not reconcile to the original 2016 NFO Financial Statements.

Recommendation

1.5. The Board recommends NFO to implement and document verification procedures of the figures in the Financial Statements in order to prevent or detect these mistakes before the issuance of the Financial Statements.

FOLLOW-UP OF PREVIOUS YEARS' OBSERVATIONS

The Board reviewed the status of the observations and recommendations arising from the previous audit. The observations and their status are summarised in the table below.

OBSERVATION / RECOMMENDATION	ACTION TAKEN	STATUS
<p>(1) Audit Report FY 2016 IBA-AR(2017)27 paragraph 1.5</p> <p>COMMITMENT OF 2016 BUDGETARY CREDITS FOR A SERVICE TO BE RENDERED IN 2017</p> <p>Board's Recommendation The Board recommends that NFO recognize expenses when related services or goods are received to ensure that its financial statements give a true and fair view of its Financial Position and Performance.</p>	No similar case was identified during the 2017 audit.	Observation Settled .
<p>(2) Audit Report FY 2016 IBA-AR(2017)27 paragraph 2.3</p> <p>MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING</p> <p>Board's Recommendation The Board recommends that NFO:</p> <p>a) Establish robust internal procedures which would define responsibilities, requirements and controls for the preparation of the financial statements in order to ensure that they are free of material misstatements and other errors or omissions.</p> <p>b) Report in the Statement of Financial Position only the assets and liabilities which are supported by appropriate evidence and to retain supporting documentation for audit purposes.</p>		Observation Superseded by current year Observation 1.
<p>(3) Audit Report FY 2016 IBA-AR(2017)27 paragraph 3.3</p> <p>CARRY-FORWARD OF CREDITS FOR THE SERVICES RENDERED BEFORE THE END OF THE FINANCIAL YEAR</p> <p>Board's Recommendation The Board recommends that NFO review open commitments at year-end in order to determine whether the related good or service has been received within the year, and if so, to reduce the commitment and book the expense accordingly.</p>	No similar case was identified during the 2017 audit.	Observation Settled .

OBSERVATION / RECOMMENDATION	ACTION TAKEN	STATUS
<p>(4) Audit Report FY 2015 IBA-AR(2017)22 paragraph 1.3</p> <p>USE OF A MANAGEMENT RESERVE FUND NOT IN COMPLIANCE WITH THE NFRS</p> <p>Board's Recommendation The Board recommends that NFO comply with Article 29.3 of the NFRs and restrict currency holdings to the minimum to meet forecast payments prior to receipt of the following contribution instalment. Alternatively, if the NFO Steering Committee strongly believes that such a management reserve is necessary, a request for deviation from Articles 24.2 and 29.3 of the NFRs should be made to Council.</p>	<p>On 25 June 2018, Council approved the request of the Steering Committee for a deviation from NATO Financial Regulations with regards to the provision of an operational reserve (C-M(2018)0032).</p>	<p>Observation Settled.</p>
<p>(5) Audit Report FY 2015 IBA-AR(2017)22 paragraph 7.8</p> <p>EFFORT TO ACHIEVE COMPLIANCE WITH THE REVISED NATO FINANCIAL REGULATIONS, PARTICULARLY THOSE ARTICLES ON INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT</p> <p>Board's Recommendation a) Ensure its risk management policy and risk registers include financial reporting and compliance risks. b) As required by FRP XII 3) (e), choose a specific internal control framework that it will use to assess its system of internal control. The assessment is required by Article 12 of the NFRs. Since other NATO entities have already adopted COSO as their internal control framework, and it is a framework that can be used by entities of all sizes, the NFO should consider adopting COSO as their internal control framework. c) In coordination with the IS where applicable, begin the work of assessing and documenting the system of internal control and risk management procedures to support compliance with NFR Articles 11 and 12, FRPs XI and XII, and the internal control framework that it chooses. d) Through outsourcing if considered to be more cost effective, ensure internal audit activities are evaluating NFO risk management and internal control.</p>	<p>a) Financial Controller's involvement in risk management is still limited. b) The Statement of Internal Control for 2017 does not mention any specific internal control framework that will be used to assess the system of internal control. c) Documentation has not been completed yet. d) The evaluation of the internal controls and risk management by the IS Internal Audit has not been conducted yet. The Board notes that</p>	<p>Observation Partially Settled</p>

OBSERVATION / RECOMMENDATION	ACTION TAKEN	STATUS
e) Ensure that the supplementary budget credits are only used to enter into commitments for goods and services to be rendered during the financial year. Contract authority should be used for goods and services to be received in future years.	the IS Internal Audit was provided with relevant information related to risk management and internal controls by the Project Manager. Also, we note that the IS Internal Audit Plan is prepared based on a risk based methodology. e) NFO changed the approval process for supplementary budget which is now only used for goods and services to be rendered during the financial year.	
(6) Audit Report FY 2014 IBA-AR(2015)18 paragraph 2.3 SEGREGATION OF DUTIES – BANK RECONCILIATIONS Board's Recommendation The Board recommends that a bank reconciliation report is prepared regularly, and not only at year-end. In addition, the NATO FORACS Office should ensure that the segregation of duties is adequate: bank reconciliations should be signed both by the preparer and the Head of Treasury (or deputy) as reviewer.	Monthly bank reconciliations were prepared and reviewed during 2017. The year-end reconciliation was reviewed and signed by the FC.	Observation Settled.

**NATO FORACS STEERING COMMITTEE FORMAL COMMENTS ON THE
LETTER OF OBSERVATIONS AND RECOMMENDATIONS**

**OBSERVATION 1:
WEAKNESSES IN THE INTERNAL CONTROLS OVER FINANCIAL REPORTING**

NATO FORACS Steering Committee's Formal Comments:

Agreed.

**FOLLOW-UP OF PREVIOUS YEARS' OBSERVATIONS
(5) Audit Report FY 2015
IBA-AR(2017)22 paragraph 7.8**

**EFFORT TO ACHIEVE COMPLIANCE WITH THE REVISED NATO FINANCIAL
REGULATIONS, PARTICULARLY THOSE ARTICLES ON INTERNAL CONTROL,
RISK MANAGEMENT AND INTERNAL AUDIT**

NATO FORACS Steering Committee's Formal Comments:

Recommendation a)

The OFC is developing a complete risk matrix for its operations which will, therefore, also apply to FORACS.

Recommendation b)

Agreed.

Recommendation c)

Agreed.

Recommendation d)

As "the Board notes that the IS Internal Audit was provided with relevant information related to risk management and internal controls by the Project Manager. Also, we note that the IS Internal Audit Plan is prepared based on a risk based methodology", it is considered that this particular part of the Recommendation is settled.

Recommendation e)

As “NFO changed the approval process for supplementary budget which is now only used for goods and services to be rendered during the financial year”, it is considered that this particular part of the Recommendation is settled and, therefore, the overall observation should not be considered as “Outstanding” but “Partially Settled”.

