**NATO SANS CLASSIFICATION**
Communicable à : Monténégro

7 décembre 2016

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C-M(2016)0070-AS1 (INV)

# RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN) SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2015 DU COMMANDEMENT ALLIÉ TRANSFORMATION (ACT)

## NOTE SUR LA SUITE DONNÉE

Le 6 décembre 2016, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport de l'IBAN joint au C-M(2016)0070 (INV), sur la vérification des états financiers 2015 de l'ACT, et il a approuvé la recommandation formulée par le RPPB concernant la communication au public.

(signé) Rose E. Gottemoeller
Secrétaire générale déléguée

NB : La présente note fait partie du C-M(2016)0070 (INV) et doit être placée en tête de ce document.



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# RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2015 DU COMMANDEMENT ALLIÉ TRANSFORMATION (ACT)

## Note de la secrétaire générale déléguée

1. On trouvera ci-joint le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers 2015 du Commandement allié Transformation (ACT).

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

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

4. Je ne pense pas que cette question nécessite un débat au Conseil. Par conséquent, **sauf avis contraire me parvenant d'ici au mardi 6 décembre 2016 à 18 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN sur la vérification des états financiers 2015 de l'ACT et qu'il aura approuvé la recommandation du RPPB concernant la communication au public.

(signé) Rose E. Gottemoeller

4 annexes
1 pièce jointe

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ANNEXE 1
C-M(2016)0070 (INV)

# RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2015 DU COMMANDEMENT ALLIÉ TRANSFORMATION (ACT)

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

Références :

a) IBA-A(2016)76 – Rapport de l'IBAN
b) C-M(2015)0025 – Règlement financier de l'OTAN (NFR)
c) 7000 TSC MBX 0010/FC-105-16 – Lettre du contrôleur des finances
d) PO(2015)0052 – Mandat issu du sommet du pays de Galles concernant la transparence et l'obligation de rendre compte

### Introduction

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

### Examen de la question

2. Le RPPB note avec satisfaction que l'IBAN a émis une opinion sans réserve sur les états financiers de l'ACT et une opinion sans réserve sur la conformité pour l'exercice 2015. Il constate également que des progrès ont été accomplis pour ce qui est de donner suite aux observations formulées lors de précédents audits, et que l'ACT fait le nécessaire en ce qui concerne les quatre questions encore en suspens.

3. Le RPPB se félicite des avancées que l'IBAN a constatées s'agissant de la conformité avec les articles de la version révisée du NFR (référence b)) qui concernent le contrôle interne, la gestion des risques et l'audit interne. L'exercice 2015 étant considéré comme une année de transition, le RPPB compte bien que l'ACT réalisera des progrès supplémentaires dans un avenir proche. Il invite le responsable OTAN de la politique en matière d'information financière à encourager les entités OTAN à communiquer sur les bonnes pratiques en la matière.

4. Le RPPB trouve néanmoins préoccupante l'observation de l'IBAN sur la nécessité d'améliorer la préservation et la comptabilisation des biens dans l'ensemble de l'ACT. S'il constate que l'ACT n'a fait aucun commentaire sur cette observation, il compte bien que la direction s'attachera davantage à renforcer les processus et les contrôles relatifs à la comptabilisation des biens.

5. Le RPPB note que le contrôleur des finances de l'ACT a confirmé (référence c)) que rien n'empêchait la communication au public des états financiers 2015 de l'organisme.

**Conclusions**

6. Le RPPB note avec satisfaction que l'IBAN a émis une opinion sans réserve sur les états financiers de l'ACT, ce qui témoigne du travail acharné de la direction et du personnel pour mettre en application l'ensemble des mesures recommandées par le RPPB et approuvées par le Conseil ces dernières années en vue d'améliorer la réglementation comptable et financière, la gouvernance, la transparence et le compte rendu. Le RPPB note toutefois qu'il y a encore à faire pour assurer la pleine mise en application de ces mesures.

7. Enfin, le RPPB estime que le rapport de l'IBAN et les états financiers de l'ACT correspondants ne contiennent pas d'informations qui, en vertu de la politique relative à la mise en lecture publique de l'information OTAN, ne peuvent être rendues publiques.

**Recommandation**

8. Le RPPB recommande au Conseil :

(a) de prendre note du rapport de l'IBAN sur la vérification des états financiers 2015 de l'ACT ainsi que du présent rapport ;

(b) d'entériner ses conclusions, figurant aux paragraphes 6 et 7 ;

(c) d'approuver la communication au public du présent rapport, du rapport de l'IBAN (référence a)) et des états financiers de l'ACT correspondants, conformément à la politique établie dans le document de référence d).

ANNEXE 2
C-M(2016)0070 (INV)

**Note succincte**
**du Collège international des commissaires aux comptes de l'OTAN**
**à l'intention du Conseil sur la vérification des états financiers consolidés**
**du Commandement allié Transformation (ACT)**
**pour l'exercice clos le 31 décembre 2015**

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers consolidés du Commandement allié Transformation (ACT) pour l'exercice clos le 31 décembre 2015. L'ACT se compose de quatre entités principales : le quartier général (QG de l'ACT), le Centre de guerre interarmées (JWC), le Centre d'entraînement de forces interarmées (JFTC) et le Centre interarmées d'analyse et de retour d'expérience (JALLC). L'ACT assume, devant le Comité militaire de l'OTAN, la responsabilité des recommandations générales relatives à la transformation de l'Organisation. D'une part, il étudie des concepts, s'attache à promouvoir l'élaboration de la doctrine et mène des recherches expérimentales, et, d'autre part, il soutient le Commandement allié Opérations (ACO) pour l'organisation et la conduite d'exercices visant à entraîner les forces des pays de l'Alliance et celles des pays partenaires aux opérations multinationales et/ou interarmées.

En 2015, les dépenses de l'ACT se sont établies à environ 153 millions d'euros.

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

À l'issue de l'audit, le Collège a formulé deux observations, assorties de recommandations (annexe 4). Ces observations et recommandations n'ont pas d'incidence sur l'opinion qu'il a émise.

Les principales constatations sont les suivantes :

1. Nécessité de mesures complémentaires pour une pleine conformité avec la version révisée du Règlement financier de l'OTAN, et en particulier avec les articles relatifs au contrôle interne, à la gestion des risques et à l'audit interne

2. Contrôle interne à améliorer pour ce qui est de la préservation des biens et de la comptabilité

Le Collège a également 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 d'entre elles avaient été réglées, que deux avaient été partiellement réglées, que trois avaient été rendues caduques par des observations formulées à l'issue de la vérification des états financiers de 2015 et que quatre attendaient encore une suite.

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ANNEXE 3
C-M(2016)0070 (INV)

**COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN**

# OPINION SUR LES ÉTATS FINANCIERS CONSOLIDÉS

# DU COMMANDEMENT ALLIÉ TRANSFORMATION

# (ACT)

# POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2015

ANNEXE 3
C-M(2016)0070 (INV)

## 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 consolidés du Commandement allié Transformation (ACT), composés de l'état de la situation financière au 31 décembre 2015 et de l'état de la performance financière, de l'état de l'actif net/situation nette et du tableau des flux de trésorerie pour l'exercice clos à cette date, ainsi que de diverses notes jointes aux états financiers, et notamment une déclaration sur les méthodes comptables. Le Collège a également vérifié les états de l'exécution du budget pour l'exercice clos le 31 décembre 2015.

*Responsabilité de la direction*

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

*Responsabilité du Collège*

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

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

faites par la direction sont raisonnables, ainsi que d'évaluer la présentation générale des états financiers.
Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

*Opinion sur les états financiers*

L'opinion du Collège est qu'à tous égards significatifs, les états financiers donnent une image fidèle, conforme au cadre comptable OTAN, de la situation financière de l'ACT au 31 décembre 2015, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

**Rapport sur la conformité**

*Responsabilité de la direction*

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

*Responsabilité du Collège*

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

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

ANNEXE 3
C-M(2016)0070 (INV)

*Opinion sur la conformité*

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

Bruxelles, le 28 juillet 2016

Lyn Sachs
Président

ANNEXE 4
C-M(2016)0070 (INV)

**COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN**

# LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS

# CONCERNANT LE COMMANDEMENT ALLIÉ TRANSFORMATION

# (ACT)

# POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2015

ANNEXE 4
C-M(2016)0070 (INV)

## Introduction

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

## Observations et recommandations

À l'issue de l'audit, le Collège a formulé trois observations et sept recommandations, lesquelles n'ont pas d'incidence sur l'opinion qu'il a émise. Elles peuvent être récapitulées comme suit :

1. Nécessité de mesures complémentaires pour une pleine conformité avec la version révisée du Règlement financier de l'OTAN, et en particulier avec les articles relatifs au contrôle interne, à la gestion des risques et à l'audit interne

2. Contrôle interne à améliorer pour ce qui est de la préservation des biens et de la comptabilité

Le Collège a également 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 d'entre elles avaient été réglées, que deux avaient été partiellement réglées, que trois avaient été rendues caduques par des observations formulées à l'issue de la vérification des états financiers de 2015 et que quatre attendaient encore une suite.

Par ailleurs, le Collège a adressé au commandant suprême allié Transformation (SACT) une lettre (IBA-AML(2016)03) contenant des observations à l'intention de la direction.

## OBSERVATIONS ET RECOMMANDATIONS

### 1. NÉCESSITÉ DE MESURES COMPLÉMENTAIRES POUR UNE PLEINE CONFORMITÉ AVEC LA VERSION RÉVISÉE DU RÈGLEMENT FINANCIER DE L'OTAN, ET EN PARTICULIER AVEC LES ARTICLES RELATIFS AU CONTRÔLE INTERNE, À LA GESTION DES RISQUES ET À L'AUDIT INTERNE

**Contexte**

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

1.2 Les dispositions du NFR révisé sont plus explicites que celles de la version précédente s'agissant de la gestion des risques (article 11), du contrôle interne (article 12), de l'audit interne (article 13) et de l'établissement d'une commission consultative sur l'audit (article 16). Selon ces dispositions, il faut définir des procédures de gestion des risques qui soient conformes aux exigences d'efficacité, d'efficience et d'économie, mettre en place les fonctions de gestion nécessaires à un contrôle interne efficace, faire en sorte que les organismes OTAN disposent d'une fonction d'audit interne permanente, dotée de ressources suffisantes et exercée conformément aux normes d'audit interne reconnues au niveau international, et établir une commission consultative sur l'audit. De plus, l'article 3 stipule que, dans un souci de saine gestion financière et aux fins du respect de l'obligation de rendre compte, les états financiers et les déclarations sur le contrôle interne doivent être signés chaque année par le chef d'organisme OTAN et par le contrôleur des finances. L'article 25 permet quant à lui l'engagement de crédits budgétaires correspondant aux biens et services à fournir pendant l'exercice.

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

**Observations**

1.4 Le Collège a constaté que l'ACT avait réalisé des progrès mais qu'il devait encore prendre d'autres mesures pour pouvoir respecter pleinement toutes les dispositions du NFR révisé. Cette constatation n'a en fait rien de surprenant sachant que la version révisée du NFR n'a été approuvée par le Conseil qu'en mai 2015 et que les FRP, plus détaillées, demandées à l'article 4 de cette version n'ont été approuvées par le Comité des budgets qu'à la fin du mois de février 2016.

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

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

*Article 3 – Responsabilité et obligation de rendre compte*

1.6.1 Le Collège a constaté que seul le contrôleur des finances de l'ACT avait signé les états financiers.

*Article 11 – Gestion des risques*

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

1.6.3 Le Collège a néanmoins relevé que ces procédures et les documents correspondants ne sont pas encore pleinement appliqués dans l'ensemble de l'ACT. Il s'ensuit que la gestion des risques au sein de l'ACT est incomplète, n'ayant pas encore atteint sa pleine maturité. Il n'existe, par exemple, pas de registre des risques financiers.

*Article 12 – Contrôle interne*

1.6.4 Le Collège a constaté que, dans la mesure où l'ACT ne s'était pas encore doté d'un cadre de contrôle interne spécifique, la conformité avec un tel cadre n'avait pas encore pu être démontrée. Par ailleurs, on ne dispose pas non plus d'un cadre de contrôle interne applicable à l'ensemble de l'OTAN. Or un tel cadre, étayé par des documents et des procédures appropriés, est indispensable pour garantir et pour montrer clairement à tous qu'un système complet de contrôle financier et budgétaire interne est en place.

1.6.5 L'audit des états financiers 2015 de l'ACT n'a pas révélé de faiblesses significatives dans le contrôle interne. Néanmoins, tant qu'un cadre de contrôle interne spécifique n'aura pas été défini et été étayé par l'établissement systématique de documents sur les procédures de contrôle interne, le Collège ne sera pas en mesure de déclarer qu'un système complet de contrôle interne conforme à l'article 12 de la version révisée du NFR est bien en place.

*Article 13 – Audit interne*

1.6.6 Le Collège a constaté que le service d'audit interne de l'ACT n'avait pas évalué la gestion des risques au sein des entités. Par ailleurs, bien que le service d'audit interne de l'ACT ait réalisé plusieurs audits au cours de l'exercice considéré, portant sur différents aspects et domaines du contrôle interne, le Collège estime qu'on ne peut affirmer à ce stade que ce service a pleinement évalué, dans l'ensemble de l'organisme, l'exposition aux risques et l'efficacité des contrôles internes pour ce qui est de la gestion des risques inhérents à la gouvernance, à l'exploitation et aux systèmes d'information, ainsi que le prévoit l'article 13.

1.6.7 De plus, le Collège a constaté que le service d'audit interne de l'ACT avait réalisé des audits « externes » pour certains centres d'excellence OTAN. Or ces entités ne font pas partie de l'ACT, et il ne s'agit même pas d'organismes OTAN.

*Article 16 – Commission consultative sur l'audit*

1.6.8 Le Collège a constaté que l'ACT n'avait établi qu'en 2016 la commission consultative sur l'audit prévue par l'article 16.

*Article 25 – Engagements, autorisations de programme et reports*

1.6.9 Le Collège a constaté que l'ACT avait continué de procéder à des engagements pour des biens et des services à recevoir pendant l'exercice suivant et non pendant l'exercice en cours.

