

CPVO CONSOLIDATED ANNUAL ACTIVITY REPORT 2016

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Administrative Council analysis and assessment

The President of the Community Plant Variety Office presented the Annual Activity Report for the year 2016 to the Administrative Council (AC) at its meeting in Angers on 14 March 2017.

It was noted that CPVO applications remained strong in 2016, with 3 299 applications in total. The processing of over 58 000 applications since 1995 underlining the stability and sustainability of the system.

In 2016, the CPVO successfully reduced its free reserve. A planned negative outturn was reached following the reduction of fees during the three last years. The CPVO appears on course to attain its long term goal of maintaining stable application and annual fees, whilst the fees for technical examinations have been adjusted to the costs of performing the DUS tests. This development further underlines the CPVO's commitment to providing plant variety rights at as low a cost as possible.

The indicators, provided in this report, show that the objectives set in the 2016 Work Programme were satisfactorily achieved.

The AC takes note of the Management Report, and especially the part related to Budget and Financial Management. It also takes note of the Assessment by the Management and the Declaration of Assurance.

The AC is satisfied with the declaration of the authorising officer that his report gives a true reflection of the situation on the ground and that he has reasonable assurance that the resources assigned to the activities described in his report have been used for their intended purpose. The AC also accepts that such activities were carried out in accordance with the principles of sound financial management. The AC is satisfied that the control procedures in place, provide an adequate guarantee as to the legality and regularity of the affairs of the CPVO.

The AC is satisfied that the President of the CPVO is unaware of any matter not reported which could harm the interests of the CPVO.

Andrew Mitchell

Chairman of the CPVO Administrative Council



1. Executive Summary - Achievements of the year

1.1. Introduction

It has been another year of high number of applications received, 3299, an increase of 6 % from 2015. 2980 new titles were granted, an all-time record. I am proud to announce that over 25,000 plant varieties are now protected under the EU PVR system.

As planned, the net outturn in 2016 was negative, just over EUR 2 million. The initial forecasts for the budget outturn was foreseen at closer to EUR 1.75 million negative, however, a number of factors had an impact in 2016, most importantly, the higher than expected inflation increases for staff costs. The aim of decreasing the free reserve of the Office has now been achieved and the increased fees adopted by the Commission with effect as from 1 January 2016 and 1 January 2017 should bring the accounts to a positive territory with positive outcomes in the years to come. The intention being to get a slow but steady increase of the free reserve to the level set by the Administrative Council, 50% of the annual payment budget.

In June 2016 the Council decided to renew the mandate of the CPVO President for another five years until the end August 2021. Following that decision the work on a new strategic plan 2017-2021 started with the involvement of staff and stakeholders. New core qualities and goals in support of our mission will be introduced.

We invested more than ever in IT projects in terms of budget use, which has allowed many important developments in online tools such as databases and e-communication systems. In particular, the Variety Finder database now has over 1 million data entries spanning more than 60 countries. At the end of the year, the CPVO introduced its new, completely revamped website. Meanwhile, the Office continues with the implementation of the online application system whereby over 90% of all applications are now being received electronically. The system has been enhanced with the introduction of the "MyPVR" tool which further improves electronic interaction between the applicants and the CPVO. It is the CPVO's intention to gradually extend its range of e-services for an increasingly efficient and transparent management of PVRs.

As always, the CPVO is eagerly pursuing its actions in fostering research, development and innovation in new plant varieties. Not least, there is an increasing trend of using biomolecular techniques in the field of plant variety testing and protection, and the CPVO is actively taking part in the EU strategy in this area. In keeping with the CPVO's commitment to invest in new technology for the purpose of DUS testing, the IMODDUS working group will continue to promote discussions of new developments with regards to these techniques and their potential use for DUS testing.

On the European stage, this year we have been especially delighted to build on our cooperation with the European Patent Office (EPO) and the European Union Intellectual Property Office (EUIPO). The CPVO has organised and participated in many important knowledge-sharing initiatives to foster the exchange of information on plant variety protection and plant patenting, and share working practices regarding the use of databases and other working tools.

On a wider international level, the CPVO has made progress in its international cooperation in plant variety protection and in networking with other partner institutions. Its relationships with Taiwan and Japan have been strengthened through the signing of administrative arrangements. It has also been agreed with ARIPO and China that in 2017 we will formalise our relationships in terms of technical cooperation. The CPVO has also strengthen its cooperation with the European Commission joining important EU founded projects such as the ongoing IPKEY China dealing with the feasibility study on the accession of China to the UPOV '91 Act. Such initiatives are



beneficial not only for such countries but also for EU breeders that wish to breed, produce and expand business outside the EU, and the CPVO looks forward to the continued promotion of plant variety protection worldwide.

The CPVO also continues to cooperate with a network of universities with the aim of spreading awareness of PVRs. As of this year, the CPVO will become a partner institution to the Pan European Seal programme. This programme was initiated by the EUIPO in cooperation with the EPO, and offers paid traineeships with the aim of disseminating IP knowledge and awareness among highly qualified students with a specialization in Intellectual Property Law. The CPVO became also a partner institution to the European IP Institutes Network (EIPIN) Innovation Society Joint Doctorate programme funded by a European Union Horizon 2020 grant, under the Marie Skłodowska Curie Action. The above partnerships highlight the importance the CPVO attaches to dialoguing directly with aspiring IP experts and attracting the brightest intellectual property minds to the industry.

I believe that the reputation of the EU PVP system is very good but we live in a society where communication is essential and where public opinion is formed on facts that may not always be accurate. In a time where IP protection is under scrutiny and where it is increasingly important for the CPVO to raise its voice in the debate. I am convinced that it is crucial to ensure that our messages are not only widely spread but also well founded so that our clients and society as a whole can rely on us. In an attempt to assess and improve the CPVO Communication strategy, an evaluation of this policy was initiated in 2016. A contract was entered into with ICF Consulting Service which will deliver a report in May 2017. In 2016 we have developed our activities on Twitter with a steady increase of followers.

Looking forward, we are entering a time of new evolutions and challenges. New breeding technologies are being developed at high speed, the interaction of PVRs and patents is being explored, and the consequences of the Brexit will have to be analysed. I am confident that the CPVO will rise to these challenges and adapt to the new changes and opportunities that these advances will bring.

1.2. Achievement of CPVO Work Programme Objectives

The CPVO Work programme for 2016 outlined a number of objectives and indicators for each major activity defined for the year. What follows is an analysis of the state of play for the achievement of each of these objectives.

1.2.1. Managing the Community Plant Variety Rights (CPVR) System

Managing the CPVO system entails amongst others, work as regards processing applications, managing appeals to any decisions taken, and providing access to documents to the public when requested. Below are the detailed results for each of these activities in 2016.

Figure 1 Achievement of objectives – Processing of applications:

Objectives	Results (indicators)
Deal with applications in a timely manner with a high quality service to clients and grant solid titles	Reception of applications within 5 working days , target >95%
Promote the on-line application system	93% online applications (76% in 2015)
Monitor and improve the average time between application and final decision	This is closely monitored on species level by indicators. The notion of an "old file" has been defined on species level (normal processing time has passed).



	<p>Crop experts provide "old file reports" for their sector twice a year in order to ensure that there is a follow up.</p> <p>In 2017 it will be analysed if a meaningful way of measuring the result of this objective in a more quantifiable manner can be made, and/or if the objective needs to be reviewed.</p>
Promote amongst the Member States the use of the advisory service on variety denominations.	All member states participate in the system

The Board of Appeal took eleven decisions in 2016. All appeals have been dismissed as inadmissible or unfounded. Against decisions of the Board of Appeal in 2016, three further actions were lodged with the General Court. No new judgments have been rendered by the General Court. (See Board of Appeal statistics in Annex VII)

Figure 2 Achievement of objectives – Appeals

Objectives	Results (indicators)
Present clearly and convincingly the position of the Office before the Board of Appeal (BoA), the Court of Justice of the European Union (CJEU)	Achieved
Ensure the deadlines are met.	Achieved

In 2016 the Office has received 99 requests for public access to documents and 4 confirmatory requests.

Figure 3 Achievement of objectives – Public access to documents

Objectives	Results (indicators)
Ensure the deadlines for response are respected	Achieved
Ascertain that no confidential information (in the meaning of Regulations 1049/2001 and 2100/94) is disclosed	Achieved
Publish the largest number possible of non-confidential information on the website	Achieved

1.2.2. Quality Audit System

Figure 4 Achievement of objectives – Quality Audit System

Objectives	Results (indicators)
Carry out the foreseen number of audit visits, while applying a risk based audit strategy	Total of 7 regular assessments carried out, no additional scope extension or surveillance audits were planned in the period. The risk based strategy was implemented in all assessments.



	No consultation of the Audit Advisory Board was necessary as no audit related complaint had been raised.
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1.2.3. Development of the system

Figure 5 Achievement of objectives – Technical developments

Objectives	Results (indicators)
Establish annual evaluation reports to the President summarising the findings from monitoring visits at certain Examination Offices throughout 2016	Achieved
Organise meetings with examination offices and experts in the various crop sectors to promote best practises and harmonise methodologies	Achieved
Revision of existing and set up of new Technical Protocols (TPs) in close collaboration with Examination Offices. A particular objective is the increase of coverage of catalogue species by CPVO TPs.	Achieved In 2016 the CPVO reached 100% coverage of catalogue species in the vegetable sector

On 22 September 2016 the Commission Implementing Regulation (EU) 2016/1448 of 1 September amending Regulation (EC) No 874/2009 of 17 September 2009 establishing implementing rules for the application of Council Regulation (EC) No 2100/94 as regards proceedings before the CPVO entered into force.

With Commission implementing Regulation (EU) 2016/2141 of 6 December 2016, which is applicable as from 1 January 2017, the Fees Regulation has been amended as regards the level of annual fees and of the fees for the technical examination of varieties.

As a result of the recommendation of the ad Hoc Legislative Working Group, the AC has adopted the Guidelines on the interpretation of the novelty requirement.

Figure 6 Achievement of objectives - Regulatory developments

Objectives	Results (indicators)
Revision of the Variety Denomination Guidelines with Explanatory Notes	A first draft revision has been prepared by the Office and discussed in 2 meetings of the ad hoc working group. Based on the comments and feedback received during those meetings the CPVO started the preparation of a second draft version that will be submitted for discussion by the ad hoc working group in 2017.
Amendment of Commission Regulation No 874/2009 (Proceedings Regulation)	Achieved
Amendment of Commission Regulation (EC) No 1238/95 of 31 May 1995 (Fees Regulation)	Achieved
Novelty Guidelines	Achieved

1.2.4. Research and Development Projects

Figure 7 Achievement of objectives – Research and Development Projects

Objectives	Results (indicators)
Evaluate and co-finance the most promising candidate projects ¹	4 projects have been successfully evaluated and received a grant.
Continue the monitoring of the on-going projects	All on-going projects (6) have been monitored during the year and the respective reports assessed in due time.
Continue the follow-up of the finalised projects	Follow up of 4 finalised projects
Harmonisation of vegetable disease resistances	A project has been finalized and another one has been initiated. The implementation of the conclusion achieved in the project concluded in 2016, will be done in 2017 when 3 revised TPs will be adopted by the AC (pea, lettuce, pepper).
Organize the first IMODDUS meeting (Integration of molecular data into DUS testing)	The Office organized in 2016 one meeting of the ad hoc working group and drafted a strategy document. The WG also discussed and expressed an opinion on 7 R&D projects proposals focused on biomolecular techniques.

1.2.5. Information Technology

All key objectives for IT have been achieved for 2016.

Figure 8 Achievement of objectives – Information Technology

Objectives	Results (indicators)
CPVO external website updated during 2016	The new CPVO website was launched as planned in December 2016. This site now provides responsive design and improved search facilities for users.
MyPVR portal	Completed in December 2016, launch in early January 2017.
Mission management system developed	Internal tool developed pending implementation of European Commission system.
Automate workflows in SharePoint to remove paper from internal procedure	Ongoing project

¹ Objectives initially not foreseen in the 2016 Work Programme

1.2.6. External Relations

In 2016 the CPVO has continued its activities to strengthen its international cooperation on technical level with the signature of Administrative Arrangements with Taiwan and Japan. It has also participated to the implementation of the IP Key project on the suitability study of China's accession to UPOV 1991.

Figure 9 Achievement of objectives – External Relations

Objectives	Results (indicators)
Continue the promotion of the plant variety system with the cooperation of the CPVO stakeholders	
Investigate possible cooperation to promote the PVR systems in third countries	Participation in several activities in the frame of the EU funded project IP Key China
Implement the strategy on cooperation with third countries on PVR matters	The CPVO closely cooperates with UPOV through an active participation in the different UPOV bodies and the Technical Working Parties. The CPVO participates actively in the development and harmonisation work carried out under the UPOV umbrella. The CPVO participated in several workshops and seminars for the promotion of PVR (International Seminar on PVR and training on the UPOV convention organized in Peru, May 2016; Training course for South American Countries organized in Uruguay, December 2016)

1.2.7. Enforcement and interface PVR/Patents

In 2016 the CPVO has continued its cooperation with the Observatory on the infringement of Intellectual Property Rights. The second edition of the EPO-EUIPO industry-level analysis report on IPRs intensive industries and economic performance in the EU delivered in October 2016 has included also CPVRs. In March 2016 the CPVO has also participated in the first conference jointly organized by the Observatory, EUROPOL and EUROJUST on counterfeiting of foodstuff, beverages and agricultural products. Moreover the CPVO case-law database has been updated.

As regards the interface between patents and PVRs on 11 February 2016 the CPVO signed an Administrative Arrangement with the EPO to enhance their cooperation through the exchange of technical knowledge and best practices in the area of plant-related patents and plant variety rights. The first implementation action of this agreement was the celebration on 21 and 22 September 2016 in Angers of the first workshop between CPVO and EPO examiners. The next steps will be the celebration of a second workshop in Munich on 30 March 2017 as well as a joint public conference to be held in Brussels in autumn 2017.

Figure 10 Achievement of objectives – Enforcement and interface PVR/Patents

Objectives	Results (indicators)
Participation in the relevant meetings of EUIPO Observatory	Achieved
Update the CPVO database with PVR case-law	Achieved

Cooperation with the EPO	Administrative arrangement signed with the EPO and first experts group workshop organized.
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1.2.8. Horizontal activities

Figure 11 Achievement of objectives – Budget

Objectives	Results (indicators)
Budgetary out-turn balancing income and expenditure. Stable free reserve	Negative outturn in 2016, bringing Free Reserve close to zero.
Sufficient flexibility to avoid amendments to the budget and budget transfers requiring the approval of the Budget Authority	Only two budget revisions
Prompt execution of budgetary transactions in compliance with the legal and regulatory framework	Achieved

Figure 12 Achievement of objectives – Accounting and treasury operations

Objectives	Results (indicators)
90% payments under 30 days	Achieved
No comments from the Court of Auditors related to final accounts	Achieved
Client satisfaction	No negative feedback

Figure 13 Achievement of objectives – Human Resources

Objectives	Results (indicators)
Recruit, train, assess, (motivate and retain) high quality staff so that effective and efficient operation of the CPVO is ensured	3 selection procedures have been organised. Annual appraisal procedure took place as foreseen. An internal audit has been organised in 2016 and the follow up programme will be drafted in 2017
Assist the Management in the implementation of the traineeship program	The CPVO training programme adopted by the President has been implemented as foreseen
Give an expertise in the domain of HR to the Management and the Staff	The HR service provided the necessary expertise in its domain to the Management and the Staff
Draft and implement clear rules for all HR aspects	Implementing rules completed and adopted as foreseen
Prepare salaries in due time	Salaries have been paid in due time
Processing missions reimbursements in due time	Missions have been processed and paid in due time. A new IT tool for the processing of missions has been developed and put in place.

Give access to a wide choice of trainings in line with the needs expressed	New e-learning training possibilities have been offered to the staff. A Service Level Agreement has been signed with the Commission in this respect.
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Figure 14 Achievement of objectives – General Services

Objectives	Results (indicators)
Implement the various services and equipment allowing the staff to work in good conditions and in full security	Achieved
Manage efficiently the purchase and delivery of goods and services	Achieved
Maintain the buildings in a good state	Achieved – renovation underway in the “Mirror Building” to increase number of Offices and modernise premises.
Manage the contracts linked to all these activities	Achieved

Figure 15 Achievement of objectives – Internal Control, Audits and Evaluations

Objectives	Results (indicators)
Ensure that the Internal Audit is operated as an independent and objective consultancy activity and improve the effectiveness of risk management, control and governance processes	<p>The internal audit activities are now managed independently by the EUIPO Internal Audit Service.</p> <p>A new Risk Assessment took place in 2016 resulting in an updated list of risks (see point 3.1)</p> <p>Four topics were audited in 2016. The 2015-2016 Annual Report was presented to the AC in October 2016, including the new risk assessment and a report on two audits. The reports for the two last topics will be finalised in 2017 (see point 2.7.1)</p>
Ensure that the audit recommendations are taken into account and that the relevant action plans are designed and followed	The recommendations resulting of the last Annual Report were transferred to the units concerned.
Organise regularly evaluations of the activities resulting in relevant and useful information	An evaluation on external communication activities was launched in November 2016 to assess the impact of the CPVO communication and its visibility towards its stakeholders and on the external world. The report will be available in May 2017.
Implement, maintain and report on an effective and reliable internal control system	Achieved

1.2.9. Cost of activities

The table below shows the breakdown of real costs (commitments 2016) for the activities defined above.



Table 1 - Breakdown of cost of activities

Activity	HR (fte)	% of total	Operational budget	Staff and overhead	Total	% of total
Managing the system: Processing applns	17.3	38%	7,567,331	2,941,584	10,508,915	62.6%
QAS	1.0	2%	30,000	170,034	200,034	1.2%
Development of the system	2.5	6%	-	425,084	425,084	2.5%
R&D Projects	0.5	1%	489,803	85,017	574,820	3.4%
Information Technology	6.4	14%	829,677	1,088,216	1,917,893	11.4%
External Relations	3.5	8%	-	595,118	595,118	3.5%
Enforcement and interface PVR/Patents	0.1	0%	-	17,003	17,003	0.1%
Total Core Activities	31.3	70%	8,916,811	5,322,057	14,238,868	84.9%
Budget	0.3	1%	-	51,010	51,010	0.3%
Accounts	3.1	7%	-	527,105	527,105	3.1%
HR	2.0	4%	-	340,068	340,068	2.0%
General Services	7.3	16%	-	1,241,246	1,241,246	7.4%
Internal Control, Audit, other	1.0	2%	211,743	170,034	381,777	2.3%
Total Horizontal support	13.7	30%	211,743	2,329,462	2,541,205	15.1%
Grand total	45	100%	9,128,554	7,651,519	16,780,073	100.0%

2. Management Report

2.1. Administrative Council

The CPVO is supervised by an Administrative Council (AC) comprising representatives of the Member States and the European Commission and their alternates. Also participating as observer is UPOV and the breeders' organisations ESA, Plantum and CIOPORA. The Administrative Council monitors the activities of the Office. In particular, it is responsible for examining the management report of the president, adopting the Office's budget and granting discharge to the president in respect of its implementation. In addition, it can provide advice, establish rules on working methods within the Office and issue guidelines on technical examinations, committees of the Office and general matters.

The Administrative Council met twice in Angers, on 19 April and on 4 October 2016.

2.1.1. Spring meeting

The CPVO reported on its HR situation. The AC members received an update on the latest inter-institutional working group on agencies, followed by a presentation about the cooperation between CPVO and EPO.

During that meeting, the members of the AC adopted the following:

- The AC analysis and assessment — included in the consolidated annual activity report.
- The discharge of the President of the CPVO for implementation of the 2014 budget.
- The composition (chair and members) of the Audit Advisory Board (AAB) for the period 2016-2018.
- The entrustment of the following Examination Offices:
 - (a) NIAB (United Kingdom);
 - (b) CRA-VIT (Italy);
 - (c) Ministry of Rural Development and Food (Greece);
 - (d) GEVES (France).
- Four new and six revised technical protocols

The members of the AC also took note of:

- the 2017 preliminary draft budget;
- the 2015 consolidated annual activity report;
- the provisional accounts for 2015;
- the Single Programming Document for 2017-2019;
- the details of the ongoing cooperation projects with EUIPO;
- the report on the EP Resolution No. (2015/2981 RSP) on patents and plant breeders' rights and in particular that the Commission is currently considering workable and well balanced solutions for clarifying the legal situation between patent law and plant breeders' rights, without revising the Biotech Directive;
- the current state of affairs of the working group on Variety Finder;
- the current state of affairs of the working group on Variety Denominations;
- the current state of affairs of the ongoing R&D projects;
- the Quality Audit Service (QAS) review report for 2015;
- the report on QAS activities 2013-2015;
- the report on the gender balance on the administrative councils of EU agencies.



They furthermore:

- agreed to the CPVO proposal to increase the fees for taking-over reports at EUR 320;
- agreed to the CPVO proposal to enter into written agreements with the New Zealand Examination Office and the Colombian Examination Office in order to take over their reports for varieties of, respectively, Neotyphodium and Coffee;
- expressed support to the continuation of the cooperation with EPO as planned;
- agreed to the CPVO's proposal for using up to three contract agents in the IT sector to achieve the priorities presented;
- agreed to the CPVO proposal not to end the automatic sampling and DNA storage for all rose candidates and to leave it on a voluntary basis, at the costs of the applicant/breeder, as from September 2016;
- took note that the CPVO policy on prevention and management of conflict of interest within the AC would also include the alternate members;

2.1.2. Autumn meeting

At the meeting on 4 October, the members of the AC adopted the following:

- The revision of the 2016 budget.
- The draft budget for 2017.
- The procedure to assess non EU-based examination offices before initiating technical co-operation.
- The CPVO policy on maintaining a reasonable free reserve based on a) a free reserve set at 50% of payment budget, b) fixed examination fees for applicants for four years based on cost calculation made every four years and inflation rate added in the intervening years for examination office remunerations and c) annual fees adapted to maintain the free reserve.
- The procedure to assess non EU-based examination offices before initiating technical co-operation.
- The modified composition of the Audit Advisory Board (AAB) until end 2018.
- The entrustment of the following EOs:
 - a) NIAB (United Kingdom);
 - b) Animal & Plant Health Agency (APHA) (United Kingdom);
 - c) National Food Chain Safety Office (NÉBIH) (Hungary);
 - d) Centre Wallon de Recherches Agronomiques (Belgium).
- Two new and one revised technical protocols for CPVO-TP/315/1 - *Plectranthus* L'Hér. excluding *P. scutellarioides*, CPVO-TP/305/1 - *Campanula* L. and CPVO-TP/163/2 - *Malus Mill.*
- The novelty guidelines.