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FC(2018)0034

NATO FORACS OFFICE

FINANCIAL STATEMENTS
Financial Year 2017

Annexes:

- 1 Statement of financial position
- 2 Statement of financial performance
- 3 Statement of cash flow
- 4 Statement of changes in net assets/equity
- 5 Statement of budget execution
- 6 Explanatory notes to the financial statements



M. PAGE
Project Manager FORACS



S. CHAGNOT
Financial Controller NATO-IS

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NATO FORACS OFFICE **Statement of Financial Position**

As at 31 December 2017

(in EUR)

	Notes	Current Year	Prior Year	Variance
		2017	2016	CY - PY
Assets				
Current assets				
Cash and cash equivalents	(3&4)	3,506,414.20	4,002,322.12	-495,907.92
Short term investments	(3&4)	801,011.80	815,817.26	-14,805.46
Receivables	(5)	200,612.15	477,420.35	-276,808.20
Prepayments	(6)	2,502,087.13	2,539,906.98	-37,819.85
Other current assets	(6)	16,034.06	0.00	16,034.06
Inventories	(7)			0.00
		7,026,159.34	7,835,466.71	-809,307.37
Non-current assets				
Receivables				0.00
Property, plant & equipment				0.00
Intangible assets	(8)	1,398,421.62	796,959.14	601,462.48
		1,398,421.62	796,959.14	601,462.48
Total assets		8,424,580.96	8,632,425.85	-207,844.89
Liabilities				
Current liabilities				
Payables	(9)	-868,982.55	-992,386.42	123,403.87
Deferred revenue	(10)	-82,374.74	-38,093.78	-44,280.96
Advances	(11)	-4,832,164.20	-4,787,447.37	-44,716.83
Provisions	(12)			0.00
Other current liabilities	(13)	-650,363.10	-1,494,187.86	843,824.76
		-6,433,884.59	-7,312,115.43	878,230.84
Non-current liabilities				
Provisions		0.00	0.00	0.00
Deferred revenue	(14)	-1,398,421.62	-796,959.14	-601,462.48
Other non-current liabilities				0.00
		-1,398,421.62	-796,959.14	-601,462.48
Total liabilities		-7,832,306.21	-8,109,074.57	276,768.36
Surplus/Deficit		0.00		0.00
Retained earnings	(15)	-592,274.75	-523,351.29	-68,923.46
Reserves				
Total net assets		-592,274.75	-523,351.29	-68,923.46

NATO FORACS OFFICE

Statement of Financial Performance

As at 31 December 2017

(in EUR)			
Notes	Current Year	Prior Year	
	2017	2016	Variance
Revenue			
Revenue	(977,467.40)	-1,001,075.10	23,607.70
Financial revenue	(9,966.31)	-68,714.54	58,748.23
Other revenue	(11,451.14)		-11,451.14
Total revenue	(16) (998,884.85)	-1,069,789.64	70,904.79
Expenses			
Personnel	632,781.77	567,850.86	64,930.91
Contractual supplies and services	351,708.83	416,747.66	-65,038.83
Depreciation and amortization			0.00
Impairment			0.00
Provisions	11,381.93		11,381.93
Other expenses		0.00	0.00
Finance costs	3,012.32	85,191.12	-82,178.80
Total expenses	(17) 998,884.85	1,069,789.64	-70,904.79
Surplus/(Deficit) for the period	<u>0.00</u>	<u>0.00</u>	<u>(0.00)</u>

NATO FORACS OFFICE Statement of Cash Flow

As at 31 December 2017

	(in EUR)	
Notes	Current Year	Prior Year
	2017	2016
Cash flow from operating activities		
Surplus/(Deficit)	0.00	0.00
Non-cash movements		
Depreciation/ Amortisation	0.00	0.00
Impairment	0.00	0.00
Use of Cash Reserves	68,923.46	42,182.89
Increase /(decrease) in payables	-123,403.87	-6,189,125.05
Increase/ (decrease) in other current liabilities	-754,826.97	5,511,946.32
Increase/ (decrease) in provisions	0.00	0.00
Increase/ (decrease) in other non current liabilities	601,462.48	771,114.97
(Gains)/losses on sale of property, plant and equipment	0.00	0.00
Decrease/ (Increase) in other current assets	0.00	0.00
Decrease/ (Increase) in receivables	298,593.99	-1,871,157.77
Net cash flow from operating activities	90,749.09	-1,735,038.64
Cash flow from investing activities		
Purchase of property plant and equipment / Intangible assets	-601,462.48	-771,114.97
Proceeds from sale of property plant and equipment	0.00	0.00
Net cash flow from investing activities	-601,462.48	-771,114.97
Cash flow from financing activities		
Decrease/ (Increase) Deposit	14,805.46	-815,817.26
Net cash flow from financing activities	14,805.46	-815,817.26
Net increase/(decrease) in cash and cash equivalents	(495,907.93)	(3,321,970.87)
Cash and cash equivalent at the beginning of the period	4,002,322.12	7,324,293.54
Cash and cash equivalent at the end of the period	3,506,414.20	4,002,322.12

NATO FORACS OFFICE
Statement of Changes in Net Assets/Equity

As at 31 December 2017

(in EUR)

Balance at the beginning of the period 2014	<u>-1,376,147.88</u>
Changes in accounting policy	
Restated balance	
Net (gains)/losses recognised directly in net assets/equity	894,978.94
Exchange difference on translating foreign operations	
Gain on property revaluation	
Surplus/(deficit) for the period	
Change in net assets/equity for the year ended 2015	<u>894,978.94</u>
Balance at the beginning of the period 2015	<u>-481,168.94</u>
Changes in accounting policy	
Restated balance	
Net (gains)/losses recognised directly in net assets/equity	
Exchange difference on translating foreign operations	
Use of cash Reserves	-42,182.05
Gain on property revaluation	
Surplus/(deficit) for the period	
Change in net assets/equity for the year ended 2016	<u>-42,182.05</u>
Balance at the end of the period 2016	<u>-523,350.99</u>
Balance at the beginning of the period 2016	<u>-540,678.49</u>
Changes in accounting policy	
Restated balance	
Net (gains)/losses recognised directly in net assets/equity	
Exchange difference on translating foreign operations	
Use of cash Reserves	-68,923.76
Gain on property revaluation	
Surplus/(deficit) for the period	
Change in net assets/equity for the year ended 2017	<u>-592,274.75</u>

NATO FORACS OFFICE
Statement of Budget Execution
 As at 31 December 2017

(Amounts in euro)	Initial budget	Budget increase	BA2	Transfers	BA3	Transfers	Final budget	Expenses	Carry forward	Lapsed
Budget 2017										
Chapter 1	687,000.00		687,000.00	-	687,000.00	(15,000.00)	672,000.00	1,313,226.03	50,590.22	(691,816.25)
Chapter 2	463,226.00	1,139,917.00	1,603,143.00	-	1,603,143.00	13,900.00	1,617,043.00	245,628.86	31,784.94	1,339,629.20
Chapter 3	30,000.00	55,000.00	85,000.00	-	85,000.00	1,100.00	86,100.00	-		86,100.00
Chapter 4	-	-	-	-	-	-	-	-	-	-
Total	1,180,226.00	1,194,917.00	2,375,143.00	-	2,375,143.00	-	2,375,143.00	1,558,854.89	82,375.16	733,912.95
Budget 2016										
Chapter 1	11,760.45		11,760.45	-	11,760.45	-	11,760.45	3,963.79		7,796.66
Chapter 2	16,439.87		16,439.87	-	16,439.87	-	16,439.87	13,345.04		3,094.83
Chapter 3	-		-	-	-	-	-	-		-
Total	28,200.32	-	28,200.32	-	28,200.32	-	28,200.32	17,308.83	-	10,891.49
Budget 2015										
Chapter 1	9,894.46		9,894.46	-	9,894.46	-	9,894.46	9,789.59		104.87
Chapter 2	0.23		0.23	-	0.23	-	0.23			0.23
Chapter 3	-		-	-	-	-	-	-		-
Total	9,894.69	-	9,894.69	-	9,894.69	-	9,894.69	9,789.59	-	105.10
Total All Budgets	1,218,321.01	1,194,917.00	2,413,238.01	-	2,413,238.01	-	2,413,238.01	1,585,953.31	82,375.16	744,909.54