**Recommandations**

1.7 Le Collège formule les recommandations ci-après :

a) l'ACT devrait faire en sorte que sa politique de gestion des risques à l'échelle de l'entité soit pleinement appliquée dans l'ensemble de l'organisme, et que des registres des risques soient créés et utilisés par l'ensemble de ses départements et pour toutes ses activités ; de l'avis du Collège, une coordination devrait être assurée de façon à ce que l'on procède de la même manière dans l'ensemble des organismes OTAN ;

b) l'ACT devrait établir un cadre de contrôle interne spécifique, reconnu au niveau international, et celui-ci devrait être étayé par l'établissement systématique de documents détaillés concernant les procédures de contrôle interne ; de l'avis du Collège, une coordination devrait être assurée de façon à ce que l'on procède de la même manière dans l'ensemble des organismes OTAN ;

c) l'ACT devrait faire en sorte que son service d'audit interne évalue pleinement la gestion des risques et le contrôle interne, dans l'ensemble de l'organisme, et veiller à ce que ce travail soit clairement documenté, de manière à ce que la conformité avec le cadre de contrôle interne appliqué par l'ACT puisse être démontrée ;

d) le service d'audit interne de l'ACT devrait consacrer les ressources limitées dont il dispose à la réalisation d'audits internes et s'abstenir de réaliser des audits « externes » pour des organimes non OTAN tels que les centres d'excellence ;

e) l'ACT devrait, pour se conformer à l'article 3 du NFR, veiller à ce que les états financiers soient signés à la fois par le chef d'organisme et par le contrôleur des finances ;

f) l'ACT devrait, pour se conformer à l'article 25 du NFR, procéder à des engagements pour des biens et des services à recevoir pendant l'exercice en cours.

***Commentaire du SACT***

*L'ACT souscrit aux recommandations. Cette question sera traitée dans le cadre de sa commission consultative sur l'audit, qui reverra le programme de travail de l'auditeur du commandement. Elle sera également examinée au niveau du Conseil de gestion, le but étant de garantir la réalisation de progrès significatifs. L'ACT veillera à ce que le SACT contresigne aussi les états financiers consolidés de 2016, plutôt que la seule déclaration sur le contrôle interne. Par ailleurs, des*

*processus sont en place qui doivent permettre à l'ACT de respecter pleinement l'article 25 du NFR révisé, concernant les pratiques en matière d'engagement.*

## 2. CONTRÔLE INTERNE À AMÉLIORER POUR CE QUI EST DE LA PRÉSERVATION DES BIENS ET DE LA COMPTABILITÉ

### Contexte

2.1 En vertu de l'article 12 du NFR, consacré au contrôle interne, il incombe aux commandants de veiller à ce que les fonctions de gestion interne nécessaires soient en place pour assurer un contrôle interne efficace qui permette de fournir une assurance raisonnable. L'un des quatre objectifs consiste à préserver l'actif, et le contrôleur des finances est chargé de veiller à ce qu'il soit satisfait aux critères souhaités de contrôle interne et, à cet effet, d'établir un système de contrôle interne, ainsi que d'établir et de tenir des registres comptables complets répertoriant tous les actifs.

### Observations

2.2 Le Collège a constaté que le QG de l'ACT n'avait pas de registre général de tous les actifs. En effet, chaque section tient son propre inventaire des biens qu'elle possède, et il n'y a pas de contrôle systématique des actifs et des registres. À l'occasion de précédents audits, le Collège avait mentionné la nécessité d'un registre central. Compte tenu de la prise de contrôle, par l'ACT, des espaces de bureaux construits dans le prolongement des ailes nord et sud de son QG et des efforts déployés pour déterminer l'ensemble des coûts associés aux bâtiments, à l'équipement fixe et au mobilier, ainsi que des coûts de la remise à neuf d'un générateur, il serait prudent de tenir un registre des bâtiments, de l'équipement fixe et du mobilier, assorti des coûts correspondant aux nouvelles ailes, qui se chiffrent à l'heure actuelle à 14,9 millions d'euros.

2.3 Le Collège a également relevé des lacunes dans la gestion des biens au Centre de guerre interarmées (JWC) et au Centre d'entraînement de forces interarmées (JFTC). Il a constaté en particulier que certaines radiations de biens étaient nécessaires dans les deux centres du fait du processus de transfert ou de reprise engagé avec l'Agence OTAN d'information et de communication (NCIA). De même, la fermeture des installations du JWC à Ulsnes en 2015 a elle aussi entraîné la radiation de biens. La somme des montants en jeu n'est certes pas significative, mais elle est importante et montre la nécessité d'améliorer les contrôles internes relatifs à la préservation des biens et à la tenue de registres comptables des biens.

**Recommandation**

2.4 Le Collège recommande que le QG de l'ACT applique à l'échelle de l'organisme les instructions permanentes en matière de comptabilisation des biens, et qu'un registre central de ces biens soit tenu par chaque entité (QG de l'ACT, JWC, JFTC et JALLC) et contrôlé comme il se doit au niveau approprié.

## SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a fait le point sur la suite donnée aux observations et recommandations formulées à l'issue d'audits précédents. On en trouvera un récapitulatif dans le tableau ci-dessous.

### *Commentaire du SACT*

*La direction de l'ACT est satisfaite de voir que plusieurs des questions ayant fait l'objet d'observations lors d'audits précédents ont été réglées. Pour les autres, les mesures ci-dessous ont été prises.*

Suites données aux observations antérieures

| OBSERVATION/RECOMMANDATION | MESURES PRISES | ÉTAT DE LA QUESTION |
|---|---|---|
| **ACT – Exercice 2014**<br>**IBA-AR(2015)15, section 1**<br><br>**Accord sur les niveaux de service à conclure avec l'État-major central interarmées de guerre électronique (JEWCS)**<br><br>**Recommandation du Collège**<br>Le Collège recommande à l'ACT de définir et d'énoncer clairement les prestations requises du JEWCS, en concertation avec l'ACO et l'EMI, et, sur cette base, de poursuivre les travaux visant l'élaboration et la conclusion d'un accord sur les niveaux de service avec le JEWCS. | Le Collège a constaté que l'ACT avait conclu un accord sur les niveaux de service pour 2015. Les spécifications à faire figurer dans l'accord sur les niveaux de service de 2016 ont été déterminées, mais l'accord n'est toujours pas en vigueur. | Observation<br>**Question partiellement réglée.** |
| **ACT – Exercice 2014**<br>**IBA-AR(2015)15, section 2**<br><br>**Absence de parallélisme entre les versements en faveur du Centre pour la recherche et l'expérimentation maritimes (CMRE) et les prestations fournies par ce dernier** | | |

ANNEXE 4
C-M(2016)0070 (INV)

| OBSERVATION/RECOMMANDATION | MESURES PRISES | ÉTAT DE LA QUESTION |
|---|---|---|
| **Recommandation du Collège**<br>Le Collège recommande que, pour 2016, l'ACT envisage d'échelonner les versements en faveur du CMRE de manière à suivre plus précisément le rythme des prestations. | Le Collège a constaté que les fonds pour 2016 avaient été revus à la baisse en raison des restrictions budgétaires. Cela étant, il a aussi constaté que les versements en faveur du CMRE continuaient d'être regroupés. | Observation<br>**Question restant à régler.** |
| ***Commentaire du SACT***<br><br>*Les versements en faveur du CMRE ont été adaptés en 2016 de manière à tenir compte de la réduction du programme de travail. Comme les versements intermédiaires pour l'exercice en cours ont déjà été organisés, la direction de l'ACT s'attellera à cette question lorsqu'elle examinera le programme de travail pour l'exercice suivant.* | | |
| **ACT – Exercice 2014**<br>**IBA-AR(2015)15, section 3**<br><br>**Failles en matière de contrôle interne dans les procédures de comptabilisation et de compte rendu financier**<br><br>**Recommandation du Collège**<br>Comme l'année précédente, le Collège recommande à l'ACT d'améliorer sa procédure de vérification des données chiffrées et autres présentées dans ses états financiers, et notamment de désigner une personne étrangère au processus d'établissement des états financiers qui puisse passer en revue ces derniers. | Le Collège a constaté que la procédure de vérification avait été améliorée, même s'il a relevé quelques erreurs dans les informations financières et dans les données fournies dans les notes, erreurs qui ont ensuite été corrigées.<br><br>Par exemple, dans la note sur les produits non acquis, la ligne utilisée pour indiquer le résultat du rapprochement des soldes d'ouverture et de clôture des produits non acquis était erronément intitulée « Accrual Adjustement » (régularisation), alors que le montant en question résultait pour une grande part des écarts de change. | Observation<br>**Question restant à régler**. |
| ***Commentaire du SACT***<br><br>*La direction de l'ACT se félicite que le Collège ait reconnu les améliorations apportées à la procédure de vérification, et elle s'emploiera à l'améliorer davantage pour le processus 2016.* | | |

| OBSERVATION/RECOMMANDATION | MESURES PRISES | ÉTAT DE LA QUESTION |
|---|---|---|
| **ACT – Exercice 2014**<br>**IBA-AR(2015)15, section 4**<br><br>**Absence de rapport d'audit interne**<br><br>**Recommandation du Collège**<br>Le Collège recommande qu'à compter du 1er janvier 2015, tous les résultats de tous les audits fassent l'objet d'un rapport écrit et qu'à la fin de chaque année civile, un rapport soit établi pour présentation au chef d'état-major. | Le Collège a constaté que le service d'audit interne avait établi des rapports sur les diverses tâches réalisées, ainsi qu'un rapport global détaillant toutes les activités menées au cours de l'année. La prochaine étape sera de veiller à ce que le service d'audit interne évalue pleinement la gestion des risques et les contrôles internes au sein de l'ACT, comme le prévoit la version révisée du NFR. | Observation<br>**Question rendue caduque par l'observation 1 formulée pour l'exercice 2015.** |
| **ACT – Exercice 2014**<br>**IBA-AR(2015)15, section 5**<br><br>**Comptabilité des biens à améliorer au QG de l'ACT**<br><br>**Recommandation du Collège**<br>Le Collège recommande que des instructions permanentes soient adressées à l'ensemble des sections de sorte que celles-ci puissent fournir les informations nécessaires à la tenue d'un système de comptabilité des biens couvrant l'ensemble de l'ACT. | Le Collège a constaté qu'il n'y avait toujours pas d'inventaire centralisé. | Observation<br>**Question rendue caduque par l'observation n° 3 formulée pour l'exercice 2015.** |
| **ACT – Exercice 2014**<br>**IBA-AR(2015)15, section 6**<br><br>**Non-conformité avec les nouvelles règles relatives à l'indemnité de représentation**<br><br>**Recommandation du Collège**<br>Le Collège recommande que l'ACT veille à se conformer pleinement aux règles relatives à l'indemnité de représentation qui sont entrées en vigueur en 2013, et plus particulièrement à ce que les fonds non utilisés en fin d'exercice soient restitués aux pays. | Le Collège a constaté que le solde des fonds pour l'indemnité de représentation à la fin de 2014 avait été vérifié avec les pays et réutilisé en 2015, conformément au souhait de ces derniers. | Observation<br>**Question réglée.** |

| OBSERVATION/RECOMMANDATION | MESURES PRISES | ÉTAT DE LA QUESTION |
|---|---|---|
| **ACT – Exercice 2013**<br>**IBA-AR(2014)16, section 2**<br><br>**Prise en charge par l'ACT des risques financiers et autres associés au CMRE malgré le transfert officiel de cette entité à l'Organisation pour la science et la technologie (STO)**<br><br>**Recommandation du Collège**<br>Le Collège recommande que l'ACT, la STO et leurs organes directeurs respectifs procèdent à une analyse approfondie des activités du CMRE sous l'angle des risques que l'ACT continue de supporter. Une attention particulière devra être portée à la question des résultats de recherche, et notamment à leur utilité eu égard aux objectifs et aux autres activités de l'OTAN, ainsi qu'au modèle d'exploitation des navires, s'agissant de la propriété, de la redevabilité, de la gouvernance et des coûts de la recherche maritime. | Le Collège a constaté que le transfert des navires avait eu lieu à la fin de 2015. En revanche, il n'y a pas eu d'analyse des activités du CMRE.<br><br>Par ailleurs, à l'issue de l'audit de 2015, le Collège a reçu des informations sur la question de l'utilité des activités du CMRE eu égard aux objectifs de l'OTAN. | Observation<br>**Question réglée.** |
| **ACT – Exercice 2013**<br>**IBA-AR(2014)16, section 3**<br><br>**Absence de procédure permettant de recenser les relations et opérations entre parties liées**<br><br>**Recommandation du Collège**<br>Le Collège recommande à l'ACT et aux commandements qui lui sont subordonnés de mettre en place des procédures dans le cadre desquelles il serait demandé aux principaux gestionnaires et à d'autres agents clés de signer une déclaration pour certifier l'absence de relations ou d'opérations avec des parties liées ou pour signaler l'existence de telles relations ou opérations, selon le cas. | Le Collège avait constaté l'année dernière que l'ACT travaillait à l'identification des personnes ayant une influence sur les achats et contrats / les engagements effectués pour le compte de l'ACT et qu'il comptait obtenir de ces agents des déclarations dans lesquelles ceux-ci certifieraient ne pas avoir de relations ni d'opérations avec des parties liées.<br><br>Les principaux gestionnaires et autres agents clés ne sont toujours pas invités à fournir de telles déclarations.<br>Cela étant, il semblerait qu'en 2016, ces contrôles connaîtront une avancée dans le sens où il sera exigé de tous les gestionnaires et autres agents clés qu'ils signent un | Observation<br>**Question restant à régler**. |

| OBSERVATION/RECOMMANDATION | MESURES PRISES | ÉTAT DE LA QUESTION |
|---|---|---|
| | document d'information sur les parties liées. | |
| ***Commentaire du SACT***<br><br>*Les principaux gestionnaires et autres agents clés fourniront des déclarations d'ici à l'audit de 2016.* | | |
| **ACT – Exercice 2013**<br>**IBA-AR(2014)16, section 5**<br><br>**Absence de confirmation du solde des éléments d'actif et de passif imputables à d'autres entités OTAN en fin d'exercice**<br><br>**Recommandation du Collège**<br>Le Collège recommande à l'ACT, à partir de l'exercice 2014, de se faire confirmer par les autres organismes OTAN concernés le solde des éléments d'actif et de passif leur correspondant en prévision de l'établissement des états financiers. | Le Collège est conscient des améliorations apportées aux arrangements en la matière en 2014 et en 2015 et de l'existence de canaux et de processus officieux permettant au QG de l'ACT de vérifier avec l'ACO et la NCIA les soldes leur correspondant. Il constate néanmoins que cela n'a pas été fait au JWC, au JFTC et au JALLC. Par ailleurs, le Collège juge important que ces processus soient officialisés et que le solde des éléments d'actif et de passif soit confirmé directement par les organismes OTAN concernés. | Observation<br>**Question restant à régler**. |
| ***Commentaire du SACT***<br><br>*L'ACT compte officialiser le processus de confirmation des soldes par la NCIA pour l'établissement des états financiers de 2016. Des mesures seront également prises pour démontrer que la même analyse a été effectuée au JWC, au JFTC et au JALLC.* | | |
| **ACT – Exercice 2013**<br>**IBA-AR(2014)16, section 6**<br><br>**Non-respect des exigences des IPSAS en matière d'informations à fournir**<br><br>**Recommandation du Collège**<br>Le Collège recommande à l'ACT de continuer d'améliorer le contenu des notes jointes aux états financiers de manière à ce que soient pleinement respectées les exigences des IPSAS. | Le Collège a constaté que le contenu des notes devait encore être amélioré sur certains points. Selon le paragraphe 52 de l'IPSAS 18 (*Information sectorielle)*, les produits sectoriels provenant | Observation<br>**Question partiellement réglée.** |

| OBSERVATION/RECOMMANDATION | MESURES PRISES | ÉTAT DE LA QUESTION |
|---|---|---|
| | d'autorisations budgétaires, ceux provenant d'autres sources externes et ceux provenant d'opérations avec d'autres secteurs doivent être présentés séparément. Par ailleurs, le paragraphe 34 de l'IPSAS 20 (*Information relative aux parties liées)*, prévoit qu'une entité doit fournir comme information l'enveloppe de rémunération des principaux dirigeants et le nombre de personnes, déterminé sur la base d'équivalents temps plein, bénéficiant d'une rémunération au sein de cette catégorie, en présentant séparément les grandes catégories des principaux dirigeants et en incluant une description de chaque catégorie. | |
| **ACT – Exercice 2012**<br>**IBA-AR(2013)21, paragraphe 5.3**<br><br>**QG de l'ACT – Montants dus de longue date par les pays**<br><br>**Recommandation du Collège**<br>Le Collège recommande à l'ACT de se concerter avec les pays, et à ces derniers de faire preuve d'esprit de coopération, pour faire en sorte que les montants dus depuis longtemps à l'ACT lui soient versés dans les meilleurs délais. | En 2015, l'ACT a entrepris de recouvrer les fonds dus depuis moins de 365 jours et a pris des dispositions en vue de récupérer les arriérés de plus de 365 jours. Le solde dû par les pays depuis plus de 365 jours a été réduit mais le recouvrement du reste des créances de faible valeur semble de plus en plus improbable. | Observation<br>**Question rendue caduque par l'observation formulée à l'alinéa 1.1.5 de la lettre à la direction**. |

