

NATO SANS CLASSIFICATION

1^{er} octobre 2015

DOCUMENT
C-M(2015)0067-AS1

**RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES
DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DE L'ORGANISATION DE GESTION OTAN POUR LA CONCEPTION,
LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE
DE L'HÉLICOPTÈRE OTAN (NAHEMO) POUR L'EXERCICE 2013**

SUITE DONNÉE

Le 30 septembre 2015, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport du Collège international des commissaires aux comptes de l'OTAN diffusé sous la cote IBA-AR(2014)31 et joint au C-M(2015)0067, et il a approuvé la recommandation du Bureau de la planification et de la politique générale des ressources visant la communication au public.

(signé) Alexander Vershbow
Secrétaire général délégué

NOTE : La présente note fait partie du C-M(2015)0067 et doit être placée en tête de ce document.

NATO SANS CLASSIFICATION

24 septembre 2015

NOTE

C-M(2015)0067

Procédure d'accord tacite :

30 sept 2015 18:00

**RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES
DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DE L'ORGANISATION
DE GESTION OTAN POUR LA CONCEPTION, LE DÉVELOPPEMENT,
LA PRODUCTION ET LA LOGISTIQUE DE L'HÉLICOPTÈRE OTAN (NAHEMO)
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013**

Note du secrétaire général délégué

1. On trouvera en annexe le rapport du Collège international des commissaires aux comptes de l'OTAN sur la vérification des états financiers de l'Organisation de gestion OTAN pour la conception, le développement, la production et la logistique de l'hélicoptère OTAN (NAHEMO) pour l'exercice clos le 31 décembre 2013. Ce rapport contient une opinion sans réserve.
2. Le Bureau de la planification et de la politique générale des ressources (RPPB) recommande au Conseil, ainsi que le prévoit le PO(2015)0052, d'approuver la communication au public de ce rapport de l'IBAN ainsi que des états financiers correspondants.
3. Cette recommandation a été formulée sur la base de la version adaptée des états financiers que la NAHEMA a fournie après avoir exprimé sa préoccupation quant à la communication au public de la version originale de ses états financiers. L'IBAN a examiné cette version adaptée et a confirmé que les constatations faites dans la version originale de son rapport d'audit restaient valables.
4. J'estime que ce rapport ne nécessite pas d'examen plus approfondi. Par conséquent, sauf avis contraire me parvenant **d'ici au mercredi 30 septembre 2015 à 18 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2014)31 et qu'il aura approuvé la recommandation du RPPB visant la communication au public des documents précités, contenue dans la note ci-jointe.

(signé) Alexander Vershbow

3 annexes

Original : anglais

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**BUREAU DE LA PLANIFICATION
ET DE LA POLITIQUE GÉNÉRALE DES RESSOURCES (RPPB)**

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN)
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DE L'ORGANISATION DE GESTION OTAN POUR LA CONCEPTION,
LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE
DE L'HÉLICOPTÈRE OTAN (NAHEMO)
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013**

SUITE DONNÉE

Note du secrétaire

Le 4 septembre 2015, au terme d'une procédure d'accord tacite, le RPPB a approuvé le rapport au Conseil diffusé sous la cote AC/335-N(2015)0031-REV1.

(signé) R. Strasser

Note : La présente note fait partie de l'AC/335-N(2015)0031-REV1 et doit être placée en tête de ce document.

Original : anglais

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20 août 2015

NOTE

AC/335-N(2015)0031-REV1

**Procédure d'accord tacite :
4 sept 2015 15:00**

**BUREAU DE LA PLANIFICATION
ET DE LA POLITIQUE GÉNÉRALE DES RESSOURCES (RPPB)**

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN)
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DE L'ORGANISATION DE GESTION OTAN POUR LA CONCEPTION,
LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE
DE L'HÉLICOPTÈRE OTAN (NAHEMO)
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013**

Note du président

5. On voudra bien trouver en annexe le rapport du RPPB concernant le rapport de l'IBAN sur la vérification des états financiers 2013 de la NAHEMO.

6. La recommandation portant sur la mise en lecture publique des états financiers 2013 de la NAHEMO est fondée sur les états financiers adaptés que l'Agence de gestion OTAN pour la conception, le développement, la production et la logistique de l'hélicoptère OTAN (NAHEMA) a communiqués après avoir exprimé ses préoccupations concernant la publication des originaux. L'IBAN a examiné la version adaptée et confirmé que les conclusions de son rapport d'audit initial étaient toujours valables.

7. Conformément aux procédures agréées pour le traitement des rapports sans classification de l'IBAN, le document est soumis à la procédure d'accord tacite. Ainsi, sauf avis contraire me parvenant **d'ici au vendredi 4 septembre 2015 à 15 heures**, je considérerai que le RPPB aura approuvé le rapport au Conseil.

(signé) Giorgio Romano

Responsable : H. Ronning, poste 4463
Original : anglais

NATO SANS CLASSIFICATION

**RAPPORT DU COLLÈGE INTERNATIONAL
DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN)
SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DE L'ORGANISATION DE GESTION OTAN POUR LA CONCEPTION,
LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE
DE L'HÉLICOPTÈRE OTAN (NAHEMO)
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013**

**RAPPORT DU BUREAU DE LA PLANIFICATION
ET DE LA POLITIQUE GÉNÉRALE DES RESSOURCES (RPPB)**

Références : (a) IBA-A(2014)266
(b) IBA-AR(2014)31
(c) NH/MGT/1583/2015, du 26 mars 2015
(d) NH/MGT/MS-I/02804/2015, du 5 juin 2015

1. En vertu du PO(2015)0052 approuvé par le Conseil, les rapports sans classification de l'IBAN, assortis des états financiers correspondants, sont en principe rendus publics après leur examen par le Conseil de l'Atlantique Nord.
2. L'IBAN a émis une opinion sans réserve sur les états financiers 2013 de la NAHEMO. Le rapport de l'IBAN sera transmis au Conseil afin qu'il en prenne note, ainsi que le prévoient les procédures agréées.
3. Le contrôleur des finances de l'Agence de gestion OTAN pour la conception, le développement, la production et la logistique de l'hélicoptère OTAN (NAHEMA) a examiné les états financiers conformément aux politiques agréées (C-M(2008)0116) et PO(2015)0052) ainsi que le rapport de l'IBAN, et la NAHEMA a émis des objections concernant la mise en lecture publique.
4. Dans la lettre citée en référence (c), le directeur général de la NAHEMA a exprimé ses préoccupations quant à la mise en lecture publique d'informations contenues dans les états financiers qui revêtent un caractère sensible du point de vue commercial (interdictions OTAN 3 et 7) ou dont la diffusion poserait des problèmes de sécurité (interdiction OTAN 10).
5. Afin de dissiper les préoccupations mentionnées aux paragraphes 3 et 4, la NAHEMA a communiqué un extrait de ses états financiers destiné à la mise en lecture publique (document cité en référence (d)).
6. Après avoir dûment pris en considération les arguments présentés par la NAHEMO, le RPPB recommande, après concertation avec l'IBAN et en vertu du PO(2015)0052, au Conseil de publier l'extrait transmis des états financiers 2013 de la NAHEMO et le rapport de l'IBAN correspondant.

**Note succincte du Collège international des commissaires aux comptes
de l'OTAN à l'intention du Conseil sur la vérification des états financiers rectifiés
de l'Organisation de gestion OTAN pour la conception, le développement,
la production et la logistique de l'hélicoptère OTAN (NAHEMO)
pour l'exercice clos le 31 décembre 2013**

L'Organisation de gestion OTAN pour la conception, le développement, la production et la logistique de l'hélicoptère OTAN (NAHEMO) est un organisme subsidiaire de l'OTAN créé en vue de répondre aux besoins en hélicoptères de la France, de l'Allemagne, de l'Italie, des Pays-Bas, de la Belgique et du Portugal.

La NAHEMO comprend le Comité directeur, qui est composé des représentants des pays participants et est chargé de la gestion globale du programme, et de l'Agence de gestion OTAN pour la conception, le développement, la production et la logistique de l'hélicoptère OTAN (NAHEMA). L'Agence est implantée à Aix-en-Provence (France).

Pour 2013, les budgets opérationnel et administratif de la NAHEMO se sont élevés respectivement à 1 309 millions d'euros et à 11,4 millions d'euros (reports compris).

Le Collège a émis une opinion sans réserve sur les états financiers rectifiés de la NAHEMO ainsi que sur la conformité pour l'exercice clos le 31 décembre 2013.

Lors de l'audit, le Collège a également formulé une observation et une recommandation sur les activités d'audit interne. Ses constatations sont récapitulées dans la lettre d'observations et de recommandations (annexe 3). Le Collège a également fait le point sur la suite donnée aux quatre questions de l'audit précédent restées en suspens et il a constaté que deux d'entre elles avaient été réglées.