They furthermore agreed on the setting up of the 'contribution working group – CWG' in the framework of potential developments for Variety Finder.

The members of the AC also took note of the following.

- The 2015 Final Accounts.
- The AIPH request to become observers to the CPVO's ACs.
- The report of the President of the CPVO with its statistics.
- The follow-up on the request to extend the duration of CPVR for certain species.
- The state of the project for sharing online applications.
- State of affairs of the international system of cooperation project (UPOV) and the possible consequences for the CPVO.
- The current and future cooperation between CPVO and European Patent Office (EPO).



- The outcome of the 1st meeting of the working group aiming at preparing the revision of the current Explanatory Notes on Variety Denominations.
- the report on the 1st meeting of the IMODDUS group aiming at developing a strategy on how to integrate BMT into DUS testing and proposing R&D projects for co-funding by the CPVO.
- The Internal Audit Report.
- The report on activities beyond EU borders.
- The CPVO Policy on declaration of conflict of interest for AC members and alternates.
- The state of affairs of R&D projects and of the adoption by the President of the Office of a new CPVO internal procedure for processing R&D projects.
- The consolidated document on criteria applied by CPVO when attributing candidate varieties to Examination Offices.
- That the storage of DNA samples of roses would be limited to 5 years for 50 euros. After 5 years, if necessary the breeders would be contacted for follow-up.

Finally, the AC members took note that there was no official request from UK under article 50 of the Treaty to implement the 'Brexit'. At EU level, a formal request from the UK authorities was necessary before starting any discussion or taking any action.

2.2. Major Events

2.2.1. The state of the system

CPVO applications remained strong in 2016, with 3,299 applications in total, an increase of 6 % from 2015. 2980 new titles were granted, an all-time record. More than 25,000 titles in force by the end of the year. This underlines the stability and sustainability of the system.

By decreasing the fees for a number of years the CPVO successfully reduced its free reserve. A planned negative outturn was reached following reductions of fees in 2013 and 2014. The long term aim of the CPVO is to maintain stable application and annual fees, whilst the fees for technical examinations will be adjusted to the costs of performing the DUS tests. In 2016 changes in the fees regulation were adopted by the Commission increasing the level of the annual fee to 330 and to adjust the examination fees payable to the CPVO. The new fees will apply from 1 January 2017. The intention is now to keep the fees stable on this level for at least four years.

As regards IT, in the course of 2015, the fees for online applications were reduced from €650 to €450, with effect from January 2016. CPVO's introduction of online applications in March 2010 has proven hugely popular with clients. In 2016, more than 90% of all CPVO applications were submitted online and the objective is to increase this towards 100%. We invested more than ever in IT projects in terms of budget use, which has allowed many important developments in online tools such as databases and e-communication systems. In particular, the Variety Finder database now has over 1 million data entries spanning more than 60 countries. At the end of the year, the CPVO introduced its new, completely revamped website. Meanwhile, the Office continues with the implementation of the online application system whereby over 90% of all applications are now being received electronically. The system has been enhanced with the introduction of the "MyPVR" tool which further improves electronic interaction between the applicants and the CPVO. It is the CPVO's intention to gradually extend its range of e-services for an increasingly efficient and transparent management of PVRs.

The CPVO remained committed to continuous improvement of DUS testing by its network of Examination Offices. One particular aspect is research and development to improve the quality of DUS tests, without increasing costs in the testing network. In 2015, the creation of the ad hoc working group on molecular techniques (IMODDUS) was an important step in this direction with the adoption of a revised research and development strategy for 2015-2020. The terms of reference



for an ad hoc working group IMODDUS have been adopted, with the first meeting to be held in April 2016. The working group brings together DUS experts, molecular researchers and plant breeders for a fresh approach to the development and integration of molecular techniques in DUS testing. The working group discussed new R&D projects in this area on the one hand and started to draft a strategy on how these techniques may be used for future purposes.

The CPVO welcomed the fact that the Administrative Council decided to freeze the number of staff in the establishment plan of the CPVO. The main issue facing the CPVO is the CPVO's current staffing levels. The growth of the CPVO's workload, core functions and ancillary tasks topped with the staff cuts implemented across EU agencies and institutions remains challenging. Although the freeze of the number of staff was a relief, it is highly probable that the CPVO will require additional human resources. The adoption of negative priorities would be most regrettable as such non-core function projects are highly important for the continuous efforts to improve the EU plant breeders' rights system and to harmonize procedures and methodologies amongst member states. Due to the relevance of these projects and the possible efficiency gains they will bring in the future, the CPVO is highly reluctant to view them as negative priorities.

2.2.2. Inter-institutional Communication

The CPVO continues to actively participate in Heads of Administration and Heads of Agency meetings. The aim of such meeting is to enhance cooperation between agencies, where possible and to increase efficiencies through knowledge sharing. A sub-network amongst the fee-receiving agencies has been created to safeguard common interest that such agencies may have (EFRAN, EU Fee-Receiving Agencies Network). EUIPO is presently chairing that network.

The CPVO is in regular contact with DG SANTE, the CPVO's partner DG.

Other DG with which the CPVO has regular contact are listed below:

- (1) the Commission Directorate-General for Human Resources and Security — implementation matters regarding staff regulations;
- (2) the Commission Directorate-General for the Budget — implementation of the new financial regulation.
- (3) the meetings of the data protection officers of the EU agencies, as well as other working groups established under the umbrella of the coordination of EU agencies, such as legal, IT, procurement

The President of CPVO presented the activities of the CPVO in the European Parliament in 2016, the Committee on Agricultural and Rural Development.

2.2.3. Business Process Review

The Business Process Review project went on in 2016 with the analysis of one main process, but touching also other linked processes: S07 Procurement and, to a certain extent, S04 Finance and S05 General services.

Following the usual sequence, workshops were organised to first design the present situation, secondly to reflect on efficiency gains, possible improvements and re-organisation of work in the view of streamlining the processes.

The main goal of this exercise was to design a new procedure for procurement, fully in line with the EC and CPVO financial regulations and the Internal Control Standards, but giving also a full assurance in terms of timeliness and quality.

The main elements of this new procedure lead to a re-centralisation of procurement and a harmonisation of practices to ease the controls on both legal and financial procedures and rules. The procurement team may need to be re-organised and possibly reinforced to deal with the new requirements. A new IT tool allowing a clear and real-time follow-up of the procurement and purchase processes and steps from the purchase request up to the approval of the invoice will be created internally. As mentioned in Section 2.8 below, the BPR will be put on hold in 2017 to allow the full implementation



of the recommendations and actions resulting from the work done during the last two years (2015-2016). It requires the finalisation of several IT projects and significant changes in the allocation of tasks and in the work habits.

2.2.4. Universities

The CPVO has continued cooperation with a network of universities belonging to the European Intellectual Property Institutes Network ('the EIPIN Network'), with the aim to spread the awareness on plant variety rights among students and academics. In this respect the CPVO has participated for the second academic year to the special module on plant variety rights organized by the Magister Lucentinus of the University of Alicante, has participated in conferences organized by the University of Strasbourg ('CEIPI') and by the Ecole Supérieure des Sciences Commerciales of Angers ('ESSCA'). The CPVO has continued its cooperation with the Plant variety protection course organized by Naktuinbouw in collaboration with the Centre for Development Innovation of the University of Wageningen. The CPVO became partner, along with the EUIPO and other relevant entities such as WIPO, to a proposal that will be submitted by the University of Maastricht on behalf of the EIPIN Network – under the Marie Skłodowska-Curie actions of the European Commission, in order to launch a Doctorate in Intellectual Property ('JDIP'). Furthermore, the CPVO has also reviewed the case-law database with the valuable cooperation of the Queen Mary University of London. This project involved compiling and formatting all plant variety case summaries across the EU.

2.2.5. The EUIPO

In 2016, the CPVO and EUIPO continued to exchange experiences in the field of trademark examination, specifically dealing with the assessment of similarity and likelihood of confusion, and variety denominations testing. Training has been mutually organised in this respect with the involvement of the members of the Boards of Appeal of the EUIPO and the CPVO. Furthermore, following the agreement on the conduct of the internal audit of the CPVO by the EUIPO internal auditor, in October 2016 the management team of the CPVO met with the management of the EUIPO to discuss further areas of cooperation with the Academy, the international cooperation, the IT and the human resources departments. In the human resources field the CPVO has become a partner to the joined internship program with the EPO and the EUIPO 'Pan-European Seal' to offer internship opportunities to highly qualified graduated students in IP Law and has become a partner organization to the EIPIN (European Intellectual Property Institutes Network) Innovation Society Joint-Doctorate to foster research in the field of Intellectual Property leading to the award of several doctoral degrees, one of which in the domain of plant varieties. Moreover, in 2016, the CPVO continued to participate in the enforcement and legal working groups of the European Observatory on Infringements of Intellectual Property Rights, as well as in the plenary session. The second edition of the EPO-EUIPO industry-level analysis report on IPRs intensive industries and economic performance in the EU delivered in October 2016 has included also CPVRs. In March 2016 the CPVO has also participated in the first conference jointly organized by the Observatory, EUROPOL and EUROJUST on counterfeiting of foodstuff, beverages and agricultural products.

2.2.6. The European Patent Office

Following the seminar on the interface between patents and PVRs that took place in Brussels in June 2015, the CPVO has initiated contact with the EPO in order to establish a basis for future cooperation. On 11 February 2016 the CPVO signed an Administrative Arrangement with the EPO to enhance their cooperation through the exchange of technical knowledge and best practices in the area of plant-related patents and plant variety rights. The first implementation action of this agreement was the celebration on 21 and 22 September 2016 in Angers of the first workshop between CPVO and EPO examiners. A study visit to GEVES was also organized. The next steps will be the celebration of a second workshop in Munich on 30 March 2017 as well as a joint public conference to be held in Brussels in autumn 2017. In the framework of the said cooperation the CPVO has been invited to present the CPVR system to the joint conference organized by the EPO and the Hellenic Industrial Property Organization hold in Athens on 10 and 11 November 2016 on the inventions in agricultural and food sector.



2.2.7. Activities outside the EU

African Regional Organisations

On 6 July 2015, the African Regional Intellectual Property Organisation (**ARIPO**) adopted, in Arusha, Tanzania, the Arusha Protocol for the Protection of New Plant Varieties in ARIPO Member States. Following the adoption of the Arusha Protocol, the CPVO has provided its collaboration to the ARIPO Secretariat tasked with the drafting of the Regulations for implementing the Arusha Protocol. In this context the CPVO attended the experts review meeting that took place in June 2016 in Harare. In November 2016 a study visit of officials of the ARIPO Office has been hosted at the CPVO during which the CPVR system has been presented. The Regulations have been adopted by the ARIPO Administrative Council in its 40th session on 5-7 December 2016.

In 2014, the African Intellectual Property Organisation (**OAPI**) became the second intergovernmental organisation and the 72nd member to join UPOV. OAPI then adopted an ambitious 5-year roadmap, from 2015 to 2020, which they are eagerly pursuing. The CPVO, GEVES, the French Association for Seeds and Seedlings (GNIS), Naktuinbouw, UPOV and the United States Patent and Trademark Office are hugely supportive of this initiative and are actively supporting its implementation. OAPI has together with partners in Europe during 2016 engaged with the European Commission to get funds for the implementation of the Road Map. A decision of the Commission on the matter is pending.

Asian countries

“Intellectual Property: A Key to Sustainable Competitiveness” (IP Key) is the European Commission’s instrument to materialise and fund the EU-China IP Cooperation. The IP Key three-year cooperation Action (July 2013-June 2016) has been implemented (and co-funded) by the European Union Intellectual Property Office (EUIPO) in cooperation with the European Patent Office (EPO). IP Key is meant to support European innovators and rights holders dealing with **China** through the development of an IP framework in China that is increasingly effective, fair, transparent, and otherwise based upon international best practices.

China adopted the UPOV 1978 (UPOV '78) revision on April 23rd 1999. The Ministry of Agriculture (MoA) and State Forestry Administration (SFA) of China have expressed an interest in participating in a project under IP Key to help assess China’s potential accession to UPOV '91.

The CPVO has participated in the activities intended to enable MoA and SFA to make an assessment about the costs and benefits of acceding to UPOV '91 and to propose recommendations that may result in China acceding to the agreement. The CPVO has also provided relevant materials/literature on EU countries’ experiences with UPOV '91. A study visit of a team of Chinese experts has been hosted at the CPVO’s premises. MoA has served as the leading Chinese body for the activity, in coordination with SFA in organising and implementing the activity. The final study on the potential impacts of China’s accession to UPOV '91 is expected to be presented in spring 2017 in Beijing.

The CPVO continues efforts with the authorities in **Taiwan** and the Dutch examination office Naktuinbouw in view of a technical cooperation for the testing of Orchid varieties. The aim is to harmonise to a maximum the technical procedures in order to enable an eventual mutual acceptance of DUS reports. In 2016 an Administrative Arrangement was signed between Taiwan and the CPVO setting out the aims of the cooperation.

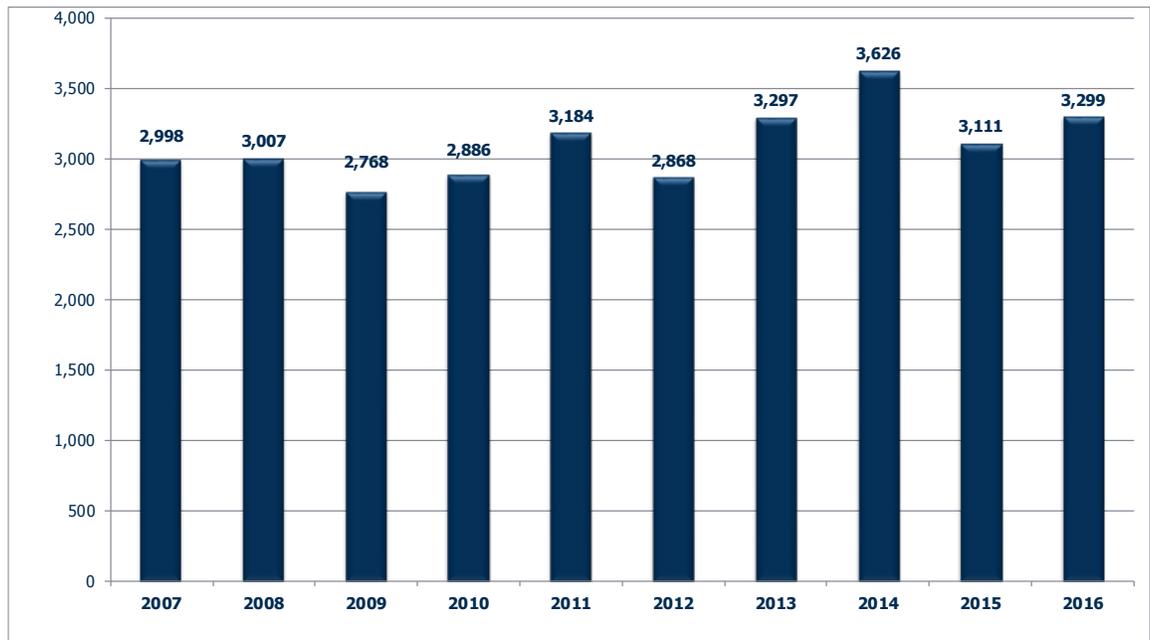
The CPVO has “reactivated” previous activities with the Japanese authorities in the field of DUS testing and here in particular the testing of varieties of Petunia/Calibrachoa, Roses and Chrysanthemum. Also here the aim is to reach a situation where DUS examination results could be mutually accepted. In 2016 an Administrative Arrangement was signed between **Japan** and the CPVO setting out the aims of the cooperation. The CPVO participated in a seminar on the enforcement of Plant Variety Rights in **Hanoi** organised in the framework of the **East Asian Plant Variety Protection Forum**. The President of the CPVO gave a presentation and chaired part of the seminar. A workshop was organised by the **Indian** Protection of Plant Varieties & Farmers’ Rights Authority, in collaboration with Germany and the Netherlands. The President of the CPVO was invited to give a presentation on EDVs. In this respect, the Indian authorities face a particular challenge since they are mandated to decide if a variety is an EDV or not. In the workshop the concept of Convention Countries found in Indian legislation was discussed. This concept aims to provide for a kind of reciprocity in the application procedure for applicants residing in a country signing up as a Convention Country. The Indian market



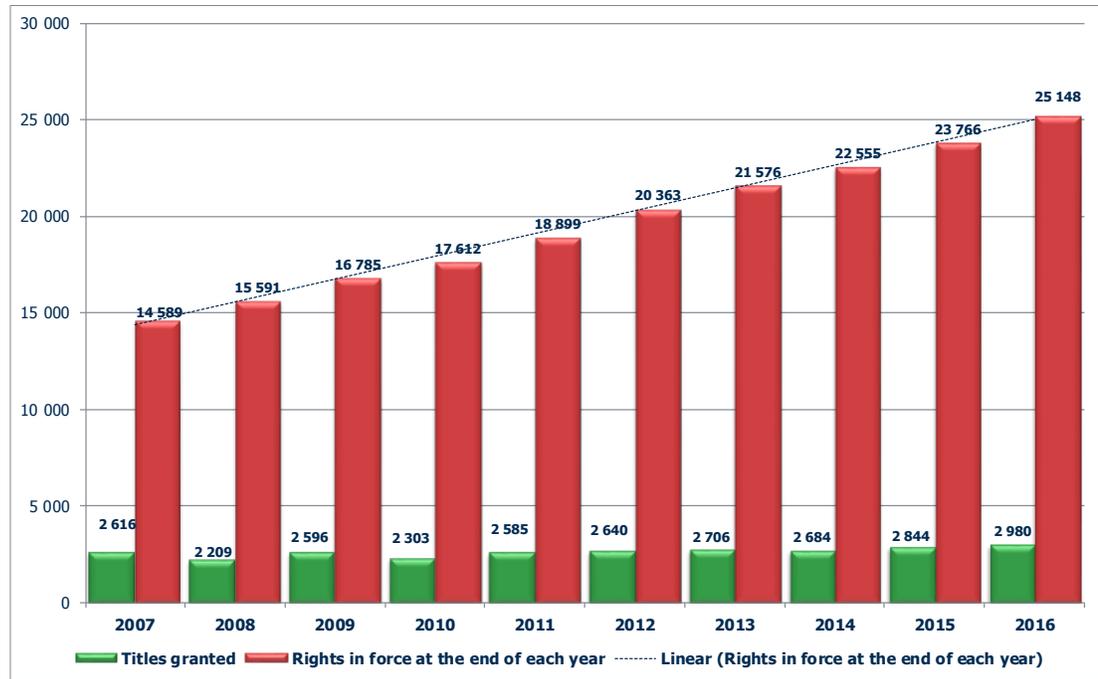
provides for lots of business opportunities for EU breeders and it was important to participate in this event as a fact finding exercise. Together with representatives from Germany and the Netherlands we were welcomed by the EU representation where an overview of EU agriculture policies in India was presented. The Dutch and the German Examination Offices (Naktuinbouw and Bundessortenamt) will explore further technical cooperation with India and the CPVO will follow the results achieved with interest.

2.2.8. Key statistics

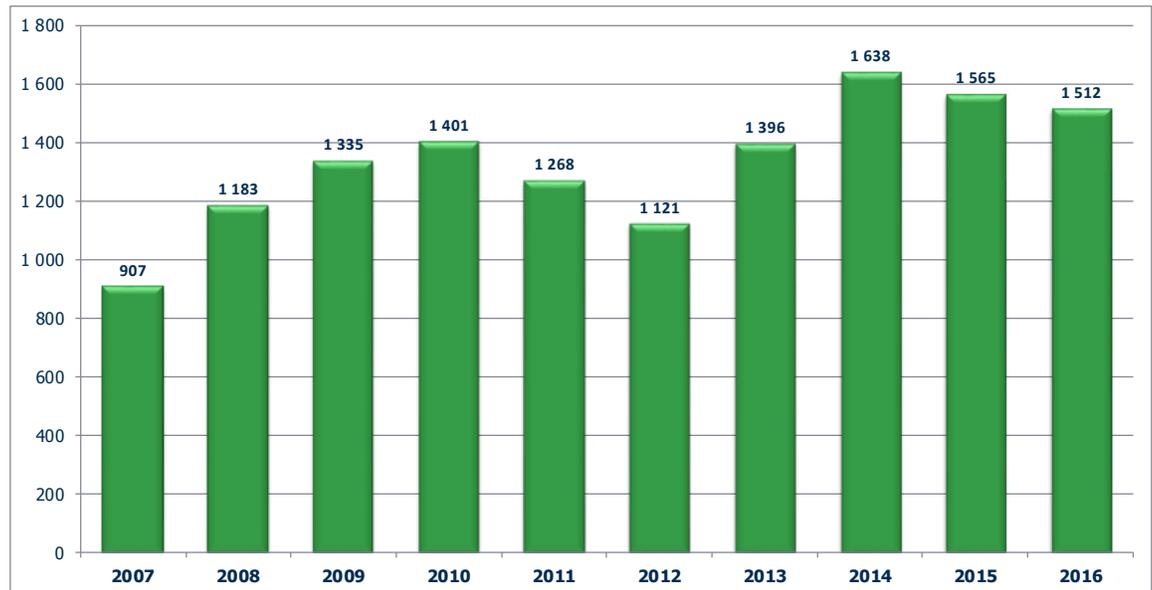
Evolution of number of applications received over the last 10 years



Evolution of CPVR granted and rights in force at the end of each year



Evolution of number of surrender of CPVR over the last 10 years



2.3. Budgetary and Financial Management

2.3.1. Overview of the budget and financial year

In accordance with the financial regulations of the Community Plant Variety Office, the Provisional Budgetary and Financial Accounts for the year 2016 are provided in **Annex II**. These reports shall be subject to audit by the European Court of Auditors. The key figures related to these accounts are explained hereafter.