ENCLOSURE 1 TO
7000 TSC MBX 0010/FC2716/NU0274
DATED 30 MAR 2016

# TABLE OF CONTENTS


| | | |
|---|---|---|
| Financial Controller's Foreword and Report | | 1 |
| Statement of Internal Control | | 4 |
| ACT Consolidated Statement of Financial Position | | 6 |
| ACT Consolidated Statement of Net Assets & Equity | | 7 |
| ACT Consolidated Statement of Financial Performance | | 8 |
| ACT Consolidated Cashflow Statement | | 9 |
| ACT Budget Execution Statements | | 10 |
| 1 | Statement of Accounting Policies | 17 |
| 2 | Cash and Cash Equivalents | 24 |
| 3 | Receivables | 24 |
| 4 | Prepayments | 25 |
| 5 | Advances to Non-Consolidated Entities | 25 |
| 6 | Accounts Payable | 25 |
| 7 | Unearned Revenue | 26 |
| 8 | Advance Contributions | 26 |
| 9 | Property, Plant & Equipment | 26 |
| 10 | Revenue | 27 |
| 11 | Reimbursable Revenue and Expenses | 28 |
| 12 | Chapter Expenses | 29 |
| 13 | Staff Resources | 30 |
| 14 | NSIP Overview | 31 |
| 15 | Financial Instruments | 31 |
| 16 | Related Party Transactions | 32 |
| 17 | Representation Allowance | 33 |
| 18 | Budget Execution Statements Overview | 34 |
| 19 | Statement of Budgetary Transfers | 35 |
| 20 | Statement of Credits Carried Forward | 37 |
| 21 | IPSAS Disclosures | 37 |
| 22 | Morale and Welfare Activities | 37 |
| 23 | Statement of Write Off | 38 |
| 24 | Statement of Performance and Position per Entity | 38 |

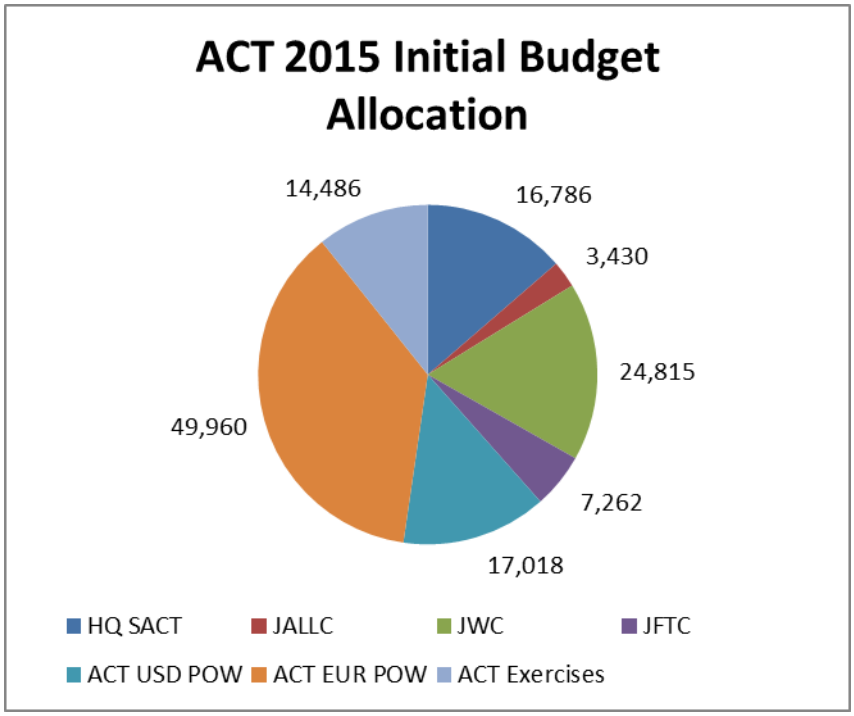
# FINANCIAL CONTROLLER'S FOREWORD AND REPORT ON THE 2015 ACT FINANCIAL STATEMENTS

1. The Allied Command Transformation (ACT) Annual Financial Statements for the ACT Group of Budgets cover the period of 1 January 2015 to 31 December 2015 and have been prepared in accordance with the NATO Financial Regulations (NFRs), as well as International Public Sector Accounting Standards (IPSAS) as decided in 2002 by the North Atlantic Council (NAC) and subsequently modified by their decision to introduce the NATO Adapted Framework.

2. These Financial Statements should be read in conjunction with the ACT Annual Report and together, both documents provide visibility to the Nations on how ACT executed its 2015 programme, committed its resources, and contributed to Alliance Capabilities in accordance with the NATO Military Authorities (NMA) Strategic Priorities and Objectives (SPO) 2015 – 2018. The format follows Military Committee (MC) guidance and seeks to ensure that ACT's work is totally transparent.

## FINANCIAL SUMMARY

3. On January 1, 2015, ACT was awarded a budget of €133.76M (based on January 2014 exchange rates). During the course of the year this was increased to €135.52M in order to support the costs associated with the delivery of the TRIDENT JUNCTURE High Visibility exercise. ACT also received an additional €8.35M in support of Readiness Action Plan activity from the ACO Reorganisation Budget Special Carry Forward. A total of €143.87M was therefore available to the ACT 2015 programmes.



4. As at 31 December 2015 ACT had committed €134.94M or 95% of the total budget. This results in ACT lapsing approximately €6.4M.

| % | 2013 | 2014 | 2015 |
|---|---|---|---|
| ACT Budget Execution | 97.4 | 98.0 | 95 |

Figure 12: ACT budget execution expressed in % of the total amount from 2013 to 2015

5. A significant element of the surplus funds could be attributable to manpower gapping and the reduced cost of contractor support (€1.56M). A further €2.36M was a direct result of Nations bearing additional costs to the exercise budget, with the remaining €2.15M resulting from programme milestone delays with industry and NCIA and lower travel costs in part due to the favourable USD to EUR exchange rate reducing the cost of travel to Europe.

6. ACT requested approval from the Budget Committee to carry forward these surplus funds into 2016 so that they could be applied against the anticipated cut to the ACT programme. This request was denied.

7. An examination of budget commitment and expenditure by input category indicates that 20.53% was expended on Chapter 71 (Personnel Costs); 79.35% was expended on Chapter 72 (Contractual Supplies and Services); and only 0.12% (was expended on Chapter 73 (Capital Investment). The commitment pattern is consistent with expenditure in previous years.

**SIGNIFICANT ACTIVITY**

8. The 2015 ACT Annual Report begins by highlighting the overarching elements of ACT's programme of work presented as Common Threads. It then provides a more detailed insight and a descriptive assessment of the progress made against ACT's programmes. However, this second part embraces a wide range of outputs and outcomes needed to deliver the Command's mission which are grouped under SACT's 6 focus areas, as follows:

a. Capabilities.

b. Command and Control.

c. Logistics and Sustainability.

d. Collective Training and Exercises.

e. Human Capital.

f. Partnerships.

9. The Annual Report describes significant transformational activities executed by ACT during 2015 against each of these objectives

## WAY AHEAD

10. SACT's intent is to continue pursuing a dynamic transformational agenda that represents the best balance between the pressing need to enhance the Alliance's responsiveness and the strategic requirement to focus ACT's effort on safeguarding the long-term military relevance of the Alliance. This balance of effort is the key to ensure an effective and sustainable ACT role as a fundamental contributor to preserve NATO's ability to perform its core tasks now and in the future.

11. In the short to medium term, ACT will continue to implement the outcomes of the Wales Summit and to support the lines of adaptation leading up to and beyond the Warsaw Summit. It is evident that there will continue to be an urgency to accelerate the pace of the Transformation within the Alliance in order to regain the initiative using a more proactive approach to all the threats, whatever their origin.

## NATO ADAPTED ACCOUNTING FRAMEWORK

12. The NATO Adapted Accounting Framework was endorsed by the NAC on 14 February 2013 and applies to all NATO Reporting Entities. This is an adapted version of IPSAS as issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants. The Accounting Framework for NATO was developed to provide minimum requirements for financial reporting for all NATO Reporting Entities. This Framework formed the basis of the 2013 and 2014 ACT financial statements and ACT achieved unqualified audit opinions from the IBAN. ACT continues to apply the NAC endorsed Accounting Framework to these 2015 Consolidated Financial Statements.

## REPORT ON THE STATEMENTS

13. These financial statements incorporate the accounting records of the ACT Headquarters, as well as those of the subordinate Commands within the ACT Budget Group. They have been consolidated under my direction to provide a true and fair view of the financial activities of ACT during financial year 2015.

PETER E. DAHL
Financial Controller
Allied Command Transformation

# STATEMENT ON INTERNAL CONTROL

## The Scope of Responsibility

As Supreme Allied Commander Transformation, I am responsible for maintaining a sound system of internal control that supports the achievement of the Command's policies, aims and objectives. These are articulated in my Strategic Plan and my Strategic Direction and Guidance.

As ACT Financial Controller, I have responsibility for safeguarding the Nations' common funds and assets, in accordance with the responsibilities assigned to me in the NATO Financial Rules and Regulations.

## The Purpose of the System of Internal Control

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

The Command's system of internal control is based on an ongoing process to identify, and prioritise, the principle risks to the achievement of the Command's policies, aims and objectives, to evaluate the nature and extent of those risks being realized, and to manage them effectively, efficiently and economically.

A system of internal control has been in place, throughout the Command, during the year ended 31 December 2015 and up to the date of publication of these Consolidated Financial Statements; this accords with the Nations' guidance.

## Capacity to Handle Risk

Management of risk is essential for the effective achievement of the Command's objectives, and to the way our business is conducted. Our risk mitigation process is strengthened through our comprehensive sets of Directives and Standard Operating Procedures which are available to all staff on the Command's intranet.

## Review of Effectiveness

We are responsible for reviewing the effectiveness of the systems of internal control that support the achievement of the Command's policies, aims and objectives, as set out by the Nations.

Our review of the effectiveness of these systems is informed by the work of our Budget Holders and Fund Managers, and comments made by our external auditors.

We have a responsibility for the development and maintenance of the Command's internal control framework. In particular this includes ensuring that:

- governance processes are operating in an efficient and effective manner;
- comprehensive budget management systems exist, which are linked to NATO's resource management process; and

- there are regular reviews, by the Command's Management Board, which monitor and manage budget activity and financial performance.

In addition, the Command's Code of Conduct is specifically designed to ensure that all members of staff are conscious of their individual responsibilities

We are responsible for reviewing the effectiveness of the Command's systems of internal control.

As such, we are committed to a policy of continuous improvement, of our procedures, regulations and internal processes, so as to provide a comprehensive and relevant process of risk management, compliance and assurance.

A significant addition to our governance, accountability and oversight process is the creation, in 2016, of the ACT Audit Advisory Panel. One of the Panel's first tasks will be in assessing risk, regularity and propriety issues in our overarching areas of asset control, procurement, per diem and hospitality, and income. The COS, who chairs this Panel, will report, to the Command Group, on any risks identified and remedies proposed.

As in the past, we will continue to ensure that:

- qualified officials are assigned to the financial positions reflected in the Command's internal organistaion;
- the tasks and responsibilities of those officials are clearly reflected in the relevant job descriptions;
- formal delegation of authority for financial matters is in place; and
- effective controls are in place, areas of concern are being highlighted and where necessary, effective remedial action is undertaken.