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19 décembre 2014

**RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES
DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS RECTIFIÉS
DE L'ORGANISATION DE GESTION OTAN POUR LA CONCEPTION,
LE DÉVELOPPEMENT, LA PRODUCTION ET
LA LOGISTIQUE DE L'HÉLICOPTÈRE OTAN (NAHEMO)
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013**

OPINION DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD

Rapport sur les états financiers

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers rectifiés de l'Organisation de gestion OTAN pour la conception, le développement, la production et la logistique de l'hélicoptère OTAN (NAHEMO) ci-joints, qui se composent de l'état de la situation financière au 31 décembre 2013 et de l'état de la performance financière, de l'état des variations de la situation nette et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également vérifié l'état de l'exécution du budget pour l'exercice clos le 31 décembre 2013.

Responsabilité de la direction

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

Responsabilité du Collège

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

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

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

Opinion sur les états financiers

L'opinion du Collège est qu'à tous égards significatifs, les états financiers rectifiés donnent une image fidèle, conforme au cadre comptable OTAN, de la situation financière de la NAHEMO au 31 décembre 2013, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

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

Responsabilité du Collège

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

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

Opinion

Le Collège estime que les opérations financières et les informations présentées dans les états financiers rectifiés sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN.

Bruxelles, le 19 décembre 2014

Charilaos Charisis
Président

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS
CONCERNANT L'ORGANISATION DE GESTION OTAN POUR LA CONCEPTION,**

LE DÉVELOPPEMENT, LA PRODUCTION ET

LA LOGISTIQUE DE L'HÉLICOPTÈRE OTAN (NAHEMO)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Introduction

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

Observations et recommandations

Lors de l'audit, le Collège a formulé une observation et une recommandation sur le caractère limité des activités d'audit interne. Cette observation et cette recommandation n'ont pas d'incidence sur l'opinion qu'il a émise.

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

Le Collège a également rédigé une lettre à la direction de la NAHEMA (IBA-AML(2014)11) pour lui faire part de ses observations sur les questions liées aux processus de préparation et de présentation du budget opérationnel, ainsi que sur la conformité avec la politique interne de la NAHEMA relative aux déplacements.

1. CARACTÈRE LIMITÉ DES ACTIVITÉS D'AUDIT INTERNE

Contexte

1.1. Un service d'audit interne adéquatement financé, correctement formé et clairement mandaté est un maillon important du contrôle interne. Il permet à un organisme de mieux comprendre ses propres processus et d'identifier les domaines présentant un risque opérationnel ou financier. Par ailleurs, le Règlement financier de la NAHEMO (5^e édition, du 4 décembre 2012) stipule que l'audit interne des comptes de la NAHEMA doit être effectué par l'auditeur interne désigné par le directeur général, à qui il doit rendre compte.

Constatations

1.2. Le Collège a constaté qu'il n'y avait pas eu d'activités d'audit interne en 2013 et que l'Agence était donc passée à côté de la possibilité de mieux comprendre ses propres processus et d'identifier les domaines présentant un risque opérationnel ou financier. Par contre, il a constaté que la NAHEMA s'employait à renforcer les contrôles internes en définissant les grands objectifs à atteindre et les principaux risques à éviter ainsi qu'en mettant à jour les instructions permanentes.

1.3. Le Collège encourage la NAHEMA à poursuivre dans cette voie ainsi qu'à baliser et à évaluer les deux principaux processus :

- le processus du budget opérationnel (préparation, estimation, approbation et exécution) ;
- le processus de compte rendu financier.

1.4. L'évaluation des contrôles internes doit également être l'occasion de revoir la délégation des pouvoirs de manière à éviter que la séparation des tâches soit insuffisante ou que trop de pouvoirs soient délégués à une seule personne.

1.5. Le Collège a également constaté que le tableau récapitulant la délégation des pouvoirs approuvé par le directeur général n'a plus été actualisé depuis 2011. Néanmoins l'administrateur système ORACLE a actualisé la liste des privilèges/utilisateurs en fonction des mouvements de personnel.

Recommandation

1.6. Le Collège recommande à la NAHEMA de faire en sorte d'établir des plans annuels d'audit interne et de suivre ces plans. Dans ce cadre, il recommande à la NAHEMA, d'une part, de baliser et d'évaluer le processus du budget opérationnel et le processus de compte rendu financier et, d'autre part, d'en profiter pour revoir la délégation des pouvoirs ORACLE lorsqu'elle actualisera le tableau que doit approuver le directeur général.

Commentaires officiels de la NAHEMA

Vous indiquez au paragraphe 1.2 qu'aucune activité d'audit interne n'a été constatée en 2013. J'ai donc décidé d'améliorer le contrôle interne à la NAHEMA et proposé au Comité directeur de confier cette tâche au comité administratif des finances (FAC). Le Comité directeur a approuvé la voie à suivre proposée. En septembre de cette année, le FAC a effectué sa première activité de contrôle interne. La prochaine aura probablement lieu au printemps 2015. En qualité de directeur général, je définis les objectifs principaux de l'activité à réaliser et le FAC est chargé expressément d'axer son travail sur ceux-ci et de me faire rapport ensuite.

Au paragraphe 1.5, vous faites remarquer que le tableau de la délégation des pouvoirs dans ORACLE n'a pas été actualisé depuis 2011. Cette remarque est fondée car la liste énumère des noms et non des numéros de postes. Par contre, si les numéros de poste étaient utilisés, il ne serait pas nécessaire d'actualiser la liste de noms car la structure et les descriptions de poste n'ont pas changé. En fait, si l'on se réfère aux numéros de poste, le tableau est toujours correct. Nous modifierons donc le tableau de manière à ce que les noms soient remplacés par les numéros de poste.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et recommandations formulées à l'occasion de sa vérification précédente. On en trouvera un résumé dans le tableau ci-dessous.

(1) Suites données aux observations antérieures

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
1. Rapport sur la vérification des états financiers rectifiés de 2011 (IBA-AR(2013)15) Recommandation Le Collège recommande que, conformément à la nouvelle méthode comptable en vertu de laquelle la NAHEMO et la NAHEMA doivent être considérées comme des mandataires agissant pour le compte des pays, la NAHEMA fournisse des informations complémentaires détaillées sur les activités principales du programme, en précisant, par exemple, les montants (exercice considéré et montants cumulés) des engagements contractuels avec l'industrie, les paiements effectués à l'industrie et les livraisons d'hélicoptères faites aux pays. Ces données peuvent être fournies sous la forme d'une annexe ou d'une note jointe aux états financiers.	La NAHEMA a joint un point récapitulatif sur le programme d'hélicoptères OTAN à la page 20 des états financiers 2013 de la NAHEMO.	Question réglée.
2. Rapport sur la vérification des états financiers rectifiés de 2011 (IBA-AR(2013)15) Recommandation Le Collège recommande à la NAHEMO d'informer le Conseil sur l'état d'avancement du projet qu'a le Portugal de se retirer du programme, en fournissant notamment une évaluation des coûts possibles ou probables d'un tel retrait. La NAHEMA doit par ailleurs veiller à ce qu'à l'avenir, les exigences de l'IPSAS 14 (<i>Événements postérieurs à la date de reporting</i>) soient pleinement prises en compte et respectées.	Le 9 juillet 2014, le Portugal a conclu un accord avec le contractant principal concernant son retrait du programme.	Question réglée.

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
3. Rapport sur la vérification des états financiers rectifiés de 2011 (IBA-AR(2013)15) Recommandation Le Collège recommande à la NAHEMA de ne procéder à des appels de fonds que lorsque les besoins de financement ne peuvent être couverts par les liquidités déjà mises à disposition par les divers pays membres, comme l'exigent le Règlement financier de l'OTAN et celui de la NAHEMO.	Le Collège note que suite à l'application de la nouvelle approche budgétaire qui consiste à fixer des échéances pour la réalisation d'objectifs et l'exécution des paiements correspondants, les liquidités détenues par la NAHEMA sur ses comptes bancaires ont été réduites en moyenne de 25 % en 2013 par rapport à 2012, alors qu'elles avaient déjà diminué de 20 % en 2012 par rapport à 2011. Toutefois, les liquidités détenues par la NAHEMA sur ses comptes bancaires dépassent toujours les limites fixées par le Règlement financier de l'OTAN et par le Règlement financier de la NAHEMO.	Question restant à régler.
4. Rapport sur la vérification des états financiers rectifiés de 2011 (IBA-AR(2013)15) Recommandation Le Collège recommande que seuls soient reportés les crédits budgétaires étayés par une obligation juridique, conformément à la réglementation financière de la NAHEMO s'agissant du report des crédits engagés au titre du budget administratif.	Les reports de crédits signalés au 31 décembre 2013 étaient moins nombreux que ceux constatés fin 2012, mais ils n'étaient toujours pas étayés par une obligation juridique.	Question restant à régler.