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Statement of Budget Execution

As at 31 December 2016

(Amounts in euro)	Initial budget	Transfers	BA2	Transfers	BA3	Transfers	Final budget	Expenses	Carry forward	Lapsed
Budget 2016										
Chapter 1	549,432	1,993,577	2,543,009	-	2,543,009	-	2,543,009	1,529,414		1,013,595
Chapter 2	401,290	-	401,290	-	401,290	-	401,290	180,633	28,200	192,457
Chapter 3	-	-	-	-	-	-	-	-		-
Chapter 4	-	-	-	-	-	-	-	-		-
Total	950,722	1,993,577	2,944,299	-	2,944,299	-	2,944,299	1,710,047	28,200	1,206,052
Total FY 2016	950,722	1,993,577	2,944,299	-	2,944,299	-	2,944,299	1,710,047	28,200	1,206,052
Budget 2015										
Chapter 1	123,067		123,067	-	123,067	-	123,067	60,281	9,894	52,892
Chapter 2	5,785		5,785	-	5,785	-	5,785	5,718		67
Chapter 3	-		-	-	-	-	-	-		-
Total	128,853	-	128,853	-	128,853	-	128,853	65,999	9,894	52,959
Total FY 2015	128,853	-	128,853	-	128,853	-	128,853	65,999	9,894	52,959
Budget 2014										
Chapter 1	4,602		4,602	-	4,602	-	4,602	5,512		(911)
Chapter 2			-	-	-	-	-	-		-
Chapter 3			-	-	-	-	-	-		-
Total	4,602	-	4,602	-	4,602	-	4,602	5,512	-	(911)
Total FY 2014	4,602	-	4,602	-	4,602	-	4,602	5,512	-	(911)
Total all budgets	1,084,176	1,993,577	3,077,753	-	3,077,753	-	3,077,753	1,781,558	38,095	1,258,100

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**EXPLANATORY NOTES TO NATO FORACS OFFICE
2017 FINANCIAL STATEMENTS****NOTE 1: GENERAL INFORMATION**

FORACS' mission is to measure the bearing, range, position and heading accuracy of sensors and navigation systems and to provide communications systems and interoperability testing in surface ships, submarines and maritime aircraft to satisfy national requirements and to meet NATO material readiness standards.

The NATO FORACS Memorandum of Understanding was signed in 1974 by seven NATO nations: Denmark, Germany, Greece, Italy, Norway, the United Kingdom and the United States. In September 1994, Canada became the eighth signatory.

Three NATO FORACS (Naval Forces Sensor and Weapons Accuracy Check Sites) test Ranges were authorized under the management of a NATO FORACS Steering Committee (NFSC).

NATO FORACS Office (NFO) was established at NATO Headquarters in January 1977. This office provides technical direction for the project, quality control over test procedures, and maintains a data bank of test results for national summary reports.

NATO FORACS Norway (NFN) began routine testing in 1978.

NATO FORACS Greece (NFG) was opened for routine operation in 1985.

In 1994 the US FORACS range at AUTEC (Atlantic Underwater Test and Evaluation Center) became an affiliated NATO FORACS test range called NATO FORACS AUTEC (NFA).

Nations maintain oversight of the project through the NATO FORACS Steering Committee. The Steering Committee executes its responsibility through an executive Project Manager at the NFO in Brussels.

Normal operations and maintenance of NATO FORACS activities are funded by the member nations on a cost-sharing basis. Non-member nations utilize the resources and capabilities based on a calculated 'day rate' for services. Fixed facilities and capital costs are commonly funded through the NATO Security Investment Programme (NSIP). NATO International Staff Financial Control provides accounting and budgeting for the NATO FORACS Office and handles annual calls to nations to fund operations for the Project.

These financial statements relate only to the NATO FORACS Office (NFO). The three NATO FORACS Ranges (NFA, NFG and NFN) are responsible for executing their own budgets and issuing their own financial statements under their national budgeting and financial rules.

NATO FORACS conducts tests for eight Alliance nations in response to NATO's tasking to provide mission capable platforms. This testing also supports Nation's acquisition and upgrade programmes testing ship, submarine and maritime aircraft. Having systems in ships, submarines and maritime aircraft aligned and calibrated to the same common reference and to clearly defined accuracy standards aligns with the Connected Forces Initiative and improves interoperability of maritime systems within and between nations. In 2013, FORACS adopted a strategic tag line: *Operational Confidence Through Accuracy*

The NATO FORACS Project continues to demonstrate a quality management culture based on ISO 9001:2008 and in 2014 achieved recertification for a further three years.

NOTE 2: ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Declaration of Conformity

The NFO financial statements have been prepared in accordance with NATO Financial Regulations (NFR), the Financial Rules and Procedures (FRP) and the NATO Accounting Framework, which is an adapted version of the International Public Sector Accounting Standards (IPSAS).

Basis of Preparation

These financial statements relate to the NATO FORACS Office (NFO). They also include transactions with the Ranges only in as much as they relate to the calls for contribution process of their respective budgets: funds are called from Participating Nations; receivables are recorded; funds are transferred to the Ranges upon request of the Range Managers. Cash and cash equivalents are held on separate bank accounts controlled by the IS Office of Financial Control. None of the ensuing financial transactions of the Ranges (commitments, expenses, payments, etc.) are disclosed in these financial statements since they are executed under the exclusive authority and responsibility of the Ranges in accordance with their respective national regulations. The NATO FORACS Office plays no role in this respect.

All budget related decisions are taken by the FORACS Steering Committee, not by the FORACS Office. The latter has no authority over the Ranges, which operate under national regulations for all aspects of their management (budget execution, procurement, human resources, health and safety, financial reporting, external audit, etc.). The NATO FORACS Office holds an executive management function but does not exercise any power over the Ranges and it does not have rights over their surpluses or assets, neither can it be considered liable for their obligations. As a consequence, the NATO FORACS Office exercises no control over the Ranges for financial reporting purposes and therefore its financial statements are not consolidated with those of the Ranges.

These financial statements have been prepared on a going-concern basis. The assumption is that NFO is a going concern and will continue in operation and meet its objectives and obligations for the foreseeable future.

The financial year is from 1 January to 31 December.

The amounts shown in these financial statements are presented in EUR

FORACS applied IPSAS 9 Revenue from exchange transactions and IPSAS 23 Revenue from non-exchange transactions.

The following IPSAS have no material effect on the 2017 NFO financial statements:

IPSAS 5: Borrowing Costs

IPSAS 7: Investments in Associates.

IPSAS 8: Interests in Joint Ventures

IPSAS 10: Financial Reporting in Hyperinflationary Economies

IPSAS 11: Construction Contracts
IPSAS 16: Investment Property
IPSAS 21: Impairment of non-cash generating assets
IPSAS 26: Impairment of Cash-Generating Assets
IPSAS 27: Agriculture
IPSAS 32: Service Concession Arrangements: Grantor

Changes in accounting policy

Up to 2016, accounting for financial relations resulting from the call for contribution process with the Ranges was limited to the disclosure of cash and cash equivalent holdings (presented as funds held for third parties), amounts receivable related to budget contributions called, and the situation of advances net of amounts transferred to the Ranges. As from 2017, the following changes have taken place: short term investments of related funds are disclosed specifically, prepayments to the Ranges of advances concerning the following year of their budget are recorded as such; and advances correspond to the amount of advances on the following year actually called and are no longer reduced by the amount of prepayments to the Ranges.