Peter E Dahl
Financial Controller
Allied Command Transformation

Denis Mercier
General, French Air Force
Supreme Allied Commander Transformation

## ACT CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## FOR THE YEAR ENDING 31 DECEMBER 2015
## (EUR)

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| **Cash and Cash Equivalents** | | | |
| *Cash and Cash Equivalents* | 2 | 45,278,308 | 64,943,413 |
| **Receivables** | | | |
| *Receivables* | 3 | 13,787,668 | 6,062,665 |
| *Receivables for cash contributions* | 3/10 | 16,717,798 | |
| **Prepayments & Miscellaneous Assets** | | | |
| *Prepayments* | 4 | 905,474 | 452,848 |
| *Advances to Non Consolidated Entities* | 5 | 220,554 | 382,002 |
| **Total Current Assets** | | 76,909,802 | 71,840,928 |
| **Non-Current Assets** | | | |
| *Property, Plant & Equipment* | 9 | 14,918,130 | 0 |
| **TOTAL ASSETS** | | 91,827,932 | 71,840,928 |
| **LIABILITIES** | | | |
| *Payables* | 6 | 22,080,597 | 16,918,496 |
| *BC Unearned Revenue* | 7/10 | 25,291,111 | 16,311,310 |
| *Other Unearned Revenue* | 7 | 765,102 | 1,405,764 |
| *Advance Contributions* | 8 | 28,343,714 | 36,785,723 |
| *Other Advances* | | 89,053 | 55,013 |
| *Invoices to be Received* | | 340,225 | 364,622 |
| **Total Liabilites** | | 76,909,802 | 71,840,928 |
| **NET ASSETS** | | 14,918,130 | 0 |

## ACT CONSOLIDATED STATEMENT OF NET ASSETS & EQUITY
## FOR THE YEAR ENDING 31 DECEMBER 2014
## (EUR)

| | Notes | 2015 | | 2014 | |
|---|---|---|---|---|---|
| **NET ASSETS AND EQUITY** | | | | | |
| **Net Capital Contributed by Nations** | | | 15,473,344 | | |
| **Accumulated Surpluses/Defecits** | | | | | |
| *Accumulated Surpluses/ Deficits as of 31 Dec prior year* | | 0 | | | 0 |
| *Accumulated Surplus/Deficit for the Period* | | (555,214) | | 0 | |
| *Net Surlus/(Deficit) For The Year* | | | (555,214) | | 0 |
| **Unrealised Gains & Losses** | | | | | |
| Unrealised Translation I-E Gain on consolidation | | 0 | | | |
| | | | 0 | | 0 |
| **TOTAL NET ASSETS & EQUITY** | | | 14,918,130 | | 0 |

## ACT CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
## FOR THE YEAR ENDING 31 DECEMBER 2015
## (EUR)

| | Notes | 2015 | 2014 |
|---|---|---|---|
| **OPERATING REVENUE** | | | |
| *Assessment Calls* | 10 | 143,770,198 | 126,681,392 |
| *Reimbursable Revenue* | 11 | 8,313,016 | 5,919,307 |
| *NSIP Revenue* | 10 | 349,320 | 21,720 |
| *Interest income* | | 146,592 | 254,604 |
| *Other Income* | 10 | 99,849 | 38,486 |
| **Total Operating Revenue** | | 152,678,975 | 132,915,509 |
| **OPERATING EXPENSES** | | | |
| *Personnel Costs* | 12 | 29,188,481 | 26,211,959 |
| *Contractual Supplies and Services* | 12 | 114,221,984 | 100,436,712 |
| *Capital and Investments* | 12 | 147,375 | 44,599 |
| *NSIP Expenditure* | 14 | 286,235 | 21,792 |
| Reimbursable Expenditure | 11 | 8,313,016 | 5,919,306 |
| Depreciation charges | 9 | 555,214 | |
| *Net Realised Exchange Rate Loss* | | 496,710 | 265,167 |
| *Other Expenses* | | 25,176 | 15,974 |
| **Total Operating Expenses** | | 153,234,189 | 132,915,509 |
| **NET SURPLUS/(DEFICIT) FOR THE YEAR** | | (555,214) | 0 |

# ACT CONSOLIDATED CASHFLOW STATEMENT
## FOR THE YEAR ENDING 31 DECEMBER 2015
## (EUR)

| | 2015 | | 2014 | |
|---|---|---|---|---|
| **Cash Flow from Operating Activities** | | | | |
| **Surplus (deficit) from ordinary activities** | | (555,214) | | 0 |
| Increase (decrease) in payables | 5,137,704 | | (3,282,008) | |
| Increase (decrease) in unearned revenue | 8,339,140 | | (7,107,562) | |
| Increase (decrease) in advance contributions | (8,442,009) | | 889,206 | |
| Increase (decrease) in other advances | 34,040 | | (82,122) | |
| Increase (decrease) in depreciation charges | 555,214 | | | |
| (Increase) decrease in Nation's Contribution receivable | (16,717,798) | | - | |
| (Increase) decrease in Receivables | (7,067,692) | | 487,205 | |
| (Increase)/decrease Reimburseable Receivables | (657,312) | | 7,795,857 | |
| (Increase)/decrease Advances / Prepayments | (291,177) | | 3,738,835 | |
| (Increase)/decrease in Inventories | 0 | | - | |
| | | (19,109,890) | | 2,439,410 |
| **Extraordinary Item** | | 0 | | - |
| **Net cash flow from operating activities** | | (19,665,105) | | 2,439,410 |
| Receipts from sale of investments | 0 | | - | |
| Purchase of PPE | 0 | | - | |
| **Net cash flow from investing activities** | | 0 | | - |
| **Cash flows from financing activities** | | | | |
| Receipts from borrowings | 0 | | - | |
| Repayment of borrowings | 0 | | - | |
| **Net cash flows from financing activities** | | 0 | | - |
| **Net increase (decrease) in cash and cash equivalents** | | (19,665,105) | | 2,439,410 |
| **Effect of exchange rate changes on cash and cash equivalents on translation** | | | | |
| **Cash and cash equivalents at beginning of period** | | 64,943,413 | | 62,504,003 |
| **Cash and cash equivalents at end of period** | | 45,278,308 | | 64,943,413 |

# ACT CONSOLIDATED BUDGET EXECUTION STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2015

ALL FIGURES SHOWN IN THE APPROVED BUDGET CURRENCY

| Budgets presented in approved Currency | Initial Authorisation (BA1) | Movements | 1st Mid Year Authorisation (BA2) | Movements | 2nd Mid Year Authorisation (BA3) | Movements | Final Authorisation | Net Commitment | Actual Expenses | Total Commitment/Spend | Carry Forward | Lapse |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **201 Budget - SACT HQ** | | | | | | | | | | | | |
| **2015** | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Personnel | 19,004,949 | 340 | 19,005,289 | (240,000) | 18,765,289 | (235,000) | 18,530,289 | 67,897 | 18,094,374 | 18,162,271 | 67,897 | 368,017 |
| Contractual Supplies & Services | 3,731,906 | (115,005) | 3,616,901 | 119,000 | 3,735,901 | 481,241 | 4,217,142 | 955,185 | 2,948,459 | 3,903,644 | 955,185 | 313,498 |
| 2015 Total | 22,736,855 | (114,665) | 22,622,190 | (121,000) | 22,501,190 | 246,241 | 22,747,431 | 1,023,081 | 21,042,834 | 22,065,915 | 1,023,081 | 681,515 |
| **2014** | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Personnel | 56,759 | 0 | 56,759 | 0 | 56,759 | 0 | 56,759 | 6,250 | 15,152 | 21,402 | 6,250 | 35,356 |
| Contractual Supplies & Services | 1,456,545 | 0 | 1,456,545 | 0 | 1,456,545 | 0 | 1,456,545 | 251,786 | 1,167,617 | 1,419,403 | 251,786 | 37,141 |
| 2014 Total | 1,513,303 | 0 | 1,513,303 | 0 | 1,513,303 | 0 | 1,513,303 | 258,036 | 1,182,770 | 1,440,806 | 258,036 | 72,497 |
| **2013** | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Personnel | 33,879 | 0 | 33,879 | 0 | 33,879 | 0 | 33,879 | 0 | 7,454 | 7,454 | 0 | 26,425 |
| Contractual Supplies & Services | 397,791 | 0 | 397,791 | 0 | 397,791 | 0 | 397,791 | 0 | 31,861 | 31,861 | 0 | 365,930 |
| Capital Investments | 49,995 | 0 | 49,995 | 0 | 49,995 | 0 | 49,995 | 0 | 0 | 0 | 0 | 49,995 |
| 2013 Total | 481,665 | 0 | 481,665 | 0 | 481,665 | 0 | 481,665 | 0 | 39,316 | 39,316 | 0 | 442,350 |
| ***Budget 201 Grand Total*** | ***24,731,823*** | ***(114,665)*** | ***24,617,158*** | ***(121,000)*** | ***24,496,158*** | ***246,241*** | ***24,742,399*** | ***1,281,117*** | ***22,264,919*** | ***23,546,037*** | ***1,281,117*** | ***1,196,363*** |

| Budgets presented in approved Currency | Initial Authorisation (BA1) | Movements | 1st Mid Year Authorisation (BA2) | Movements | 2nd Mid Year Authorisation (BA3) | Movements | Final Authorisation | Net Commitment | Actual Expenses | Total Commitment/Spend | Carry Forward | Lapse |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **257 Budget - ACT USD Programe of Work** | | | | | | | | | | | | |
| **2015** | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Personnel | 762,799 | (2,799) | 760,000 | (10,000) | 750,000 | (165,600) | 584,400 | 54,795 | 523,917 | 578,712 | 54,795 | 5,688 |
| Contractual Supplies & Services | 22,287,901 | (343,669) | 21,944,232 | 313,923 | 22,258,155 | 350,129 | 22,608,284 | 4,057,991 | 16,195,382 | 20,253,373 | 4,057,991 | 2,354,911 |
| 2015 Total | 23,050,700 | (346,468) | 22,704,232 | 303,923 | 23,008,155 | 184,529 | 23,192,684 | 4,112,786 | 16,719,300 | 20,832,085 | 4,112,786 | 2,360,599 |
| **2014** | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Personnel | 50,553 | 0 | 50,553 | 0 | 50,553 | 0 | 50,553 | 15,983 | 33,180 | 49,163 | 15,983 | 1,390 |
| Contractual Supplies & Services | 4,367,317 | 0 | 4,367,317 | 0 | 4,367,317 | 0 | 4,367,317 | 1,183,234 | 2,601,801 | 3,785,035 | 1,183,234 | 582,281 |
| 2014 Total | 4,417,869 | 0 | 4,417,869 | 0 | 4,417,869 | 0 | 4,417,869 | 1,199,217 | 2,634,981 | 3,834,198 | 1,199,217 | 583,671 |
| **2013** | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Personnel | 7,461 | 0 | 7,461 | 0 | 7,461 | 0 | 7,461 | 0 | 0 | 0 | 0 | 7,461 |
| Contractual Supplies & Services | 880,377 | 0 | 880,377 | 0 | 880,377 | 0 | 880,377 | 0 | 313,003 | 313,003 | 0 | 567,374 |
| 2013 Total | 887,838 | 0 | 887,838 | 0 | 887,838 | 0 | 887,838 | 0 | 313,003 | 313,003 | 0 | 574,835 |
| ***Budget 257 Grand Total*** | ***28,356,407*** | ***(346,468)*** | ***28,009,939*** | ***303,923*** | ***28,313,862*** | ***184,529*** | ***28,498,391*** | ***5,312,003*** | ***19,667,284*** | ***24,979,286*** | ***5,312,003*** | ***3,519,104*** |

| Budgets presented in approved Currency | Initial Authorisation (BA1) | Movements | 1st Mid Year Authorisation (BA2) | Movements | 2nd Mid Year Authorisation (BA3) | Movements | Final Authorisation | Net Commitment | Actual Expenses | Total Commitment/Spend | Carry Forward | Lapse |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **252 Budget - Joint Analysis and Lessons Learned Centre** | | | | | | | | | | | | |
| **2015** | € | € | € | € | € | € | € | € | € | € | € | € |
| Personnel | 2,053,752 | (12,750) | 2,041,002 | (7,625) | 2,033,377 | (478,926) | 1,554,451 | 12,551 | 1,471,378 | 1,483,929 | 12,551 | 70,522 |
| Contractual Supplies & Services | 1,376,553 | 12,750 | 1,389,303 | 7,625 | 1,396,928 | 1,434 | 1,398,362 | 38,059 | 1,333,876 | 1,371,935 | 38,059 | 26,427 |
| 2015 Total | 3,430,305 | 0 | 3,430,305 | 0 | 3,430,305 | (477,492) | 2,952,813 | 50,610 | 2,805,254 | 2,855,864 | 50,610 | 96,949 |
| **2014** | € | € | € | € | € | € | € | € | € | € | € | € |
| Personnel | 3,210 | 0 | 3,210 | 0 | 3,210 | 0 | 3,210 | 0 | 2,875 | 2,875 | 0 | 335 |
| Contractual Supplies & Services | 91,676 | 0 | 91,676 | 0 | 91,676 | 0 | 91,676 | 0 | 86,537 | 86,537 | 0 | 5,138 |
| 2014 Total | 94,886 | 0 | 94,886 | 0 | 94,886 | 0 | 94,886 | 0 | 89,413 | 89,413 | 0 | 5,473 |
| ***Budget 252 Grand Total*** | ***3,525,191*** | ***0*** | ***3,525,191*** | ***0*** | ***3,525,191*** | ***(477,492)*** | ***3,047,699*** | ***50,610*** | ***2,894,667*** | ***2,945,277*** | ***50,610*** | ***102,422*** |
| **258 Budget - ACT Euro Programe of Work** | | | | | | | | | | | | |
| **2015** | € | € | € | € | € | € | € | € | € | € | € | € |
| Personnel | 0 | 2,066 | 2,066 | 0 | 2,066 | (1,346) | 720 | 20 | 600 | 620 | 20 | 100 |
| Contractual Supplies & Services | 49,960,090 | 3,509,258 | 53,469,348 | (161,237) | 53,308,111 | 161,532 | 53,469,643 | 3,767,614 | 49,065,622 | 52,833,236 | 3,767,614 | 636,407 |
| 2015 Total | 49,960,090 | 3,511,324 | 53,471,414 | (161,237) | 53,310,177 | 160,186 | 53,470,363 | 3,767,634 | 49,066,222 | 52,833,856 | 3,767,634 | 636,507 |
| **2014** | € | € | € | € | € | € | € | € | € | € | € | € |
| Contractual Supplies & Services | 3,566,464 | 0 | 3,566,464 | 0 | 3,566,464 | 0 | 3,566,464 | 686,119 | 2,712,075 | 3,398,194 | 686,119 | 168,271 |
| 2014 Total | 3,566,464 | 0 | 3,566,464 | 0 | 3,566,464 | 0 | 3,566,464 | 686,119 | 2,712,075 | 3,398,194 | 686,119 | 168,271 |
| **2013** | € | € | € | € | € | € | € | € | € | € | € | € |
| Contractual Supplies & Services | 1,027,852 | 0 | 1,027,852 | 0 | 1,027,852 | 0 | 1,027,852 | 0 | 756,814 | 756,814 | 0 | 271,038 |
| 2013 Total | 1,027,852 | 0 | 1,027,852 | 0 | 1,027,852 | 0 | 1,027,852 | 0 | 756,814 | 756,814 | 0 | 271,038 |
| ***Budget 258 Grand Total*** | ***54,554,407*** | ***3,511,324*** | ***58,065,731*** | ***(161,237)*** | ***57,904,494*** | ***160,186*** | ***58,064,680*** | ***4,453,752*** | ***52,535,111*** | ***56,988,863*** | ***4,453,752*** | ***1,075,816*** |