NATO UNCLASSIFIED



NAHEMA

"UNITE TO SUCCEED"

**NATO HELICOPTER D&D PRODUCTION AND LOGISTICS
MANAGEMENT AGENCY**



From:	ADMINISTRATION	Drafter:	Teusch	Ext.:	9241
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NAHEMO FINANCIAL STATEMENTS FOR

FINANCIAL YEAR 2013

Public releasable version

NATO UNCLASSIFIED

NAHEMO Financial Statements 2013

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GENERAL INFORMATION

OBJECTIVES OF THE ORGANISATION

The "NATO Helicopter for the 1990s Design and Development, Production and Logistics Management Organisation" (NAHEMO) is a NATO subsidiary body established with a view to meet the requirements of the French Republic, the Federal Republic of Germany, the Republic of Italy and the Kingdom of The Netherlands for the Design and Development, Production and In-Service Support of a NATO Helicopter for the 1990s (NH90). The NATO Council approved the NAHEMO Charter on 7th February 1992.

NAHEMO consists of the Steering Committee (SC) composed of representatives of the Participants and the Agency called NAHEMA.

On 8th June 2000 the Memorandum of Understanding (MOU) for the Production (P) Phase of the NH90 including Production Investment (PI) and Initial In-Service Support (IISS) was signed.

With the signature of the Addendum No. 1 to the MOU on 21st June 2001 Portugal joined the Programme.

On 17th July 2004 the Community MOU (CMOU) between NAHEMO Nations and Nordics Standard Helicopter Programme (NSHP) Nations (Finland, Norway and Sweden) has been signed with the aim that NAHEMA provides support in standardisation, qualification and interoperability to the Nordics. Australia and Belgium were admitted to the CMOU in 2008/2009.

The Programme Arrangement No. 1 to the CMOU, signed on 6th December 2004, establishes the NSHP Participants' contribution to the NAHEMA Administrative Budget (AB) starting from 2005.

With the signature of the NH90 Belgian Production MOU on 12th June 2007 Belgium joined the Programme.

On 23rd December 2004 the NH 90 ISS (In-Service Support) MOU between NAHEMO Nations has been signed to set out the framework for the In-Service Support Phase of the NH90. With the signature of the amendment No. 1 Belgium on 25th October 2006 was admitted to the ISS MOU.

In June 2012, PRT has announced its wish to withdraw from the NH90 programme. Negotiation is on-going with Industry for implementing PRT effective withdrawal.

Since mid-September 2012 four representatives of Nordic Nations are at times allocated in NAHEMA and take part in certain dedicated activities in the frame of the ISS cooperation study.

On 29th May 2013 the amendment No. 4 to the CMOU has been signed concerning the admission of the Kingdom of Spain and New Zealand.

NAHEMA is applying the NATO Financial Regulations (NFR). The NAHEMO Financial Rules and Regulations were approved in September 1994 by the SC and since then they are implemented (last issue dated 4th December 2012).

The SC approved the necessary amendment introducing the new Operational Budget (OB) on 4th December 2012.

NAHEMA is maintaining two different budget types:

The AB for the administrative costs of NAHEMA.

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The OB is composed of following 3 chapters:

- Chapter 1: expenditures related to Design and Development activities for FRA, DEU, ITA, and NLD, under the legal framework of the D&D MOU;
- Chapter 2: expenditures related to Production Investment, Production, Integrated Logistics Support and Initial In-Service Support for FRA, DEU, ITA, NLD, PRT under the legal framework of the PI/P MOU and for BEL under the BEL Prod MOU;
- Chapter 3: expenditures related to In-Service Support activities for all NH90 Community Nations (NAHEMO and non-NAHEMO) under the legal framework of the CMOU.

Financial Management and Reporting System

A Finance Management System was established in 2004 and implemented during 2005. Oracle e-Business suite is used for budget and commitment control and for the accounting records.

In January 2011 the Oracle e-Business suite module Cash Management was implemented and the customisation of the Oracle module Receivables and the improvement of the module Payables have been finished. The new functions were successfully tested and introduced. Senior Management has confirmed that the ORACLE system meets NAHEMA's objectives.

In February 2011 the NAHEMA General Manager established the ORACLE Project Board. In future for all ORACLE implementations, customisations and adjustments a risk assessment has to be performed by the NAHEMA management before the General Manager approves them as recommended by the Project Board.

In March 2011 the NAHEMA General Manager, in order to implement improved security controls, approved that the segregation of roles in the ORACLE system has to be changed in May 2011 and a split of access rights has to be implemented into the system.

In June 2012 NAHEMO SC decided to change the Budget Execution Statements for the OB for the Budget year 2013 in order to get a better understanding of the expected cash needs for the actual and future Budget years. The ORACLE contract commitment module has been adjusted in January 2013 in order to fulfil the SC decision.

NAHEMO Statement of Financial Position

As at December 31, 2013

	<i>Note</i>	2013	2012
		€ '000	€ '000
<u>ASSETS</u>			
<i><u>Current Assets</u></i>			
Cash and Cash Equivalents	1	757,110	1,013,323
Receivables	2	39,633	143,647
Prepayments	3	0	0
		796,743	1,156,970
<i><u>Non-Current Assets</u></i>			
Infrastructure, Plant and Equipment	4	65	72
Intangible Assets	5	68	102
		133	174
<u>Total Assets</u>		796,876	1,157,144
<u>LIABILITIES</u>			
<i><u>Current Liabilities</u></i>			
Payables to suppliers	6	68	14,097
Payables to Nations in respect of AB	6	1,504	1,361
Payables to Nations in respect of OB	6	792,022	1,129,054
Other Payables	6	0	11,399
Advances	7	487	453
Unearned revenue	7	2,662	606
		796,743	1,156,970
<u>Total Liabilities</u>		796,743	1,156,970
<u>NET ASSETS</u>		133	174
<i><u>Represented by:</u></i>			
PP&E Intangible Asset Reserve	8	229	278
Net surplus on revaluation			
Net surplus of the period	11	(96)	(104)
		133	174
<u>Total Net Assets</u>			

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NAHEMO Statement of Financial Performance

For the year ended December 31, 2013

	Note	2013	2012
		€ '000	€ '000
<u>REVENUE</u>	9		
<i>Revenue from exchange transactions</i>			
Administration Budget		11,171	10,919
Operational Budgets		0	0
Total Revenue		11,171	10,919
<u>EXPENSES</u>	10		
<i>Administrative Budget</i>			
Personnel		(9,601)	(9,361)
Operating		(1,322)	(1,322)
Capital, non capitalized		(46)	(47)
Value Added Tax		(202)	(189)
Depreciation PP&E		(41)	(40)
Depreciation Intangible Assets		(55)	(64)
Total Expenses		(11,267)	(11,023)
NET SURPLUS/(DEFICIT) FOR THE YEAR	11	(96)	(104)

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NAHEMO Statement of Changes in NET ASSETS/EQUITY

For the year ended December 31, 2013

Amounts in € '000

	Note	<i>Accumulated Surpluses/ (Deficits)</i>	<i>PP&E & Intangible Assets Reserve</i>	<i>Total net assets/ equity</i>
Balance at 31 December 2012 brought forward			174	174
Surplus for acquisition of property	4,5		55	55
Surplus (deficit) for the period	11	(96)		(96)
Transfer between funds		96	(96)	0
Balance at 31 December 2013		0	133	133

NAHEMO 2013 Cash Flow Statement (Indirect Method)

For the year ended December 31, 2013

	2013	2012
	€ '000	€ '000
<u>Cash Flow from Operating Activities</u>		
Surplus/ (deficit) from ordinary activities	0	0
Non-cash movements		
Increase/Decrease in unearned revenue	2,056	31
Increase/Decrease in Net Assets	41	65
Increase/Decrease in payables	(362,317)	(305,641)
Increase/Decrease in receivables	104,014	40,112
Increase/Decrease in advances	34	(914)
Increase/Decrease in prepayments	0	0
<u>NET CASH FLOW FROM OPERATING ACTIVITIES</u>	(256,172)	(266,347)
<u>Cash Flow from Investing Activities</u>		
Increase/Decrease in Non-Current Assets	(41)	(65)
<u>NET CASH FLOW FROM INVESTING ACTIVITIES</u>	(41)	(65)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT	(256,213)	(266,412)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	1,013,323	1,279,735
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	757,110	1,013,323

Operating activities relate to cash flows on the
Administrative and Operational Budget

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SUMMARY BUDGET EXECUTION STATEMENT FOR NAHEMO ADMINISTRATIVE BUDGET (AB) 2013