2.3.2. Budgetary Accounts

The budgetary accounts, which are more or less a reflection of the cash receipts and expenditure for the year, are sensitive to the timing of receipts and payments. As shown in table below, the net outturn in 2016 was just over EUR 2 million negative.

The initial forecasts for the budget outturn was foreseen at closer to EUR 1.75 million negative, however, a number of factors had an impact in 2016, most importantly, the higher than expected inflation increases for staff.

Table 2 - Budget Outturn

Description	Title	2016	2015	Variation
Income	Fee revenue	13,262,555.00	12,663,224.00	4.73%
	Other revenue	195,681.19	176,231.67	11.04%
	Total	13,458,236.19	12,839,455.67	4.82%
Expenditure	Title 1: Staff expenditure	-6,362,894.32	-6,154,321.58	-3.39%
	Title 2: Administrative expenditure	-1,983,560.31	-1,398,219.40	-41.86%
	Title 3: Operational expenditure	-7,241,909.80	-6,427,250.56	-12.68%
	Total	15,588,364.43	13,979,791.54	-11.51%
Budget Outturn		-2,130,128.24	-1,140,335.87	-86.80%
Non budgetary income		99,334.16	88,116.22	12.73%
Net Outturn		-2,030,794.08	-1,052,219.65	-93.00%

2.3.3. Revenue

Overall revenues increased slightly in 2016 (4.82%) and this increase occurred despite a significant drop in application fees as the new scheme for lower fees for online applications was put in place from 1 January 2016. Annual fees have risen in line with the increase of the total numbers of 'titles in force'.

Table 3 - Fees 2016/2015

	2016	2015	% variation 2016
Annual fees	6,408,900	6,052,200	5.89%
Application fees	1,505,050	2,036,450	-26.09%



Examination fees	4,882,320	4,118,514	18.55%
Other fees	466,285	456,060	2.24%
Grand Total	13,262,555	12,663,224	4.73%

2.3.4. Expenditure

Overall as can be seen from the table below, expenditure for the year was EUR 15.59 million with a very high execution rate for the budget (96.5%)

Table 4 - Budget Execution Levels

Title	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Cancelled %
Title 1: Staff Expenditure	6,586,000	6,362,894	96.6%	223,105	3.4%
Title 2: Administrative expenditure	2,213,000	1,983,560	89.6%	229,439	10.4%
Title 3: Operational expenditure	7,350,000	7,241,909	98.5%	108,090	1.5%
Grand Total	16,149,000	15,588,364	96.5%	560,635	3.5%

Table 5 Budget execution comparison

Title	Budget execution 2016	Budget execution 2015	% Change
Title 1: Staff Expenditure	6,362,894	6,154,322	3.4%
Title 2: Administrative expenditure	1,983,560	1,398,219	41.9%
Title 3: Operational expenditure	7,241,910	6,427,251	12.7%
Grand Total	15,588,364	13,979,792	11.5%

Staff expenditure showed a moderate increase, mainly due to inflation while Administrative expenditure increase due to increases in IT (website project and MyPVR) and renovations of buildings. Operational expenditure was higher due to increased applications and also because of additional spending on R&D.

A more detailed analysis for staff expenditure shows that staff costs increased by 2% whereas long-term absences meant that there was a significant increase in the costs for interim replacement staff.

Table 6 - Staff expenditure comparison

Budget article	Description	Budget execution 2016	Budget execution 2015	% Change
E1100	Staff	5,857,339	5,723,858	2.3%
E1200	Training	47,316	98,904	-52.2%
E1300	Travel	240,000	239,999	0.0%
E1400	Interim staff	190,688	76,481	149.3%
E1500	Assistance	23,628	12,048	96.1%
E1700	Representation	3,923	3,031	29.4%
Grand Total		6,362,894	6,154,322	3.4%



For Administrative expenses, there were significant increases in property costs due to the renovation of a building (ongoing in 2017) and IT expenses, due mainly to the development of the new CPVO website and the MyPVR client portal. Evaluation expenses increased as the CPVO launched an evaluation into Communication Activities in the Office.

Table 7 - Administrative expenditure comparison

Budget article	Description	Budget execution 2016	Budget execution 2015	% Change
E2000	Property	498,554	201,824	147.0%
E2100	IT expenses	829,677	539,292	53.8%
E2200	Other equipment	61,356	54,869	11.8%
E2300	General admin.	46,937	37,811	24.1%
E2400	Postage and telecom	67,234	76,500	-12.1%
E2500	Meetings and notices	268,056	388,790	-31.1%
E2600	Audit and evaluation	211,743	99,132	113.6%
Grand Total		1,983,560	1,398,219.40	41.9%

Payments for operational expenditure shows significant increases in examination office fees, reflecting the increases due to the cost calculation exercise and also due to higher application numbers.

Table 8 - Operational expenditure comparison

Budget article	Description	Budget execution 2016	Budget execution 2015	% Change
E3000	Examination office fees	6,431,240	5,785,195	11.2%
E3200	Examination reports	361,766	306,960	17.9%
E3400	Publications	158,575	115,894	36.8%
E3500	Studies	108,412	149,992	-27.7%
E3600	Special advisors	181,917	62,037	193.2%
E3700	Multi beneficiary program	-	7,173	-100.0%
Grand Total		7,241,910	6,427,251	12.7%

2.3.5. Budget transfers and revisions

Two budget revisions were made in 2016 covering a number of budget lines.

During the first quarter, transfers were made from the line for staff expenditure and examination office fees to fund increased costs for interim agents and special advisors (legal support for appeals). Revisions were made later in the year in order to re-attribute budgetary amounts. The overall revision for the budget was EUR 915K.

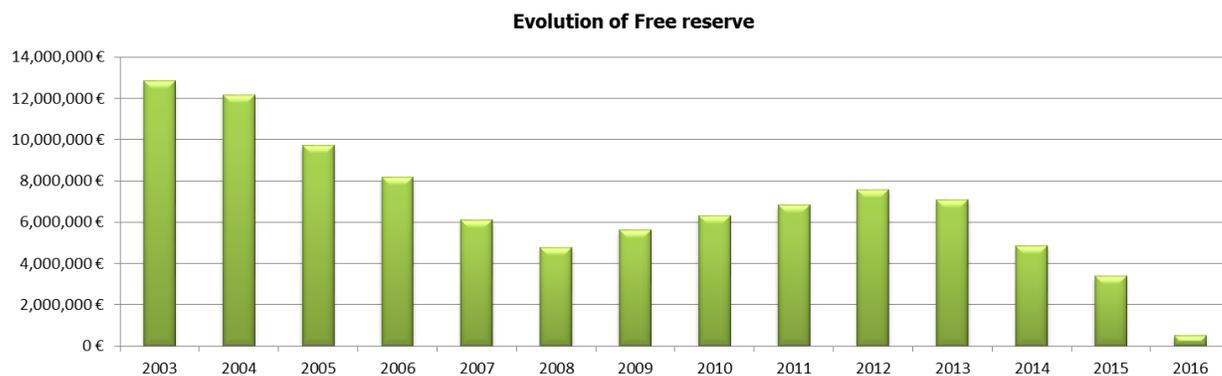


Budget article	Article description	Initial budget	Budget revisions	Budget transfers	Final budget
E1100	Staff	5,980,000	140,000	-115,000	6,005,000
E1200	Training	100,000	0	-2,000	98,000
E1400	Interim staff	80,000	0	127,000	207,000
E1500	Assistance	20,000	4,000	2,000	26,000
E2000	Property	300,000	270,000	0	570,000
E2500	Meetings and notices	250,000	63,000	0	313,000
E3000	Examination office fees	7,890,000	238,000	-283,000	7,845,000
E3200	Examination reports	350,000	0	20,000	370,000
E3400	Publications	150,000	0	25,000	175,000
E3500	Studies	300,000	200,000	0	500,000
E3600	Special advisors	100,000	0	226,000	326,000
Total		15,520,000	915,000	0	16,435,000

2.3.6. Free Reserve

The so-called free reserve is the difference between total treasury in the CPVO and the outstanding commitments open. The graph below shows the evolution of the free reserve since its high point in 2003.

Graph 1 - Free reserve



2.3.7. Financial Accounts

Economic Outturn Account 2016 (comparison with 2015)

		2016	2015
Income	Income from fees	12,793,830.90	12,287,755.43
	Income from administrative operations	103,1523.21	36,543.71
	Income from subsidies		47,604.74



	Total	12,896,983.11	12,371,903.88
Expenditure	Operational expenses	(7,176,070.52)	(6,837,748.37)
	Salaries and social taxes	(6,160,483.42)	(5,831,382.94)
	Overheads	(1,689,194.16)	(1,502,267.77)
	Depreciation	(262,721.38)	(261,457.67)
	Total	(15,288,469.48)	(14,432,856.75)
Operational Result		(2,391,486.37)	(2,060,952.87)
Financial revenue	Interest income	62,762.20	134,399.30
	Miscellaneous financial income	276.96	948.86
	Total	63,039.16	135,348.16
Financial expenditure	Bank charges & exchange differences	(3,432.58)	(2,292.44)
	Total	(3,432.58)	(2,292.44)
Other: Result		59,606.58	133,055.72
Economic outturn for the year		(2,331,879.79)	(1,927,897.15)

The financial accounts differ from the budgetary accounts in that the take non-cash transactions into consideration. For example, in the budgetary accounts, asset purchases are shown as expenses for the full amount of the purchase in the year, whereas in the financial accounts, only the yearly depreciation is shown as an expense.

The negative economic outturn of EUR 2.3 million is nevertheless close to that of the budget outturn and will also see a recovery in 2017 as the impact of the new annual fees takes hold.

2.4. Human Resources

At the end of 2016, 44 staff members were employed at the CPVO comprising of 10 officials and 34 temporary agents (of which 10 were part-time employments 80% or 90%), from 12 nationalities (with a majority of French nationals). The gender balance amongst CPVO staff is 60-40, with the weight towards female staff. The Office has a low turn-over and 70% of the staff have been working there for more than 10 years. It should be noted that more than 60% of the staff of the CPVO is presently in the age range between 40 and 49. This situation should be monitored in the medium-long term period to ensure continuity and transfer of knowledge. Two selection procedures for contract agents were launched in 2016. A total of 249 days were spent in training, which gives an average of 5.7 days per post (a reduction comparing to last year). A total of 13 staff members were awarded a promotion or reclassification to the next grade in their career with retroactive effect from 01/01/2016. This represents 30% of the staff. The average level of absenteeism has been of 12.8 days per post, which represents an important increase comparing to last year, this is due mainly to the fact that in 2016 there were 3 long sick leaves. The Office considers that the two main reasons which were in the origin of this augmentation were two long sick leaves and the increasing workload in combination with the restriction of recruiting additional staff members. The possibility to recruit contract agents will hopefully improve the working conditions. Part-time possibilities are well taken up and allow a more flexible work organization and better reconciliation of work and family life. The new decision on working hours, with the possibility of flexi-time, and the decision on teleworking, offering the possibility to work from home, will also improve the balance between work and family life.

- In 2016, the percentage of posts allocated to core activities was 70 % of the human resources.



- The CPVO adopted in the end of 2013 a procedure for the traineeships within the Office, as a consequence 9 trainees were present in 2016, for a total of 40.5 months. The CPVO signed Cooperation Agreements with 2 Universities to offer traineeship possibilities of 6 months, for students participating in their master programs.
- The CPVO adopted certain implementing rules of the new Staff Regulations which entered into force in 2016, and which have been agreed by the Commission.

2.5. Assessment by Management

The CPVO checks regularly the efficiency of its internal control system through regular ex post controls and through immediate mitigating actions when needed.

Significant improvements were made on the level of "late commitments" and "saisine a posteriori", although some cases were still reported in the exception report. A constant vigilance should be kept to prevent this type of problem. Training and information/reminder to the staff could also be an efficient prevention tool.

The system is globally working well. The Court of Auditors' final report on 2015 accounts and financial management is positive with no remarks of a serious nature.

Based on the above, the Management assesses that the internal control system is working well, that all measures were taken to prevent irregularities and fraud and that the underlying transactions were legal and regular and complied with sound financial management.

2.6. Budget Implementation tasks entrusted to other services and entities

There were no tasks implementing budget funds with other services and entities in 2015.

2.7. Assessment of audit results during the year

2.7.1. Internal Audit

Internal Audit assists management by providing independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Approved audit plan

Audit activities were based on the Audit Plan 2016, which was approved by the President of the Office in February 2016.

The selection of audits for 2016 was based on the annual risk assessment exercise, the audit universe coverage as well as on Internal Audit's professional judgment.

The Audit Plan 2016 included 2 audits:

- Human Resource processes
- Information Technology processes

Both audits were launched in September 2016. Most of the fieldwork was carried out on-site in October 2016 and both audits are currently in the reporting stage.



Additional activities

In addition to the audit engagements specified in the Audit Plan 2016 a revision of the 2015 risk assessment exercise was started in October 2016. The outcome of the interviews held with management and the two audit engagement will be included in the 2016 risk assessment, which will be one of the main inputs for the 2017 Audit Plan.

Improvements in Internal Audit Methodology, Processes and Systems

Like other Office units, IA operates in an environment of continuous change. To meet the challenges of new emerging risks and changes to the Office's internal and external environment, IA must continue to adapt and improve its methodology and subject matter expertise. This section outlines some of the actions taken in these areas:

- **Methodology** — the internal audit process was revised and updated to enhance its effectiveness. Templates were revised, updated and, where necessary, new ones were created.
- **Quality Assurance** — IA formalised a periodic quality assurance self-assessment to evaluate its conformance with professional standards. The self-assessment is performed yearly. An independent evaluation of the internal audit function, which the Institute of Internal Auditors' professional standards require at least every five years, will take place in 2017.
- **Continuing Education** — IA members continued their training programme. The most important training activities were on the new ISO 9001: 2015 standard, data protection rights, integration of management systems and language courses.

2.7.2. European Court of Auditors

The main conclusions to be found in paragraphs 9 and 10 of the report of the Court of Auditors adopted in Luxembourg at the Court meeting on 13 September 2016 reads:

Opinion on the reliability of the accounts

In the Court's opinion the Office's Annual Accounts fairly present, in all material respects, its financial position as at 31 December 2015 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

Opinion on the legality and the regularity of the transactions underlying the accounts

In the Court's opinion, the transactions underlying the annual accounts of the Office for the financial year ended 31 December 2015 are legal and regular in all material respects."

The comments which follow did not call the Court's above mentioned opinion into question.

- The level of committed appropriations carried over was high for Title II. They mainly relate to IT projects, mission costs and costs related to internal audit for which services will only be delivered or invoices received in 2016.
- The rate of cancelled 2014 carry-overs was high for Title II at 20% and indicates weaknesses in their planning.
- The expenditure for procedures associated with appeals was in principle to be covered by appeal fees. However these fees cover only a small part of the actual costs incurred. In 2015, the income derived from appeal fees totalled 11 000 euro whilst the costs of the board of appeal members amounted to some 62 037 euro.



- As at 31 December 2015, the fees unpaid for more than 90 days (mostly annual fees) amounted to 240 766 euro. The Office did not use all options provided for in its Financial Regulation to recover unpaid fees, such as enforced recovery.

The full report of the Court of Auditors is the Annex IV to this report. The reply of the Office to these remarks is appended to the Court's report.

In the light of the report, there would seem to be no impediment to the discharge of the President of the CPVO in respect of the implementation of the 2015 budget.

2.8. Follow-up of audits and recommendations

The recommendations database allows a close and regular follow-up of recommendations from different sources: internal audit, business process review, evaluations and reports from the Court of Auditors. The objectives of the Roadmap for the agencies have also been included, with target dates.

The Heads of Units and all people concerned by the recommendations and objectives agreed on deadlines for each planned action. Some recommendations were rejected, when considered as not applicable or not relevant. In some cases, a ratio between the impact expected and the resources available has been taken into account before accepting or rejecting a recommendation. In all cases, a detailed explanation is given to explain the rejection of a recommendation.

This recommendations database is reviewed regularly to indicate every progress or any new recommendation from internal or external sources. The deadlines are adapted if necessary but any change needs to be justified.

Most of the 2016 recommendations come from the 2015-2016 Internal Audit Report. The last report was available in the third quarter of the year.

The items remaining 'in progress' for 2015 are mainly recommendations from the business process review (BPR). Some actions were dealt within several units or sectors, or depending to the finalisation of ongoing IT projects or to the finalisation of internal procedures.

The CPVO management decided to put a hold to BPR activities in 2017, waiting for the achievement of the pending actions and projects and for the implementation of the latest BPR recommendations.

Year	Unit	Not started	In progress	Completed	Not applicable	Grand total
2014	Administration	-	-	9	2	11
	Legal	-	-	1	-	1
	Presidency	-	-	3	-	3
	Technical	-	-	3	-	3
	QAS	-	-	3	2	5
TOTAL 2014		-	-	19	4	23
2015	Administration	-	8	1		9



	Legal	-	3	8		11
	Presidency	-	-	-		-
	Technical	-	2	2		4
	QAS	-	-	-	-	-
TOTAL 2015		-	13	11	0	24
2016	Administration	-	6	-	-	6
	Legal	-	4	-	-	4
	Presidency	-	1	-	-	1
	Technical	-	-	-	-	-
	QAS	-	2	-	-	2
TOTAL 2016			13	0	0	13
GRAND TOTAL		0	26	30	4	60

2.9. External Evaluations

The CPVO decided to organize an *ex post* evaluation of its activities linked to external communication.

A Steering Committee has been set up, composed of representatives of CPVO main stakeholders:

- AC Chair and Vice-Chair
- Two representatives of the Examination Offices
- Representatives of the main breeders' associations
- DG SANTE
- Management Team of the CPVO
- An external communication expert (Mr Berenguer, from EUIPO)

The Steering Committee met on 13 June 2016 to set up the final evaluation scope, which was used to launch a call for tender for this project.

The company ICF was selected through an open call for tender to perform the evaluation work. A first meeting and some internal interviews with key staff members took place at the end of November 2016.

The Evaluator provided the CPVO with its Evaluation Research Plan, explaining its methodology for the evaluation. He will mainly work on the following elements:

- Auditing the external environment



- Analysis of Audiences, Stakeholders & Targets
- Indicators on quality/exhaustiveness/impact
- Benchmarking
- Communication in a crisis situation
- Web analytics (visibility)
- Social media
- News media – online analysis of news content
- CPVO staff perspectives
- Semi-structured interviews
- Online consultation

Thirty-nine stakeholders have been contacted in February 2017 by the ICF consultants.

The online consultation has been published on the CPVO website and Twitter account - to cover all aspects of external communications related to clients and close partners as well as to a wider public.

A note on progress is available in Annex VIII.

The final report for the evaluation of the external communication is expected in May 2017 and will be presented to the AC members in October 2017.



3. Assessment of the effectiveness of internal control systems

3.1. Risk Management

Risk assessment and risk management, as mentioned under 2.7.1 Internal Audit, is an integral part of the internal audit process.

The list of risks, reviewed in depth in 2015, was reviewed in October 2016. The list itself remained unchanged, only the likelihood and the impact values were slightly changed.

An updated list will be published together with the Internal Audit Annual Report, as the audits which took place in 2016 could have an impact on the values/rates linked to each risk. This IA Annual Report will be presented to the AC in its autumn 2017 meeting.

Risks, and especially their ratings, are updated on a regular basis, when needed, through regular meetings with top and middle management but also according to the conclusions of internal audit reports.

3.2. Compliance and effectiveness of internal control systems

The compliance and effectiveness of internal control systems are regularly assessed: the Court of Auditors systematically includes these aspects in its mission in the CPVO.

The CPVO makes regular controls on these aspects through ex-post controls on budgetary operations or through business process reviews.

In 2016, a deep analysis of the procurement/purchase processes has been conducted through the Business Process Review project. This analysis included an inventory of the internal control systems in place to guarantee the full respect of procurement and budgetary rules.

A new procurement procedure has been drafted, including recommendations to centralise the procurement activities and the purchase process to allow better controls on operations, especially over budget implementation and procurement procedures. It will be implemented in 2017.

There has been no internal control self-assessment in 2016.

The Internal Control Standards will be revised in 2017, based on the latest version of the Commission Internal Control Standards.



4. Management Assurance

On the basis of the facts in his possession, the President of the CPVO declares that the information contained in this report gives a true view. He has reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. He is unaware of any matter not reported which could harm the interests of the CPVO.

5. Declaration of assurance

This document is a declaration signed by the President, as Authorising Officer and representing the CPVO, together with the Accountant giving their assurance on the accounts of the Office, according to the provisions of the Financial Regulations of the CPVO. The original document was sent to the President of the Court of Auditors (Annex V).



Annexes

Annex I. 2016 Core Business Statistics

The statistics will be distributed as a separate document.

Annex II. Provisional Annual Accounts 2016



Provisional Accounts 2016
Community Plant Variety Office (CPVO)

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MISSION OF THE CPVO



1. Purpose

A system for the protection of plant variety rights has been established by Community legislation. The system allows intellectual property rights, valid throughout the Community, to be granted for plant varieties.

2. The CPVO

The Community Plant Variety Office (CPVO) implements and applies this scheme. The CPVO has been operating since 27 April 1995. On 6 December 1996, the Intergovernmental Conference of representatives of the Member States (IGC) decided that the seat of the CPVO would be in Angers (France). The CPVO, which is a decentralised Community agency, has its own legal status. It is self-financing, mainly on the basis of the various fees paid.