The information related to the Ranges is limited to the call for contributions process and therefore concerns cash, short term investments, receivables, payables, advances, and the Ranges' other current liabilities to the IS OFC on behalf of the NATO FORACS Office. This change is in consideration of the fact that IS OFC and NATO FORACS Office in their respective responsibilities, and under supervision of the Steering Committee, control the call for contributions process for the Ranges. IS OFC and NATO FORACS Office do not control the financial and budgetary operations of the Ranges; these are conducted in accordance with the respective national regulations (budget, procurement, human resources etc.) and are therefore not reported in the present financial statements.

Restatement of Financial Statements of Previous Years

The impact on the 2016 Statement of Financial Position of the change in accounting policy presented above, the correction of errors affecting Other Current Liabilities and Net Assets, and the Reclassification described below is analysed in the following table.

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		(in EUR)
	Restated	Initial
	2016	2016
Assets		
Current assets		
Cash and cash equivalents	4,002,322.12	4,818,139.38
Short term investments	815,817.26	0.00
Receivables	477,420.35	486,641.96
Prepayments	2,539,906.98	1,700.00
Other current assets	0.00	0.00
Inventories		
	7,835,466.71	5,306,481.34
Non-current assets		
Receivables		
Property, plant & equipment		
Intangible assets	796,959.14	796,959.14
	796,959.14	796,959.14
Total assets	8,632,425.85	6,103,440.48
Liabilities		
Current liabilities		
Payables	-992,386.42	-240,213.69
Deferred revenue	-38,093.78	0.00
Advances	-4,787,447.37	-2,258,462.00
Provisions		
Other current liabilities	-1,494,187.86	-2,267,126.86
	-7,312,115.43	-4,765,802.55
Non-current liabilities		
Provisions	0.00	0.00
Deferred revenue	-796,959.14	-796,959.14
Other non-current liabilities		
	-796,959.14	-796,959.14
Total liabilities	-8,109,074.57	-5,562,761.69
Surplus/Deficit	0.00	0.00
Retained earnings	-523,351.29	-540,678.79
Reserves		
Total net assets	-523,351.29	-540,678.79

Reclassification of Financial Statements of Previous Years

Advances to staff in the context of the Civilian Personnel Regulations (such as advances on salaries or on education allowance) were previously classified as Receivables and are now classified as Prepayments in consideration of the fact that these are advances on future staff benefits (the table above analyses this change).

In the presentation of the Budget Execution Statement, in order to avoid any confusion concerning the carry-forward amounts, the column previously named "Commitment" has been removed and the related amounts appear now under the column "Carry-Forward".

Use of Estimates

In accordance with generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions by management, according to the most reliable information available, judgement and assumptions. Estimates include accrued revenue and expenses. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Foreign Currency Transactions

The NFO's budget is authorized and managed in EUR so the contribution calls are made in EUR. Foreign currency transactions as required are accounted for at the NATO exchange rates prevailing on the date of the transactions. Monetary assets and liabilities at year-end which were denominated in foreign currencies were converted into EUR using the NATO rates of exchange that were applicable at year-end.

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

NFO does not have any unrealised gains or losses resulting from the translation of statements.

Financial Risks

NFO uses only non-derivative financial instruments as part of its normal operations. These financial instruments include cash, bank accounts and deposit accounts.

All the financial instruments are recognised in the statement of financial position at their fair value.

The organisation is exposed to a variety of financial risks, including foreign exchange risk, credit risk, currency risk, liquidity risk and interest rate risk.

a. Foreign currency exchange risk

The exposure to foreign currency risk is limited as the vast majority of NFO's expenditures are made in EUR, the currency of its budget. The current bank accounts are held in EUR.

b. Credit risk

NFO incurs credit risks from cash and cash equivalent held with banks and from receivables.

The maximum exposure as at year-end is equal to the total amount of bank balances, short term deposits and receivables. There is very limited credit risk associated with the realization of these elements.

Concerning cash and cash equivalent NFO credit risk is managed by holding current bank accounts and short term highly liquid deposits that are readily convertible to a known amount of cash held with ING Bank (Belgium) which has the following short term credit ratings:

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Credit Ratings as at 22/02/2018

ING Bank	Fitch	Moody's	S&P
Short term	F1	NA	A2

The NFO outstanding accounts receivable are managed by maintaining control procedures over receivables. Most cash receivables are due from NATO member nations, which are considered credit worthy.

c. Liquidity risk

The liquidity risk, also referred to as funding risk, is based on the assessment as to whether the Organisation will encounter difficulties in meeting its obligations associated with financial liabilities. A liquidity risk could arise from a short term liquidity requirement. There is a very limited exposure to liquidity risk because of the funding mechanism which guarantees contributions in relation to the approved budgets. In addition, the NATO FORACS Office maintains an Operational Reserve. Some limited risk could be due to the inaccuracy of budget forecasts. However, past history shows that this process results in surpluses and the budgetary rules provide for revised budgets.

The NATO FORACS Office incurs a liquidity risk since it collects the budget contributions from the Ranges and sends to the Ranges the funds they require, sometimes in advance of the budget year. This transfer of a liquidity risk from the Ranges to the NATO FORACS Office could result in a liquidity issue if contributions from Participating Nations were late.

d. Interest rate risk

Except for certain cash and cash equivalent balances, NFO's financial assets and liabilities do not have associated interest rates. NFO is restricted from entering into borrowings and investments, and, therefore, there is an insignificant interest rate risk. Interest earned is not a budgetary resource but contributes to the surplus owed to Nations. In case of negative interest rates, these are added to the amounts called from Participating Nations.

Current Assets

a. Cash and cash equivalents

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

b. Funds managed for third parties

Funds managed on behalf of third parties are held in cash and are presented as a liability. They are accounted for when cash is effectively received. They are represented as a separate item in the cash flow statement of the entity in order to avoid any confusion.

c. Receivables

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

Outstanding budget contributions concerning the Ranges are also recorded as Receivables.

Contributions receivable are recognised when a call for contribution has been issued to the funding nations. No allowance for loss is recorded with respect to Member countries' assessed contributions receivable.

d. Prepayments

A prepayment is a payment in advance of the period to which it pertains and is mainly in respect of an advance payment made to a third party. This item may include advances made to staff in accordance with Civilian Personnel Regulations (such as advances on salary or on education allowance).

e. Other Current Assets

Other Current Assets relate to miscellaneous amounts due to the FORACS such as accrued interest, counterpart of untaken leave etc. This item may include other assets that do not result from the standard order to cash process, such as miscellaneous transactions to be regularized between entities managed by the IS Office of Financial Control.

f. Inventories

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 12 Inventories. It is described as follows:

Control of NATO Inventories was refined with a set of 10 criteria to be used in assessing the level of control of an asset. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalisation threshold. This is applied from January, 2013.

Criteria that may indicate control of an asset
The act of purchasing the asset carried out (or resulted from instructions given) by the NATO Reporting Entity.
The legal title is in the name of the NATO Reporting Entity.
The asset is physically located on the premises or locations used by the NATO Reporting Entity.
The asset is physically used by staff employed by the NATO Reporting Entity or staff working under the NATO Reporting Entity's instructions.
The fact that the NATO Reporting Entity can decide on an alternative use of the asset.
The fact that the NATO Reporting Entity can decide to sell or to dispose the asset.
The fact that the NATO Reporting Entity, if it has to remove or destroy the asset, can take the decision to replace it.
The fact that a representative of the NATO Reporting Entity regularly inspects the asset to determine its current condition.
The fact that the asset is used in achieving the objectives of the NATO Reporting Entity.
The fact that the asset will be retained by the NATO Reporting Entity at the end of the activity.