BUDGET TYPE	BUDGET			COMMITMENTS				CASH BASED EXPENSES	CREDITS	
	ORIGINAL	TRANSFERS	FINAL	CFW	CFW	CFW			CFW	Lapsed
	From	2012	From 2012							
CHAPTER	2013	2013	2013	2013	2012	Lapsed in 2013	FINAL		Next Year	2013
<u>ADMINISTRATIVE BUDGET (AB)</u>										
CHAPTER 1: PERSONNEL	9,787,345.00	320,000.00	10,107,345.00	9,579,819.51	585,076.21	551,396.11	33,680.10	9,637,515.93	20,781.47	566,408.12
CHAPTER 2: OPERATING	1,599,615.00	50,000.00	1,649,615.00	1,363,954.62	224,261.62	138,324.66	85,936.96	1,265,634.82	188,458.95	315,226.56
CHAPTER 3: CAPITAL	62,000.00	30,000.00	92,000.00	69,490.19	10,957.73	10,832.91	124.82	47,495.51	23,896.68	24,509.81
VALUE ADDED TAX								204,970.03		
TOTAL (AB)	11,448,960.00	400,000.00	11,848,960.00	11,013,264.32	820,295.56	700,553.68	119,741.88	11,155,616.29	233,137.10	906,144.49
CASH RECEIVED FROM NATIONS AGAINST ADMINISTRATIVE BUDGET IN 2013								11,071,132.55		
INTEREST RECEIVED FROM BANKS AGAINST ADMINISTRATIVE BUDGET IN 2013								3,228.20		
VALUE ADDED TAX RECEIVED FROM FRANCE IN 2013								188,480.24		
OTHER INCOME IN 2013								0.00		
TOTAL CASH RECEIVED IN 2013 (AB)								11,262,840.99		

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SUMMARY BUDGET EXECUTION STATEMENT FOR NAHEMO OPERATIONAL BUDGETS (OB) 2013

BUDGET TYPE	BUDGET			COMMITMENTS				CASH BASED EXPENSES	CREDITS	
	ORIGINAL	TRANSFERS	FINAL	CFW		CFW	CFW		CFW	Lapsed
				From	2012	From 2012				
	2013	2013	2013	2013	2012	Adjusted in 2013	FINAL		Next Year	2013
CHAPTER 1 (OB)										
FRANCE	10,188,019.00	(5,996,444.02)	4,191,574.98	4,191,574.98	11,866,491.32	(11,866,491.32)	0.00	4,191,574.98	0.00	0.00
ITALY	7,278,016.00	(5,152,773.15)	2,125,242.85	2,125,242.85	10,111,441.41	(10,111,441.41)	0.00	2,125,242.85	0.00	0.00
GERMANY	3,872,853.00	(2,496,125.52)	1,376,727.48	1,376,727.48	4,974,928.95	(4,974,928.95)	0.00	1,376,727.48	0.00	0.00
NETHERLANDS	1,340,021.00	(773,703.18)	566,317.82	566,317.82	1,340,183.40	(1,340,183.40)	0.00	566,317.82	0.00	0.00
TOTAL	22,678,909.00	(14,419,045.87)	8,259,863.13	8,259,863.13	28,293,045.08	-28,293,045.08	0.00	8,259,863.13	0.00	0.00
CHAPTER 2 (OB)										
FRANCE	453,775,459.26	(86,733,215.33)	367,042,243.93	367,042,243.93	637,853,699.11	(637,853,699.11)	0.00	367,042,243.93	0.00	0.00
ITALY	392,115,554.35	(155,995,387.78)	236,120,166.57	236,120,166.57	1,130,188,760.42	(1,130,188,760.42)	0.00	236,120,166.57	0.00	0.00
GERMANY	145,089,155.59	(71,081,336.21)	74,007,819.38	74,007,819.38	1,232,599,361.54	(1,232,599,361.54)	0.00	74,007,819.38	0.00	0.00
NETHERLANDS	79,911,224.65	(13,461,273.31)	66,449,951.34	66,449,951.34	236,284,973.75	(236,284,973.75)	0.00	66,449,951.34	0.00	0.00
PORTUGAL	6,400,000.00	(1,495,829.37)	4,904,170.63	4,904,170.63	143,050,585.03	(143,050,585.03)	0.00	4,904,170.63	0.00	0.00
BELGIUM	69,398,664.36	(17,780,125.46)	51,618,538.90	51,618,538.90	80,683,136.98	(80,683,136.98)	0.00	51,618,538.90	0.00	0.00
TOTAL	1,146,690,058.21	(346,547,167.46)	800,142,890.75	800,142,890.75	3,460,660,516.83	-3,460,660,516.83	0.00	800,142,890.75	0.00	0.00

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SUMMARY BUDGET EXECUTION STATEMENT FOR NAHEMO OPERATIONAL BUDGETS (OB) 2013

BUDGET TYPE	BUDGET			COMMITMENTS				CASH BASED EXPENSES	CREDITS	
	ORIGINAL	TRANSFERS	FINAL	CFW		CFW	CFW		CFW	Lapsed
	2013	2013	2012	2013	2012	Adjusted in 2013	From 2012		CASH BASED	2013
NATION									Next Year	
CHAPTER 3 (OB)										
FRANCE (SIMMAD)	30,662,070.76	(23,017,692.27)	7,644,378.49	7,644,378.49	15,278,530.82	(15,278,530.82)	0.00	7,644,378.49	0.00	0.00
FRANCE (DGA)	41,846,695.24	(12,253,617.95)	29,593,077.29	29,593,077.29	10,519,028.08	(10,519,028.08)	0.00	29,593,077.29	0.00	0.00
ITALY	31,608,587.00	(30,857,963.35)	750,623.65	750,623.65	420,311.52	(420,311.52)	0.00	750,623.65	0.00	0.00
GERMANY	14,999,687.00	(13,812,922.52)	1,186,764.48	1,186,764.48	829,529.17	(829,529.17)	0.00	1,186,764.48	0.00	0.00
NETHERLANDS	5,468,180.00	(4,925,996.67)	542,183.33	542,183.33	148,871.14	(148,871.14)	0.00	542,183.33	0.00	0.00
BELGIUM	8,655,652.00	(6,979,262.45)	1,676,389.55	1,676,389.55	0.00	0.00	0.00	1,676,389.55	0.00	0.00
NORWAY	1,650,918.00	(467,148.76)	1,183,769.24	1,183,769.24	1,321,307.84	(1,321,307.84)	0.00	1,183,769.24	0.00	0.00
SWEDEN	695,794.00	(523,060.00)	172,734.00	172,734.00	215,246.33	(215,246.33)	0.00	172,734.00	0.00	0.00
FINLAND	3,529,954.00	(315,334.25)	3,214,619.75	3,214,619.75	5,846,934.52	(5,846,934.52)	0.00	3,214,619.75	0.00	0.00
AUSTRALIA	1,009,737.00	(886,703.00)	123,034.00	123,034.00	123,034.00	(123,034.00)	0.00	123,034.00	0.00	0.00
TOTAL	140,127,275.00	(94,039,701.22)	46,087,573.78	46,087,573.78	34,702,793.42	-34,702,793.42	0.00	46,087,573.78	0.00	0.00

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SUMMARY BUDGET EXECUTION STATEMENT FOR NAHEMO OPERATIONAL BUDGETS (OB) 2013

BUDGET TYPE	BUDGET			COMMITMENTS				CASH BASED EXPENSES	CREDITS	
	ORIGINAL	TRANSFERS	FINAL	CFW	CFW	CFW			CFW	Lapsed
	From	2012	From 2012							
NATION	2013	2013	2013	2013	2012	Adjusted in 2013	FINAL		Next Year	2013
<u>NSPA BUDGET (OB)</u>										
FRANCE	0.00	0.00	0.00	0.00	0.01	(0.01)	0.00	0.00	0.00	0.00
ITALY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GERMANY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NETHERLANDS	0.00	0.00	0.00	0.00	24,851.00	(24,851.00)	0.00	0.00	0.00	0.00
PORTUGAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BELGIUM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	24,851.01	-24,851.01	0.00	0.00	0.00	0.00
GRAND TOTAL (OB)	1,309,496,242.21	(455,005,914.55)	854,490,327.66	854,490,327.66	3,523,681,206.34	-3,523,681,206.34	0.00	854,490,327.66	0.00	0.00
CASH RECEIVED FROM NATIONS AGAINST ALL OPERATIONAL BUDGETS IN 2013								599,754,119.56		
INTEREST RECEIVED FROM BANK AGAINST OPERATIONAL BUDGET IN 2013								1,117,379.22		
TOTAL CASH RECEIVED IN 2013 (OB)								600,871,498.78		

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A. Accounting Policies

Accounting Period

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

Reporting Currency

The functional and reporting currency used throughout these Financial Statements is the Euro (€). All call for funds and contributions are made in Euro.

Basis of preparation

The financial statements have been prepared on a going-concern basis. NATO's structure is currently under review and there is no information available at the time of the authorising of these financial statements that would indicate an intention to cease NAHEMO's operations.

Financial Reporting Framework

The NAHEMO financial statements have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the IPSAS Board (IPSASB) and relevant to NAHEMO as decided by the North Atlantic Council in 2002. A list of standards issued by the IPSAS Board can be found on the following website www.ifac.org.

The accounting principles recognized as appropriate for the recognition, measurement and reporting of the financial position, performance and cash flows on an accrual based accounting using historical costs have been applied consistently throughout the reporting period to ensure that the financial statements provide information that is relevant to the decision-making and reliable, comparable, and understandable in light of the qualitative characteristics of financial reporting as well as the of the principle of the right balance between the benefits derived from the information and the costs of providing it as required by IPSAS 1.29 and further summarised in Appendix A of IPSAS 1.