3. Structure of the CPVO and the actors involved

- **The Administrative Council:** the CPVO is supervised by its Administrative Council, comprising a representative of each Member State and a representative of the European Commission, and their alternates. The Administrative Council advises the CPVO, formulates its general orientations and general guidelines, provides opinions, constitutes the budgetary authority of the CPVO, examines and controls both its activities and those of its President.
-
- **CPVO management:** the management of the CPVO is ensured by its President, nominated by the Council of the European Union. The President takes all the necessary measures in order to produce the budget of the CPVO and to ensure its correct implementation in the framework of the powers conferred on him under the Community Regulations. He is assisted by a Vice-President who ensures his replacement in case of impediment. The President has delegated some of his duties to the Vice-President.
-
- **Internal organisation of the CPVO:** The CPVO is organised internally into three units (Technical, Administration & Legal) and two support services (Human Resources & Public Relations). There is also a service responsible for the quality auditing of examination offices. This service is under the administrative responsibility of the President while being independent with regard to its audit operations.

- **The Board of Appeal:** a Board of Appeal has been established which is responsible for deciding on appeals made against certain kinds of decisions taken by the CPVO. The Board is made up of a Chairman and alternate, and members chosen by the Chairman from a list (drawn up on the basis of a strict regulatory procedure) depending on the cases under consideration. The members of the Board of Appeal are independent.

The decisions of the Board of Appeal can be appealed against at the Court of Justice of the European Union in Luxembourg.

- **Other institutions:** Various Community institutions such as the Council of the European Union, the Court of Auditors (control of income and expenditure accounts), the European Parliament and the European Commission impinge directly or indirectly on the activities of the CPVO.



Apples



Lilies, Netherlands

4. Overview Budget Implementation 2016

4.1. Introduction

In accordance with the financial regulations of the Community Plant Variety Office, the present report provides an overview and analysis of the execution of the budget of the CPVO in 2016 as well as an indication of the key events and developments which impact on the financial situation of the Office.

The reports shall be subject to audit by the European Court of Auditors.

4.2. Overview

The Community Plant Variety Office received 3298 applications in 2016 compared to 2015 (3111 applications). In 2016, 1382 new titles were granted with a low rate of surrender of titles. The total number of grants in force rise 25148.

4.3. Budgetary Accounts

The budgetary accounts, which are more or less a reflection of the cash receipts and expenditure for the year, are sensitive to the timing of receipts and payments. Receipts of € 13.46 million and expenses of € 15.59 million meant a budget outturn of € 2.13 million negative. Non-budgetary income of € 99K leads to a net outturn of € 2.03 million negative.

The initial forecasts for the budget outturn was foreseen at closer to EUR 1.75 million negative, however, a number of factors had an impact in 2016, most importantly, the higher than expected inflation increases for staff.

4.4. Financial Accounts

The financial accounts show an economic result of € 2.33 million negative. This figure takes into account inter alia invoices not yet received at year end.

4.5. Budgetary Outturn

The budgetary outturn is the difference between the budgetary receipts and budgetary payments.

Table 1 Budgetary outturn 2015

		2016	2015	% variation 2016
Income	- Fees revenue	13 262 555,00	12 663 224,00	4,73%
	- Other revenue	195 681,19	176 231,67	11,04%
	Total	13 458 236,19	12 839 455,67	4,82%
Expenditure	Title 1 Staff expenditure	-6 362 894,32	-6 154 321,58	3,39%
	Title 2 Administrative expenditure	-1 983 560,31	-1 398 219,40	41,86%
	Title 3 Operational expenditure	-7 241 909,80	-6 427 250,56	12,68%
	Total	-15 588 364,43	-13 979 791,54	11,51%
Budget Outturn of the year		-2 130 128,24	-1 140 335,87	86,80%
Non budgetary income		99 334,16	88 116,22	12,73%
Net outturn for the year		-2 030 794,08	-1 052 219,65	93,00%

5. Revenue

Table 2 Revenue breakdown

	2016	2015	% variation 2016
Fees	13 262 555,00	12 663 224,00	4,73%
Administrative operations	96 401,00	16 027,32	501,48%
Interest	99 280,19	160 204,35	-38,03%
Grand Total	13 458 236,19	12 839 455,67	4,82%

Table 3 Breakdown of fee income

	2016	2015	% variation 2016
Annual fees	6 408 900,00	6 052 200,00	5,89%
Application fees	1 505 050,00	2 036 450,00	-26,09%
Examination fees	4 882 320,00	4 118 514,00	18,55%
Other fees	466 285,00	456 060,00	2,24%
Grand Total	13 262 555,00	12 663 224,00	4,73%

Overall revenues increased slightly in 2016 (4.82%) and this increase occurred despite a significant drop in application fees as the new scheme for lower fees for online applications was put in place from 1 January 2016. Annual fees have risen in line with the increase of the total numbers of 'titles in force'.

6. Expenditure

Execution of expenses is made using budgetary appropriations for commitments and appropriations for payments.

For staff costs and administrative expenditure (Title 1 and Title 2) the commitment and payment budgets are equal. This means that the amounts committed in a given year equal the amounts paid in that year (or carried forward to be paid early in the following year as C8 Credits).

For operational expenses (Title 3 – mainly examinations), commitments can be made in one year but payment can be spread out over a number of future years (depending on the species being examined). For this reason, the commitment budget is different from the payment budget for operational expenditure.

Table 4 Budgetary execution 2016

	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Canceled %
Title 1 Staff expenditure	6 586 000,00	6 362 894,32	96,6%	223 105,68	3,4%
Title 2 Administrative expenditure	2 213 000,00	1 983 560,31	89,6%	229 439,69	10,4%
Title 3 Operational expenditure	7 350 000,00	7 241 909,80	98,5%	108 090,20	1,5%
Grand Total	16 149 000,00	15 588 364,43	96,5%	560 635,57	3,5%

Overall as can be seen, expenditure for the year was EUR 15.59 million with a very high execution rate for the budget (96.5%)

Table 5 Budgetary execution – comparison 2015 – 2016

	Budget execution 2016	Budget execution 2015	% Change
Title 1 Staff expenditure	6 362 894,32	6 154 321,58	3,4%
Title 2 Administrative expenditure	1 983 560,31	1 398 219,40	41,9%
Title 3 Operational expenditure	7 241 909,80	6 427 250,56	12,7%
Grand Total	15 588 364,43	13 979 791,54	11,5%

Table 6 Budgetary execution 2016 – Title 1: Staff expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2016 (C8)	Cancelled appropriations	Canceled %
E1100	Staff	6 005 000,00	5 857 338,59	97,5%	5 765 275,59	92 063,00	147 661,41	2,5%
E1200	Training	98 000,00	47 316,31	48,3%	31 980,31	15 336,00	50 683,69	51,7%
E1300	Travel	240 000,00	240 000,00	100,0%	236 113,77	3 886,23	0,00	0,0%
E1400	Interim staff	207 000,00	190 688,33	92,1%	182 042,51	8 645,82	16 311,67	7,9%
E1500	Assistance	26 000,00	23 628,49	90,9%	17 695,62	5 932,87	2 371,51	9,1%
E1700	Representation	10 000,00	3 922,60	39,2%	3 922,60	0,00	6 077,40	60,8%
Grand Total		6 586 000,00	6 362 894,32	96,6%	6 237 030,40	125 863,92	223 105,68	3,4%

Staff expenditure showed a moderate increase, mainly due to inflation.

Table 7 Budgetary execution – Title 1: Staff expenditure – comparison 2015 – 2016

Budget article	Description.	Budget execution 2016	Budget execution 2015	% Change
E1100	Staff	5 857 338,59	5 723 858,19	2,3%
E1200	Training	47 316,31	98 904,09	-52,2%
E1300	Travel	240 000,00	239 999,37	0,0%
E1400	Interim staff	190 688,33	76 481,46	149,3%
E1500	Assistance	23 628,49	12 047,55	96,1%
E1700	Representation	3 922,60	3 030,92	29,4%
Grand Total		6 362 894,32	6 154 321,58	3,4%

A more detailed analysis for staff expenditure shows that staff costs increased by 2% whereas longterm absences meant that there was a significant increase in the costs for interim replacement staff.

Table 8 Budgetary execution 2016 – Title 2: Administrative expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2016 (C8)	Cancelled appropriations	Canceled %
E2000	Immeubles	570 000,00	498 554,51	87,5%	214 131,00	284 423,51	71 445,49	12,5%
E2100	Dépenses informatique	850 000,00	829 677,22	97,6%	576 193,50	253 483,72	20 322,78	2,4%
E2200	Equipements divers	70 000,00	61 356,94	87,7%	50 207,94	11 149,00	8 643,06	12,3%
E2300	Administration générale	70 000,00	46 937,78	67,1%	45 501,83	1 435,95	23 062,22	32,9%
E2400	Affranchissement et télécom.	90 000,00	67 234,39	74,7%	60 142,88	7 091,51	22 765,61	25,3%
E2500	Réunion et conseil	313 000,00	268 056,03	85,6%	174 197,27	93 858,76	44 943,97	14,4%
E2600	Audit et évaluation	250 000,00	211 743,44	84,7%	74 645,44	137 098,00	38 256,56	15,3%
Grand Total		2 213 000,00	1 983 560,31	89,6%	1 195 019,86	788 540,45	229 439,69	10,4%

Table 9 Budgetary execution – Title 2: Administrative expenditure – comparison 2015 – 2016

Budget article	Description.	Budget execution 2016	Budget execution 2015	% Change
E2000	Property	498 554,51	201 824,25	147,0%
E2100	IT expenses	829 677,22	539 292,70	53,8%
E2200	Other equipment	61 356,94	54 869,11	11,8%
E2300	General admin.	46 937,78	37 811,17	24,1%
E2400	Postage and telecom	67 234,39	76 500,00	-12,1%
E2500	Meetings and notices	268 056,03	388 790,20	-31,1%
E2600	Audit and evaluation	211 743,44	99 131,97	113,6%
Grand Total		1 983 560,31	1 398 219,40	41,9%

For Administrative expenses, there were significant increases in property costs due to the renovation of a building (ongoing in 2017) and IT expenses, due mainly to the development of the new CPVO website and the MyPVR client portal. Evaluation expenses increased as the CPVO launched an evaluation into Communication Activities in the Office.

Table 10 Budgetary execution 2016 – Title 3: Operational expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Canceled %
E3000	Examination office fees	6 434 000,00	6 431 240,14	100,0%	2 759,86	0,0%
E3200	Examination reports	380 000,00	361 765,52	95,2%	18 234,48	4,8%
E3400	Publications	163 000,00	158 574,79	97,3%	4 425,21	2,7%
E3500	Studies	163 000,00	108 411,91	66,5%	54 588,09	33,5%
E3600	Special advisors	210 000,00	181 917,44	86,6%	28 082,56	13,4%
E3700	Multi-beneficiary program	0,00	0,00		0,00	
Grand Total		7 350 000,00	7 241 909,80	98,5%	108 090,20	1,5%

Table 11 Budgetary execution – Title 3: Operational expenditure – comparison 2015 – 2016

Budget article	Description.	Budget execution 2016	Budget execution 2015	% Change
E3000	Examination office fees	6 431 240,14	5 785 194,68	11,2%
E3200	Examination reports	361 765,52	306 960,00	17,9%
E3400	Publications	158 574,79	115 894,38	36,8%
E3500	Studies	108 411,91	149 991,63	-27,7%
E3600	Special advisors	181 917,44	62 037,06	193,2%
E3700	Multi-beneficiary program	0,00	7 172,81	-100,0%
Grand Total		7 241 909,80	6 427 250,56	12,7%

Payments for operational expenditure shows significant increases in examination office fees, reflecting the increases due to the cost calculation exercise and also due to higher application numbers.

Table 12 Budgetary execution (commitment appropriation) 2016 – Title 3: Operational expenditure

Budget article	Description	Budget initial	Transferts	Budget final	Committed	Percent committed
E3000	Examination office fees	7 890 000	-283 000,00	7 845 000,00	7 235 325,64	92,2%
E3200	Examination reports	350 000	20 000,00	370 000,00	332 005,52	89,7%
E3400	Publications	150 000	25 000,00	175 000,00	162 665,79	93,0%
E3500	Studies	300 000		500 000,00	489 803,20	98,0%
E3600	Special advisors	100 000	226 000,00	326 000,00	213 818,55	65,6%
Total		8 790 000	-12 000,00	9 216 000,00	8 433 618,70	91,5%

Table 13 Title 3 – Outstanding commitments

Budget Article	Outstanding beginning 2016	Committed	De-committed	Paid	Outstanding end 2016
E3000	13 786 280	7 235 326	-497 895	-6 431 240	14 092 471
E3200	342 960	332 006	-7 440	-361 766	305 760
E3400	29 846	162 666	-12 704	-158 575	21 233
E3500	113 532	489 803	-20 047	-108 412	474 877
E3600	63 993	213 819	-17 576	-181 917	78 318
E3700	640		-640		0
Grand Total	14 337 251	8 433 619	-556 302	-7 241 910	14 972 658

7. Budget amendments and transfers

Two budget revisions were made in 2016 covering a number of budget lines.

As a normal year, transfers are made where there are changes in spending.

During the first quarter, transfers were made from the line for staff expenditure and examination office fees to fund increased costs for interim agents and special advisors (legal support for appeals).

Revisions were made later in the year in order to re-attribute budgetary amounts. The budget line for Property was reinforced to finance the renovation of a building; the budget line for Meetings had to be increased to reflect additional costs. The overall revision for the budget was EUR 699K.

The table below shows the revisions and transfers for the payment budget:

Table 14 Revisions and transfers on the payment budget 2016

Budget article	Description.	Initial payment budget	Budget amendments	Payment budget transfers	Final appropriation
E1100	Staff	5 980 000	140 000	-115 000	6 005 000
E1200	Training	100 000	0	-2 000	98 000
E1400	Interim staff	80 000	0	127 000	207 000
E1500	Assistance	20 000	4 000	2 000	26 000
E2000	Property	300 000	270 000	0	570 000
E2500	Meetings and notices	250 000	63 000	0	313 000
E3000	Examination office fees	6 400 000	222 000	-188 000	6 434 000
E3200	Examination reports	340 000	0	40 000	380 000
E3400	Publications	150 000	0	13 000	163 000
E3500	Studies	150 000	0	13 000	163 000
E3600	Special advisors	100 000	0	110 000	210 000
Grand Total		13 870 000	699 000	0	14 569 000

All transfers were signaled to the Administrative Council during the year.

For Title 1 and Title 2, the Commitment budget is subject to the same transfers as the Payment budget as the credits are non-dissociated credits. The explanations of revisions and transfers are mentioned on the previous paragraph. For Title 3, revisions were made to reinforce the budget line for Examination office fees and the budget line for Studies. Revisions were made later in the year in order to re-attribute budgetary amounts. The overall revision for the budget was EUR 915K. Transfers were also necessary to increase the budget line for special advisors (legal support for appeals).

Table 15 Revisions and transfers of the commitment budget (title 3) 2016

Budget article	Description	Budget initial	Revisions	Transfers	Budget final
E1100	Staff	5 980 000,00	140 000	-115 000	6 005 000
E1200	Training	100 000,00		-2 000	98 000
E1400	Interim staff	80 000,00		127 000	207 000
E1500	Assistance	20 000,00	4 000	2 000	26 000
E2000	Property	300 000,00	270 000	0	570 000
E2500	Meetings and notices	250 000,00	63 000	0	313 000
E3000	Examination office fees	7 890 000,00	238 000	-283 000	7 845 000
E3200	Examination reports	350 000,00		20 000	370 000
E3400	Publications	150 000,00		25 000	175 000
E3500	Studies	300 000,00	200 000	0	500 000
E3600	Special advisors	100 000,00		226 000	326 000
Grand Total		15 520 000,00	915 000	0	16 435 000

8. Management of Carry-Over credits (C8)

Each year, for title 1 and title 2, commitments are made for which invoices have not been received at the year-end. These amounts are shown as budget execution for the year but carried over to the following year to be paid. As the invoice amounts are not known at the year-end, the total amount carried over is an estimate. For budgetary reasons, it is necessary that there is a margin. When the amount carried over is too high, the resulting "lost credits" become non-budgetary income for the following year.

The table below shows, for the 2015 amounts carried over to 2016 for payment, there was a payment level of 83% (€ 481 591.78) The amount unpaid which had been considered as a budgetary expenditure in 2015 is now "non-budgetary income" for 2016 and appears in the budget outturn account as such in the table above.

Table 16 Execution of C8 credit – 2016

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Titre 1	E1100	Staff	94 750,46	81 593,33	86%	13 157,13
	E1200	Training	53 574,00	53 324,00	100%	250,00
	E1300	Travel	26 525,36	11 988,47	45%	14 536,89
	E1400	Interim staff	7 710,60	5 108,58	66%	2 602,02
	E1500	Assistance	2 274,75	1 745,03	77%	529,72
	E1700	Representation	207,85	0,00	0%	207,85
	Total			185 043,02	153 759,41	83%
Titre 2	E2000	Property	54 782,46	43 000,71	78%	11 781,75
	E2100	IT expenses	134 030,03	127 841,11	95%	6 188,92
	E2200	Other equipment	18 028,87	17 608,11	98%	420,76
	E2300	General admin.	2 991,40	2 523,99	84%	467,41
	E2400	Postage and telecom	7 611,98	5 759,41	76%	1 852,57
	E2500	Meetings and notices	96 368,18	54 623,86	57%	41 744,32
	E2600	Audit and evaluation	82 070,00	76 475,18	93%	5 594,82
	Total			395 882,92	327 832,37	83%
Grand Total			580 925,94	481 591,78	83%	99 334,16

9. Treasury reserve

Table 17 Calculation of the free reserve

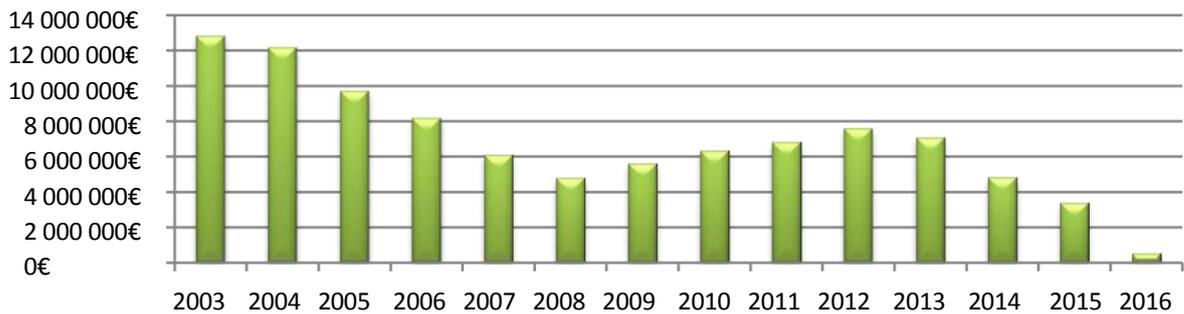
Description	31/12/2016 (€)
Treasury amount	16 403 118
Title 1 : Amount carried over to 2015	125 864
Title 2 : Amount carried over to 2015	788 540
Title 3 : Amount carried over to 2015	14 972 658
Free reserve	516 056

The so-called free reserve is the difference between total treasury in the CPVO and the outstanding commitments open.

The reserve of cash and cash equivalents of the CPVO at 31 December 2016 amounted to € 16.4 million (lower than the position at the same time in 2015). However, the outstanding budgetary commitments made with third parties (mainly with examination offices) at the same period amounted to € 15.9 million.

The graph below shows the evolution of the free reserve since its high point in 2003.

Table 18 Evolution of the free reserve



10. Budgetary Principles

The following principles are applied for the implementation of the budget of the CPVO.

- Principle of unity and budget accuracy: The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Office. No revenue shall be collected and no expenditure effected unless booked to a line in the budget. An appropriation must not be entered in the budget of the Office if it is not for an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget of the Office.
- Principle of annuality: The appropriations entered are authorised for one financial year and must therefore be used during that year. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December. Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.
- Principle of equilibrium: The Office's budget revenue and expenditure must be in balance.
- Principle of unit of account: The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro. The rate of conversion between the euro and other currencies is taken from the monthly publication
- Principle of universality: Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.
- Principle of specification: The appropriations shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.
- Principle of sound financial management: Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.
- Principle of transparency: The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency.