| Budgets presented in approved Currency | Initial Authorisation (BA1) | Movements | 1st Mid Year Authorisation (BA2) | Movements | 2nd Mid Year Authorisation (BA3) | Movements | Final Authorisation | Net Commitment | Actual Expenses | Total Commitment/Spend | Carry Forward | Lapse |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **259 Budget - ACT Exercise Budget** | | | | | | | | | | | | |
| **2015** | € | € | € | € | € | € | € | € | € | € | € | € |
| Personnel | 104,437 | 369,574 | 474,011 | 17,500 | 491,511 | 106,515 | 598,026 | 0 | 590,265 | 590,265 | 0 | 7,761 |
| Contractual Supplies & Services | 14,381,846 | 745,008 | 15,126,854 | 1,512,500 | 16,639,354 | (106,515) | 16,532,839 | 0 | 14,323,966 | 14,323,966 | 0 | 2,208,873 |
| 2015 Total | 14,486,283 | 1,114,582 | 15,600,865 | 1,530,000 | 17,130,865 | 0 | 17,130,865 | 0 | 14,914,231 | 14,914,231 | 0 | 2,216,634 |
| **2014** | € | € | € | € | € | € | € | € | € | € | € | € |
| Personnel | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractual Supplies & Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (191,791) | (191,791) | 0 | 191,791 |
| 2014 Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (191,791) | (191,791) | 0 | 191,791 |
| **2013** | € | € | € | € | € | € | € | € | € | € | € | € |
| Personnel | 0 | 0 | 0 | 0 | 0 | 15,850 | 15,850 | 0 | 14,378 | 14,378 | 0 | 1,472 |
| Contractual Supplies & Services | 0 | 0 | 0 | 0 | - | 8,332,270 | 8,332,270 | 0 | 7,650,521 | 7,650,521 | 0 | 681,749 |
| 2015 Total | 0 | 0 | 0 | 0 | 0 | 8,348,120 | 8,348,120 | 0 | 7,664,900 | 7,664,900 | 0 | 683,220 |
| ***Budget 259 Grand Total*** | ***14,486,283*** | ***1,114,582*** | ***15,600,865*** | ***1,530,000*** | ***17,130,865*** | ***8,348,120*** | ***25,478,985*** | ***0*** | ***22,387,340*** | ***22,387,340*** | ***0*** | ***3,091,645*** |

| Budgets presented in approved Currency | Initial Authorisation (BA1) | Movements | 1st Mid Year Authorisation (BA2) | Movements | 2nd Mid Year Authorisation (BA3) | Movements | Final Authorisation | Net Commitment | Actual Expenses | Total Commitment/Spend | Carry Forward | Lapse |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **255 Budget - Joint Warfare Centre** | | | | | | | | | | | | |
| **2015** | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* |
| Personnel | 83,409,687 | (333,161) | 83,076,526 | (2,674,500) | 80,402,026 | (1,597,855) | 78,804,171 | 1,422,690 | 77,157,462 | 78,580,152 | 1,422,690 | 224,019 |
| Contractual Supplies & Services | 123,325,799 | (19,760,395) | 103,565,404 | 2,686,950 | 106,252,354 | 1,357,855 | 107,610,209 | 10,990,014 | 96,231,800 | 107,221,814 | 10,990,014 | 388,395 |
| Capital Investments | 0 | 150,000 | 150,000 | (12,450) | 137,550 | 240,000 | 377,550 | 216,521 | 122,500 | 339,021 | 216,521 | 38,529 |
| 2015 Total | 206,735,486 | (19,943,556) | 186,791,930 | 0 | 186,791,930 | 0 | 186,791,930 | 12,629,225 | 173,511,762 | 186,140,987 | 12,629,225 | 650,943 |
| **2014** | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* |
| Personnel | 4,608,686 | 0 | 4,608,686 | 0 | 4,608,686 | 0 | 4,608,686 | 0 | 4,346,667 | 4,346,667 | 0 | 262,019 |
| Contractual Supplies & Services | 16,900,429 | 0 | 16,900,429 | 0 | 16,900,429 | (330,000) | 16,570,429 | 247,039 | 14,611,277 | 14,858,317 | 247,039 | 1,712,113 |
| Capital Investments | 0 | 0 | 0 | 0 | 0 | 330,000 | 330,000 | 0 | 265,614 | 265,614 | 0 | 64,386 |
| 2014 Total | 21,509,115 | 0 | 21,509,115 | 0 | 21,509,115 | 0 | 21,509,115 | 247,039 | 19,223,558 | 19,470,597 | 247,039 | 2,038,518 |
| **2013** | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* | *NOK* |
| Personnel | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (131,550) | (131,550) | 0 | 131,550 |
| Contractual Supplies & Services | 2,647,968 | 0 | 2,647,968 | 0 | 2,647,968 | 0 | 2,647,968 | 0 | 2,535,100 | 2,535,100 | 0 | 112,867 |
| 2013 Total | 2,647,968 | 0 | 2,647,968 | 0 | 2,647,968 | 0 | 2,647,968 | 0 | 2,403,551 | 2,403,551 | 0 | 244,417 |
| ***Budget 255 Grand Total*** | ***230,892,569*** | ***(19,943,556)*** | ***210,949,013*** | ***0*** | ***210,949,013*** | ***0*** | ***210,949,013*** | ***12,876,264*** | ***195,138,871*** | ***208,015,135*** | ***12,876,264*** | ***2,933,878*** |

| Budgets presented in approved Currency | Initial Authorisation (BA1) | Movements | 1st Mid Year Authorisation (BA2) | Movements | 2nd Mid Year Authorisation (BA3) | Movements | Final Authorisation | Net Commitment | Actual Expenses | Total Commitment/Spend | Carry Forward | Lapse |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **256 Budget Joint Forces Training Centre** | | | | | | | | | | | | |
| **2015** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** |
| Personnel | 6,007,437 | 1 | 6,007,438 | 0 | 6,007,438 | 1,790,555 | 7,797,993 | 12,000 | 5,176,722 | 5,188,722 | 12,000 | 2,609,271 |
| Contractual Supplies & Services | 24,540,705 | (6,914,171) | 17,626,534 | (431,000) | 17,195,534 | (1,784,880) | 15,410,654 | 2,184,639 | 13,095,336 | 15,279,975 | 2,184,639 | 130,680 |
| Capital Investments | 0 | 35,000 | 35,000 | 431,000 | 466,000 | (5,675) | 460,325 | 431,000 | 29,325 | 460,325 | 431,000 | 0 |
| 2015 Total | 30,548,142 | (6,879,170) | 23,668,972 | 0 | 23,668,972 | 0 | 23,668,972 | 2,627,639 | 18,301,383 | 20,929,021 | 2,627,639 | 2,739,951 |
| **2014** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** |
| Personnel | 10,268 | 0 | 10,268 | 0 | 10,268 | 0 | 10,268 | 0 | 10,013 | 10,013 | 0 | 255 |
| Contractual Supplies & Services | 7,208,983 | 0 | 7,208,983 | 0 | 7,208,983 | 0 | 7,208,983 | 163,835 | 6,737,870 | 6,901,706 | 163,835 | 307,278 |
| Capital Investments | 429,285 | 0 | 429,285 | 0 | 429,285 | 0 | 429,285 | 0 | 406,560 | 406,560 | 0 | 22,725 |
| 2014 Total | 7,648,536 | 0 | 7,648,536 | 0 | 7,648,536 | 0 | 7,648,536 | 163,835 | 7,154,444 | 7,318,279 | 163,835 | 330,257 |
| **2013** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** | ***PLN*** |
| Personnel | 12,895 | 0 | 12,895 | 0 | 12,895 | 0 | 12,895 | 0 | 1,097 | 1,097 | 0 | 11,799 |
| Contractual Supplies & Services | 1,231,811 | 0 | 1,231,811 | 0 | 1,231,811 | 0 | 1,231,811 | 0 | 778,687 | 778,687 | 0 | 453,124 |
| 2013 Total | 1,244,706 | 0 | 1,244,706 | 0 | 1,244,706 | 0 | 1,244,706 | 0 | 779,784 | 779,784 | 0 | 464,922 |
| ***Budget 256 Grand Total*** | ***39,441,384*** | ***(6,879,170)*** | ***32,562,214*** | ***0*** | ***32,562,214*** | ***0*** | ***32,562,215*** | ***2,791,474*** | ***26,235,610*** | ***29,027,084*** | ***2,791,474*** | ***3,535,130*** |

# NOTES TO THE ACCOUNTS

## 1. STATEMENT OF ACCOUNTING POLICIES

### Basis of Preparation

The financial statements of Allied Command Transformation (ACT) have been prepared on the accrual basis of accounting in accordance with the NATO Accounting Framework issued by the North Atlantic Council (NAC), which modified certain International Public Sector Accounting Standards (IPSAS) as detailed below. The NAC took the decision to introduce IPSAS in 2002 and then approved the NATO Accounting Framework in 2013. These 2015 financial statements are also prepared in accordance with the accounting requirements of the new NATO Financial Regulations (NFRs), which were introduced on 01 May 2015, as well as the associated Financial Rules and Procedures (FRPs).

### Measurement Base

The accounting principles recognized as appropriate for the measurement and reporting of the financial performance, cash flows, and financial position on an accrual basis using historical cost are followed in the preparation of the financial statements.

### NATO Accounting Framework

The accounting framework for all NATO Reporting Entities is an adapted version of IPSAS as issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants. This Accounting Framework for NATO was developed to provide minimum requirements for financial reporting for all NATO Reporting Entities following endorsement by the NAC on 14 February 2013 of an IPSAS-adapted Accounting Framework for the Alliance.

This Accounting Framework is applicable for financial reporting periods beginning on 1 January 2013 and is the basis for the preparation of these accounts. Currently the Accounting Framework allows variation from four IPSAS:

- IPSAS 6 - Consolidated and Separate Financial Statements
- IPSAS 12 - Inventories
- IPSAS 17 - Property, Plant, and Equipment
- IPSAS 31 - Intangible Assets

The objective of the adaptation to IPSAS 6 is to allow for the non-consolidation of Morale and Welfare Activities (MWA) and/or Staff Association activities. The objective of the adaptations to IPSAS 12, 17 & 31 is in the main to allow entities to expense all items acquired prior to the implementation date of 01 January 2013. Note 1 (viii) below refers.

### Currency

The financial statements are presented in Euros (€) rather than the currency in which ACT is domiciled.

### Accounting Policies

The following specific accounting policies that materially affect the measurement of financial performance and the financial position are applied:

i) Basis for Consolidation

The consolidated financial statements, prepared in terms of IPSAS 6, *Consolidated and Separate Financial Statements*, include the financial results of ACT as the controlling entity exercising control over the controlled entities listed below. Inter-entity balances and transactions have been eliminated on consolidation.

- Joint Warfare Centre (JWC),
- Joint Force Training Centre (JFTC), and
- Joint Analysis and Lessons Learned Centre (JALLC),

MWA is not consolidated as per the NATO Accounting Framework, which ACT implemented from 01 January 2013.

ii) Consolidated Cash Flow Statement

The consolidated ACT Cash Flow Statement has been compiled using the indirect method.

The following are definitions of the terms used in the consolidated statement of cash flows:

- Cash and cash equivalents comprise cash on hand, current bank balances, and short-term deposits that can be converted to cash within two working days.
- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition, holding, and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.
- Financing activities are those activities that result in changes to the size and composition of ACT's capital structure. This includes both equity and debt not falling within the definition of cash.

iii) Segmental Reporting

The ACT consolidation group consists of a number of individual entities as detailed in Note 23. These entities are kept as separate segments for accounting purposes. The individual accounts of these segments are balanced in their functional currency and the inter-entity transactions are removed on consolidation within the ACT group of accounts.

iv) Foreign Currency Transactions

Foreign currency transactions have been recorded in the entity's budget currency by applying the declared NATO exchange rate between the budget currency and foreign currency at the date of the cash outflow/inflow. Realised gains and losses resulting from the settlement of such transactions are recognised as revenue and expenses in the Statement of Financial Performance. Monetary assets and liabilities at year-end which were denominated in foreign currencies were translated into Euro using the NATO rates of exchange applicable at 31 December 2015. Non-Monetary

items use the NATO rates of exchange applicable at the date of the transaction.

On consolidation, unrealised translation gains and losses were recorded in the Statement of Financial Performance as a result of the application of weighted average rates of exchange throughout the year and in the Statement of Financial Position due to exchange rates applicable at 31 December 2015.

v) Cash and Cash Equivalents

Cash and cash equivalents are defined as current assets. They include cash on hand, deposits held with banks and other short-term (3 months), highly liquid investments, the carrying value of which approximate fair value due to their short maturities.

vi) Receivables

Receivables are stated at their estimated realisable value after providing for doubtful and uncollectible debts.

vii) Inventory

Inventories held across ACT are considered to be insignificant in terms of having a material impact on the financial statements. As such, ACT does not capitalise the limited inventory holdings but charges such costs to the Statement of Financial Performance when incurred.

Should an asset meet the definition of inventory as per IPSAS 12 (Inventories) and that individual item be considered material, such inventory shall be valued at the lower of historical cost or net realisable value. The Weighted Average Cost methodology is used to calculate the average historical cost held within inventory. Provision is made to reduce the carrying cost of inventory to the net realisable value where there is no expectation of consumption or sale in the ordinary course of business; such provision will be released to expenses on consumption, disposal and write off.

viii) Property, Plant & Equipment

ACT has adopted the NATO Accounting Framework to account for Property, Plant & Equipment (PP&E) and will use the minimum capitalisation thresholds detailed in that Framework. These capitalisation thresholds, together with the depreciation life and methodology are detailed in the table on the following page.

In addition to the standard assessment of "substance over form", the ACT fixed assets policy to comply with PP&E accounting establishes the criteria to be used to assist in assessing the level of control that ACT has for reporting assets in its financial statements. Criteria that evidence the control of PP&E are detailed in that policy.

| 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 | |
| Installed equipment | €30,000 | 10 years | |
| Machinery | €30,000 | 10 years | |
| Vehicles | €10,000 | 5 years | |
| Mission equipment | €50,000 | 3 years | |
| Furniture | €30,000 | 10 years | |
| Communications | €50,000 | 3 years | |
| Automated information systems (AIS) | €50,000 | 3 years | |

In accordance with the NAC approved Accounting Framework and the ACT policy on accounting for PP&E, consolidated entities will consider PP&E acquired before 01 January 2013 as fully expensed. PP&E held prior to 01 January 2013, and not previously recognized as an asset, are disclosed in the table below:

| PP&E category | Approximate number of items | Location of asset | comments |
|---|---|---|---|
| Buildings | 1 geographical HQ location | HQ SACT, Norfolk, Virginia | Buildings were either provided free of charge or fully expensed prior to 01 January 2013. Includes installed equipment. |
| Buildings | 1 geographical HQ location | JWC, Stavanger, Norway | |
| Buildings | 1 geographical HQ location | JFTC, Bydgoszcz Poland | |
| Buildings | 1 geographical HQ location | JALLC, Lisbon, Portugal | |
| Vehicles | 9 | HQ SACT, Norfolk, Virginia | All vehicles held at the HQs were purchased prior to 01 January 2013 and have been fully expensed in the year of purchase. |
| Vehicles | 21 | JWC, Stavanger, Norway | |
| Vehicles | 7 | JFTC, Bydgoszcz Poland | |
| Vehicles | 4 | JALLC, Lisbon, Portugal | |
| Ships | 2 | CMRE, La Spezia, Italy | Although located at CMRE, these vessels are under SACT control |

*The Statement of Accounting Policies and the accompanying notes form part of the financial statements.*

The two research vessels referred to in the table above are solely used by the CMRE, located in La Spezia, Italy. As a result of the Command Structure Review and Agency Reform, on 01 July 2012 the NURC was integrated into the newly created NATO Science & Technology Organisation (STO) as the CMRE. Since 01 January 2013, the CMRE operates under a customer funded regime. SACT is currently the main customer to the CMRE, and maintained custody of the vessels until 31 December 2015. C-M(2013)0069 dated 11 December 2013, and signed by the Secretary General, refers. On 01 January 2016, responsibility for these two vessels transferred to the STO.