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

These financial statements represent the consolidated activities of NAHEMO and its executing agency NAHEMA.

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

In December 2012 NAHEMO changed its accounting policy for the treatment of accounting for revenues and expenditures in relation to operational programme revenues and expenditures. Therefore, these revenues and expenditures are excluded from the Statement of Financial Performance. The subject of knowing the stage-of-completion of operational programme assets from an accounting perspective is not relevant due to the change in accounting policy.

NAMEMO considers that it is acting as an agent for its member states in relation to managing the NH90 programme. As NAHEMO is not exposed to the risks or rewards of the programme and is paying Industry on behalf of NAHEMO member states it considers that it should show the net consideration received from member states for running the programme and match this to expenditures; this revenue and expenditure is equivalent to NAHEMO's AB. NAHEMA's management considers that this information provides more reliable and transparent financial reporting to users of the financial statements. The change in accounting policy is in accordance with IPSAS 9: Revenue from Non-Exchange Transactions.

NAHEMO considers that Industry controls the assets like helicopters, training media, AGE and spares until they are delivered to Nations. Liabilities for accrued expenses for the OBs are excluded from the Statement of Financial Performance and these assets are excluded from the Statement of Financial Position.

NAHEMO makes prepayments on behalf of member nations to Industry. However, these prepayments are not considered assets of NAHEMO (they are assets of the member nations) and as such are not shown as assets in the Statement of Financial Position.

Expenditure, on a cash basis, in respect of the OB can be found in the Budget Execution Statement.

Changes in accounting policy

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

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

Assets – Current Assets

The entity holds the following types of current assets:

a. Cash and cash equivalents

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

b. Receivables

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

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

Contribution receivables are recognized when a call for contribution has been issued to the member nations.

c. Inventories

NAHEMO does not hold inventory. In this respect, purchases which might be considered inventory consist entirely of administrative operating material and regularly consumed supplies. All such supplies are expensed when purchased. The total of all such items in stock at any one date is deemed to be immaterial to these financial statements.

d. Prepayments

A prepayment is a payment in advance of the period to which it pertains and is mainly in respect of advance payments made to third parties. NAHEMO acts as an agent on behalf of member states. It makes prepayments on behalf of member nations to Industry. However, these prepayments are not considered assets of NAHEMO (they are assets of the member Nations) and as such are no longer shown as assets in the Statement of Financial Position.

Assets – Non - Current Assets

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

a. Property, plant and Equipment

Basic Principles

- Buildings are shown at their re-valued amounts, being the fair value based on internal valuations at each reporting date. NAHEMO has rented the building.
- All other property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss.
- No external evaluator to set values for assets.
- Best available information from procurement sources, industry estimates or any relevant source of information as a basis for valuation.

PP&E categorizations for purposes of determining the appropriate depreciable life of the assets is listed in the table below. The categories for both tangible and intangible assets complete with the years in which the asset is to be depreciated.

Straight-line depreciation method is used for all categories; however, the depreciable life of an asset is dependent on the particular category it is in.

PPE Category	Description	Year Depreciation	Method
Land		N/A	N/A
Structures	Buildings, Roads, Bridges	40	Straight line
Installed equipment	Equipment as part of structure such as Air conditioning units.	10	Straight line
Machinery	On board for production that can be displaced	10	Straight line
Transportation equipment		5	Straight line
Mission equipment (military Assets)	Classes to be determined	TBD	Straight line
Furniture		10	Straight line
Communication Systems	Communication equipment required for daily office operations	3 to 5	Straight line
Automated information systems	Hardware and software	3 to 5	Straight line

Impairment of tangible assets

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that they may be not recoverable. In 2013 no indication existed to review the values of fixed assets for impairment.

b. Intangible assets

According to IPSAS 31: Intangible Assets; NAHEMO recognized the set-up costs for the implementation of ORACLE modules as intangible assets. In the financial statements these set-up costs have been expensed. Depreciation is calculated using the straight line method to allocate the cost to the residual values over the estimated useful lives.

Current liabilities

a. Payables

Payables are amounts due to third parties for goods received or services provided that remain unpaid as of reporting date. Accruals are estimates of the cost for goods and services received at year-end but not yet invoiced.

b. Unearned revenue, advances and amounts owing to nations

Unearned revenue represents contributions from Nations that have been called for current or prior year ABs but that have not yet been recognised as revenue. Funds are called in advance of their need because the agency has no capital that would allow it to pre-finance any of its activities.

Advances are contributions received related to future year's ABs.

Amounts owing to nations are amounts held by or owed to NAHEMO in respect of the AB or OB. Until these amounts are expensed they are considered as owing to the member nations.

c. Employee benefits

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

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

Certain employees participate in the New Defined Contribution Pension Scheme administered by NATO. Contributions to these Plans are limited to matching the employees' contributions for current service.

Certain employees who have joined NATO before 1 July 2005 are members of the NATO Coordinated Pension Scheme which is a funded defined benefit plan. Under the plans and upon completion of 10 years employment with NATO, the employees are entitled to retirement benefits of 2% per year of service of final basic salary on attainment of a retirement age of 60. No other post-retirement benefits are provided to these employees. Staff members whose length of service is not sufficient to entitle them to a retirement pension are eligible for a leaving allowance.

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

Non-Current liabilities

Provisions

Provisions are recognised when the entity has a legal or constructive obligation as a result of past event, and where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made. In 2013 NAHEMO has no provisions.

Net Assets

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

Revenue and expense recognition

a. Revenue

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

Revenue comprises contributions from Member Nations to fund the NAHEMO AB. It is recognized as revenue in the statement of financial performance when such contributions are used for their intended purpose as envisioned by the AB. Revenue is recognized to the extent that it is probable that the economic benefits will flow to NAHEMO 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, NAHEMO recognizes a liability until the condition is fulfilled.

b. Expenses

NAHEMO AB expenses are recognized when occurred. Accruing of expenses is based on the concept of accruing when goods and services are received.

Surplus or Deficit for the Period

In accordance with NAHEMO accounting policies NAHEMO AB revenue is recognized up to the amount of the matching AB expenses.

B. Significant Accounting Judgements and Estimates

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions made by the management and based on historical experience as well as on the most reliable information available. In exercising the judgements to make the estimates a degree of caution was included in light of the principle of 'prudence' required by IPSAS in order not to overstate assets or revenue or understate liabilities or expenses.

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

C. Notes to Statement of Financial Position

Assets – Current Assets

1. Cash and cash equivalents

	December 31, 2013	December 31, 2012
	€ '000	€ '000
Petty Cash	1	1
Current Bank Accounts	607,109	813,322
Cash equivalents	150,000	200,000
Total Cash and cash equivalents	757,110	1,013,323

Petty cash is cash on hand locked in a safe at NAHEMA.

Deposits are partly held in interest-bearing current bank accounts in immediately available funds. Current bank accounts are held in EURO.

Cash equivalents are funds invested on short-term deposit bank accounts held in EURO.

Cash and cash equivalents included in the Cash Flow Statement equal the above figures in the Statement of Financial Position.

2. Accounts receivable

	December 31, 2013	December 31, 2012
	€ '000	€ '000
Contributions from Member Nations		
Receivable from Nations related to AB	2,275	176
Receivable from Nations related to OB	36,967	143,271
Other receivables	391	364
Total Receivables	39,633	143,647

Contributions from Member Nations

Contributions receivables from Member Nations are recognised when called.

Receivables from Nations related to the AB funding

The accounts receivable from Nations related to the NAHEMO AB are related to the NAHEMO Nations (France, Germany, Italy, The Netherlands, Portugal and Belgium), and the non NH 90 Programme Contributing Participants Finland, Norway and Sweden (the so called NORDIC Nations) and Australia.

Since the Amendment No. 1 to the Production MOU has been signed (21.06.2001) the new PI/P cost share considering the participation of Portugal has to be applied.

The total yearly Administrative Costs of NAHEMA have been fixed by the Production MOU for the NAHEMO community to a ceiling amount of EUR 6.6 Million based on economic conditions of 01/01/1999. The ceiling has been increased to EUR 7.85 Million since the Addendum No. 5 to the Production MOU has been signed in September 2009. The ceiling is annually escalated using the annual NATO salaries increase and the index "Indice mensuel des prix à la consommation" published in the Bulletin mensuel de l'INSEE.

With Programme Arrangement No. 1 to the NH90 Community MOU an additional ceiling amount of EUR 750,000 on economic conditions of 01/01/1999 has been fixed for the NAHEMA activities in favour of the NORDIC Nations depending on the agreed scope of work.

The NORDIC Nations contribute to the AB starting from the financial year 2005.

Since the financial year 2007 Australia is contributing to the AB.

In June 2007 the NH 90 Belgian Production MOU was signed and Belgium became the 6th NAHEMO Nation. The yearly administrative ceiling amount of EUR 110,000 for an A3 post or an amount of EUR 124,000 for an A4 post on economic conditions 01/1999 has been agreed as Belgian participation.