11. Budgetary Accounts

11.1. Budget Outturn Account – Detailed

Table 19 Detailed budget outturn

		2016	2015	% variation 2016
Income	- Fees revenue	13 262 555,00	12 663 224,00	4,73%
	- Other revenue	195 681,19	176 231,67	11,04%
	Total	13 458 236,19	12 839 455,67	4,82%
Expenditure	Title 1 Staff expenditure	-6 362 894,32	-6 154 321,58	3,39%
	Title 2 Administrative expenditure	-1 983 560,31	-1 398 219,40	41,86%
	Title 3 Operational expenditure	-7 241 909,80	-6 427 250,56	12,68%
	Total	-15 588 364,43	-13 979 791,54	11,51%
Budget Outturn of the year		-2 130 128,24	-1 140 335,87	86,80%
Non budgetary income		99 334,16	88 116,22	12,73%
Net outturn for the year		-2 030 794,08	-1 052 219,65	93,00%

11.2. Budget income

Table 20 Budget income detailed

Budget Posts	Description	Budget after RSB(*) and transfers	Income stated in 2016	Income collected in 2016	Variation with budget (%)
1000	Fees and surcharges collected	14 114 000	13 262 555	13 262 555	-6,03%
3000	Deficit reserve	1 673 000			
5000	Income from administrative operations	112 000	96 401	96 401	-13,93%
9100	Other income (mainly financial income)	250 000	99 280	99 280	-60,29%
Total		16 149 000	13 458 236	13 458 236	

(*) rectified supplementary budget

11.3. Budget Outturn – detailed reports

Table 21 Commitment appropriation 2016

Title	Budget article	Description	Budget initial	Revisions	Transferts	Budget final	Committed	Percent committed	Cancelled
Titre 1	E1100	Staff	5 980 000	140 000	-115 000,00	6 005 000,00	5 857 338,59	97,5%	147 661,41
	E1200	Training	100 000	0	-2 000,00	98 000,00	47 316,31	48,3%	50 683,69
	E1300	Travel	240 000	0	0,00	240 000,00	240 000,00	100,0%	0,00
	E1400	Interim staff	80 000	0	127 000,00	207 000,00	190 688,33	92,1%	16 311,67
	E1500	Assistance	20 000	4 000	2 000,00	26 000,00	23 628,49	90,9%	2 371,51
	E1700	Representation	10 000	0	0,00	10 000,00	3 922,60	39,2%	6 077,40
	Total			6 430 000	144 000	12 000,00	6 586 000,00	6 362 894,32	96,6%
Titre 2	E2000	Property	300 000	270 000	0,00	570 000,00	498 554,51	87,5%	71 445,49
	E2100	IT expenses	850 000	0	0,00	850 000,00	829 677,22	97,6%	20 322,78
	E2200	Other equipment	70 000	0	0,00	70 000,00	61 356,94	87,7%	8 643,06
	E2300	General admin.	70 000	0	0,00	70 000,00	46 937,78	67,1%	23 062,22
	E2400	Postage and telecom	90 000	0	0,00	90 000,00	67 234,39	74,7%	22 765,61
	E2500	Meetings and notices	250 000	63 000	0,00	313 000,00	268 056,03	85,6%	44 943,97
	E2600	Audit and evaluation	250 000	0	0,00	250 000,00	211 743,44	84,7%	38 256,56
	Total			1 880 000	333 000	0,00	2 213 000,00	1 983 560,31	89,6%
Titre 3	E3000	Examination office fees	7 890 000	238 000	-283 000,00	7 845 000,00	7 235 325,64	92,2%	609 674,36
	E3200	Examination reports	350 000	0	20 000,00	370 000,00	332 005,52	89,7%	37 994,48
	E3400	Publications	150 000	0	25 000,00	175 000,00	162 665,79	93,0%	12 334,21
	E3500	Studies	300 000	200 000	0,00	500 000,00	489 803,20	98,0%	10 196,80
	E3600	Special advisors	100 000	0	226 000,00	326 000,00	213 818,55	65,6%	112 181,45
	Total			8 790 000	438 000	-12 000,00	9 216 000,00	8 433 618,70	91,5%
Grand Total			17 100 000	915 000	0,00	18 015 000,00	16 780 073,33	93,1%	1 234 926,67

Table 22 Payment appropriation 2016

Title.	Budget article	Description.	Initial payment budget	Budget amendments	Payment budget transfers	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2016 (C8)	Cancelled appropriations	Canceled %
Title 1 Staff expenditure	E1100	Staff	5 980 000,00	140 000,00	-115 000,00	6 005 000,00	5 857 338,59	97,5%	5 765 275,59	92 063,00	147 661,41	2,5%
	E1200	Training	100 000,00	0,00	-2 000,00	98 000,00	47 316,31	48,3%	31 980,31	15 336,00	50 683,69	51,7%
	E1300	Travel	240 000,00	0,00	0,00	240 000,00	240 000,00	100,0%	236 113,77	3 886,23	0,00	0,0%
	E1400	Interim staff	80 000,00	0,00	127 000,00	207 000,00	190 688,33	92,1%	182 042,51	8 645,82	16 311,67	7,9%
	E1500	Assistance	20 000,00	4 000,00	2 000,00	26 000,00	23 628,49	90,9%	17 695,62	5 932,87	2 371,51	9,1%
	E1700	Representation	10 000,00	0,00	0,00	10 000,00	3 922,60	39,2%	3 922,60	0,00	6 077,40	60,8%
	Total			6 430 000,00	144 000,00	12 000,00	6 586 000,00	6 362 894,32	96,6%	6 237 030,40	125 863,92	223 105,68
Title 2 Administrative expenditure	E2000	Property	300 000,00	270 000,00	0,00	570 000,00	498 554,51	87,5%	214 131,00	284 423,51	71 445,49	12,5%
	E2100	IT expenses	850 000,00	0,00	0,00	850 000,00	829 677,22	97,6%	576 193,50	253 483,72	20 322,78	2,4%
	E2200	Other equipment	70 000,00	0,00	0,00	70 000,00	61 356,94	87,7%	50 207,94	11 149,00	8 643,06	12,3%
	E2300	General admin.	70 000,00	0,00	0,00	70 000,00	46 937,78	67,1%	45 501,83	1 435,95	23 062,22	32,9%
	E2400	Postage and telecom	90 000,00	0,00	0,00	90 000,00	67 234,39	74,7%	60 142,88	7 091,51	22 765,61	25,3%
	E2500	Meetings and notices	250 000,00	63 000,00	0,00	313 000,00	268 056,03	85,6%	174 197,27	93 858,76	44 943,97	14,4%
	E2600	Audit and evaluation	250 000,00	0,00	0,00	250 000,00	211 743,44	84,7%	74 645,44	137 098,00	38 256,56	15,3%
Total			1 880 000,00	333 000,00	0,00	2 213 000,00	1 983 560,31	89,6%	1 195 019,86	788 540,45	229 439,69	10,4%
Title 3 Operational expenditure	E3000	Examination office fees	6 400 000,00	222 000,00	-188 000,00	6 434 000,00	6 431 240,14	100,0%	6 431 240,14	0,00	2 759,86	0,0%
	E3200	Examination reports	340 000,00	0,00	40 000,00	380 000,00	361 765,52	95,2%	361 765,52	0,00	18 234,48	4,8%
	E3400	Publications	150 000,00	0,00	13 000,00	163 000,00	158 574,79	97,3%	158 574,79	0,00	4 425,21	2,7%
	E3500	Studies	150 000,00	0,00	13 000,00	163 000,00	108 411,91	66,5%	108 411,91	0,00	54 588,09	33,5%
	E3600	Special advisors	100 000,00	0,00	110 000,00	210 000,00	181 917,44	86,6%	181 917,44	0,00	28 082,56	13,4%
Total			7 140 000,00	222 000,00	-12 000,00	7 350 000,00	7 241 909,80	98,5%	7 241 909,80	0,00	108 090,20	1,5%
Grand Total			15 450 000,00	699 000,00	0,00	16 149 000,00	15 588 364,43	96,5%	14 673 960,06	914 404,37	560 635,57	3,5%

Table 23 Budget outturn of non-differentiated credits carried forward (C8)

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Titre 1	E1100	Staff	94 750,46	81 593,33	86%	13 157,13
	E1200	Training	53 574,00	53 324,00	100%	250,00
	E1300	Travel	26 525,36	11 988,47	45%	14 536,89
	E1400	Interim staff	7 710,60	5 108,58	66%	2 602,02
	E1500	Assistance	2 274,75	1 745,03	77%	529,72
	E1700	Representation	207,85	0,00	0%	207,85
	Total		185 043,02	153 759,41	83%	31 283,61
Titre 2	E2000	Property	54 782,46	43 000,71	78%	11 781,75
	E2100	IT expenses	134 030,03	127 841,11	95%	6 188,92
	E2200	Other equipment	18 028,87	17 608,11	98%	420,76
	E2300	General admin.	2 991,40	2 523,99	84%	467,41
	E2400	Postage and telecom	7 611,98	5 759,41	76%	1 852,57
	E2500	Meetings and notices	96 368,18	54 623,86	57%	41 744,32
	E2600	Audit and evaluation	82 070,00	76 475,18	93%	5 594,82
	Total		395 882,92	327 832,37	83%	68 050,55
Grand Total			580 925,94	481 591,78	83%	99 334,16

12. Financial Accounts:

12.1. Balance sheet

			2016	2015	
Assets	Non-Current assets	Intangible Assets	1	9,620.00	24,322.04
		Tangible Assets	2	3,121,981.11	3,229,370.81
		Medium term investments	3	6,095,500.00	2,245,600.00
		Total		9,227,101.11	5,499,292.85
	Current assets	Short-term receivables	4	3,350,672.39	3,791,687.76
		Treasury	5	10,277,505.37	16,054,063.93
		Other receivable	6	42,546.79	72,981.07
		Total		13,670,724.55	19,918,732.76
Total		22,897,825.66	25,418,025.61		
Liabilities	Accumulated result	Reserve		12,131,541.04	14,059,438.19
		Profit / deficit		(2,331,879.79)	(1,927,897.15)
		Total		9,799,661.25	12,131,541.04
	Current liabilities	Accrued charges and deferred income	7	12,871,830.00	13,066,481.48
		Current payables	8	20,667.06	25,563.09
		Short-term provision	9	205,667.35	194,440.00
		Total		13,098,164.41	13,286,484.57
Total		22,897,825.66	25,418,025.61		

12.2. Statement of financial performance

Table 24 Statement of financial performance

		2016	2015
Income	Income from fees	12,793,830.90	12,287,755.43
	Income from administrative operations	103,152.21	36,543.71
	Income from subsidies		47,604.74
	Total	12,896,983.11	12,371,903.88
Expenditure	Operational expenses	(7,176,070.52)	(6,837,748.37)
	Salaries and social taxes	(6,160,483.42)	(5,831,382.94)
	Overheads	(1,689,194.16)	(1,502,267.77)
	Depreciation	(262,721.38)	(261,457.67)
	Total	(15,288,469.48)	(14,432,856.75)
Result		(2,391,486.37)	(2,060,952.87)
Financial revenue	Interest income	62,762.20	134,399.30
	Miscellaneous financial income	276.96	948.86
	Total	63,039.16	135,348.16
Financial expenditure	Bank charges & exchange differences	(3,432.58)	(2,292.44)
	Total	(3,432.58)	(2,292.44)
Result		59,606.58	133,055.72
Economic outcome for the year		(2,331,879.79)	(1,927,897.15)

12.3. Cash-flow (Indirect method)

Table 25 Cash-flow

	2016	2015
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-2 331 879,79	-1 927 897,15
Operating activities		
Adjustments		
Amortization (intangible fixed assets) +	14 702,04	18 790,22
Depreciation (tangible fixed assets) +	248 019,34	242 667,45
Impairment (tangible fixed assets) +		
Increase/(decrease) in Provisions for risks and liabilities	11 227,35	22 800,00
(Increase)/decrease in Long term Receivables	-3 849 900,00	-733 000,00
(Increase)/decrease in Short term Receivables	479 612,16	-783 510,17
Increase/(decrease) in Other Long term liabilities		
Increase/(decrease) in Accounts payable	-207 710,02	1 647 744,86
Net cash Flow from operating activities	-5 635 928,92	-1 512 404,79
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-140 629,64	-101 525,19
Proceeds from tangible and intangible fixed assets (+)		
Loss on decommissioning of assets (+)		
Net cash flow from investing activities	-140 629,64	-101 525,19
Net Increase/(decrease) in cash and equivalent	-5 776 558,56	-1 613 929,98
Cash and cash equivalents at the beginning of the period	16 054 063,93	17 667 993,91
Cash and cash equivalents at the end of the period	10 277 505,37	16 054 063,93
Net Increase/(decrease) in cash and equivalent	-5 776 558,56	-1 613 929,98
Difference	0,00	0,00

12.4. Reconciliation between the economic result and the budgetary result

Table 26 Reconciliation table

	sign +/-	Amount
Economic result (+ for surplus and - for deficit)	+/-	-2 331 879,79
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-11 848 603,27
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	11 923 180,61
Depreciation of intangible and tangible assets (1)	+	262 721,38
Value reduction	+	
Recovery Orders issued in 2015 in class 7 and not yet cashed	-	-2 757 100,00
Payments made from carry over of payment appropriations	+	481 591,78
Prefinancing received in previous year and cleared in the year	-	
Asset acquisitions (less unpaid amounts)	-	-140 629,64
Budgetary recovery orders issued before 2015 and cashed in the year	+	3 194 670,00
Payment appropriations carried over to 2016	-	-914 404,37
Cancellation of unused carried over payment appropriations from previous year	+	99 334,16
total		-2 031 119,14
Budgetary result (+ for surplus) (2)		-2 031 119,14
Including amount of exchange rate differences (3) - (+ for gain ; - for loss)		-325,06
Delta not explained		0,00

12.5. Notes to the financial accounts

Note 1 Intangible fixed assets

		Internally generated Computer Software	Computer Software	Other Intangible assets (1)	Intangible assets under construction	Total
Gross carrying amounts 01.01.2015	+		631 951,29			631 951,29
Additions	+		2 661,66			2 661,66
Disposals	-					
Transfer between headings	+/-					
Other changes	+/-					
Gross carrying amounts 31.12.2015		0,00	634 612,95	0,00	0,00	634 612,95
Accumulated amortization and impairment 01.01.2015	-		-591 500,69			-591 500,69
Amortization	-		-18 790,22			-18 790,22
Disposals	+					
Write-back of impairment	+					
Transfer between headings	+/-					
Accumulated amortization and impairment 31.12.2015		0,00	-610 290,91	0,00	0,00	-610 290,91
Net carrying amounts 31.12.2015		0,00	24 322,04	0,00	0,00	24 322,04

Note 2 Tangible Fixed Assets

		Land	Buildings	Plant and Equipment	Computer hardware	Tangible assets under construction	Total
Gross carrying amounts 01.01.2015	+	292 220,00	5 052 991,34	346 478,90	309 424,47	10 210,73	6 011 325,44
Additions	+		61 214,46	5 181,80	42 678,00		109 074,26
Disposals	-				-7 260,00		-7 260,00
Impairment	+/-						0,00
Other changes	+/-					-10 210,73	-10 210,73
Gross carrying amounts 31.12.2015		292 220,00	5 114 205,80	351 660,70	344 842,47	0,00	6 102 928,97
Accumulated amortization and impairment 01.01.2015	-		-2 042 003,02	-307 579,21	-288 568,48		-2 638 150,71
Depreciation	-		-202 101,39	-13 380,83	-27 185,23		-242 667,45
Write-back of depreciation	+						
Disposals	+				7 260,00		7 260,00
Transfer between headings	+/-						
Accumulated amortization and impairment 31.12.2015		0,00	-2 244 104,41	-320 960,04	-308 493,71	0,00	-2 873 558,16
Net carrying amounts 31.12.2015		292 220,00	2 870 101,39	30 700,66	36 348,76	0,00	3 229 370,81

Note 3 Medium term investments

	2016	2015
Medium term investments	6,095,500.00	2,245,600.00
Total	6,095,500.00	2,245,600.00

In 2016, the amount of medium term investments increased considerably as the expense of short term investments as the rates are slightly more interesting than rates for shorter period. The increase of medium term investments was foreseen to optimize the return, but rates are still very low. The amount of € 6 095 500 is divided in 4 different investments as it can be seen on the table below:

	2016	2015
BNP - financial investment	550,000.00	512,600.00
C.E. - financial investment	733,000.00	1,733,000.00
CRCA - financial investment	4,000,000.00	
HSBC - financial investment	812,500.00	
Grand Total	6,095,500.00	2,245,600.00

Note 4 Short term receivables

	2016	2015
Customers	2,938,095.22	3,450,462.47
VAT	304,489.70	256,911.65
Deferred charges	108,087.47	84,313.64
Total	3,350,672.39	3,791,687.76

Note 5 Treasury

	2016	2015
Short-term investments	5,992,673.20	10,680,186.86
Current accounts	4,237,662.87	5,323,543.23
Imprest account	47,169.30	49,533.84
Cash in hand	-	800.00
Total	10,277,505.37	16,054,063.93

As mentioned above, short term investments decreased for the benefit of medium terms investments.

Breakdown of short term investments

	2016	2015
BARCLAYS	1.58	-
BNP	2,958,000.00	2,958,000.00
CAISSE D'EPARGNE	1,705,800.00	705,800.00
CREDIT AGRICOLE	-	4,000,000.00
LCL	1,328,871.62	1,324,672.28
SOCIETE GENERALE	-	1,691,714.58
Total	5,992,673.20	10,680,186.86

Note 6 Other receivables

	2016	2015
Interest to be received	34,384.28	70,625.31
Other receivable	-	666.00
Sundry receivables (staff)	8,162.51	1,689.76
Total	42,546.79	72,981.07

Interest rates are still very low and decreased in 2016. The Office expects less return on investments.

Note 7 Accrued charges and differed income

	2016	2015
Deferred income	8,353,172.90	8,328,708.80
Invoices to be received	4,289,762.43	4,332,523.48
Suspense account	40,301.00	43,308.00
Accrued holidays	126,096.67	84,743.05
Charge accounts	62,497.00	277,198.15
Total	12,871,830.00	13,066,481.48

The increase of deferred income from fees was caused by the increase of the number of annual fees linked to the increase of the titles granted, but also to the accumulation of the number of examination invoiced since 2014.

Note 8 Current payables

	2016	2015
Sundry credit accounts	-	6,513.50
Suppliers	20,667.06	19,049.59
Total	20,667.06	25,563.09

Note 9 Short term provision

	2016	2015
Provision for doubtful debts	205,667.35	194,440.00
Grand Total	205,667.35	194,440.00

Table 27 Statement of changes in capital

	2016	2015
Reserve	12,131,541.04	14,059,438.19
Profit / deficit	(2,331,879.79)	(1,927,897.15)
Cumulated reserve	9,799,661.25	12,131,541.04

12.6. Other Disclosures

Off Balance Sheet Commitments

At the year-end there was of a total of € 14 972 658 of commitments open on title 3 (operational expenditure) and a further € 914 404 for titles 1 and 2 carried to 2016 as C8 credits. Of this total, € 4 289 762 relates to work carried out in or before 2015 but not yet invoiced an amount for which there is a provision in the financial accounts. The balance of **€ 11 597 300** relates to commitments made which relate to work to be undertaken in the future. These commitments are existing financial commitments for which the submission date is foreseen within the coming years. There is as of yet no real liability yet for the Office, as the applicants could still cancel the examination before the submission date of material. Therefore they are taken as offbalance sheet commitments.

Contingent liabilities

The CPVO is currently subject to appeal cases and in the event of loss, would be liable for the expenses incurred by the winning parties plus expenses incurred for the lawyer's fees. The probability of loss is considered to be low and the maximum potential liability is of the order of 70 000 €.

Related parties

As at 31 December, no related parties were identified. The key management personnel of the Office is shown below:

Grade	N° of staff
AD14	1
AD12	1
Total	2

Post balance sheet events

There are no relevant post balance sheet events to be reported.

12.7. Statement of financial risk

Medium term investments

The Offices has medium term investments with the financial institutions mentioned below with maturities in the coming 3 years.

Long term receivables	1-2 years	2-3 years	total
Medium term investment BNP	733 000,00		733 000,00
Medium term investment Caisse d'Epargne		5 362 500,00	5 362 500,00
total	733 000,00	5 362 500,00	6 095 500,00

For customers of the CPVO, the provision for potential loss is defined below.

Customers	2016	2015
Amount due by customers	2 938 095,22	3 450 462,47
Provision at the start of the year	-194 440,00	-171 640,00
Additional provision (-)	-50 897,35	-26 260,00
Reduction of the provision (+)	3 160,00	1 900,00
Write-offs	36 510,00	1 560,00
Accumulated impairment (-)	-205 667,35	-194 440,00
Net amount at the end of the year	2 732 427,87	3 256 022,47

Break down of the provision for customers	2016	2015
Receivables from 2009	0,00	4 990,00
Receivables from 2010	10 200,00	41 420,00
Receivables from 2011	60 120,00	60 420,00
Receivables from 2012	45 850,00	45 950,00
Receivables from 2013	24 070,00	24 220,00
Receivables from 2014	22 160,00	17 440,00
Receivables from 2015	43 267,35	
Net amount at the end of the year	205 667,35	194 440,00

The trend of the provision for customers linked to the fees invoiced is downward since a few years. In 2015, the provision for these clients amounts to € 22 890. In addition, a provision for an invoice for recovery of legal cost of € 20 377.35 was made.

Credit quality of financial assets

CPVO financial assets and their related risk are outlined in the table below. For Member State receivables, this refers to VAT to be recovered. The receivables with third parties concerned medium

term investment for 6 095 500 €, 108 087.47 € for deferred charges already paid in 2016 income to be received in 2017 from 2016 for 42 546.79 €.

Counterparties with external credit rating	Receivables with Member States	All receivables with third parties including accruals & deferrals *	Short-term deposits	Bank accounts and cash	Total	% of the total
Prime and high grade	266 473,84	6 246 134,26	5 992 673,20	4 284 832,17	16 790 113,47	99,77%
Upper medium grade	958,81				958,81	0,01%
Lower medium grade	34 100,58				34 100,58	0,20%
Non-investment grade	2 956,47				2 956,47	0,02%
Total	304 489,70	6 246 134,26	5 992 673,20	4 284 832,17	16 828 129,33	100,00%

* excluding receivables with MS and receivables with consolidated entities

The table below concerns more particularly receivables from our customers.

Counterparties without external credit rating	Receivables with Member States	All receivables with third parties including accruals & deferrals	Short-term deposits	Bank accounts	Total
Customers		2 938 095,22			2 938 095,22
Debtors who defaulted in the past					
Total	0,00	2 938 095,22	0,00	0,00	2 938 095,22

Maturity term of financial assets

Short term receivables	< 1 year	1-2 years	>2 years	total
Customers	2 938 095,22			2 938 095,22
VAT	304 489,70			304 489,70
Deferred charges	105 225,93	2 476,10	874,02	108 576,05
total	3 347 810,85	2 476,10	874,02	3 351 160,97

Maturity of liabilities

The following table takes into account the treasury received for charge accounts and the amounts due to suppliers. There is a significant decrease of the payables as only 2 charge accounts out of 14 are still be used but will be closed in 2017.