Capitalisation thresholds relevant to the financial statement are as follow:

Category	Threshold	Basis
Consumables	€50,000	Per location/warehouse
Spare Parts	€50,000	Per location/warehouse
Ammunition	€50,000	Per location/warehouse
Strategic stocks	€50,000	Per location/warehouse

Slow moving inventory – Assuming turnover of stock is over a 12 month period, any items not used over a 36 month period will be deemed to be slow moving.

Strategic stock – 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

NFO will capitalise inventory which it controls in its financial statements. Where there is a conflict between more than one NATO Reporting Entity as to the control of inventory, only the end-user entity will report the inventory in its financial statements, based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities.

NFO will include transportation costs involved in bringing the inventories to their present location and condition in the initial valuation of inventory. These costs will be measured on the actual cost of transportation per item of inventory or by using an apportionment of the global transportation costs of bringing the inventories to their present location and condition across all inventory items in the period. Transportation costs involved in the subsequent movement of inventory which brings them into operational use will not be included in the value of inventory. The method of measuring these costs will be disclosed.

NFO may consider inventory acquired prior to 1 January 2013 as fully expensed.

For inventory held prior to 1 January 2013, and not previously recognized as an asset, NFO will provide a brief description of inventory held within their inventory recording systems in the notes to the financial statements. Such disclosure will include as a minimum the types of inventories held, locations where inventories are held and the approximate number of items held per asset category. Where this adaptation conflicts with another requirement of IPSAS this adaptation shall apply. For the remainder, IPSAS 12 shall apply.

NFO assesses inventories under IPSAS 12. The outcome of this assessment is that the value of the inventories is immaterial both in value and in terms of the nature of the items held. Consequently, inventory is fully expensed on receipt. The materiality will be assessed each year.

In consideration of the above thresholds, the NFO currently has no inventory.

Non-Current Assets - Fixed Assets (Property, Plant & Equipment)

a. Property, Plant & Equipment

In February of 2013 Council decided to adapt a number of IPSAS standards to better suit the specific requirements of the Alliance (C-M(2013)0006). The adaptations were spelled out in C-M(2013)0039 of July 2013, among which were specific items addressing IPSAS 17 PPE.

Control of NATO PPE was refined with a set of 10 criteria to be used in assessing the level of control of an asset. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalisation threshold. This is applied from January, 2013.

Capitalisation thresholds relevant to the financial statement are as follow:

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

NATO FORACS considers PPE acquired prior to 1 January 2013 as fully expensed. However, existing accounting policies will continue to be applied for any PPE assets already capitalized prior to 1 January 2013. For PPE upgraded after 1 January 2013, only the portion related to the modification will be capitalized.

In consideration of the above thresholds, the NFO currently has no PPE.

b. Intangible assets

As mentioned above, NATO's adaptations of IPSAS were spelled out in C-M(2013)0039 of July 2013, which included IPSAS 31 Intangible Assets. It is described as follows:

Control of NATO Intangible Assets was refined with a set of 10 criteria to be used in assessing the level of control of an asset – they are the same as mentioned above under Inventory. A positive response on six of the criteria will lead to the asset being capitalised in the Financial Statements if it is above the capitalisation threshold. This is applied from January, 2013.

NATO Intangible Assets Capitalisation Thresholds - the NATO FORACS will capitalise each intangible asset item above the following agreed NATO thresholds:

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

FORACS will capitalise all controlled intangible assets above the NATO Intangible Asset Capitalisation Threshold. For anything below the threshold, the NATO FORACS will have the flexibility to expense specific items.

FORACS will capitalise integrated systems and include research, development, implementation and can include both software and hardware elements. But FORACS will not capitalise the following types of intangible assets in their financial statements:

- rights of use (air, land and water);
- landing rights;
- airport gates and slots;
- historical documents; and,
- publications

FORACS will capitalise other types of intangible assets acquired after 1 January 2013 including:

- Copyright
- Intellectual Property Rights
- Software development

FORACS may consider Intangible Assets acquired prior to 1 January 2013 as fully expensed.

FORACS will report controlled Intangible assets in its financial statements. Where there is a conflict between more than one NATO Reporting Entity as to the control of intangible assets, only the end-use entity will capitalise the intangible asset in its financial statements based on reliable information provided by the NATO services provider entity as defined in individual agreements between the two entities.

For intangible assets held prior to the 1 January 2013, and not previously recognized as an asset, FORACS will provide a brief description of intangible assets held in its intangible asset recording systems in the notes to the financial statements. Such disclosure will include as a minimum the types of intangible held, locations where intangible assets are held and the approximate number of items held per asset category.

If an intangible asset is upgraded after 1 January 2013, only the portion related to the modification will be capitalised.

Where this adaptation conflicts with another requirement of IPSAS this adaptation will apply. For the remainder, IPSAS 31 shall apply. This adaptation is effective for financial reporting periods beginning on 1 January 2013.

In 2015, the NFO has initiated a replacement of a software required for its operations.

Current Liabilities

a. Payables

Payables are amounts due to third parties, including Participating Nations, based on goods received or services provided that remain unpaid. These include estimates of accrued obligations to third parties for goods and services received but not yet invoiced. Amounts due to Participating Nations in the context of their budget contributions are booked under Other Current Liabilities.

b. Advances and Deferred Revenue

Advances are contributions received related to future year's budgets. Up until 2015, Advances only concerned advances linked to the NFO budget call for contributions. Advances linked to the Ranges'

budgets were classified as Payables. As from 2016, Advances include all advances linked to the budget process of the NFO and of the Ranges. This better reflects the nature of the transactions since they result from the call for budgetary contributions process, handled by IS OFC, irrespective of the entity, and harmonises the approach between the NFO and the Ranges.

Deferred Revenue represents Participating Nations' contributions which have been called for current budgets but that have not yet been recognised as revenue in the absence of any related budgetary expenditure.

c. Other Current Liabilities

Amounts corresponding to the current year budgetary surplus (lapsed credits + net interests + miscellaneous income) are considered a liability towards the Participating Nations. The settlement does not follow the normal accounts payable process, since the standard approach is to return them to Participating Nations via a deduction of the following year's call for budget contributions. This liability is therefore classified under Other Current Liabilities.

This item may include other liabilities that do not result from the standard procure to pay process, such as miscellaneous transactions to be regularized between entities managed by the IS Office of Financial Control.

Non-Current Liabilities

The long term unearned revenue is unearned revenue in relation to net carrying amounts of Property, Plant and Equipment and Intangible Assets. Revenue is recognised over the estimated life cycle of the Property, Plant and Equipment and The Intangible Assets.

Net Assets

Net Assets correspond to FORACS' Project Accumulated Surplus. Project Accumulated Surplus relates to funds resulting from past years contributions by FORACS member Nations in excess of budget execution that the Steering Committee decided not to redistribute to the member nations but keep for the needs of FORACS as an operational reserve. It is held at the direction of the Steering Committee.

Revenue Recognition

Revenue comprises contributions from NATO FORACS Office Member Nations and amounts due by beneficiaries of services provided by the FORACS Ranges.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The balance of unspent contributions and other revenues that relate to future periods are deferred accordingly.

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

Contributions to be called from Member nations, based on the budget they approved, are initially recorded as unearned revenue liabilities. They are recognised as revenue in the statement of financial performance when such contributions are used for their intended purpose as envisioned in the approved Budget.