During 2015, ACT staff conducted a thorough analysis of all purchases made during the year to establish if any fell within the categories and capitalisation thresholds detailed in the table above.

In addition to the expenditure on the renovation of a generator, which has been capitalized, a major construction project to extend the main building at HQ SACT in Norfolk was completed in early 2015. This project was separately funded by NSIP with the United States acting as Host Nation. Upon completion the asset was handed over to ACT and so has been recorded as PP&E in these 2015 financial statements. A similar instance was recognised for the furniture that was installed in the new office accommodation.

ix) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease as charges are paid annually. Additionally, due to the no-penalty release clause in these contracts, ACT had no outstanding commitments for operating leases at the end of this financial year.

x) Impairment

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price or its value in use. Gains and losses on disposal are determined by comparing proceeds with the carrying amounts, based on historic cost application, and are included in the Statement of Financial Performance in the year concerned.

Repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

xi) Unearned Revenue and Advance Calls for Contributions

Revenue is defined as the contributions of the member nations which for the purposes of the financial statements equate to the budgetary cash costs of ACT, net

of earned interest and any revenue in respect of other NATO bodies. As contributions from nations are recognised as non-exchange transactions, revenue is recognised when it is earned.

Unearned revenue represents the contributions received from Nations and/or third parties that have been called for current or prior year budgets but that have not yet been recognised as revenue.

Advance calls for contributions are contributions received related to future years' budgets.

xii) Current Loans

Inter-entity loans provided at 0% interest have been eliminated upon consolidation.

xiii) Payables

Payables are amounts due to third parties based on goods and services provided that remain unpaid. This includes an estimate of accrued obligation to third parties for goods and services received but not yet invoiced.

xiv) Provisions

Provisions are recognised when there is a legal or constructive obligation as a result of a past event, 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.

xv) Financial Instruments

ACT uses only non-derivative financial instruments as part of its normal operations. These financial instruments could include bank accounts, certificates of deposit, accounts receivable and accounts payable.

All financial instruments are recognized in the statement of financial position at their fair values.

xvi) Revenue

Revenue is the gross inflow of economic benefit or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.

Revenue for Administrative Budgets – Contributions to the Budget is initially recorded as unearned revenue liabilities in the Statement of Financial Position. They are recognised as revenue in the Statement of Financial Performance when such contributions are used for their intended purpose as envisioned in the operational budget.

xvii) Employee Entitlements

Employee entitlements to salaries, wages, annual vacation, pension costs, and other benefits are recognized when they are earned. Annual vacation and other leave have been calculated on an actual entitlement basis at current rates of pay.

ACT contributes to an employee defined contribution retirement benefit plan. Payments to the defined contribution retirement benefit plan are recognized as expenses as they become due.

xviii) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they occur unless they can be directly attributable to the acquisition, construction or production of a qualifying asset. In this case borrowing costs are capitalised as part of the cost of that asset.

xix) Taxation

Within the scope of its official activities, ACT's assets, property and income are exempt from all direct taxes and duties levied upon goods and services acquired or imported.

xx) Use of Estimates

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions made by management using the most reliable information available to them.

Estimates include accrued revenue and expenses and actual results may differ from those estimates. Changes in estimates are reflected in the period in which they become known.

xxi) Contingent Liabilities

A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events wholly within the control of ACT; or a present obligation that arises from past events but is not recognised because the amount of the obligation cannot be measured with sufficient reliability.

xxii) Trust Funds

ACT manages a number of trust funds on behalf of other entities and controls a number of specific Trust Funds. NATO recognises an asset when it controls access to the asset and gains economic benefit or service potential but matches this to an equal liability. The entity does not recognise any expenditure or revenue in relation to the Trust Funds in its statement of financial performance which it does not control

xxiii) Changes in Accounting Policies

There were no significant changes in accounting policies for these 2015 ACT consolidated financial statements.

xxiv) Reclassifications

There were no reclassifications necessary for the prior years' consolidated financial statements.

## 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held on deposit in financial institutions in instant access accounts.

| | 2015 | 2014 |
|---|---|---|
| Total Euro Accounts | 23,278 | 35,183 |
| Total non-Euro Accounts | 22,000 | 29,761 |
| | 45,278 | 64,944 |

All non-Euro denominated currencies were converted to Euros using the NATO spot exchange rate for applicable currencies in the Statement of Financial Position as at 31 December 2015.The Euro account includes an amount of €170k which represents the remainder of funds deposited by nations at the end of December 2014 contributing to a Voluntary National Contribution Fund (VNCF) operated by HQ SACT. The funds are being used to provide training during 2015 and 2016 for weapons inspector teams from NATO nations, as well as Partnership for Peace (PfP) countries. Deposits were also received by ACT during 2015 in relation to another VNCF for a Commander's Counter-Marauding Terrorist Course and these amounted to €35k. However, these funds were all expensed during 2015.

The cash holdings are significantly lower than the previous year, which is a result of two nations not paying their cash call contributions by the end of 2015. As a result, ACT carried a €16.7m receivable for cash call contributions in these financial statements (Note 3 refers).

## 3. RECEIVABLES

| | 2015 | 2014 |
|---|---|---|
| Receivables | 13,788 | 6,063 |
| Receivables for cash calls from nations | 16,718 | 0 |
| | 30,506 | 6,063 |

As at 31 December 2015, ACT had not received full settlement of the 2nd 2015 cash call. ACT was still awaiting funds from nations for significant parts of the Euro call, the Norwegian Kroner (NOK) call and the entire Polish Zloty (PLN) call. While the Euro and NOK calls were settled in January 2016, the PLN call was not deposited on the ACT bank account until March 2016.

The significant increase in regular receivables is explained by a single transaction for over €7m. HQ SACT raised an invoice to ACO for cash that was to be transferred in relation to a budgetary transfer. Due to the nature of the transaction, the invoice was raised in the accounting system at year end and ACO had no opportunity to settle prior to 31 December 2015.

Towards the latter part of 2015, the Central European Bank imposed a 0.2% negative interest charge on non-European banks holding Euro currency. This rose to 0.3% by the year end. In order to minimize these charges ACT negotiated with their US bank on maximum Euro holdings that could be held on deposit with no charge. As a temporary measure Euro funds were transferred to a non-consolidated, European based NATO entity in January 2016 and ACO was asked not to settle this outstanding receivable in order to minimize Euro deposits held by ACT.

## 4. PREPAYMENTS

The following prepayments were recorded:

| | 2015 | 2014 |
|---|---|---|
| Prepayments to 3rd Party Suppliers | 905 | 453 |

Prepayments to third party suppliers relate to payments made in advance of goods or services rendered, which will reflect terms and conditions of a contract or agreement. Such prepayments are offset against final payments upon receipt of a final invoice.

## 5. ADVANCES TO NON CONSOLIDATED ENTITIES

The following advances were made:

| | 2015 | 2014 |
|---|---|---|
| Advances to non-consolidated entities | 221 | 382 |
| Total advances | 221 | 382 |

Advances to vendors are recovered from payments made during 2016.

## 6. ACCOUNTS PAYABLE

Accounts Payable is detailed below:

| | 2015 | 2014 |
|---|---|---|
| Suppliers | 8,891 | 9,254 |
| Staff Members | 108 | 107 |
| Non-Consolidated NATO Entities | 11,279 | 7,523 |
| Governments | 1,798 | 0 |
| Other payables | 5 | 34 |
| | 22,081 | 16,918 |

The Accounts Payable in relation to Non-Consolidated NATO entities has increased significantly but this is primarily because of end of year accruals. A number of

services were received for which ACT had yet to receive an invoice and so consequently these are reflected in the end of financial year payable position.

## 7. UNEARNED REVENUE

Unearned revenue consists of contributions and other transfers received or receivable, but for which corresponding charges will be incurred after the reporting date. For the financial year ending 31 December 2015, €25.3m was attributable to BC Unearned Revenue (See Note 10).
An additional €765k is attributable to Other Unearned Revenue and the majority of this (€551k) relates to NSIP, with the remaining balance (€214k) relating to the Trust Funds operated by HQ SACT (see Note 2 above).

## 8. ADVANCE CONTRIBUTIONS

Advance Contributions correspond to cash called from the Nations for the following financial year and represent approximately 25% of the total ACT budget allocation.

| | 2015 | 2014 |
|---|---|---|
| Advance Contributions | 28,344 | 36,786 |

As outlined in Note 3 above, at 31 December 2015, ACT had not received full settlement of the 2nd 2015 cash call and therefore the advance contributions received by nations for 2016 is significantly lower than the previous year.

## 9. Property, Plant & Equipment

In early 2015, HQ SACT took control of the office space constructed as an extension to the main HQ building in Norfolk, Virginia, USA. This construction work had been ongoing for a number of years and takes the form of 2 additional wings to the HQ building.

Although the revenues and expenses for this project did not go though the ACT accounting system, under the requirements of both IPSAS and the NATO Accounting Framework this construction is required to be capitalized. As such ACT reflects the asset value of the building extension, as well as the depreciation charges in these financial statements.

Additionally, the costs associated with the heating and air conditioning system that was installed specifically for the building extension has been capitalized under installed equipment. Finally, the furniture that was installed in the new office accommodation afforded has also been capitalized and is shown as a separate asset.

The figure detailed in the table below for installed equipment also includes the cost of a generator that was extensively modernised using NSIP funds held by HQ SACT. Since these latter costs, amounting to €370k, have been capitalized, the in-year expenses and matching revenues were removed at consolidation from the NSIP accounts in accordance with normal accounting procedure.

Overall totals for the assets that have been capitalized and the associated

depreciation charges are shown in the Statement of Performance and Statement of Position. However, details of the individual categories of asset are show in the table below.

| | Buildings EUR | Installed Equipment EUR | Furniture EUR | Total EUR |
|---|---|---|---|---|
| Cost | | | | |
| **Balance at 1 January 2015** | | | | |
| Additions | 12,236,574 | 1,998,667 | 1,238,103 | 15,473,344 |
| Disposals | | | | |
| Revaluation | | | | |
| **Balance at 31 December 2015** | **12,236,574** | **1,998,667** | **1,238,103** | **15,473,344** |
| | | | | |
| **Accumulated depreciation** | | | | |
| Balance at 1 January 2015 | 0 | 0 | 0 | **0** |
| Depreciation expense | 280,421 | 161,300 | 113,493 | **555,214** |
| **Balance at 31 December 2015** | **280,421** | **161,300** | **113,493** | **555,214** |
| | | | | |
| **Net book value** | | | | |
| Balance at 1 January 2015 | | | | |
| **Balance at 31 December 2015** | **11,956,152** | **1,837,367** | **1,124,611** | **14,918,130** |

## 10. REVENUE

Revenue is recognised to the extent that it is probable that the economic benefit will flow to ACT and that such revenue can be measured reliably. Contributions, when called, are booked as an advance under unearned revenue and subsequently recognised as revenue when earned.

The following key revenue items are presented:

| **Recognised Revenue** | **2015** | **2014** |
|---|---|---|
| Assessment Calls/Contributions | 143,770 | 126,681 |
| NSIP Revenue | 349 | 22 |
| Other income | 100 | 38 |

An analysis of ACT's cash receipts from Nations' is as follows:

| | Euro '000 | USD '000 | NOK '000 | PLN '000 |
|---|---|---|---|---|
| Cash Receipt by currency during 2015 | 61,076 | 39,962 | 147,573 | 15,864 |
| Amount in Euros (for comparison only) | 61,076 | 35,899 | 16,496 | 3,785 |

*The Statement of Accounting Policies and the accompanying notes form part of the financial statements.*

Nations' contributions are set by the requirements of the Nations' cost shares, approved by the NAC. In this respect, the cash receipts in the table above represent the sums of money that Nations deposited on ACT bank accounts in relation to the two cash calls made by the NATO International Staff during 2015. ACT's end of year cash position reflects the fact that as per Note 3, the nations had not settled all cash calls by 31 December 2015.

Reconciliation of Revenue and Unearned Revenue:

| | | |
|---|---|---|
| Unearned Revenue - Opening Balance 1 January 2015 (31 December 2014 rate) | | 16,311 |
| Advance Contributions from 2014 | 36,786 | |
| *Translation Adjustment* | 1,095 | |
| Contributions called and Received in 2015 | 117,256 | |
| *Translation Adjustment* | 1,259 | |
| Contributions still to be Received | 16,718 | |
| Transfer in from non-consolidated entity Budget | 8,348 | |
| Total Contributions | | 181,462 |
| | | 197,773 |
| Advance Contributions for 2016 | -28,344 | |
| Revenue recognised in 2015 | -143,770 | |
| *Translation Adjustment* | -368 | |
| | | -172,482 |
| Unearned Revenue - Closing Balance at 31 December 2015 | | 25,291 |

## 11. REIMBURSABLE REVENUE AND EXPENSES

Reimbursable activity within ACT is comprised of two elements: activity undertaken between entities within the ACT consolidation group (inter-entity) and activity undertaken between the ACT group and a 3rd party (reimbursable). The inter-entity activity has been eliminated from the ACT consolidated accounts. That is to say that Revenue and Expenditure has only been recorded once in the accounts and not by both consolidating entities. In addition, the end of year asset and liability position between consolidating entities has also been balanced and eliminated.

With regard to 3rd party reimbursable activity some €8.3m of activity has been undertaken during 2015.

The receivable in Note 3 includes €1.8m for invoices that still need to be prepared at the end of the financial year. For the majority of this amount, ACT has yet to receive and pay an invoice since the corresponding expenditure reflects accruals for goods and services provided. The receivable is necessary under the matching concept as the expense, although neither invoiced or paid, has been accrued due to the services already being delivered.