In May 2013 with Programme Arrangement No.1 amendment 2 to the Community MOU an additional ceiling amount of EUR 140,000 each of the Spanish and the New Zealand Contributing Participant on economic conditions 01/1999 has been agreed as annual administrative participation.

All expenses including salaries and associated costs in the frame of the AB are considered as administrative expenses.

In 2013, the NAHEMO Nations were invited to pay EUR 10,532,586, the NORDIC Nations share was EUR 918,400 and Australia share was EUR 183,680. Due to the fact that the Kingdom of Spain and New Zealand got members in May 2013 the contribution was EUR 107,146.67 each.

At the end of April 2014, there were no unpaid calls.

Germany contributed EUR 487,092 for the Budget year 2014 in 2013 that has been recorded as advance.

Receivables from Nations related to AB funding

The first calls for funds for the AB 2014 were recorded in 2013 as AB receivables of EUR 2,275,292. During the first quarter 2014 EUR 1,543,266 were paid.

Receivables from Nations related to OB funding

During the first quarter 2014 EUR 31,096,590 of the total OB receivables of EUR 36,966,590 were paid.

Other receivables

These are receivables as outstanding VAT reimbursements from 2012 and 2013 from the French Minister of Finance for a total of EUR 209,519 and accrued interest from the banks for a total of EUR 181,526. The interest has been credited to the bank accounts in January 2014.

According to the MOUs, VAT is payable by the country levying it, which is France in the case of the NH90 Programme. The Finance and Administrative Committee (FAC) decided that the AB is to be submitted exclusive of VAT. VAT payments are kept in a specific expense account and will be reimbursed by the French Ministry of Finance (MoF). VAT payments not reimbursed by MoF due to French internal regulations will be reimbursed by the French Ministry of Defence (MoD).

3. Prepayments

NAHEMO acts as an agent on behalf of member states. It makes prepayments on behalf of member nations to industry. However, these prepayments are not considered assets of NAHEMO (they are assets of the member nations) and as such are no longer shown as assets in the Statement of Financial Position.

Assets – Non-current Assets

4. Property, plant and equipment

Changes in Property, Plant and Equipment and related depreciation for the year were as follows:

Net book value € at 31/12/2012	Average Depreciation Years Depreciation %	2013 Depreciation €	Net book value € at 31/12/2013
71,775.28	4/5 20% - 25%	35,252.57	36,522.71

New acquisitions 2013

Net book value € at 31/12/2012	Average Depreciation Years Depreciation %	2013 Depreciation €	Net book value € at 31/12/2013
33,935.06	4/5 20% - 25%	5,655.84	28,279.22

Total

Net book value € at 31/12/2012	Average Depreciation Years Depreciation %	2013 Depreciation €	Net book value € at 31/12/2013
105,710.34	4/5 20% - 25%	40,908.41	64,801.93

In 2013 NAHEMA purchased two data storage systems for EUR 33,935 that are capitalized on NAHEMO's Statement of Financial Position. The total depreciation for 2013 reads EUR 40,908 and results in a total net book value of EUR 64,801 for infrastructure, plant and equipment. According to the production contract specific PI-work tooling developed, manufactured or purchased by Industry shall be accounted on national level. This means that Nations control the tooling and they are not shown as NAHEMO's assets on its Statement of Financial Position.

5. Intangible Assets

Changes in intangible assets and related depreciation for the year were as follows:

Net book value € at 31/12/2012	Average Depreciation Years Depreciation %	2013 Depreciation €	Net book value € at 31/12/2013
102,334.55	4 25%	52,065.13	50,269.42

New acquisitions 2013

Net book value € at 31/12/2012	Average Depreciation Years Depreciation %	2013 Depreciation €	Net book value € at 31/12/2013
21,000.00	4 25%	3,062.50	17,937.50

Total

Net book value € at 31/12/2012	Average Depreciation Years Depreciation %	2013 Depreciation €	Net book value € at 31/12/2013
123,334.55	4 25%	55,127.63	68,206.92

In 2013 NAHEMA adjusted the customization of the ORACLE OPSF module for EUR 21,000 that is capitalized on NAHEMO's Statement of Financial Position. The total depreciation for 2013 reads EUR 55,127 and results in a total net book value of EUR 68,206 for intangible assets.

Liabilities – Current Liabilities

6. Payables

	December 31, 2013	December 31, 2012
	€ '000	€ '000
Payables AB suppliers	68	231
Payables OB suppliers	0	13,866
Payables to suppliers	68	14,097
Payables to Nations in respect of AB	1,504	1,020
Payables to Nations in respect of OB	792,022	15,472
Payables to Nations	793,526	1,130,415
Other Payables	0	11,399
Total Payables	793,594	1,155,911

Payables to AB Suppliers

In 2013 there are payables to AB suppliers for the purchase of goods and services and staff members for duty trips done in 2013 of EUR 68,206. Payables also contain liabilities for accrued expenses. All payables have been paid in the first quarter 2014.

Payables to OB Suppliers

In 2013 there are no payables to OB suppliers. The OB payables from 2012 of EUR 13,865,602 have partly been paid in 2013 and partly been adjusted because some of the Portugal unpaid invoices were rejected to industry and will be incorporated in the final claim from industry that is still under negotiation.

Payables to AB funding nations in respect of AB

This represents the net revenue containing interest, bank charges, lapses, and over/under call in 2013. The net result has to be reimbursed to the nations following the MOU cost sharing agreement and NAHEMO SC decisions towards the NAHEMO AB funding. In 2014 EUR 1,503,827 of AB payables will be offset from call for funds against the AB 2014.

Payables to OB funding nations in respect of OB

This represents the net revenue containing interest, bank charges, lapses, contributions from other Nations for compensation, unallocated contributions and unearned revenue. The amount of EUR 792,021,885 represents balances held by NAHEMO or owed from member Nations which are in turn owing to nations until they are expensed on the OB.

In the table below, the details of the total payables to Nations of EUR 1,503,827 (AB) and EUR 792,021,885 (OB) are explained.

Payables to Nations 2013	
Payables to Nations in respect of AB	
	EURO € '000
Interest	3
Lapse 2011	70
Lapse 2012	595
Lapse 2013	836
Total AB Related	1,504
Payables to Nations in respect of OB	
	EURO € '000
Interest	5,098
Lapse NSPA 2011	105
Contribution other Nations	103
Unallocated Contributions	5,900
Unearned Revenue	780,816
Total OB Related	792,022

Other Payables

In 2013 there are no other payables.

7. Unearned Revenue and Advances

	December 31, 2013	December 31, 2012
	€ '000	€ '000
Unearned Revenue AB	2,662	606
Advances AB	487	453
Total	3,149	1,059

Unearned Revenue AB and OB

Due to the change in accounting policy, there is no longer unearned revenue in respect of the OB; such amounts are restated as payables to Nations in respect of the OB.

Unearned revenue AB consists of contributions and other transfers received or receivable, but for which corresponding charges will be incurred after the reporting date. The unearned revenue liability as of 31 December 2013 was EUR 2,662,185. It represents EUR 2,497,267 of budget calls for AB 2014 not received as of year-end and EUR 164,917 of received contributions not expended by year-end.

If the funds are not spent by the end of the second year following the year in which they have been approved, these funds will be returned to Nations.

In note 9, it is explained how the unearned revenue 2012, contributions and revenue recognition in 2013 result in the unearned revenue 2013.

Advances AB and OB

Advances related to the AB are contributions received in advance relating to the 2014 Budget. EUR 487,092 was advance contribution from Germany for 2014.

Due to a change in accounting policy, there are no longer advances in respect of the OB; such amounts are restated as payables to Nations in respect of OB.

Net Assets

8. PP&E and Intangible Asset Reserve

Net assets of EUR 133,008 are represented by PP&E and intangible asset reserve of EUR 229,044 minus the depreciation for 2013 of EUR 96,036.

D. Notes to Statement of Financial Performance

9. Revenue

The revenue recognition is matched with the recognition of expenses against the NAHEMO AB. Contributions when called are booked as an advance under unearned revenue and subsequently recognised as revenue when it is earned.

The table below shows the revenue from exchange transactions for the AB 2012 and 2013.

	December 31, 2013	December 31, 2012
	€ '000	€ '000
<i>Revenue AB</i>		
Contributions	11,171	10,919
Revenue	11,171	10,919

The revenue recognition is matched with the recognition of expenses.

Reconciliation between Revenue and Unearned Revenue

The tables below explain to what extent the unearned revenue from previous years and the net calls in the current year for the AB is recognized as revenue in the current year. The remaining balance is unearned revenue for the funds that are carried forward to future years and payables for the AB credits that are lapsed.