Transformational adjustments are made in calculating earned revenue and expenses in the Statement of Financial Performance.

Segment Reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information. There is no segment in NFO. The Ranges are FORACS components but are not NATO entities and do not form part of NFO, so cannot be considered as segments of NFO. Separate information concerning the Ranges is provided when appropriate, but this should not be considered as being done with the intent of complying with IPSAS 18 on Segment Reporting, which is not applicable in the case of these financial statements.

Statement of Financial Position

NOTE 3: CASH AND CASH EQUIVALENTS – SHORT TERM INVESTMENTS

The current bank accounts are held in EUR. Deposits are held in interest-bearing bank accounts, immediately available.

in EUR	2017	2016
NFO	2,508,038.52	3,108,383.36
Petty Cash	0.00	350.18
TOTAL	2,508,038.52	3,108,733.54

NOTE 4: FUNDS MANAGED FOR THIRD PARTIES

The NATO-IS Office of Financial Control holds funds, in cash, contributed to the NFG, NFA and, since 2013, NFN budgets. These bank accounts are controlled by IS Office of Financial Control, in the context of the management of FORACS financial operations, thus the closing balances are reported in the NFO's financial statements. Upon request of the Range Managers, funds are transferred to the Greek, US and Norwegian officials respectively, under the supervision of the Range Managers to execute their budget following their national rules.

The breakdown is as follows.

in EUR	2017	2016
NFA	29,237.30	20,370.56
NFA short term deposit	801,011.80	815,817.26
NFG	780,576.73	645,080.73
NFN	188,561.65	235,082.79
TOTAL	1,799,387.48	1,716,350.84

NOTE 5: ACCOUNTS RECEIVABLE

Receivables (in EUR)	2017	2016
Budgetary contributions	200,612.15	477,420.35
Staff	-	-
Other NATO bodies	-	-
Total	200,612.15	477,420.35

Contributions receivable are funds requested from the nations to finance the current and following year budgets of all the FORACS components. There is normally only one call for contribution, issued during the summer period. As directed by the Steering Committee, the call includes approximately 20% of the current year's budget credits and an advance of approximately 80% for next financial year.

The tables below analyse the budgetary contributions receivable by FORACS components and the amounts originally called as advances on the following year's budget.

Budget Contributions Receivable (in EUR)	2017	2016
NFO	-	80,945.17
NFA	-	9.60
NFG	-	135,046.00
NFN	200,612.15	261,419.58
TOTAL	200,612.15	477,420.35

NOTE 6: PREPAYMENTS AND OTHER CURRENT ASSETS

(in EUR)	2017	2016
Prepayments to the Ranges	2,497,346.09	2,528,985.37
Prepayments to Suppliers	-	1,700.00
Prepayments to Staff	4,741.04	9,221.61
Other Current Assets	16,034.06	-
Total	2,518,121.19	2,539,906.98

Advances are made to the Ranges on their respective following year's budget in accordance with the process of centralisation of all budgetary calls under the NATO FORACS Office umbrella.

Prepayments to the Ranges (in EUR)	2017	2016
NFA	520,447.14	544,752.76
NFG	336,540.00	336,270.00
NFN	1,640,358.95	1,647,962.61
TOTAL	2,497,346.09	2,528,985.37

Prepayments to staff (typically advances on salaries, advances on education allowances, travel expenses) are done in accordance with the NATO Civilian Personnel Regulations.

Other Current Assets for 2017 include the counterpart of untaken leave as a valuation of the potential budgetary contribution that would be required if this untaken leave were to be paid. However as indicated in the note on Employee Disclosure untaken leave is normally never paid. This item also includes accrued financial revenue.

NOTE 7: INVENTORIES

Nothing to report, inventories are not considered material.

NOTE 8: NON CURRENT ASSETS

FORACS intends to replace by end 2018 the data recording and analysis software used for its operations. To this effect, end 2015, a contract was signed with the NATO Communications and Information Agency in a total amount of EUR 1,558,500 which constitutes the main commitment related to this project.

(amounts in EUR)	Carrying Amount end 2015	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2016
Software	25,844	771,115				796,959
TOTAL FORACS	25,844	771,115	0	0	0	796,959

(amounts in EUR)	Carrying Amount end 2016	Additions	Disposals	Depreciation	Other Changes	Carrying Amount end 2017
Software	796,959	601,462				1,398,422
TOTAL FORACS	796,959	601,462	0	0	0	1,398,422

NOTE 9: ACCOUNTS PAYABLES

Payables (in EUR)	2017	2016
Suppliers	3,159.82	-
Personnel	439.49	3,932.20
Other FORACS entities	606,911.63	701,254.59
Member Nations	68,324.94	174,028.48
Accruals	190,146.67	113,171.15
Total	868,982.55	992,386.42

Payables and accrued expenses may be to commercial suppliers, staff, other NATO bodies, FORACS member Nations or other FORACS entities.

Payable to suppliers relates to goods and services for which an invoice has been received, checked, and queued for payment but for which payment was still pending at year-end.

Accrued expenses correspond to the estimated accrual obligation to third parties for goods and services received but not yet invoiced.

Payables to other FORACS entities

Payables to NFA, NFG and NFN are amounts previously called by the NATO-IS Office of Financial Control and due to the related Ranges in order to fund their respective budgets and for which a decision to transfer the funds has been taken and payment is pending.

Payable to Participating Nations

A payable of EUR 68,324.94 (EUR 174,028.42 end 2016) is in relation to reimbursable salaries and represents the amount due to the United States (US) for a civilian staff member who was previously employed by FORACS but paid directly by the US government. This amount remains to be regularised.

NOTE 10: DEFERRED REVENUE**Deferred Revenue**

This item is limited to NFO since it is the only FORACS entity over which the IS Office of Financial Control exercises budget control.

Deferred Revenue corresponds to NFO contributions called for the current year budget or before (received or receivable) that NFO intends to use for its initial purpose, but for which corresponding goods or services could not be received in the course of the current budget year but will be incurred after the end of the reporting period. If these amounts carried forward are not spent by the end of the second year following the year for which they were approved, these funds will lapse unless a specific decision is taken by member nations for a further carry-forward.

There were no appropriations subject to a special carry-forward, neither to a further carry-forward.

NOTE 11: ADVANCES

The standard call for contribution process includes an advance on the following year's budgets for all FORACS components. The FORACS components may in turn request that part or all of the advances be transferred to them. The amounts called as advances at year end were the following.

Advances called (in EUR)	2017	2016
NFO	906,508.00	904,180.80
NFA	1,387,858.35	1,338,583.76
NFG	897,439.00	896,720.00
NFN	1,640,358.85	1,647,962.61
TOTAL	4,832,164.20	4,787,447.17

NOTE 12: SHORT TERM PROVISIONS

There are no short term provisions.

NOTE 13: OTHER CURRENT LIABILITIES

Amounts corresponding to the current year budgetary surplus of NFO (lapsed credits + net interests + miscellaneous income) are considered a liability towards the Participating Nations. The settlement does not follow the normal accounts payable process, since the standard approach is to return them to Participating Nations via a deduction of the following year's call for budget contributions. Up to now, the standard practice of the FORACS Steering Committee has been to use these amounts to fund the NFO supplementary budget or to add them to the Project Accumulated Surplus (see note on Net Assets).

Current Year Budget Surplus NFO (in EUR)	2017	2016
Lapsed Appropriations	744,909.54	1,258,100.93
Net Financial Income	- 81,187.96	- 89,435.44
Miscellaneous Income	1,598.82	205,392.26
Total Surplus Current Year NFO	665,320.40	1,374,057.75

Included at year end 2017 is the valuation of Untaken Leave (which has not impact on the current budgets of NFO) in the amount of EUR 11,381.93.