	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	123 465,06			123 465,06
Payables with consolidated entities				
Total	123 465,06	0,00	0,00	123 465,06

Currency exposure (in EUR)

The CPVO has no exposure to non-EURO currencies. All balances are in EURO and should be paid in EURO.

12.8. Summary of main accounting principles

In accordance with the Financial Regulation (EC, Euratom) n°1605/2002 of the Council of 25 June 2002, amended by Council Regulation (EC, Euratom) n° 1995/2006 of 13 December 2006 and (EC) n° 1525/2007 of 17 December 2007, the CPVO's financial statements² for the financial year 2015 are prepared on the basis of the EC Accounting Rules which adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the Communities³, while the "Reports on implementation of the budget" continue to be primarily based on movements of cash.

The accounts are prepared for the financial year running from 1 January 2016 to 31 December 2016.

Accounting Principles

The objective of the financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. For the CPVO, the objectives are more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

In accordance with Article 143 and Article 144 of the Financial Regulation the CPVO applies the following accounting principles in drawing up the financial statements:

- going concern basis
- Prudence
- consistent accounting methods
- comparability of information
- materiality
- no netting
- reality over appearance
- accrual-based accounting

Balance Sheet

Intangible Fixed Assets

- Acquired computer software licenses are stated at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives, being 4 years.
- Should the software be developed internally, it is recorded at its directly attributable costs of development, the threshold being EUR 500 000. However, in accordance with international accounting standards, this can only be done if these costs can be measured reliably.

Property, plant and equipment

² The Financial Statements comprise the balance sheet, the statement of financial performance, the cash flow table, the statement of changes in net assets and explanatory notes.

³ The accounting rules adopted are inspired by International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, in their absence, the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

- All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.
- Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and its cost can be measured reliably. Repairs and maintenance are charged in the statement of financial performance during the financial period in which they are incurred.
- Land is not depreciated as they are deemed to have an infinite life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Depreciation rates:

Type of asset	Straight line depreciation rate
Buildings	4%
Furniture	12.5%
Vehicles	12.5%
Computer hardware	33%

Gains and losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset. These are included in the statement of financial performance.

Medium term financial assets:

- The office invests part of its cash reserve in a government bond portfolio. This portfolio, divided into units which are quoted on a daily basis, are "Available-for-Sale" and as such the valuation in the fair value is taken directly to the equity of the balance sheet in accordance with the European Commission's Accounting Rule 11. Recognition of a gain or a loss will happen at the moment of the sale (partial or total) of the portfolio.

The assets are valued on a weighted average basis.

- For held-to-maturity assets (negotiated deposits with an expiry date of greater or less than one year), interest is recorded on an accrual basis.

Impairment of non-financial assets:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its

recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Receivables:

Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the CPVO will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount, being the present value of expected future cash flows, discounted at the market rate of interest for similar borrowers. The amount of the write-down is recognized in the statement of financial performance.

Cash and cash equivalents:

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

Pension obligations:

The pension obligations for the CPVO are managed by and recognized as a liability in the accounts of the European Communities which operates defined benefit pension plans. A defined benefit plan is a pension plan that generally defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Provisions:

Provisions are recognized when the CPVO has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Payables:

Payables arising from the purchase of goods and services are recognized at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the CPVO.

Accrued and deferred income and charges:

- A critical element in accrual accounting is the exercise of ensuring that transactions are recorded in the accounting year to which they relate. This exercise is referred to as the cut-off exercise.
- The CPVO applies the accounting rules of the EC in this regard. According to the European Communities accounting rules, transactions and events are recognized in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognized based on an estimated amount of the transfer obligation of the period. The calculation of the accrued expenses is done in accordance with detailed operational and practical guidelines

issued by the Commission which aim at ensuring that the financial statements reflect a true and fair view.

Revenue is also accounted for in the period to which it relates.

In addition, at year-end, if an invoice is issued but the services have not yet been rendered, the revenue will be deferred and recognized in the subsequent accounting period.

Statement of financial performance

Revenue:

- Revenue from fees and other miscellaneous revenue are entered in the accounts once the corresponding service is considered rendered to the client and when it is considered to be certain.
- In the case of the application fee, revenue is recorded when the filing date has been assigned. In the case of the CPVO, this means the moment when the Agency issues an invoice or recovery order.

Interest income and expense:

Interest income and expense are recognized in the statement of financial performance over the relevant period.

Expenditure:

- Exchange expenses arising from the purchase of goods and services are recognized when the supplies are delivered and accepted by the CPVO. They are valued at original invoice cost.
- Provisions for expenditure are made if the following conditions are satisfied:
 - (a) a current obligation exists as a result of a past event;
 - (b) resources representing economic benefits will probably have to be used to extinguish the obligation; (c) the amount of the obligation can be reliably estimated.

The members of the Administrative Council are invited to take note of this document

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Annex III. Social Report

SOCIAL REPORT OF THE CPVO 2016

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INTRODUCTION

The purpose of the 2016 CPVO Social Report is to highlight the turn-over, the work environment and the social aspects of the CPVO during the reporting year. It is also used to compare information from a qualitative and quantitative perspective.

1. THE CPVO

1.1. Mission

The Community Plant Variety Office (CPVO) is responsible for the management of the Community Plant Variety Rights System. This system provides protection with an intellectual property right for new plant varieties on European Union level. The system, based on the 1991 act of the UPOV Convention, became operational in 1995. The mission of the CPVO is to foster innovation in plant varieties by high quality processing of applications for Community plant variety rights at affordable costs while providing policy guidance and assistance in the exercise of these rights for the benefit of stakeholders.

1.2. Structure

The CPVO is managed by its President, who is nominated by the Council of the European Union. The President takes all necessary measures in order to produce a balanced budget for the Agency and to ensure its correct implementation in the framework of the powers conferred to him under the EU Regulations. He is assisted by a Vice President, to whom he has delegated some of his duties, and who ensures his replacement in case of impediment.

The CPVO is organized internally into three units (the Technical Unit, the Administration Unit and the Legal Unit) and support services dealing with human resources and public relations. A Quality Audit service was created in 2008 with the aim of verifying that technical examination offices meet the quality standards required for providing services to the CPVO in the area of testing compliance of candidate varieties with the distinctness, uniformity and stability (DUS) criteria. This service reports directly to the Administrative Council of the CPVO.

2. EMPLOYMENT

2.1. Staff members

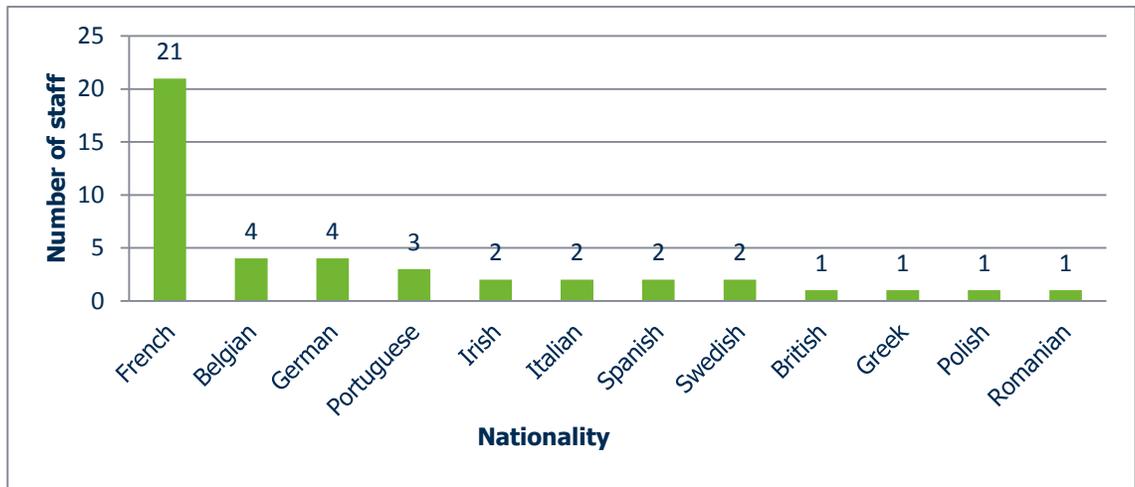
By the end of 2016, 44 staff members were employed at the CPVO comprising of 10 officials and 34 temporary agents (of which 4 were standard part-time employments of 80% or 90%). The representation in function groups AD and AST was as illustrated below.

Figure 16 - Function Groups



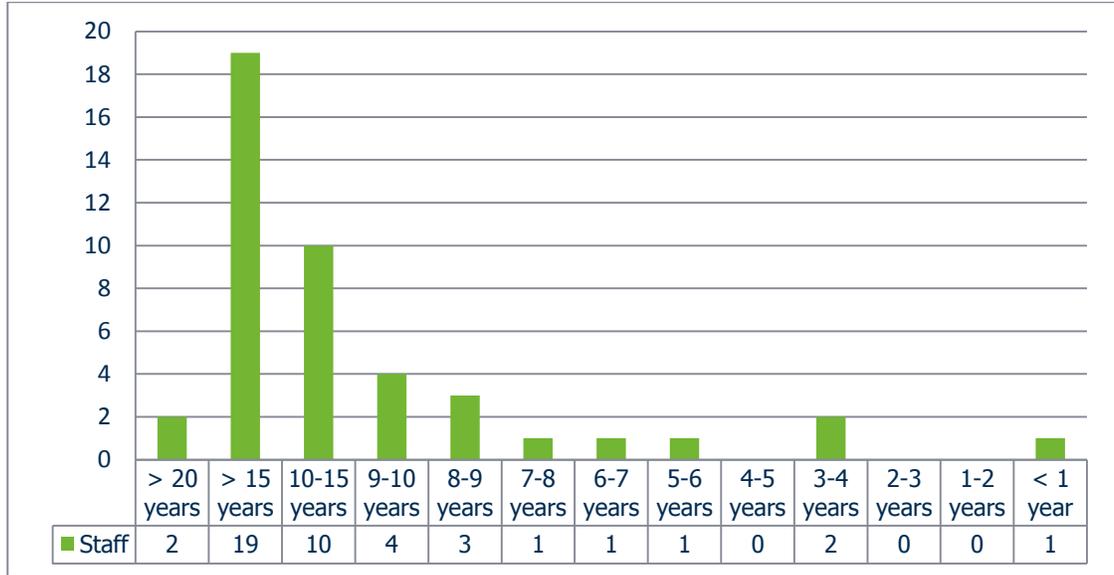
12 nationalities were present in the Office with a majority of French nationals.

Figure 17 - Nationalities



The Office has a low turn-over and 70% of the staff has been working for more than 10 years.

Figure 18 - Seniority in the Office in 2016



2.2. Recruitment procedures organized in 2016

Two recruitment procedures were launched during 2016 for contract agents (2 IT developers and 1 Database Administrator), and one selection of a contract agent for the post as Deputy Accountant was made from the EPSO reserve list. In addition, one temporary agent for the post of Legal Advisor was recruited following a selection made from the reserve lists of the EU-IPO.

2.3. Staff that joined the CPVO

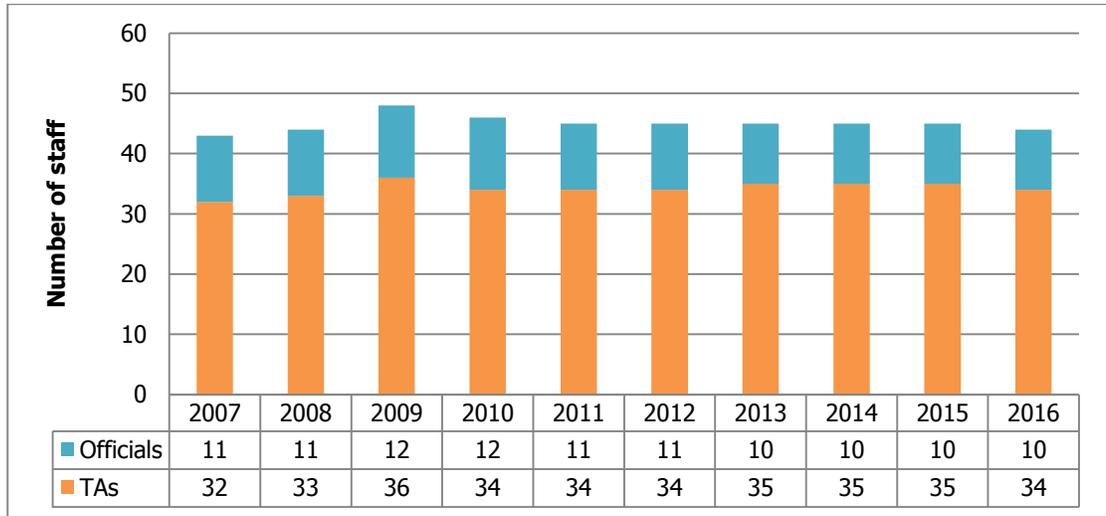
Three *interim agents* were recruited during 2016 for a total period of 20 months, in order to cover for a replacement of maternity leave, of sick leave and to cope with an increased workload in the Legal Unit and in the Presidency due to the departure of two staff members (one in 2015 and one in 2016).

One temporary agent was recruited in the Legal Unit.

2.4. Staff that left the CPVO

One staff member left in 2016. The number of staff has been stable the last 3 years with 45-46 staff members.

Figure 19 - Evolution of Temporary Agents/Officials over the past 10 years:



2.5. Career development reports

The ability of the CPVO to achieve its objectives depends on its staff members. Their skills and abilities in carrying out their responsibilities determine how successful the CPVO as a whole will be. Career development reports are a means of formally recognizing, evaluating and providing feedback on each staff member’s performance and contribution as a member of a team.

The career development report is an important means of communication between management and staff, as well as to identify training needs, and a vital tool for career development. In this process, staff members have a continuing opportunity to inform management about how they feel about the work and identify professional goals and interests. Managers in turn convey their commitment to each staff member’s career success by communicating information concerning the staff member’s performance in relation to the CPVO’s expectations and action needed to meet these expectations and to advance the staff member’s career at the CPVO.

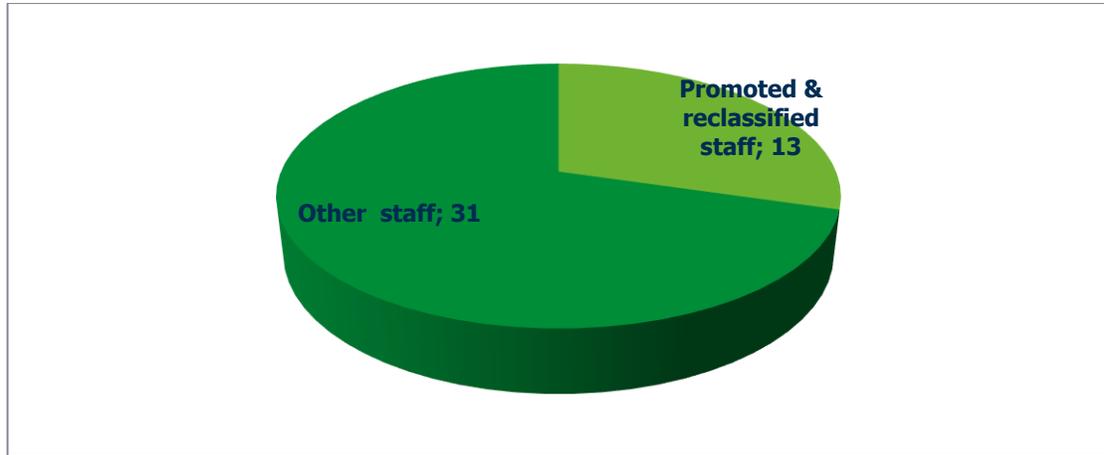
Career development reports provide a link between the CPVO’s objectives and a staff member’s performance and should also enhance accountability for results.

Career development reports are drawn up once a year for all staff members, including the President and Vice President.

2.6. Promotions and reclassifications

A total of 13 staff members were awarded a promotion or reclassification to the next grade in their career with retroactive effect from 01/01/2016. This represents 30% of the staff.

Figure 20 - Promotions and reclassifications in 2016



2.7. Absenteeism

The Staff Regulations of the European Communities, applicable to CPVO staff, stipulate that staff members do not have to present a medical certificate until the fourth day of absence. This absence of three consecutive days without a medical certificate can be repeated four times during a calendar year. All absences after that must be covered by a medical certificate. During 2016, no staff member of the CPVO was absent more than 12 days without a medical certificate.

The total number of days lost for medical reasons was 562 days (which includes three long sick leaves of 77 days, 126,5 days and 151 days respectively). This represents 5.9% of the total working days during 2016 and makes an average of 12.8 days per post.

Description	Days
Total Calendar Days	365
Weekend Days	104
CPVO Official Holidays	17
Average Annual Holidays	26
Working Days	218
Staff Present in Office in 2016	44 ⁴
Total working days	9 592 ⁵

Year	Days off	% of working days	Avg. days per post
2016	562,0	5.9%	12.8
2015	157.5	1.6%	3.5
2014	240.5	2.5%	5.1

⁴ includes staff with short-term contracts, replacing temporarily staff on long-term contracts

⁵ no distinction made between part-time and full time

Figure 21 - Absenteeism over the past three years

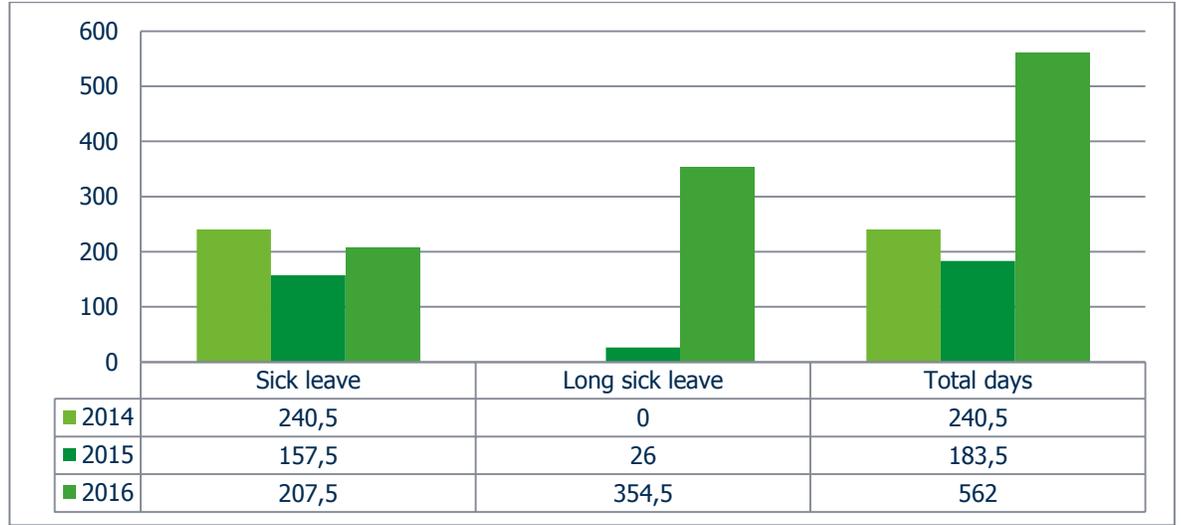
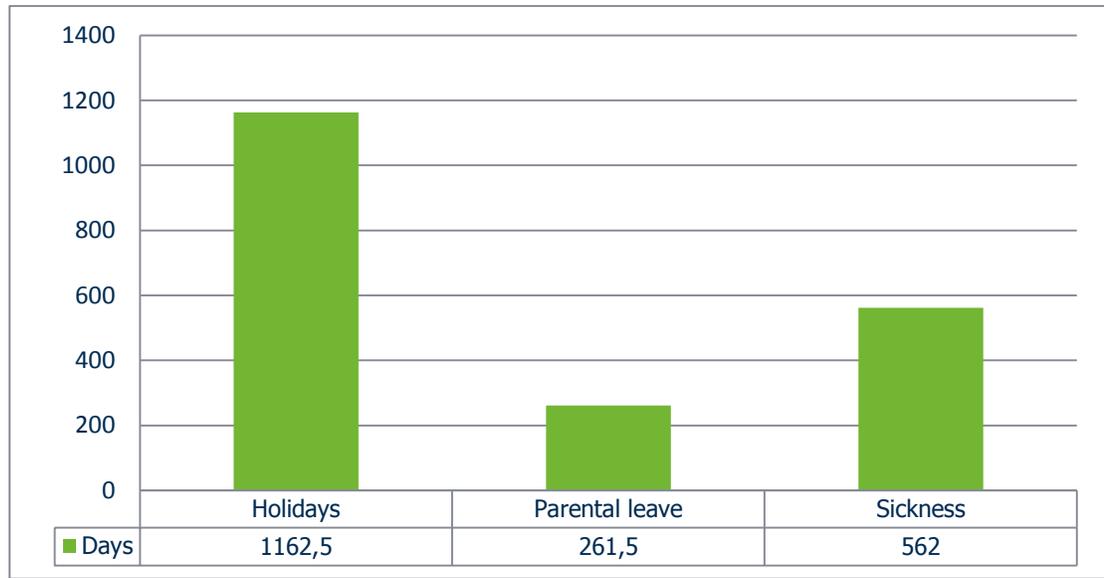


Figure 22 - Total days of absences in 2016



2.8. Gender and age balance

The gender balance amongst CPVO staff is 60-40, with the weight towards female staff. It should be noted that almost 60% of the staff of the CPVO is presently in the age range between 40 and 49, and 34% is over 50. This situation should be monitored in the medium-long term period to ensure continuity and transfer of knowledge.