The starting balance of the unearned revenue at the beginning of 2013 is EUR 606,578. The reversal for accrued expenses is EUR 178,128, the total amount called in 2013 reads EUR 14,346,227. EUR 202,488 was recorded for the VAT paid in 2013 to be reimbursed in future. The revenue recognized in 2013 is EUR 10,968,088 for expenses and EUR 202,488 for VAT expenses; lapsed funds to be returned to Nations are for an amount of EUR 1,500,661. This results in unearned revenue of EUR 2,662,185 at the end of 2013.

Reconciliation of Unearned Revenue AB 2012 with 2013	
	EURO € '000
Unearned Revenue 31 December 2012	606
Reversal accruals 2012	178
Call for Funds 2013	14,346
VAT paid in 2013 to be reimbursed	202
Revenue earned in 2013	-10,968
Revenue earned in 2012 for VAT	-202
Payable to Governments 31 December 2013	-1,500
Total unearned revenue 31 December 2013	2,662

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10. Expenses

Expense recognition for the 2013 AB and previous years carried forward budgets activities are based upon actual payments made together with accrued expenses which are based on value of work completed by contractors or duty trips performed where invoices are not yet received. Depreciation for PP&E and Intangible Assets for 2013 is reflected as expense.

AB Expenses are recognized by nature within the following groups.

Personnel

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

Contractual Supplies and Services

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

Operating Leases

NAHEMA rents premises and photocopiers on an operating lease. The costs of the lease are expensed in the year. The lease for building A will terminate in 2017 and for building B in 2014. If the leases are cancelled by NAHEMA before the maturity of the contract, NAHEMA will be liable to pay the rental fees until the end of the contracts. For the photocopiers NAHEMA is liable for the remaining unpaid amount of the total agreed lease plus 10% as a penalty. Until 30th June 2014 this would be an amount of EUR 212,939. The annual rent for the premises is EUR 413,152 inclusive accessory charges.

Capital & Investment

Capital investments are still reported as expenses against the AB. Acquired assets of PP&E which exceed the materiality thresholds would be in principle capitalized and depreciated over their useful life.

The table on the next page shows the breakdown of the expense from AB exchange transactions:

	December 31, 2013	December 31, 2012
	€ '000	€ '000
Personnel	9,601	9,361
Operating	1,322	1,322
Capital	46	47
VAT	202	189
Depreciation PP&E	41	40
Depreciation Intangible Assets	55	64
Total Expenses AB	11,267	11,023

AB expenses are recognized when occurred. Accruing of expenses is based on the concept of accruing when goods and services are received.

Reconciliation between Revenue and Expenses

The Revenue related to the AB that has been recognized in 2013 relates directly to the expenses that can be attributed to AB. For the AB the total revenue incurred is matched with the total expenses recognized in 2013 for a total of EUR 11,266,613.

The depreciation for PP&E and intangible assets are reflected as expense and cannot be matched with the Revenue and therefore result in a net surplus/ deficit for the year 2013 of EUR 96,036.

11. Surplus or Deficit for the Period

In the Statement of Financial Performance the surplus/deficit of the period of EUR 96,036 represent the annual depreciation expense for PP&E and intangible assets.

E. Events after Reporting Date

Under IPSAS 14 (Events after the reporting date) reporting entities are required to disclose any event, both favourable and unfavourable, which occurs between the reporting date and the date when the financial statements are authorized for issue.

In June 2012 the PRT government decided to withdraw from the programme. Industry provided a claim early April 2013, which is being clarified. In August 2013 PRT approved to pay invoices of EUR 4,034,252 related to PI/P common activities and to reject invoices of EUR 12,698,782 related to non common activities (both were payables reported in the Financial Statements 2011 and 2012) based on the fact that they are subject to a settlement with

Industry and therefore will be incorporated into Industry's claim. Up to now the negotiations in respect of the final Industry claim are still not finalized.

In March 2013 the German Ministry of Defence and Eurocopter (now known as Airbus Helicopters) have signed a MOU on the non production of 40 NH90 army helicopters (GEAR) and the new production of 18 NH90 navy helicopters. 22 NH90 GEAR helicopters were transferred from committed helicopters to optional helicopters. NAHEMA has been tasked to draft the contract amendment incorporating what has been agreed in subject MOU. In March 2014 the draft contract has been sent to the NAHEMO Nations for approval.

In September 2013, FRA requested NAHEMA to rearrange the delivery schedule for the French TTH and NFH. The delivery of the last helicopter is planned to be in 2024 instead of 2020. In February 2014 the draft contract has been sent to NAHEMO Nations for approval.

F. Related Parties Disclosure

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

The key management personnel of NAHEMA have completed a declaration stating that they have no related party relationships that could affect the operation of this reporting entity. NAHEMO Steering Committee members and senior management are remunerated in accordance with published NATO pay scales and do not receive loans that are not available to all staff.

Key Management Personnel:

**GENERAL MANAGER,
DEPUTY GENERAL MANAGER,
ADM DIVISION LEADER,
SYS DIVISION LEADER,
LOG DIVISION LEADER,**

The aggregate remuneration of key management personnel was as follows during the year:

	December 31, 2013	December 31, 2012
	€ '000	€ '000
Basic salaries	702	681
Allowances	171	172
Post-employment benefits (DCPS)	84	81
Employer's contribution to Insurance	102	102
TOTAL	1,059	1,036

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In addition NAHEMA management has assessed that there are no related party transactions between the nations which are members of NAHEMO and the industrial contractors used to implement NAHEMO programmes. However, France and Germany have shareholdings of about 12% of EADS who owns Airbus Helicopters (formerly known as Eurocopter).

G. Employee Disclosure

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

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

The costs in Chapter 1 are for staff members hired under the NATO Civilian Personnel Regulations as well as for consultants and contractors. The figures represent the costs of personnel including basic salary, allowances, insurance and pension plan contributions. It also includes accruals for entitlements to leaving allowance and loss of job indemnity.

	December 31, 2013	December 31, 2012
	€ '000	€ '000
Employee benefits expense	8,735	8,612
Post-employment benefits		
for defined contribution pension scheme	11	13
for defined benefit pension scheme	656	648
Total employee benefits expense	9,402	9,273

Different pension plans are applicable to employees in NAHEMA; defined benefit plan, and defined contribution plan. All pension plans are managed by NATO HQ and are therefore not included in the entity Financial Statements. Contributions to the plans are expensed when occurred.

CEPS provided certain administrative services for NAHEMA, for which a total fee of EUR 92,779 was charged and paid.

NATO IS performed certain administrative services for NAHEMA, for which a total fee EUR 35,879 was charged and paid.

H. Financial Instruments Disclosure/Presentation

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

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

NAHEMA is restricted from entering into borrowings and investments. NAHEMA's management have considered the following types of risks related to its financial assets and liabilities:

- Foreign currency exchange risk: NAHEMA is not exposed to foreign currency exchange risk because all contributions and payments are made in EURO
- Liquidity risk: The liquidity risk is based on the assessment whether the organisation will encounter difficulties in meeting its obligation associated with financial liabilities. There is a very limited exposure to liquidity risk because of the budget funding mechanism that guarantees contributions in relation to approved budgets. The limited risks are primarily the validity of forecasts that result in the calls for contributions.

In December 2013 Portugal informed NAHEMA that for the Budget year 2013 the cash available on the bank account has to be used to pay non recurring invoices.

- Credit Risk: There is a low credit risk as the contributing nations have high credit ratings. NAHEMA's management does not believe that its customers' credit positions will directly impact on their ability to meet NAHEMA's funding commitments.
- Price Risk: There is a low price risk to NAHEMA due to programme price increases because Nations are contractually bound to meet such price changes and NAHEMA itself is not exposed to this price risk.

I. Comparison of Budget Execution and Statement of Financial Performance

Budget Execution

Reconciliation between the NAHEMO Budget Execution Statements and the NAHEMO Statement of Financial Performance:

The difference between the Budget Execution Statement for the AB and the accrual based inputs in the Statement of Financial Performance is based on the expensed payables amount of EUR 23 the payables accrued expenses amount of EUR 68,219 the reversal of payable 2012 of EUR -53,368 and the depreciation of EUR 96,036.

The following table represents this reconciliation.

BUDGET	EXPENSE IN BUDGET EXECUTION STATEMENT € '000	Adjustments for Payable and Payables accrued Expenses € '000	Adjustments for Payable 2012	Adjustments for Depreciation € '000	EXPENSE IN STATEMENT OF FINANCIAL PERFORMANCE € '000
ADMINISTRATIVE BUDGET 2012	11,156	68	-53	96	11,267
TOTAL	11,156	68	-53	96	11,267

IPSAS 24 - Presentation of budget information in Financial Statements is applicable from the 2009 financial reporting period onwards.

In accordance with the 5th issue of the NAHEMO Financial Rules and Regulations (NFRRs) the OB is composed of 3 Chapters, Chapter 1 (formerly known as D&D), Chapter 2 (formerly known as PIP) and Chapter 3 (formerly known as ISS and NAMSA).

The ORIGINAL OB for each Chapter indicates the total estimated amount of expected cash payments. This amount includes amounts for planned contracts to be signed during the actual Budget year and planned amendments of contracts as well. For the new frame contracts like the repair & overhaul contracts for the engine and the helicopter, Nations provided the budget figures based on their assumptions.