Allied Command Transformation
Notes to the Financial Statements
For the year ended 31 December 2015
All amounts stated in Thousands of Euros (€'000), unless otherwise stated

## 12. CHAPTER EXPENSES

The expenditure shown in the Statement of Financial Performance has been calculated after charging the following main elements:

| | 2015 | 2014 |
|---|---|---|
| **Chapter 1** | | |
| Salaries & associated costs | 26,611 | 23,993 |
| Consultants | 1,396 | 1,182 |
| Training | 820 | 663 |
| Other | 362 | 374 |
| **TOTAL** | 29,189 | 26,212 |

| | | |
|---|---|---|
| **Chapter 2** | | |
| General support and Utility costs | 8,906 | 4,945 |
| Contractors | 51,086 | 50,517 |
| Travel and subsistence | 18,493 | 11,742 |
| AIS Support | 28,658 | 27,683 |
| Mission equipment costs | 99 | 141 |
| Communications | 1,383 | 463 |
| Training | 5,597 | 4,901 |
| R&D supplies | 0 | 45 |
| **TOTAL** | 114,222 | 100,437 |

| | | |
|---|---|---|
| **Chapter 3** | | |
| AIS Capital & Investment | 66 | 19 |
| Communications Capital Investment | 27 | 19 |
| Building Infrastructures | 7 | 0 |
| Land & Structures | 24 | 0 |
| Other | 23 | 7 |
| **TOTAL** | 147 | 45 |

Expenses relating to contractors are reflected in Chapter 2 and reflects the Budget Committee guidance set out in paragraph 2.2.3 of MBC-M(2010)0039. A significant part of this category of expenditure is with the CMRE. In 2015, ACT incurred €26.7m of expenditure relating to contractor services provided by CMRE. The other significant amount expensed by ACT in relation to contractor costs were payments made to NCIA for the Programme of Work. In 2015, these amounted to €9m. An additional €5.5m were payments for contractors supporting deliverables at JWC.

The increase in travel expenditure in 2015 is due to ACT recording expenditure for the participation in the LIVEX, Trident Juncture exercise; the participation of external HQs in TRIDENT Joust; in NOBLE JUMP and the deployment costs for 3 HQs in TRIDENT Jaguar. These are not standard travel costs as these cover expenditure for the transportation of multiple HQs to exercise locations.

Allied Command Transformation
Notes to the Financial Statements
For the year ended 31 December 2015
All amounts stated in Thousands of Euros (€'000), unless otherwise stated

## 13. STAFF RESOURCES

a) Analysis of staff costs - the aggregate staff costs, including grants and allowances paid, are detailed below.

| | 2015 | 2014 |
|---|---|---|
| Salaries of Civilian Staff | 17,239 | 15,573 |
| Allowances of Civilian Staff | 4,852 | 4,416 |
| Contributions to Health Insurance (c) | 3,128 | 2,732 |
| Contributions to Pension Funds (d) | 1,165 | 985 |
| | 26,384 | 23,706 |

b) Analysis of staff numbers - the number of full-time equivalent persons employed as at 31 December 2015 was:

| | HQ SACT | JWC | JFTC | JALLC |
|---|---|---|---|---|
| Military | 507 | 178 | 86 | 40 |
| Civilian | 109 | 56 | 15 | 9 |
| Temporary Civilian | 3 | 0 | 0 | 7 |
| Local Wage Rate (LWR) | 0 | 10 | 0 | 0 |
| Total | 619 | 244 | 101 | 56 |
| | | | | |
| Voluntary National Contributions | 36 | 2 | 0 | 4 |
| Partnership for Peace (PfP) | 4 | 1 | 2 | 1 |
| Overages in addition to VNC | 2 | 2 | 0 | 0 |

c) Health Insurance - all civilian members of ACT are members of the NATO Health Insurance Scheme, providing sickness, maternity, accident, disablement and death benefits to staff members, their spouses and children. Staff members pay contributions of approximately 4% to 9% of gross salary, which are matched by contributions paid by SACT. For 2015 ACT contributions totalled €3.128m.

d) Contributions to Pension Funds

**The NATO Defined Contribution Pension Scheme:** came into effect on 1 July 2005 and provides for the communal investment of contributions in respect of civilian staff of ACT accorded international status under the NATO Charter. Staff pay contributions equivalent to 8% of their monthly basic salary, and ACT pays a 13% contribution. The assets and liabilities for this scheme are accounted for centrally at NATO Headquarters, located in Brussels, Belgium and are not recognised in these financial statements.

**The NATO Provident Fund:** is a scheme where contributions are invested in a managed account. Staff members make contributions representing 7% of their monthly basic salary, and ACT makes a contribution of 14% of the same monthly salary.

**The NATO Coordinated Pension Scheme:** staff members make contributions representing 9.5% of their monthly salary.

Contributions are expensed during the year in which the services are rendered and represent the total pension obligation for ACT. Total pension contributions of ACT across the 3 schemes outlined above totalled €1,165k during 2015.

**Untaken Leave**

NATO regulations allow civilian staff to carry forward untaken leave days to the following year. The regulation stipulates that any days carried forward must be taken by 30 April of the following year or the leave days are forfeited. Carry forward beyond this date is only approved by the Human Resources Branch in exceptional circumstances. At the end of 2015, ACT civilian staff across all Headquarters carried forward 1,650 leave days. Although this represents a liability to the organisation, the number of days is broadly consistent with previous years and the vast majority of days are taken by 30 April of the following year. In view of this fact, ACT does not recognise a liability in these financial statements.

## 14. NATO SECURITY INVESTMENT PROGRAMME (NSIP) OVERVIEW

The following NSIP (being the source of funding for the construction assets) account values are contained in these financial statements as detailed in the table below:

| | 2015 | 2014 |
|---|---|---|
| Cash and Cash Equivalents | 600 | 1,078 |
| Advances and Prepayments | 0 | 0 |
| Payable | (49) | (22) |
| NSIP Unearned Revenue | (551) | (1,056) |
| Total Net Assets | 0 | 0 |

The activity for ACT during 2015 is limited to contributions from the Nations (€249k); payments of €656k; and revenue recognized (€349k). As stated in Note 9 above, for these ACT consolidated financial statements, expenditure of €370k was capitalized as PP&E. This related to the work that was completed on an electrical generator at HQ SACT. This work went beyond ongoing maintenance and involved a complete rebuild and modernisation of the asset. As a consequence NSIP expenditure is reported as €286k i.e. expenditure of €656k less capitalized amount of €370k.

## 15. FINANCIAL INSTRUMENTS

All financial instruments to which ACT is a party are recognized in the financial statements.

*Credit risk*

In the normal course of business, ACT incurs credit risk from trade accounts receivable and transactions with banking institutions. ACT manages its exposure to credit risk by:

- holding bank balances and short-term deposits with registered banking institutions; and

- maintaining credit control procedures over receivables

The maximum exposure as at 31 December 2015 is equal to the total amount of bank balances, short-term deposits, and receivables disclosed in the Statement of Financial Position. Receivables considered uncollectible have been adequately provided for. ACT does not require any collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realization of these instruments.

*Currency risk*
ACT operates separate bank accounts in US dollars (USD), Norwegian krone (NOK), Polish zloty (PLN) and Euros. ACT incurs currency risk as a result of the conversion of foreign currency balances held in these bank accounts to Euros as at 31 December 2015. The currency risk associated with this balance is considered minimal and therefore ACT does not hedge its foreign currency exposure. Foreign currency transactions are translated to Euro currency at exchange rates at the date of the transactions.

*Interest rate risk*
As ACT has no encumbered debt; no interest rate risk is identified.

*Fair values*
As at 31 December 2015, the carrying amounts approximate the fair values for all financial instruments held by ACT.

## 16. RELATED PARTY TRANSACTIONS

Controlled Entities:
ACT controls the following reporting entities:

- Joint Warfare Centre (JWC)
- Joint Force Training Centre (JFTC)
- Joint Analysis and Lessons Learned Centre (JALLC)

NATO is an organisation set up under the 1948 Washington Treaty. Those countries that were or have become parties to the Convention, the Member Nations, are regarded as related parties. ACT, as one of the two NATO Strategic Commands, has, during the year, had various material transactions with these Member Nations.

Key Management Personnel

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 entities 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.

No related party disclosure is made in these financial statements as key management personnel have no significant party relationships that could affect the

operation of this reporting entity. The Key Management Personnel are defined as senior members of the Command Group, who together constitute the Management Board of ACT. Remuneration received by individuals has been in accordance with an individual's national military pay scale or in accordance NATO published salary scales. During the period, no key managerial staff or other related parties has undertaken any material transactions with ACT during the year.

In addition to the key management personnel of the Command Group, ACT has implemented several controls on staff who are involved in the contract award process to ensure that no related party factors could influence this procedure. During 2016 it is intended to take these controls a step further by requiring all key management personnel to sign a related party disclosure document. This is currently at the staffing stage and will be in place prior to publication of the 2016 ACT Consolidated Financial Statements.

## 17. REPRESENTATION ALLOWANCE

Representation Funds are provided to SACT by the Nations' Permanent Representatives to NATO for use at his discretion. These funds are allocated in USD to the HQ SACT 257 budget but all numbers have been converted to Euro for the purpose of these financial statements.

SACT allocates these funds to his subordinate Commanders, as he considers reasonable. For 2015 the Representation Funds allocated to SACT, and subsequently delegated, where as follows:

| Entity | 2015 Allocation (Eur) |
|---|---|
| HQ SACT | 33,016 |
| JWC | 3,765 |
| JFTC | 1,064 |
| JALLC | 640 |
| **TOTAL** | **38,485** |

For 2015, ACT published a revised Directive governing the revised processes to cover the operation of Representation Funds. The use of these funds is monitored on a monthly basis through the office of the Financial Controller and they are also subject to annual audit by the IBAN.

During the course of 2015 an exact total of €31,156 was expended across ACT. At the end of 2015, unused Representation Funds amounting to exactly €7,329 were lapsed and returned to the nations through the normal cash call process.

Allied Command Transformation
Notes to the Financial Statements
For the year ended 31 December 2015
All amounts stated in Thousands of Euros (€'000), unless otherwise stated

## 18. BUDGET EXECUTION STATEMENTS OVERVIEW

Exchange Rates applicable to Budget Execution Statement:

| Year | Initial Authorisation | Mid-Yr Authorisation | Final Authorisation | Net Commitment | Actual Expenses | Carry Forward |
|---|---|---|---|---|---|---|
| 2015 | Jan 14[1] | Jan 14 | Jan 14 | Dec 15[2] | Ave 15[3] | Dec 15 |
| 2014/13 | Dec 13[4] | Dec 13 | Dec 14 | Dec 15[2] | Ave 15[3] | Dec 15 |

[1] Rate used in 2015 Budget authorisation
[2] Rate used to revalue outstanding commitments at year end prior to rolling forward to 2016
[3] Rate used in determining expenditure throughout the year
[4] Rate used to bring forward commitments remaining at year end 2014

Expenditure Reconciliation: Budget Execution Statement / Statement of Financial Performance. IPSAS 24 requires a reconciliation of Budget Execution Statement data with the expenses recorded in the Statement of Financial Performance. The expenditure data is in the currency of the budget and then translated using an average exchange rate for the year.

**Expenditure recorded in Statement of Financial Performance:**

| | | |
|---|---|---|
| Chapter 71 | 29,189 | |
| Chapter 72 | 114,222 | |
| Chapter 73 | 147 | |
| Total Expenditure | | 143,558 |

**Financial Expenditure recorded in Budget Execution Statements:**

| | | |
|---|---|---|
| Budget 201 | 20,001 | |
| Budget 252 | 2,895 | |
| Budget 255 | 21,814 | |
| Budget 256 | 6,259 | |
| Budget 257 | 17,667 | |
| Budget 258 | 52,535 | |
| Budget 259 | 22,387 | |
| | | 143,558 |

IPSAS 24. This Standard requires reconciliation between Budget Execution Statements and actual amounts presented in the financial statements where the financial statement and budget are not prepared on a comparable basis. Whilst the table above reconciles the actual expenses recorded in ACT's Budget Execution Statements and the Statement of Financial Performance, the remainder of the Budget Execution Statements is prepared using a different basis.

The Statements of Financial Position, Financial Performance, Changes in Net Assets

and Statement of Cash Flow are prepared on a full accrual basis, whereas the Budget Execution Statements, apart from "actual expenses," are prepared on a commitment accounting basis. Significant budgetary transfers are detailed in the table below.

Budgetary Lapses

Lapses recorded on the Budget Execution Statement have a value of €9.677m. This figure is generated as a direct result of the exchange rates. Lapses occur in the original currency in which the budget was approved by the BC.

| Budget Code | Budget Currency | Value of Lapse in Budget Currency (figures shown as complete amounts) | | | | Value of Lapse in Euro (Average Rate of Exchange) |
|---|---|---|---|---|---|---|
| | | **2013** | **2014** | **2015** | **Total** | |
| 201 | USD | 442 | 73 | 682 | 1,197 | **1,075** |
| 252 | EUR | 0 | 5 | 97 | 102 | **102** |
| 255 | NOK | 244 | 2,039 | 651 | 2,934 | **328** |
| 256 | PLN | 465 | 330 | 2,740 | 3,535 | **843** |
| 257 | USD | 575 | 583 | 2,361 | 3,519 | **3,161** |
| 258 | EUR | 271 | 168 | 637 | 1,076 | **1,076** |
| 259 | EUR | 683 | 192 | 2,216 | 3,091 | **3,091** |
| | | | | | | **9,677** |

## 19. STATEMENT OF BUDGETARY TRANSFERS

In accordance with the NATO Financial Regulations (NFRII Article 10 – FRP X c 3) budgetary transfers are recorded on the face of the accounts. All transfers were executed between budgets at the January 2014 rate of exchange. The totality of transfers undertaken in 2015 do not breach the authorised Budget Authority outlined in in BC-BA(2015)003 dated 19 October 2015..