NOTE 14: NON CURRENT LIABILITIES AND LONG TERM DEFERRED REVENUE

The long term deferred revenue is unearned revenue in relation to net carrying amounts of Property, Plant and Equipment and intangible assets. Revenue is recognised over the estimated life cycle of the Property, plant and equipment and the intangible assets.

NOTE 15: NET ASSETS

Net Assets correspond to FORACS' Project Accumulated Surplus.

Project Accumulated Surplus relates to funds resulting from past contributions by FORACS member Nations in excess of budget execution that the Steering Committee decided not to redistribute to the member nations but keep for the needs of FORACS. It is an Operational Reserve held at the direction of the Steering Committee essentially in the case of emergency funding needs for the Project to ensure continuity of service and also for reallocation among NATO FORACS entities when the Steering Committee approves their supplementary budgets. It originates from previous years' budgetary and financial operations of the various NATO FORACS entities.

Statement of Financial Performance**NOTE 16: REVENUE**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The non-exchange revenue is matched with the expenses stemming from budget execution.

Contributions, when called, are booked as an Unearned Revenue and subsequently recognized as Revenue when it is earned.

Exchange Revenue may result from services provided by FORACS to entities other than the Participating Nations (EUR 0 in 2017; EUR 202,862.65 in 2016). Revenue is assessed on a calculated day rate for services.

NOTE 17: EXPENSES**Wages, Salaries and Employee Benefits**

The personnel costs include all civilian personnel expenses as well as other non-salary related expenses, in support of funded activities. They also include expenses for salaries and emoluments for approved NATO permanent civilian positions and temporary personnel, for other salary related and non-related allowances including overtime, medical examinations, recruitment, installation and removal, and for contracted consultants and training.

Supplies and Consumables Used

This item also includes expenses attributed to Capital Expenses from a budget perspective, if they do not meet the criteria of PPE or Intangible Assets.

Provisions

Corresponds to untaken leave.

NOTE 18: BUDGET INFORMATION**NATO FORACS Office Budget**

Presently, the NATO FORACS Budgets are not publicly available.

The actual amounts referred to by IPSAS 24 ("amounts that result from execution of the budget") are expenses incurred during the execution of the budget and appearing under the heading "Actuals" in the Budget Execution Statement.

Presentation of budget information in the financial statements

In the present financial statements budget information is limited to NFO since it is the only entity over which the IS OFC exercises budget control.

The NFO budget classification is based on the economic nature of the expenses broken down into three chapters as follows:

- Chapter I : Personnel Expenses
- Chapter II: Operating Expenses
- Chapter III: Capital Costs

The NFO Budget is prepared for the same period (1 January to 31 December).

These financial statements also include transactions with NFA, NFG and NFN in relation to their funding as components of FORACS (calls for their budgets' contributions, prepayment of advances on their budgets, transfers related to budget adjustments). Their respective budget execution and control are conducted in accordance with their own national regulations. Neither the NFO nor the IS Financial Controller have any responsibility or authority in this respect. As a consequence their budget executions are not reflected in the budget execution statement of the NFO presented in these financial statements.

Changes to the budgetary regulations were introduced by the North Atlantic Council in 2015 in approving a new set of NATO Financial Regulations. The new NATO Financial Regulations were made applicable to the 2015 budget year as from 1 May 2015. They have in particular instilled an accruals based approach to budget preparation and budget execution, whereas before the approach was largely commitment and cash based.

Despite a stronger emphasis on the principle of annual budgets, the approved and executed budget cannot be considered as fully accruals-based, since the new regulations allow for a number of exceptions, such as carrying forward commitments for goods and services that were expected to be delivered in the course of the year but for various reasons were not, or authority given to the member Nations to allow for special carry forward of appropriations unused at year-end.

The NFO budget is prepared and executed as follows:

- 1) The commitment of appropriations is the advance acceptance and recording of the financial consequence resulting from a legal obligation incurred during the financial year. As a consequence appropriations are allocated, and commitments are approved, for goods, services and works to be delivered at a later stage. Commitments are settled when the service is rendered or goods delivered as is the case for expenses under accrual accounting.

- 2) Unliquidated commitments at year end normally lapse. However, if they are supported by a legal obligation and correspond to goods or services that could not be received during the course of the year for specific reasons, they may be carried forward and added to the budget of the following financial year. Uncommitted appropriations may be subject of a special carry forward to the following year if a specific agreement is given by the Steering Committee. Outstanding commitments can be carried forward for two years. As a consequence, the services or goods received may relate to a commitment of appropriations from previous years' budgets. The carry-forward should be justified by a reason for which the services or goods could not be received in the course of the year. In addition, in accordance with Financial Regulations, member Nations may agree to a further carry-forward of commitments that were already carried forward twice.
- 3) Commitments, because they are an advance acceptance, and because payments cannot be made above approved appropriations levels, typically include an estimation factor and are (if only slightly) higher than the actual amount eventually paid. This results in commitments being higher than the actual expenses and in appropriations eventually lapsing.
- 4) Commitments are only made in respect of expenses relating to the initial purpose of the commitment. Commitments for capital expenditures are normally made in the year during which the purchase order is issued. In accrual accounting, the related costs would not appear in the Statement of Financial Performance but in the Balance Sheet and only upon reception of the works, goods or services. Conversely, there is no budgetary commitment of appropriations for non-cash flow transactions such as capital depreciation or provisions which would normally appear in the Statement of Financial Performance under accrual accounting.
- 5) On an exceptional basis, the Steering Committee may approve the carry-forward of credits without any prior legal commitment, for instance for projects at their initiation stage or planned expenditures. In accrual accounting there would be no expense recorded.
- 6) The balance of unused budgetary appropriations (not committed) lapses and is returned to Contributing Nations at year-end. Lapses may include cases where a project was eventually not completed or started, and therefore lead to no expense.

Budget approval

The way in which NFO deals with budget approvals is as follows. Every year, a basic budget is requested in order to provide contributors with a stable level of contribution and a significant amount is planned for under the supplementary budget.

The 2017 NFO Budget authorization was initially approved at 1,180,226 (BA1 in the Table at Annex 5). A supplementary budget was approved in the amount of EUR 1,194,917, bringing the total 2017 NFO budget to EUR 2,375,143 (BA2 in the Table at Annex 5). In 2017, the supplementary budget usage was projected to cover mainly the development of specific software.

The 2016 NFO Budget authorization was initially approved at 950,722.00 (BA1 in the Table at Annex 5). A supplementary budget was approved in the amount of EUR 1,993,573.55, bringing the total 2016 NFO budget to EUR 2,944,298.55 (BA2 in the Table at Annex 5). In 2016, the supplementary budget usage was projected to cover mainly the development of specific software.

There were no frozen appropriations.

Budget execution

The NFO budget execution for the current and previous year is shown at Annex 5 and Annex 6 respectively, which compares the budget's authorized appropriations and the actual amounts committed and expended.

Credits are transferred under the authority delegated to the NATO-IS Financial Controller by the NATO Financial Regulations and Financial Rules and Procedures.