The OB could not be approved by Italy at the 69th SC and 20th CSC meetings in December 2012. Therefore, in accordance with article 17 of the 5th issue of the NFRRs, NAHEMA provided an amount sufficient to cover estimated expenditure on the programme up to 30th June 2013 that has been approved by the JEC and CJEC "ex committee". The OB Chapter 3 Budget has been approved at the 21 CSC meeting in June 2013 and the OB 2013 has been approved during the 70 SC meetings in June 2013.

In February 2014 NAHEMA provided Nations with the FINAL OB figures that include the cash payments based on approved contracts/activities in the context of Basic Ordering Agreements (BOA's) and/or frame contracts. The difference between ORIGINAL OB and FINAL OB represent the difference between the estimated expected cash payments and the real cash payments and are shown in the column BUDGET TRANSFERS.

The huge amount of OB COMMITMENTS CFW From 2012 of EUR 3,523,681,206 consists of milestones that are contractually due but Industry did not achieve these milestones due to the slippage of delivery of helicopters for all Nations. NAHEMA estimated for all these milestones expected cash payment dates that are now the basis for the OB 2013 and future Budget years. Consequently, the OB COMMITMENTS CFW From 2012 have been incorporated into the Budget year 2013 and future Budget years. Therefore, the column OB COMMITMENTS CFW From 2012 FINAL shows zero amounts. Consequently the column OB CREDITS CFW Next Year show zero amounts as well.

Therefore, in 2013 the columns OB BUDGET FINAL 2013, COMMITMENTS 2013 and CASH BASED EXPENSES show the same figures.

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The ORIGINAL AB is based on estimates and has been increased by EUR 400,000 in accordance with a Financial Administrative Committee (FAC) decision from October 2012. The ORIGINAL AB, the increase and the FINAL AB has been approved by the NAHEMO Steering Committee in December 2012.

The AB COMMITMENTS 2013 are mainly based on personal cost for the NAHEMA employees and purchase and service contracts signed in order to run the agency. The column AB COMMITMENTS CFW from 2012 comes from the column CREDITS CFW Next Year from the year 2012. During the new budget year previous years commitments are closed and adjusted and the result is shown in the column COMMITMENTS CFW 2012 Lapsed in 2013. The column COMMITMENTS CFW From 2012 FINAL represents the real amount that is left over and therefore available for the budget 2013. In order to improve this functionality NAHEMA closed in December 2013 already as many estimated commitments as possible in order to present more realistic figures. Therefore, the column CREDITS CFW Next Year reads in 2013 EURO 233,137 only, what is much better compared to the amount from 2012 that was EUR 820,295. The CREDITS CFW Next Year amount is allowed to be carried forward for two years, at the end of the third financial year they will be finally cancelled.

The column CASH BASED EXPENSES shows the amount paid in cash in the year 2013 by NAHEMA.

The column CREDITS Lapsed 2013 consists of the difference between the BUDGET FINAL 2013 and COMMITMENTS 2013 and lapses from previous years.

As recommended by the Board in these financial statements NAHEMA provides detailed additional information at the new annex "Status of the NH90 programme as at 31/12/2013" on page 20. The cumulative helicopter production cost inclusive costs for customer change orders, agreement letters and data delivery package are shown in the column TOTAL € AMOUNT COMMITTED and the column TOTAL PENDING € AMOUNT TO BE PAID shows the remaining unpaid committed amount. The total number of helicopters ordered, delivered and pending deliveries are shown in separate columns and the € amounts paid in 2013 and the total € amounts paid as at 31/12/2013 are shown in separate columns as well.

Due to the fact that the NAHEMO Budget Execution Statement is cash based and the NAHEMO Financial Statements are on the accruals basis please find below the reconciliation.

RECONCILIATION OF BUDGET EXECUTION STATEMENT TO CASH FLOW STATEMENT

Expense (cash based) on AB	-11,155,616.29	See AB Budget Execution Statement
Cash received against AB	11,262,840.99	See AB Budget Execution Statement
Expense (cash based) on OB	-854,490,327.66	See OB Budget Execution Statement
Cash received against OB	600,871,498.78	See OB Budget Execution Statement
Net cash outflow on AB and OB	-253,511,604.18	
Net cash flow as per cash flow statement	-256,213,100.81	Cash flow statement

Difference **2,701,496.63** Represented by:

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-2,375,346.95	OB interest paid to Treasury
-199,412.42	OB proceeds paid to Treasury
-126,737.26	OB PRT ADM contribution paid
-2,701,496.63	Total

Statement of Credits carried forward

As required by the NATO Financial Regulations (NFR part III, Art 11Bis), the following statement of credits carried forward gives a brief explanation of the unexpended balances at year end for which there is a legal liability.

NAHEMA AB 2013 STATEMENT OF CREDITS CARRIED FORWARD (CASH BASED) TO 2014			
CHAPTER	F.Y.	F.Y.-1 -2	REMARKS
01 Personnel	20,781	0	Installation/ education allowances, removal, recruitment, home leave, computer training costs to be finalized
02 SUPPLIES	188,459	0	Maintenance, travel missions, computerization technical assistance, leasing costs to be finalized
03 CAPITAL	23,897	0	Software, security costs to be finalized
TOTAL	233,137	0	

Statement of transfers

In accordance with the NATO Financial Regulations (NFR III Art. 10), a statement of budgetary transfers recorded in 2013 is presented in the following table.

NAHEMA ADMINISTRATIVE BUDGET 2013 TRANSFERS AUTHORISED BY THE FINANCE AND ADMINISTRATIVE COMMITTEE (FAC) IN ACCORDANCE WITH ARTICLE 18 OF NAHEMO FINANCIAL RULES AND REGULATIONS						
ORIGIN OF THE CREDITS			CREDITS NEEDED			GRAND TOTAL
BUDGET ITEM LINE	AMOUNT	TOTAL	BUDGET ITEM LINE	AMOUNT	TOTAL	
1410ADM	5,000.00 €	5,000.00 €	1511ADM	5,000.00 €	5,000.00 €	0.00 €
1410ADM	1,715.78 €	1,715.78 €	1413ADM	1,715.78 €	1,715.78 €	0.00 €
1410ADM	18.81 €	18.81 €	1513ADM	18.81 €	18.81 €	0.00 €
1212ADM	2,250.00 €	2,250.00 €	1610ADM	2,250.00 €	2,250.00 €	0.00 €
3111ADM	12,400.00 €	12,400.00 €	3211ADM	12,400.00 €	12,400.00 €	0.00 €
GRAND TOTAL		21,384.59 €			21,384.59 €	- €

J. Bank Guarantees

NAHEMA's building rental contracts include two bank guarantees ("cautionnement bancaire") with Credit Agricole Bank in favour of société GENEPIERRE for EUR 258,805 and in favour of société ATLANTIQUE MUR REGIONS S.C.P.I. of EUR 18,125.

Société GENEPIERRE is the owner of the building (Bâtiment A) and société ATLANTIQUE MUR REGIONS S.C.P.I. is the owner of the building (Bâtiment B, ground floor) that are rented by NAHEMA. Société GENEPIERRE and société ATLANTIQUE MUR REGIONS S.C.P.I. insisted on these bank guarantees. These guarantees do not elapse before the end of the rental contract.

STATEMENT ON INTERNAL CONTROL

To: International Board of Auditors for NATO

Subject: Statement on Internal Control

Date: 8 May, 2014

As General Manager, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by the NAHEMA Steering Committee, whilst safeguarding the funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The Financial Controller of NAHEMA has responsibility for the administration of the NAHEMA financial and budgetary control system and for the correct use of funds made available to NAHEMA for which he has been assigned personal responsibility.

The system of internal control is designed to manage rather than to eliminate the risk of failure, to achieve the organization's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of the internal control is based on the ongoing process designed to identify the principal risks to the achievement of my Agency's policies, aims and objectives to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

As General Manager, I also have responsibility for reviewing the effectiveness of the system of internal control. Essential elements are summarized below:

- NAHEMA has a Management Plan, which identifies NAHEMA's objectives and priorities including key business risks.
- These risks have to be regularly monitored, corrective actions taken and the Steering Committee is to be consequently informed.
- The procedures in use, the processes activated and the "cross-functions" posture of the Agency, allow a continuous, transparent and effective internal management control, fully consistent with the mission assigned by the NAHEMO Nations. For areas of high functional peculiarity, such as that relating to the safety of infrastructure, periodically the Agency makes use of external consultants with experience in the sector.

My review of the effectiveness of the system of internal control is supported by the work of the internal auditor and the executive managers within the organization, who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letters and other reports.

The logo consists of a red circle containing the word "NAHEMA" at the top and "NATO" at the bottom, separated by a horizontal line. A stylized red star is in the center. To the right of the logo is a blue ink signature.
Fortunato Mario Teodoro di MARZIO
General Manager

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