Figure 23 - Gender & age balance

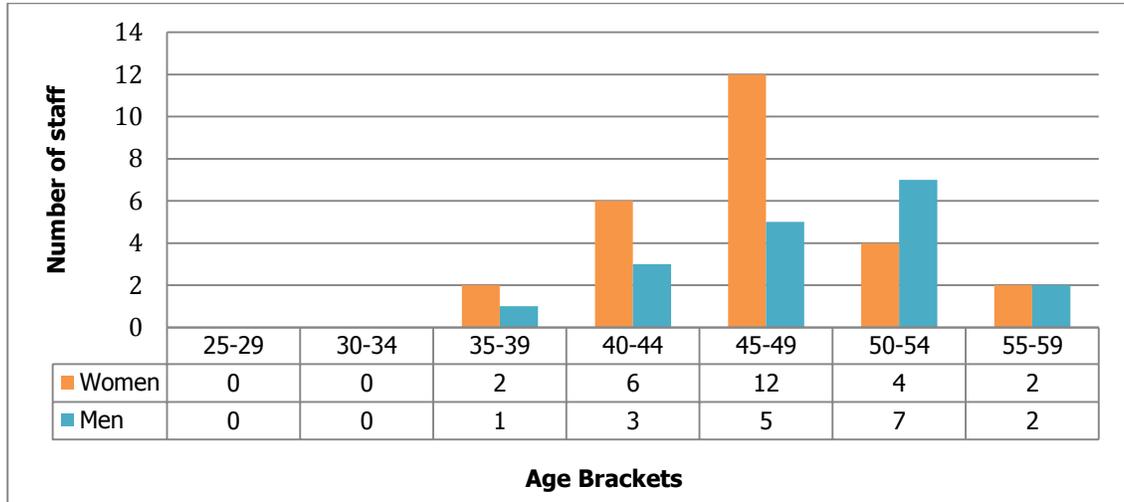
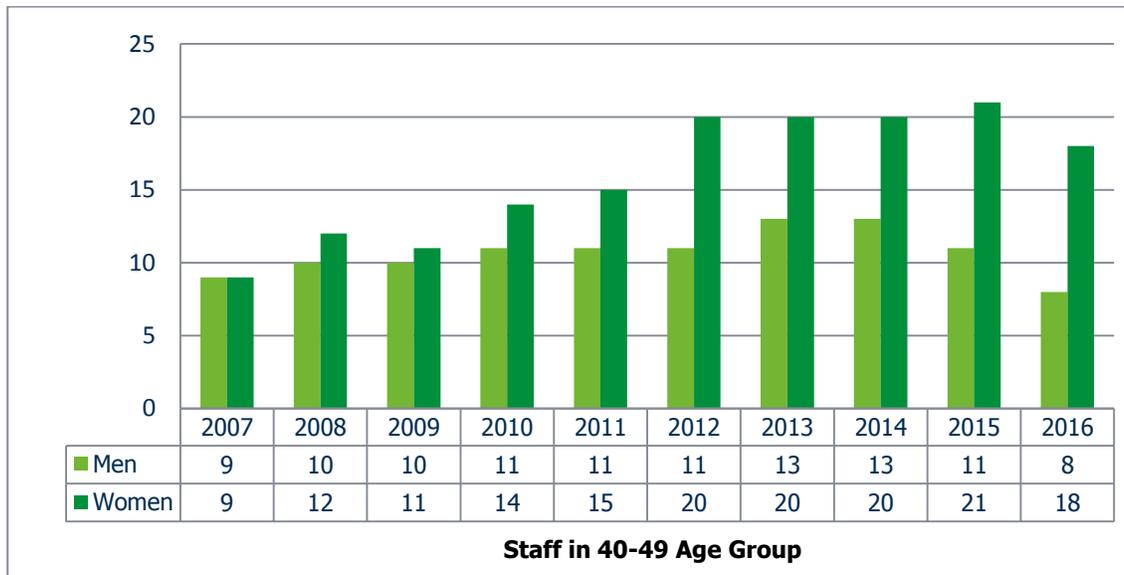


Figure 24 - Age group 40-49 evolution



3. TRAINEES

In January 2009 the President of the CPVO adopted rules governing in-service training at the CPVO. The purpose of the in-service training with the CPVO is to give external people an opportunity to learn about the CPVO and its role within the European Union, to provide them with practical knowledge of the work at the CPVO, to enable them to acquire personal experience by means of the contacts made in the course of their work and put into practice the knowledge they have acquired during their studies or professional careers, to the benefit of the CPVO.

The CPVO adopted in 2013 a procedure for the traineeships within the Office, governed by the decision mentioned above. According to this procedure eventual traineeship's will be advertised in April and September (advertisements posted on the CPVO web page and message sent to the AC members). The traineeships are planned to begin at 2 intervals during the year, in March and September, and will last for 6 months at a time. This procedure was followed in 2016 and 8 advertisements were published as a consequence. Cooperation Agreements were also signed with the University of Alicante (Magister Lvcentinvs) and the University of Strasbourg (CEIPI) to offer the same traineeship possibilities of 6 months renewable. Moreover in 2016 the CPVO has signed an agreement to join the Pan-European Seal Project in partnership with the EUIPO and the EPO to offer internships to highly specialized young graduated in the field of Intellectual Property. The agreement will be implemented as from 2017.

The CPVO also offers the possibility for younger students to do an internship of 2-4 months. These internships are not governed by the decision mentioned above but by a convention signed between the CPVO and the school.

In 2016 the CPVO had all in all nine trainees present for a total of 40,5 months.

4. WORKING CONDITIONS

4.1. Hours worked

The working week of the CPVO is 40 hours, spread out over the 5 working days (from Monday to Friday), respecting the following core working hours 9:00 to 12:30 and from 14:15 to 16:30 (16:00 on Wednesdays and Fridays).

4.2. Security and prevention of occupational hazards

The CPVO did not experience any accidents, occupational hazards or risks to its security during 2016. However, training courses are organized in these fields in order for the staff members to have knowledge about the actions to take in case anything happens. In 2016, 12 staff members participated in a training course on how to use a fire extinguisher.

4.3. Flexi-time and teleworking

The new implementing rules on working time gives staff members the possibility for flexi-time. This means that if staff works more than the regulatory hours during a month, they can work the corresponding time less in the following month. If the overtime worked exceeds 4 hours, staff can recuperate half a day in the following month, and if the overtime worked exceeds 8 hours they can recuperate a whole day, until a maximum of 2 days in a given month. No more than 20 hours can be carried over from one month to another.

In 2016, 33 staff members worked overtime and took put 168,50 days in total under the flexi-time arrangements.

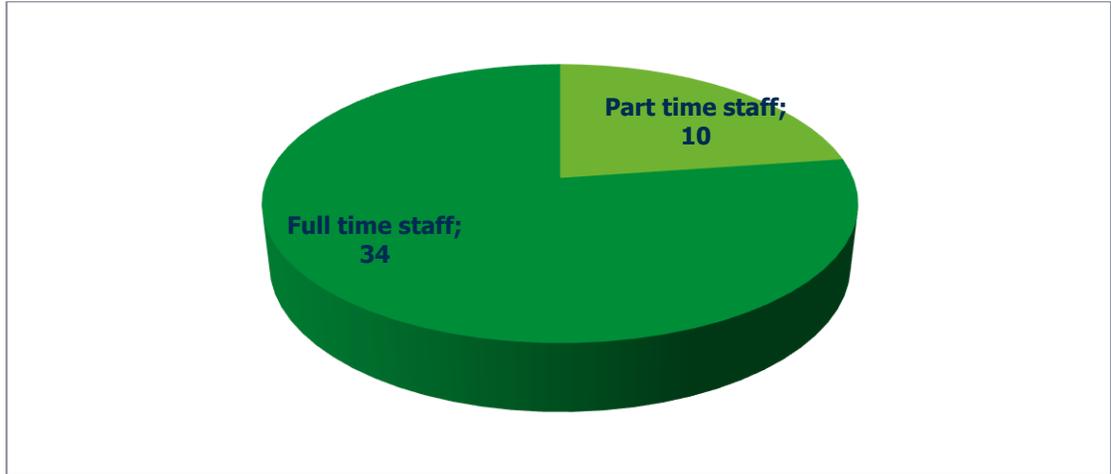
Several staff members have been teleworking during 2016, either on an ad hoc basis (6 staff members) or under a teleworking agreement (6 staff members). The feedback is very positive; both from the staff side and the CPVO's side.

4.4. Part time

The Staff Regulations of the European Communities give the right to staff members to work part-time. The CPVO adopted the Commission implementing rules on part-time work by analogy in April 2006, to give effect to these rules. These rules stipulate that staff members have the right to request to work part-time (50, 60, 70, 80 or 90%) under certain conditions. In 2016 ten staff members were granted the right to work part-time at 80% or 90% in

order to take care of their young children and to better balance private and professional life. They did not all work part-time throughout the entire year.

Figure 25 - Part time in 2016

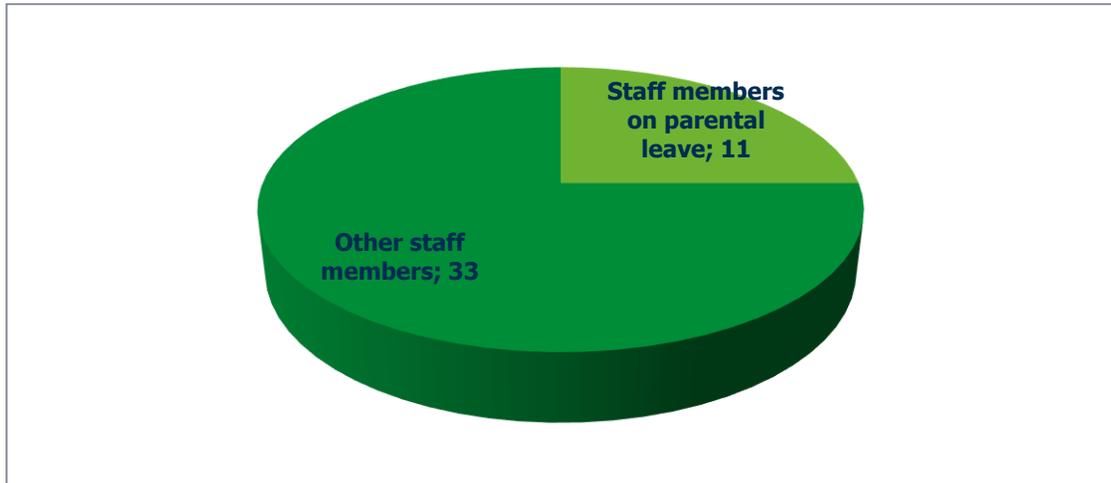


4.5. Parental leave

Parental leave is also a right established in the Staff Regulations. In 2011, the CPVO adopted by analogy the new Commission implementing rules on parental leave. These rules stipulate that staff members have the right to request parental leave for up to six months per child until the child reaches the age of 12. The leave can be taken right after the maternity leave or at any other time. It can be taken all at once (six consecutive months) or be divided into a minimum period of one month at a time. Parental leave can be taken as full-time or half-time.

The New Staff Regulations has introduced a possibility to take an extra 6 months per child with an allowance reduced by 50%. In 2016, eleven staff members took parental leave for a total period of 11 months.

Figure 26 - Parental leave in 2016



5. TRAINING

Training is an integral part of the human resources policy of the CPVO and it serves the interests of the individual as well as of the CPVO. Training should serve to improve individual competencies, professional effectiveness and commitment at the workplace so that each staff member can contribute optimally to the achievement of the CPVO's goals. By developing relevant knowledge, skills and attitudes, training should further help staff members to make desired career moves, both laterally (mobility) and vertically (promotion, including change of category). Learning is both a right and a duty for all persons working in the CPVO.

The CPVO staff has been given free access to the Learning Portal of the EUIPO Academy and can enroll in training courses as they please, under condition that there are places available.

In 2016, a budget of 98 000 € was allocated for training. A total of 50 336,31 € was committed, which represents an execution level of 51.36 % of the budget.

A total of 249 days were spent in training, which gives an average of 5.7 days per post.

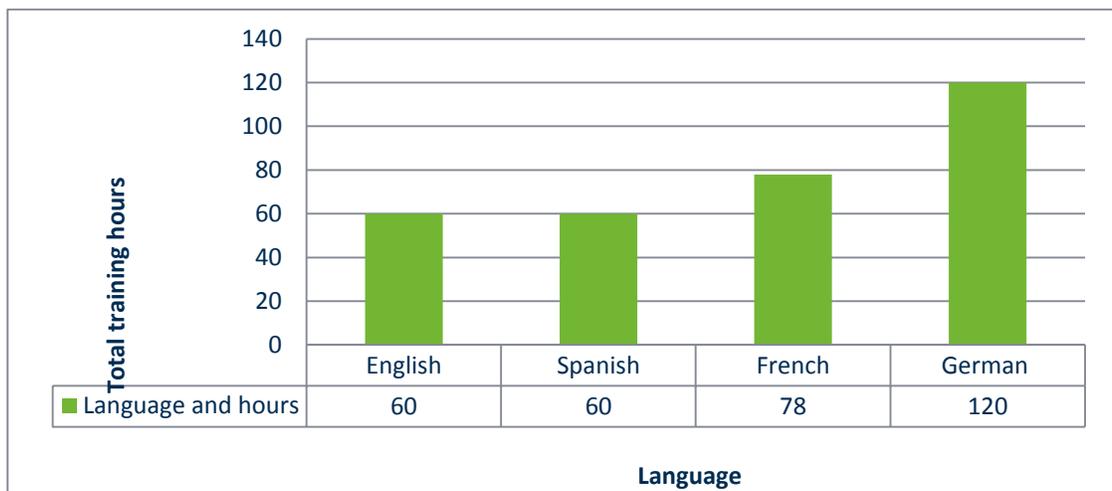
Figure 27 - Evolution of training days over the past five years

YEAR	TOTAL NUMBER OF DAYS	DAYS PER POST
2012	337.5	7.3
2013	350	7.3
2014	376.5	8.4
2015	317.25	7.1
2016	232	5.7

5.1. Language courses

In 2016, 5 staff members followed language courses. A total of 318 hours (=300/8=39,75 days) were spent in these courses, divided in English (60 hours), German (120 hours), Spanish (60 hours) and French (78 hours). 18 107,40 € was committed, which represents 18.48 % of the training budget.

Figure 28 - Language courses in 2016



5.2. IT Training

5 staff members followed IT training courses (PowerPoint, Linux/Unix, electronic archiving), which amounted to a total of 72 hours (=9 days). In addition to this, 30 staff members followed on-line trainings on Lynda.com for 274 hours (=34,25 days). 4 430,00 € was committed, which represents 4.52% of the training budget.

5.3. Writing e-mails and writing minutes

38 staff members participated in a training on how to better communicate via e-mail and 19 staff members followed a training in writing meeting minutes, which amounted in a total of 304 hours (=38 days). 3 600,00€ was committed which represents 3,67% of the training budget.

5.4. Certification

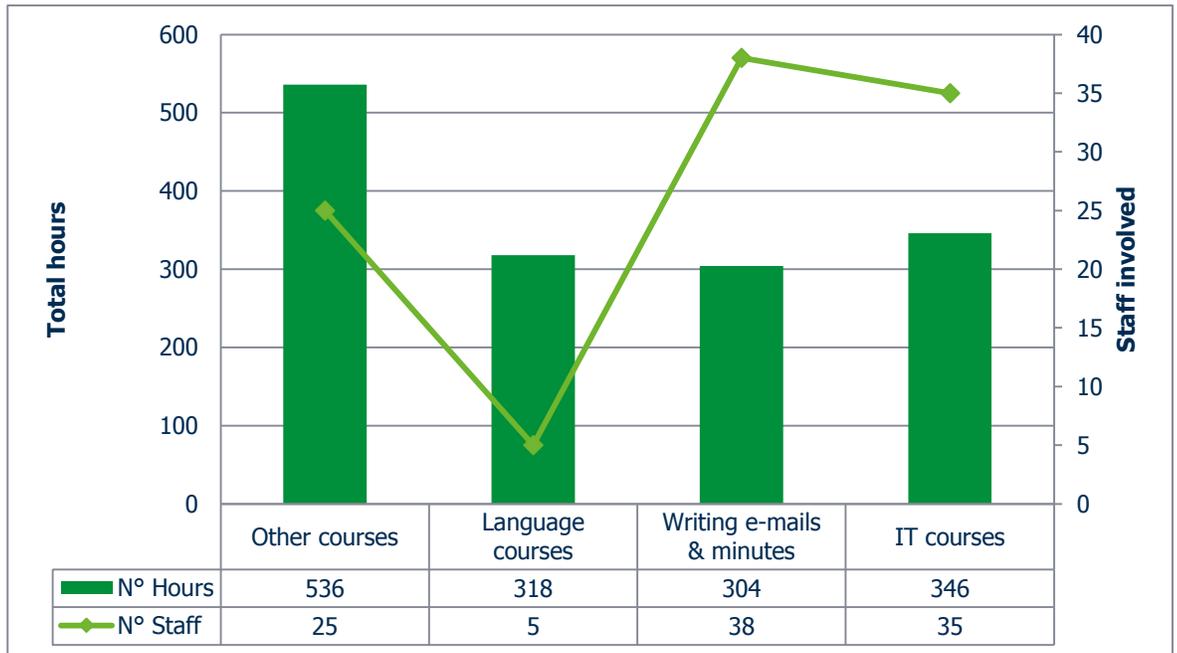
Two staff members participated in the certification procedure, organized by EPSO. A total of 496 hours (62 days) were spent on that procedure and 12 800,00€ was committed, which represent 13,06% of the training budget.

5.5. Other training

25 staff members followed other training courses (communication & management, human resources, technical expertise and diverse other courses, including the utilization of fire extinguishers) which amounted to a total of 536 hours (=67 days). 9 422,91 € was committed, which represents 9,62% of the training budget.

1 976,00€ were paid for the Service Level Agreement with DG HR, which represents 2,02% of the training budget.

Figure 29 - Total training in 2016



6. PROFESSIONAL RELATIONS

6.1. Staff Committee

The role of the Staff Committee is to be a means of communication between the staff and the management team of the Office. Once every other month, the Staff Committee and the management team meet to discuss issues which have been brought forward by staff members, and which are deemed to be of concern for everybody. The Staff Committee seeks explanations and solutions to questions and problems experienced by staff members.

The Staff Committee also participates actively in the work of adopting internal staff related decisions of the CPVO. Its opinion and agreement is sought before adopting any such decision. The Staff Committee also plays a role in designating members of various internal committees of the Office.

Finally, the Staff Committee has a social role to play within the CPVO. It organizes a social day per year, which is the occasion for the staff members to meet outside the Office in an environment which changes from year to year (castles, museums, expeditions, etc.). The Staff Committee also organizes a Christmas party where the children and spouses of the staff members are invited. Apart from these main events, the staff committee also organizes a common coffee break once a month, which is a good occasion for staff to meet together. All these events help to create bonds between staff members and they are highly appreciated.

7. CONCLUSIONS

The increasing workload and the restriction of recruiting additional staff members have had as consequence that the absenteeism increased in 2016. The possibility to recruit contract agents will hopefully improve the working conditions. Part-time possibilities are well taken up and allow a more flexible work organization and better reconciliation of work and family life. The new decision on working hours, with the possibility of flexi-time, and the decision on teleworking, offering the possibility to work from home, will also improve the balance between work and family life.

The increase in the average age of staff, and the lack of mobility within the CPVO, are two aspects which will require the attention of management team and possible actions in the near future.

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Annex IV. Report of the Court of Auditors**REPORT**

**on the annual accounts of the Community Plant Variety Office for the financial year 2015,
together with the Office's reply**

(2016/C 449/08)

INTRODUCTION

1. The Community Plant Variety Office (hereinafter 'the Office', aka 'CPVO'), which is located in Angers, was created by Council Regulation (EC) No 2100/94 ⁽¹⁾. Its main task is to register and examine applications for the grant of Union industrial property rights for plant varieties and to ensure that the necessary technical examinations are carried out by the competent offices in the Member States.
2. The *Table* presents key figures for the Office ⁽²⁾.

Table
Key figures for the Office

	2014	2015
Budget (million euro)	14,7	14,7
Total staff as at 31 December ⁽¹⁾	45	46

⁽¹⁾ Staff includes officials, temporary and contract staff and seconded national experts.

Source: data provided by the Office.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

3. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Office's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors (where relevant) and an analysis of management representations.

STATEMENT OF ASSURANCE

4. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:
 - (a) the annual accounts of the Office, which comprise the financial statements ⁽³⁾ and the reports on the implementation of the budget ⁽⁴⁾ for the financial year ended 31 December 2015, and
 - (b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

5. The management is responsible for the preparation and fair presentation of the annual accounts of the Office and the legality and regularity of the underlying transactions ⁽⁵⁾:

(1) OJ L 227, 1.9.1994, p. 1.

(2) More information on the Office's competences and activities is available on its website: www.cpvo.europa.eu.

(3) These include the balance sheet and the statement of financial performance, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

(4) These comprise the budgetary outturn account and the annex to the budgetary outturn account.

(5) Articles 38 to 42 of the Financial Regulation of the Office.

- (a) The management's responsibilities in respect of the Office's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer ⁽⁶⁾; making accounting estimates that are reasonable in the circumstances. The President approves the annual accounts of the Office after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, inter alia, that he has reasonable assurance that they present a true and fair view of the financial position of the Office in all material respects.
- (b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

The auditor's responsibility

- 6. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council ⁽⁷⁾ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Office are free from material misstatement and the transactions underlying them are legal and regular.
- 7. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the reasonableness of accounting estimates and the overall presentation of the accounts.
- 8. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

- 9. In the Court's opinion, the Office's annual accounts present fairly, in all material respects, its financial position as at 31 December 2015 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts

- 10. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2015 are legal and regular in all material respects.
- 11. The comments which follow do not call the Court's opinions into question.

(6) The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

(7) Articles 87 to 92 of the Financial Regulation of the Office.

COMMENTS ON BUDGETARY MANAGEMENT

12. The level of committed appropriations carried over was high for Title II (administrative expenditure) at 395 882 euro, i.e. 28 % (2014: 394 599 euro, i.e. 30 %). They mainly relate to IT projects (134 030 euro), mission costs (96 368 euro) and costs related to internal audit (82 070 euro) for which services will only be delivered or invoices received in 2016.
13. The rate of cancelled 2014 carry-overs was high for Title II at 20 % (2014: 26 %) and indicates weaknesses in their planning.