In order to comply with the requirements of IPSAS 24 the significant budgetary transfers are detailed in the table below:

| Budget Code | Currency | Initial Budget | Final Budget | Gross Transfer | Individual Transfers | % of total transfers | Comment |
|---|---|---|---|---|---|---|---|
| 201 -HQ SACT | USD | 22,736 | 22,747 | 10 | (115) | 24% | Transfer of STRE overhead costs to euro BC258 |
| | | | | | (121) | 25% | Transfer to BC 257 from overhead to HQ SACT Mission Support |
| | | | | | 246 | 51% | Transfer from BC 252 ahead of unsuccessful carry forward request -surplus to requirement |
| | | | | | 10 | 99% | |

*The Statement of Accounting Policies and the accompanying notes form part of the financial statements.*

Allied Command Transformation
Notes to the Financial Statements
For the year ended 31 December 2015
All amounts stated in Thousands of Euros (€'000), unless otherwise stated

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 252 - JALLC | EUR | 3,430 | 2,953 | (477,494) | (181,796) | 38.1% | Transfer to BC 201 ahead of unsuccessful carry forward request -surplus to requirement |
| | | | | | (136,232) | 28.5% | Transfer to BC 257 ahead of unsuccessful carry forward request -surplus to requirement |
| | | | | | (159,466) | 33.4% | Transfer to BC 258 ahead of unsuccessful carry forward request -surplus to requirement |
| | | | | | (477,494) | 100.0% | |
| 255 - JWC | NOK | 206,735 | 186,792 | (19,944) | (15,797) | 79.2% | Transfer to BC 258 to support ACT Enterprise SLA with NCI Agency |
| | | | | | (4,147) | 20.8% | Transfer to BC 259 as TRIDENT JOUST exercise funding to be incurred by JFC Naples |
| | | | | | (19,944) | 100.0% | |
| 256 - JFTC | PLN | 30,548 | 23,669 | (6,879) | (5,466) | 79.5% | Transfer to BC 258 to support ACT Enterprise SLA with NCI Agency |
| | | | | | (1,273) | 18.5% | Transfer to BC 259 as TRIDENT JOUST exercise funding to be incurred by JFC Naples |
| | | | | | (6,739) | 98.0% | |
| 257 - HQ SACT POW | USD | 23,051 | 23,193 | 142 | (269) | 35% | Transfer of STRE and SEE travel costs to the euro BC 258 |
| | | | | | 121 | 16% | Transfer from BC 201 from Overhead to HQ SACT Mission Support |
| | | | | | 147 | 19% | Transfer from BC 258 following reallocation of frozen funds to support Unified Vision |
| | | | | | 185 | 24% | Transfer from BC 252 ahead of unsuccessful carry forward request -surplus to requirement |
| | | | | | 184 | 94% | |
| 258 - HQ SACT POW | EUR | 49,960 | 53,470 | 3,510 | 3,196 | 82% | Transfer from BC 255 & 256 to support Enterprise SLA with NCI Agency |
| | | | | | 284 | 7% | Transfer from BC 201 and 257 for STRE and SEE costs |
| | | | | | (25) | 1% | Return of Surplus funds to the Nations |
| | | | | | (28) | 1% | Transfer to SHAPE BC 101 to support Federated Mission Network Conference |
| | | | | | (135) | 3% | Transfer to BC 257 following reallocation of frozen funds to support Unified Vision |
| | | | | | 159 | 4% | Transfer from BC 252 ahead of unsuccessful carry forward request -surplus to requirement |
| | | | | | 3,451 | 98% | |
| 259 - Exercises | EUR | 14,486 | 17,131 | 2,644 | 800 | 30.3% | Transfer from BC 255 & 256 to TRIDENT JOUST costs incurred by JFC Naples |
| | | | | | 281 | 10.6% | Transfer from ACO to support reallocation of Joint Electronic Warfare Core Staff reallocation |
| | | | | | 1,530 | 57.9% | Additional funds received from the Nations to Support TRIDENT JUNCTURE |
| | | | | | 2,611 | 99% | |

*The Statement of Accounting Policies and the accompanying notes form part of the financial statements.*

## 20. STATEMENT OF CREDITS CARRIED FORWARD

As required by the NATO Financial Regulations, credits committed and carried forward are separately disclosed by budget and by year in the Budget Execution Statements.

ACT reported in the second Trimester report that it had received €6.673m from the ACO 2013 Reorganisation Budget to support Readiness Action Plan (RAP) related exercise activity. A further €1.675 was then requested and received, making a total of €8.348m. The details of these transfers, by Exercise and BC Decision Sheet are as follows:

- Trident Joust - €1m (BC-DS(2105)0036)
- Ramstein Guard - €135k (BC-DS(2105)0036)
- Trident Juncture - €5.021m (BC-DS(2105)0045)
- Noble Jump - €518k (BC-DS(2105)0047)
- MoD ESP Trident Juncture works - €629k (BC-DS(2105)0052)
- Noble Jump transportation - €1.045m (BC-DS(2105)0065

This is the reason for the 2013, 259 budget in the Budget Execution Statement having no opening budget, then a significant increase at mid-year. Funds that had not been expended or accrued as at 31 December 2015 were lapsed.

## 21. IPSAS DISCLOSURES

Five new IPSAS pronouncements were issued in 2015 covering:

IPSAS 34 Separate Financial Statements;

IPSAS 35 - Consolidated Financial Statements;

IPSAS 36 - Investments in Associates and Joint Ventures;

IPSAS 37 - Joint Arrangements; and IPSAS 38 - Disclosure of Interests in Other Entities.

The standards are effective for annual financial statements covering periods beginning on or after 1 January 2017. They have not been applied by ACT in the preparation of these 2015 Financial Statements and the new standards are not expected to have a material impact on the presentation of ACT Financial Statements

## 22. MORALE & WELFARE ACTIVITIES

Under the NAC approved NATO Accounting Accounting Framework implemented with effect from 01 January 2013, NATO entities should capture financial information in support of morale and welfare activities by way of a note disclosure to the financial statements and not consolidated in the financial statements.

In accordance with NATO reference documents PO(97)98 and MBC-DS(97)23, the consolidated 2015 Annual Report on MWA activity within the ACT Budget Group, has been submitted to the Budget Committee.

## 23. STATEMENT OF WRITE-OFF

A summary table of write off is attached at Annex A to these financial statements. A full statement will be sent under separate cover to the Budget Committee.

## 24. STATEMENT OF PERFORMANCE AND POSITION PER ENTITY

The tables on the following pages show the Statements of Position and Performance of the ACT Headquarters that are part of the consolidated group. There is also a table showing the entries made on consolidation.

**For the year ended 31 December 2015**
**Amounts in EUR**

## STATEMENT OF FINANCIAL POSITION PER HEADQUARTER

| | HQ SACT | | | JWC | | | JFTC | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | Difference | 2015 | 2014 | Difference | 2015 | 2014 | Difference |
| **Current Assets** | | | | | | | | | |
| Total Cash & Cash Equivalents | 39,629,323 | 51,274,657 | (11,645,334) | 2,503,264 | 7,899,377 | (5,396,113) | 1,986,915 | 3,923,144 | (1,936,229) |
| Receivables | 12,863,321 | 4,594,519 | 8,268,802 | 642,226 | 1,471,349 | (829,123) | 195,768 | 217,770 | (22,003) |
| BC Contributions Receivable | 16,717,798 | | 16,717,798 | | | | | | |
| Total Advances & Prepayments | 872,443 | 399,471 | 472,972 | 14,199 | 7,011 | 7,188 | 1,674 | 7,289 | (5,615) |
| Advance to Consoliated Entity | 150,000 | 150,000 | 0 | | | | | | |
| Advances to Non Consolidated Entities | | | | 211,032 | 325,081 | (114,049) | 9,522 | 56,922 | (47,400) |
| **Total Current Assets** | 70,232,884 | 56,418,646 | 13,814,238 | 3,370,721 | 9,702,818 | (6,332,097) | 2,193,879 | 4,205,125 | (2,011,246) |
| **Non-Current Assets** | 14,918,130 | 0 | 14,918,130 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Assets** | 85,151,014 | 56,418,646 | 28,732,368 | 3,370,721 | 9,702,818 | (6,332,097) | 2,193,879 | 4,205,125 | (2,011,246) |
| **Liabilities** | | | | | | | | | |
| Payables | 19,911,943 | 14,148,537 | 5,763,406 | 1,453,060 | 2,356,847 | (903,787) | 918,743 | 565,993 | 352,750 |
| Unearned Revenue | 22,112,827 | 11,423,181 | 10,689,646 | 1,568,341 | 2,682,413 | (1,114,072) | 1,275,136 | 2,014,173 | (739,037) |
| Other Unearned Revenue | 213,721 | 349,723 | (136,002) | | | | | | |
| Advance Contributions | 27,994,393 | 30,497,206 | (2,502,813) | 349,320 | 4,663,558 | (4,314,238) | | 1,624,959 | (1,624,959) |
| Other Advances | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| **Total Liabilities** | 70,232,884 | 56,418,647 | 13,814,237 | 3,370,721 | 9,702,818 | (6,332,097) | 2,193,879 | 4,205,125 | (2,011,246) |
| **Net Assets** | | | | | | | | | |
| Capital Contributed by Nations | 15,473,344 | 0 | 15,473,344 | 0 | 0 | 0 | 0 | 0 | 0 |
| Surplus (defecit) for the Period | (555,214) | 0 | (555,214) | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated Surplus Bf | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Net Assets** | 14,918,130 | 0 | 14,918,130 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Net Assets and Liabilities** | 85,151,014 | 56,418,647 | 28,732,367 | 3,370,721 | 9,702,818 | (6,332,097) | 2,193,879 | 4,205,125 | (2,011,246) |

**For the year ended 31 December 2015**
**Amounts in EUR**

## STATEMENT OF FINANCIAL POSITION PER HEADQUARTER

| | JALLC | | | NSIP | | | Total | Consolidation | Published |
|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | Difference | 2015 | 2014 | Difference | 2015 | Postings | 2015 |
| **Current Assets** | | | | | | | | | |
| Total Cash & Cash Equivalents | 495,164 | 726,691 | (231,527) | 600,188 | 1,077,833 | (477,644) | 45,214,854 | 63,454 | 45,278,308 |
| Receivables | 139,567 | 71,968 | 67,599 | | | | 13,840,881 | (53,213) | 13,787,668 |
| BC Contributions Receivable | | | | | | | 16,717,798 | | 16,717,798 |
| Total Advances & Prepayments | 17,157 | 39,077 | (21,920) | | | | 905,474 | | 905,474 |
| Advance to Consoliated Entity | | | | | | | 150,000 | (150,000) | 0 |
| Advances to Non Consolidated Entities | | | | | | | 220,554 | | 220,554 |
| **Total Current Assets** | 651,888 | 837,737 | (185,848) | 600,188 | 1,077,833 | (477,644) | 77,049,561 | (139,759) | 76,909,802 |
| **Non-Current Assets** | 0 | 0 | 0 | 0 | 0 | 0 | 14,918,130 | 0 | 14,918,130 |
| **Total Assets** | 651,888 | 837,737 | (185,848) | 600,188 | 1,077,833 | (477,644) | 91,967,691 | (139,759) | 91,827,932 |
| **Liabilities** | | | | | | | | | |
| Payables | 174,815 | 591,181 | (416,366) | 48,807 | 21,792 | 27,015 | 22,507,368 | (86,546) | 22,420,822 |
| Unearned Revenue | 388,021 | 191,543 | 196,478 | | | | 25,344,324 | (53,213) | 25,291,111 |
| Other Unearned Revenue | | | | 551,381 | 1,056,041 | (504,660) | 765,102 | | 765,102 |
| Advance by Consoliated Entity | | | | | | | | | |
| Advance Contributions | | | | | | | 28,343,714 | | 28,343,714 |
| Other Advances | 89,053 | 55,013 | 34,040 | | | | 89,053 | | 89,053 |
| Miscellaneous Liabilities | | | | | | | | | |
| **Total Liabilities** | 651,888 | 837,737 | (185,849) | 600,188 | 1,077,833 | (477,645) | 77,049,560 | (139,759) | 76,909,802 |
| **Net Assets** | | | | | | | | | |
| Capital Contributed by Nations | | | | | | | 15,473,344 | 0 | 15,473,344 |
| Surplus for the Period | 0 | 0 | 0 | 0 | 0 | 0 | (555,214) | 0 | (555,214) |
| Accumulated Surplus Bf | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Net Assets** | 0 | 0 | 0 | 0 | 0 | 0 | 14,918,130 | 0 | 14,918,130 |
| **Total Net Assets and Liabilities** | 651,888 | 837,737 | (185,849) | 600,188 | 1,077,833 | (477,645) | 91,967,690 | (139,759) | 91,827,932 |

**For the year ended 31 December 2015**
**Amounts in EUR**

## STATEMENT OF FINANCIAL PERFORMANCE PER HEADQUARTER

| | HQ SACT | | | JWC | | | JFTC | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | Difference | 2015 | 2014 | Difference | 2015 | 2014 | Difference |
| Total Revenue | 119,520,049 | 98,864,498 | 20,655,551 | 23,174,681 | 21,531,583 | 1,643,098 | 8,789,270 | 8,478,082 | 311,188 |
| Total Expenses | 120,075,263 | 98,864,498 | 21,210,765 | 23,174,681 | 21,531,583 | 1,643,098 | 8,789,270 | 8,478,082 | 311,188 |
| End of Year Result | (555,214) | 0 | (555,214) | 0 | 0 | 0 | 0 | 0 | 0 |

| | JALLC | | | NSIP | | | Consolidation Eliminations | Published 2015 |
|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | Difference | 2015 | 2014 | Difference | | |
| Total Revenue | 3,289,991 | 4,019,554 | (729,563) | 21,792 | 21,792 | 0 | 132,915,509 | 154,795,783 |
| Total Expenses | 3,289,991 | 4,019,554 | (729,563) | 21,792 | 21,792 | 0 | 132,915,509 | 155,350,997 |
| End of Year Result | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (555,214) |

**Note: inter entity revenue and expenses have been removed from the originating entity (mainly HQ SACT) and are shown at the subordinate level. IPSAS 18 applies.**

## Statement of Position

| | | Inter-Entity Eliminations |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| | Cash and Cash Equivalents | 63,454 |
| | Receivables | (53,213) |
| | Advance to Consoliated Entity | (150,000) |
| | **Total Current Assets** | (139,759) |
| **Liabilities** | | |
| | Payables | 86,546 |
| | Unearned Revenue | 53,213 |
| | **Total Liabilities** | 139,759 |
| **Net Assets** | | 0 |

## Statement of Performance

| | | Inter Entity Eliminations |
|---|---|---|
| **Revenue** | | |
| | Operating revenue | 6,861,056 |
| | Inter Entity Revenue | 733,344 |
| | Reimbursable Revenue | 1,753,690 |
| | **Total Revenue** | 7,594,400 |
| **Expenses** | | |
| | Inter Entity Expenses | (7,594,400) |
| | Reimbursable Expenses | (1,753,690) |
| | **Total Expenses** | (7,594,400) |

# Annex A

## ACT Write off Report of International Property 2015

| Command | Headquarters property | Original cost (in currency) | Number of RoS | comments |
|---|---|---|---|---|
| HQ SACT | Equipment | $641,829 | 11 | ADP and communication equipment; ADP equipment surveyed as part of HOTO with NCIA |
| JFTC | Furniture | PLN 54,711 | 28 | beyond economical repair |
| JFTC | Equipment | PLN11,354 | 10 | beyond economical repair |
| JFTC | Miscellaneous | PLN42,266 | 16 | beyond economical repair |
| JWC | Furniture | NOK389,897 | 2 | beyond economical repair |
| JWC | Equipment | NOK5,720,844 | 7 | beyond economical repair |
| JWC | Miscellaneous | NOK22,775 | 8 | beyond economical repair |
| JALLC | Vehicles | €25,308 | 1 | 1 vehicle past useful life. Originally purchased in 2002 and sold for €2k |
| JALLC | Equipment | €1,250 | 1 | beyond economical repair |