BUDGET EXECUTION		
Total Budget (including carried-forward from previous year)	(a)	2,413,238
Credits Carried Forward in Following Year	(b)	82,375
Lapsed Appropriations	(c)	744,910
Budget Execution Expenses	(d) = (a-b-c)	1,585,953
RECONCILIATION		
Financial Performance Expenses (Excluding financial costs)	(d)	998,885
Increase in Non-Current Assets	(e)	601,462
Provisions	(f)	(11,382)
Other Elements	(g)	(3,012)
Sub-Total	(h)=(d+e+f+g)	1,585,953
Difference to Budget Expenses	(c-h)	(0)

Reconciliation between NFO Budget and Calls for Contributions

The funding of the NFO budget is made of an advance call and a call for contributions, carried over credits, the previous year's surplus, and on occasion, as directed by the Steering Committee, a contribution from the Project's Accumulated Surplus and/or a transfer from another FORACS entity.

One call for contributions is issued every year which includes an advance concerning the budget of the following year and the remainder concerning the current year's budget (i.e. current year budget minus advance called during the previous year and any other adjustments among the FORACS entities).

The table below reconciles the approved budget and the sources of funding.

amounts in EUR	2017	2016
Initial Budget	1,180,226.00	950,722.00
Supplementary Budget	1,194,917.00	1,993,576.55
Total Annual Budget	2,375,143.00	2,944,298.55
Advance called previous year	904,181.00	760,578.00
Call in current year	276,045.00	190,144.00
Total Cash Calls	1,180,226.00	950,722.00
Use of Previous Year's Surplus	1,194,917.00	2,054,102.76
Use of Project Accumulated Surplus	-	-
Transfer from (to) other FORACS entities	-	- 60,526.21
Other Funding Sources	1,194,917.00	1,993,576.55
Total Funding	2,375,143.00	2,944,298.55

NOTE 19: WRITE-OFFS

Nothing to report.

NOTE 20: LEASES

NFO does not have any financial leases.

NOTE 21: RESTRICTIONS ON FIXED ASSETS

There are no restrictions on fixed assets.

NOTE 22: CONTINGENT LIABILITIES

There have been no contingent liabilities identified that would be expected to result in a material obligation.

NOTE 23: CONTINGENT ASSETS

Nothing to report.

NOTE 24: EMPLOYEE DISCLOSURE

Accounting for employee benefits is accounting for any liability in relation to all forms of consideration given by an entity in exchange of service rendered by employees.

Paid leave is an employee benefit and as such part of overall personnel expenses. In accordance with personnel regulations, the remaining balance at year end may be carried forward but must be taken before 30 April of the following year. It can be exceptionally expanded to 31 October in accordance with Civilian Personnel Regulations art. 42.3.5 and 42.3.6. After this date it lapses and is not paid to staff. For these financial statements, untaken leave is specifically reported if its monetary value is more than 10% of the total annual leave entitlement. The cost of untaken leave days is usually absorbed during the year through the monthly salaries; leave to be taken carried forward forward into the next year constitutes a liability towards the future and would notionally require funding from Participating Nations.

It should be noted that the NATO-IS is managing centrally three pension programs, namely the Defined Benefit Pension Scheme (DBS), the Provident Fund and the Defined Contribution Pension Scheme (DCPS) as well as the Retiree Medical Claims Fund (RMCF), covering staff employed by all NATO bodies. NATO wide financial statements are issued by NATO-IS Office of Financial Control for the three Pension Schemes and the RMCF, therefore, no related assets or liabilities are recognised in these financial statements.

At December 31, 2017, NFO had an approved Personnel Establishment of 4 positions funded by the FORACS budget (4 at year-end 2016).

At December 31, 2017 one staff member (two end 2016) participated in the Defined Contribution Pension Scheme (DCPS) administered by NATO. The DCPS provides that the NFO budget makes a 12 percent monthly matching contribution to the staff members' contributions for current service. One other employees (two end 2016) participated in NATO's Defined Benefit Pension Scheme (DBPS): a deduction of 9.5% of their salaries is made and contributed to the annual financing of this Plan. In addition, the NFO budget makes a monthly matching contribution of 19% to the DBPS.

Consequently, the NFO has neither DBPS nor DCPS liabilities for its staff members. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the entity.

The table below indicates the contributions made to the various pension programs.

(amounts in EUR)		2017	2016
Provident Fund	Staff	-	-
	Employer	-	-
	Total	-	-
Co-ordinated Pension Scheme	Staff	17,022.72	16,842.54
	Employer	34,045.44	33,685.08
	Total	51,068.16	50,527.62
Defined Contribution Pension Scheme	Staff	13,652.50	21,709.77
	Employer	14,569.37	24,566.07
	Total	28,221.87	46,275.84
TOTAL	Staff	30,675.22	38,552.31
	Employer	48,614.81	58,251.15
	Total	79,290.03	96,803.46

NOTE 25: KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

The NATO FORACS Steering Committee (one representative per member nation) is the governing body of the NFO and of the NFG, NFN and NFA. Therefore for the purpose of IPSAS 20 the latter are considered related parties. Steering Committee members are nominated by their respective National Authorities. They are paid on the basis of applicable National pay scales. The Steering Committee members do not receive from NATO any additional remuneration for Steering Committee responsibilities or access to benefits.

The key management personnel of the NFO consists of the Project Manager. The Project Manager is responsible for the overall operational management of FORACS. The Project Manager reviews the three range's budgets, proposed by the range managers, and proposes all four budgets to the Steering Committee for approval. The three sites are managed operationally by range managers, each nominated by the participating nation where the site is located.

There are no other remuneration or benefits to key management personnel or their family members.

NOTE 26: RELATED PARTIES

In reviewing the four budgets on an annual basis, the Steering Committee determines the budgetary credits for the initial and the supplementary budgets. It is in this context that funds are called and held in cash or cash equivalents by the NATO-IS Office of Financial Control to finance three other NATO FORACS budgets, namely NATO FORACS Greece, NATO FORACS AUTECH and NATO FORACS Norway. For more effective cash management purposes, the Steering Committee approved the call procedure whereby funds pertaining to NFG, NFA and NFN are transferred into accounts at NATO Headquarters. These bank accounts are controlled by NFO, thus the closing balances are reported in the NFO's financial statements. Upon request of the Range Managers, funds are transferred to the Greek, US and Norwegian officials respectively, under the supervision of the Range Managers to execute their budget following their national rules.

The surplus of the various NATO FORACS entities is held at NATO HQ on NFO bank account and used by the Steering Committee for reallocation when their supplementary budgets are approved.

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These funds are not controlled by the NFO Project Manager. This information is provided to the Steering Committee to enable it to implement its supplementary budget authorisations.

Key management personnel have no significant party relationships that could affect the operation of the NATO FORACS Office.

In 2017, NATO International Staff charged NFO an amount of EUR 44,508.37 for administrative support costs (EUR 43,421.16 in 2016) and EUR 9,634.64 for common operating costs (EUR 9,723.20 in 2016). In addition, the International Staff charges annual rent for office space occupied in Building Z (EUR 12,969.07 in 2016).

* * * * *

List of acronyms:

AUTEC	Atlantic Underwater Test and Evaluation Center
BC	Budget Committee
DI	Defence Investment Division (NATO International Staff)
FORACS	Naval Forces Sensor and Weapon Accuracy Check Sites
IPSAS	International Public Sector Accounting Standards
IS	International Staff
MOU	Memorandum of Understanding
NCIA	NATO Communication and Information Agency
NSPA	NATO Support Agency
NNAG	NATO Naval Armaments Group
NFA	NATO FORACS AUTEC
NFG	NATO FORACS Greece
NFN	NATO FORACS Norway
NFO	NATO FORACS Office
NFSC	NATO FORACS Steering Committee
PPE	Property, Plant and Equipment