OTHER COMMENTS

14. The expenditure for procedures associated with appeals was in principle to be covered by appeal fees ⁽⁸⁾. However, these fees cover only a small part of the actual costs incurred. In 2015, the income derived from appeal fees totalled 11 000 euro (2014: 12 500 euro) whilst the costs of the board of appeal members amounted to some 62 037 euro (2014: 80 114 euro).
15. As at 31 December 2015, the fees unpaid for more than 90 days (mostly annual fees) amounted to 240 766 euro. The Office did not use all options provided for in its Financial Regulation to recover unpaid fees, such as enforced recovery ⁽⁹⁾.

FOLLOW-UP OF PREVIOUS YEARS' COMMENTS

16. An overview of the corrective actions taken in response to the Court's comments from previous years is provided in the *Annex*.

This Report was adopted by Chamber IV, headed by Mr Baudilio TOMÉ MUGURUZA, Member of the Court of Auditors, in Luxembourg at its meeting of 13 September 2016.

For the Court of Auditors

Vítor Manuel da SILVA CALDEIRA

President

(8) Recitals of Commission Regulation No 1238/95 (OJ L 121, 1.6.1995, p. 31).

(9) Article 53 of the Financial Regulation of the Office.

1.12.2016

C 449/49

ANNEX

7.1. Follow-up of previous years' comments

Year	Court's comment	Status of corrective action (Completed/Ongoing/Outstanding/N/A)
2014	The Office uses electronic banking for most of its payments. The Accounting Officer or her two deputies can sign the payments electronically. No signature of a second person is required, which represents a financial risk for the Office.	Outstanding
2014	Although the Office became operational in 1995, there is still no seat agreement signed with its host Member State that would clarify the conditions under which the Office can operate and that it can offer to its staff.	Ongoing

THE OFFICE'S REPLY

12. The Office takes note of the Court's comments regarding the level of carry-overs on Title II and considers that the carry overs were justified.
13. The Office takes note of the Court's comments regarding the cancellation of 2014 carry-overs.
14. The appeal fee, has been fixed in Commission Regulation (EC) No 1238/95 in the amount of 1 500 euro and is enforced as such by the Office.
15. The Office takes note of the comments regarding unpaid fees, and, notwithstanding that the CPVO Basic Regulation has specific penalties which are applied in the case of non-payment, will investigate the possibility of cost effective recovery of amounts owed.

Annex V. Declaration of Assurance

Mr Klaus-Heiner Lehne
 President of the European Court of Auditors
 12, rue Alcide de Gasperi
 1615 LUXEMBOURG

To the attention of the President of the Court of Auditors

Subject: Provisional annual accounts for the financial year 2016 for the CPVO

Date: 10 February 2017

Dear Mr. Klaus-Heiner Lehne,

This representation letter is provided in connection with your audit of the "provisional accounts of the Community Plant Variety Office hereafter the CPVO consisting of the "financial statements"⁶ and the "reports on the implementation of the budget" for the financial year ended 31 December 2016 for the purpose of expressing an opinion as to whether these present fairly, in all material respects, the financial position of the CPVO as of 31 December 2016 and of the results of its operations, its cash flows, and the changes in net assets for the year then ended.

In accordance with the Financial Regulation of the CPVO, the "financial statements" for the financial year 2016 are prepared on the basis of accounting rules adopted by the European Commission which adapt accruals based accounting principles to the specific environment of the European Union⁷, while the "reports on the implementation of the budget" continue to be primarily based on movements of cash.

⁶ The "financial statements" comprise the balance sheet, the statement of financial performance, the cash flow statement, the statement of changes in net assets and the notes to the financial statements.

⁷ The accounting rules adopted are based on International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, in their absence, International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

In line with Article 48 of the Financial Regulation of the CPVO, the accounting systems laid down by the Accounting Officer and where appropriate systems laid down by the Authorising Officer and his delegates to supply and justify accounting information have been validated.

All the information necessary for the production of the provisional accounts of the CPVO which give a true and fair view of the assets and liabilities and of the budgetary implementation has been obtained from the Authorising Officer and his delegates.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations:

Financial Accounts

1. The "Provisional annual accounts of the CPVO" for the financial year ended 31 December 2016 referred to above are presented in accordance with its Financial Regulation, its implementing rules and the accounting rules and methods established by the European Commission on the basis of internationally accepted accounting standards for the public sector.
2. No issues having a sufficiently material impact requiring a reservation have been brought to our attention.
3. Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the accounting rules.
5. All events subsequent to the date of the financial statements and for which the accounting rules require adjustment or disclosure have been adjusted or disclosed.
6. There are no uncorrected misstatements that are material, both individually and in the aggregate, to the financial statements as a whole.
7. There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements. The carrying value of receivables and recoverables which are potentially irrecoverable has been corrected, where necessary.
8. The CPVO has satisfactory title to all assets and there are no liens or encumbrances on the assets.
9. All liabilities, both actual and contingent, have been recorded or disclosed, as appropriate, and all guarantees that have been given to third parties have been disclosed in the notes to the financial statements. 10. All claims against the CPVO are reflected in the financial statements as a provision or, where relevant, as a contingent liability.
11. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. There are no lines of credit arrangements.

Information Provided

With regard to the information provided and the representations 12-17 below, I highlight that I have provided you with such information for the CPVO.

12. We have provided you with:

- Access to all information of which I am aware that is relevant to the preparation of the accounts such as records, documentation and other matters;
- Additional information that you have requested for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
13. All transactions have been recorded in the accounting records and are reflected in the accounts.
- 2 / 3
14. We have disclosed to you the results of my assessment of the risk that the accounts may be materially misstated as a result of fraud.
15. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the agency's accounts that I have been informed of by management, current or previous employees or other relevant services, including the European Anti-Fraud Office (OLAF).
16. We have disclosed to you the identity of the agency's related parties and all the related party relationships and transactions of which we are aware, in accordance with the EU accounting rule 15.
17. We have disclosed to you all instances of non-compliance and of suspected non-compliance with laws and regulations that we are aware of and whose effects should be considered when preparing the accounts.
18. Apart from the above, we confirm that:
- the accounts disclose adequately the provisional nature of those operations which are subject to future clearance of accounts or closure procedures;
 - for all "probable" but not yet definitive receivables an adequate disclosure, including when possible an estimate of the amounts involved, is given in the notes to the accounts;
 - the accounts include all the recovery orders issued by the Authorising Officers concerning the operations giving rise to reimbursement;
 - Authorising Officers have not informed me of delays or other problems in the establishment of recovery orders.

DocuSigned by:

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10/02/2017

The Accounting Officer of the Community Plant Variety Office

DocuSigned by:

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10/02/2017

The President of Community Plant Variety Office



Annex VI. Mission Summary

Unit	Date	Town	Mission category	Mission desc.	Staff
Presidency	28/1 - 29/1/2016	Strasbourg	Legal - Other	Intellectual Property and the Judiciary - Strasbourg	ME
	8/2 - 9/2/2016	Paris	External seminars - Other	Invitation à la réunion - Résidence de l'ambassadeur Veronika Wand-Danielsson à Paris	ME
	10/2 - 11/2/2016	MUNICH	External seminars - Other	EPO-CPVO Bilateral cooperation - MUNICH	ME
	16/2 - 18/2/2016	Brussels	EU Network meetings	Heads of Administration and Heads of Agency meeting	AK
	17/2 - 19/2/2016	Brussels	EU Network meetings	Heads of Administration meeting - Brussels	ME
	7/3 - 13/3/2016	Taiwan	External seminars - Other	2016 Taiwan-EU PVP symposium	ME
	16/3 - 18/3/2016	Geneva	UPOV	UPOV meeting Genève	ME
	30/3 - 31/3/2016	Brussels	Technical - Other	Variety finder Working Group - Bruxelles	ME
	30/3 - 30/3/2016	Paris	External seminars - Other	Ambassade suédoise à Paris	ME
	20/4 - 25/4/2016	Stockholm	EU Network meetings	Conférence annuelle des chefs d'agence - Stockholm	ME
	25/4 - 26/4/2016	Paris	Technical - R&D	IMMODUS – Paris	ME
	26/4 - 28/4/2016	Lisbon	EO Visits	Meeting with EO's – Lisboa	ME
	28/4 - 30/4/2016	Madrid	EO Visits	Meeting with EO'S - Madrid	ME
	17/5 - 18/5/2016	Brussels	External seminars - Other	PVR and Patent Seminar	AK ME
	23/5 - 27/5/2016	Moscow	UPOV	UPOV BMT meeting	ME
	23/5 - 25/5/2016	Brussels	EU Network meetings	Heads of Administration and Heads of Agency meetings	AK
	26/5 - 26/5/2016	Brussels	European Parliament	European Parliament IP working group	AK
	30/5 - 1/5/2016	Amsterdam	EO Visits	Plantum + NAKT Visit - Amsterdam	ME
	7/6 - 9/6/2016	Paris	Technical - R&D	BMT OECD - Paris	ME
	21/6 - 24/6/2016	Madrid + Paris CDG	EO Visits	Visit of the Spanish EO Madrid + WG on Variety Denomination guidelines	ME
	27/6 - 28/6/2016	Hannover	EO Visits	BSA meeting Hannover	ME
	5/7 - 22/7/2016	Brussels	External seminars - Other	IP Key meeting 06/07 and Standing Committee 07/07	ME
	17/8 - 17/8/2016	Beaucouzé	EO Visits	Visit of BioGEVES	ME
	5/9 - 9/9/2016	HANOI	External seminars - Other	9TH EAPVP + Seminar on the enforcement on PBR	ME
	13/9 - 14/9/2016	Brussels	EU Commission	Meeting with DG Trade + DG Sante - Brussels	ME
	28/9 - 29/9/2016	Brussels	EU Commission	AGRI COM presentation - Bruxelles	ME
	5/10 - 6/10/2016	Paris	External seminars - Other	International Advisory Board meeting - Paris	ME
	9/10 - 12/10/2016	Rome	Technical Breeders -	ESA Annual meeting 2016	ME
	17/10 - 18/10/2016	Brussels	Legal working group	Council working group - BRUXELLES	ME
	18/10 - 23/10/2016	Alicante	EU Network meetings	Heads of agencies meeting - Alicante	ME

Unit	Date	Town	Mission category	Mission desc.	Staff
	23/10 - 28/10/2016	Geneva	UPOV	UPOV – Genève	ME
	5/11 - 11/11/2016	Yangling	External seminars - Other	Seminar Plant new varieties protection - Yangling + Beijing CHINA	ME
	28/11 - 2/11/2016	Delhi	External seminars - Other	Workshop Convention Countries - Delhi	ME
	15/12 - 15/12/2016	Brussels	EU Commission	Meeting with EC - Dev. variety finder	ME
Technical Unit	12/1 - 12/1/2016	Beaucouzé	External seminars - Other	Salon SIVAL	AW
					JM
					JW
					SFS
					SH
	25/1 - 31/1/2016	Essen	External seminars - Other	IPM	JW
	25/1 - 29/1/2016	Essen	External seminars - Other	IPM	GG
	2/2 - 2/2/2016	Beaucouzé	External seminars - Other	Conference: "Protéger ses innovations végétales par les titres de Propriété Intellectuel	JW
					LDE
					SFS
	4/2 - 5/2/2016	Brussels	Technical Groups - Expert	Standing Committee on Seeds	DT
	10/2 - 11/2/2016	Munich	External seminars - Other	Visit EPO	DT
	16/2 - 16/2/2016	Beaucouzé	External seminars - Other	Salon du Végétal	JW
					SH
	17/2 - 17/2/2016	Beaucouzé	External seminars - Other	Salon du Végétal	SH
	2/3 - 4/3/2016	Brussels	Technical - Other	Working Party on Propagating material and plants of fruit genera and species, and Propagating material of ornamental plants	JM
	7/3 - 14/3/2016	different places	External seminars - Other	Taiwan-EU Plant Variety Protection Symposium in Taiwan	UB
	8/3 - 10/3/2016	Valencia	Technical Monitoring DUS -	DUS testing monitoring Citrus in Valencia	JM
					JW
	13/3 - 16/3/2016	Geneva	UPOV	UPOV TC	DT
29/3 - 30/3/2016	Brussels	Technical - Other	Working Group on Variety Denominations	BL	
29/3 - 1/3/2016	Brussels	Technical - Other	Working groups, Variety Finder and Denomination guidelines	JM	
30/3 - 31/3/2016	Brussels	Technical - Other	Mission Bruxelles Working Group Variety Finder	CB	
			Variety denomination WG and VarietyFinder WG	DT	
			WG Variety Finder	SH	
30/3 - 30/3/2016	Brion	External seminars - Other	Visit of Prof. Takakura (Meiji University Tokyo)	JW	
20/4 - 20/4/2016	Roelofarendsveen	Technical - R&D	participation in the meeting on DNA database NL/TW + developments in cooperation NL/TW/CPVO	UB	
24/4 - 26/4/2016	Roissy	Technical - R&D	Imoddis	JM	
26/4 - 26/4/2016	Paris	Technical - R&D	Imoddis	DT	
				SH	

Unit	Date	Town	Mission category	Mission desc.	Staff
	26/4 - 1/4/2016	Paris	Technical - R&D	Imoddu	AW
	27/4 - 28/4/2016	De Lier	External - Other seminars	ESA-EPO-CPVO-DG GROWTH meeting	DT
	8/5 - 14/5/2016	Geneva	UPOV	UPOV "Train the trainer" course	SFS
	9/5 - 11/5/2016	Rome	Technical - Monitoring DUS	work on the Pistacia TG ; monitoring of DUS testing kiwifruit, Japanese plum, peach	UB
	17/5 - 17/5/2016	Beaucouzé	External - Other seminars	Presentation IRHS	LDE
	17/5 - 19/5/2016	Brussels	External - Other seminars	Dutch EU presidency Symposium on patents + EU Laissez passer formalities	SFS
		Cambridge	EO Visits	Chrysanthemum open day	UB
	17/5 - 18/5/2016	Brussels	External - Other seminars	Netherlands' EU presidency symposium	DT
	19/5 - 19/5/2016	Beaucouzé	Technical - Monitoring DUS	Discussion DUS testing of apple mutations	JM
	23/5 - 27/5/2016	Moscow	UPOV	UPOV BMT meeting	AW
	28/5 - 31/5/2016	Warsaw	EU Network meetings	31st AASC meeting (Assembly of Agencies Staff Committees)	BL
					FR
	30/5 - 2/5/2016	Amsterdam + Roelofarendsveen + Enkhuizen	External - Other seminars	Participation at International Mushroom Symposium (31/05 & 02/06) + Meeting with Dutch shallot breeders (31/05) + Meeting with Syngenta and Enza Zaden (01/06)	SFS
	30/5 - 1/5/2016	Roelofarendsveen	EO Visits	Meeting Plantum + Naktuinbouw	DT
	8/6 - 8/6/2016	Paris	External - Other seminars	OECD Joint BMT workshop with UPOV + ISTA	AW
				OECD meetin	SH
	8/6 - 10/6/2016	Gedansk and Poznan	Technical - Monitoring DUS	Visit COBORU with AW	SH
	8/6 - 11/6/2016	Slupia Wielka	Technical - Monitoring DUS	Monitoring visit to COBORU	AW
	10/6 - 18/6/2016	Gimcheon	UPOV	UPOV-TWO meeting 2016	JW
	11/6 - 18/6/2016	Jimcheon	UPOV	UPOV TWO	LDE
	12/6 - 14/6/2016	Sevilla	Technical - Monitoring DUS	Monitoring CPVO Sunflower DUS trials + visti to applicants	SFS
	13/6 - 13/6/2016	Roissy	External - Other seminars	CPVO evaluation-meeting of the steering group	DT
	20/6 - 23/6/2016	Hannover/Milano	Technical - R&D	R&D potato meeting + Monitoring visit to Italy	AW
	20/6 - 26/6/2016	Hannover	EO Visits	Visit Bundessortenamt Hannover (Discussion potato project 21-22 June with AW; special leave for hand over 23-24 June, see SNE procedure article 14, point 3)	SH
	21/6 - 23/6/2016	Milan	EO Visits	CPVO visit to CREA-SCS	DT
	22/6 - 23/6/2016	Paris	Technical - Other	Revision of the Guidelines on Variety Denominations	RC
	22/6 - 24/6/2016	Paris	Technical - Other	Meeting on Variety denominations guidelines + Variety Finder (combined with mission to Milano n°1631)	DT
				Variety denomination meetings	JM
				VD guidelines meeting and Variety Finder meeting	BL

Unit	Date	Town	Mission category	Mission desc.	Staff
	23/6 - 24/6/2016	Roissy en France (PARIS CDG)	Technical - Other	Working Group Variety Finder	CB
	26/6 - 29/6/2016	Slupia Wielka	Technical - Expert Groups	OEM at COBORU	LT
	26/6 - 3/6/2016	Brno	UPOV	UPOV Technical Working Party for Vegetables (TWV/50) + Proabable Melon R&D project meeting	SFS
	27/6 - 29/6/2016	Slupia Wielka	Technical - Expert Groups	OEM 2016	LDE
		Slupia Wielka	Technical - Expert Groups	Ornamental Experts Meeting 2016	JM
		Sroda	Technical - Expert Groups	Ornamental experts' meeting	JW
	27/6 - 28/6/2016	Hannover	EO Visits	Bilateral meeting with BSA	DT
	28/6 - 29/6/2016	Sroda	Technical - Expert Groups	OEM	UB
	6/7 - 6/7/2016	Brion	EO Visits	Visit "Hortensia", GEVES, Brion (with JW)	SH
			Technical Monitoring DUS	Monitoring of the conduct of technical examinations pursuant to Art. 25(a) of Commission regulation 874/2009 of Hydrangea varieties at GEVES	JW
	7/7 - 7/7/2016	Brion	Technical Monitoring DUS	Monitoring visit in Brion	LDE
	8/7 - 17/7/2016	Mexico	UPOV	UPOV TWA	DT
	8/7 - 20/7/2016	Mexico City and Tapachula	UPOV	UPOV-TWA + monitoring visit DUS Jatropa	AW
	12/7 - 13/7/2016	Hannover	Technical Monitoring DUS	Monitoring visit BSA	JM
	19/7 - 21/7/2016	Cambridge	Technical Monitoring DUS	DUS testing monitoring Citrus in Valencia	JW
	7/8 - 9/8/2016	Avignon, Cavillon, Bellegarde	Technical Breeders	Visit French apple breeders with INRA and Geves, Gala mutation group	JM
	10/8 - 10/8/2016	Avignon, Cavillon, Bellegarde	Technical Breeders	Visit French apple breeders with INRA and Geves, Gala mutation group. Complement to the request already filed, a visit of 08.08 in the morning had to be postponed to 10.08 in the morning.	JM
	17/8 - 17/8/2016	Beaucouzé	EO Visits	Visit of BioGEVES	SH
		Le Magneraud (Surgères)	EO Visits	Visit of BioGEVES	FR
	18/8 - 18/8/2016	SURGERES	EO Visits	Visit of BioGEVES	SH
	24/8 - 24/8/2016	Beaucouzé	Technical - R&D	CTPS apple Commission, INRA	JM
	25/8 - 29/8/2016	Rome	Technical Monitoring DUS	monitoring peach trials pursuant to Art. 25(a) of Commission regulation 874/2009; discussion revision eucalyptus TG	JW
	31/8 - 31/8/2016	Lezigne	Technical Breeders	Visit French apple breeder in the area	JM
	2/9 - 2/9/2016	Beaucouzé	Technical Monitoring DUS	visit to the apple testing with the applicant	UB
		Brion	EO Visits	Annual visit GEVES/Naktuinbouw bilateral shallot trials	LT

Unit	Date	Town	Mission category	Mission desc.	Staff
				Annual visit GEVES/NAktuinbouw bilateral shallot trials + preparation EPO workshop	SFS
	7/9 - 8/9/2016	Roelofarendsveen	Technical Monitoring DUS	- Annual monitoring visit vegetable DSU trials + shallot trials visit + visit Bejo/De Groot en Sloot	SFS
		Würzen	EO Visits	Visit of BSA Würzen	DT
		Würzen	Legal - Other	Familiarization with the DUS testing of fruit varieties and Monitoring of the conduct of technical examinations pursuant to Art. 25(a) of Commission regulation 874/2009	JW
	9/9 - 9/9/2016	Brion	EO Visits	Preparation CPVO-EPO workshop with GEVES and AW	SFS
				Preparation CPVO-EPO workshop with SFS	AW
	12/9 - 12/9/2016	Brion	EO Visits	Visit GEVES with FM, JW and Prof Metzger	SH
				Visit GEVES with Prof. Metzger	JW
	13/9 - 15/9/2016	Roelofarendsveen	Technical Monitoring DUS	- Monitoring visit Naktuinbouw	LDE
	13/9 - 14/9/2016	Brussels	EU Commission	Meeting with DG trade	DT
	14/9 - 14/9/2016	Beaucouzé	EO Visits	Geves, IT discussions sharing online application system, implementation of xml	JM
	15/9 - 15/9/2016	Paris	Technical - R&D	Harmores 3 R&D project kick-off meeting	SFS
	20/9 - 20/9/2016	Beaucouzé	EO Visits	Visit BioGEVES; Discussion with Rene Mathis (Invitation by Rene Mathis)	SH
	27/9 - 27/9/2016	Beaucouzé	External seminars	- Other presentation du system CPVR a agrocampus	LDE
	2/10 - 5/10/2016	Bologna & Bolzano	Technical Breeders	- Visit Italian breeders and Mr Würtenberger event	JM
	20/10 - 23/10/2016	Alicante	EU meetings	Network EU-IPO-CPVO meeting	DT
	23/10 - 27/10/2016	Geneva	UPOV	UPOV meetings	JM
	6/11 - 8/11/2016	Brussels	Legal group	working STANDING COMMITTEE ON PLANTS, ANIMALS, FOOD AND FEED, section Propagating Material and Plants of Fruit Genera and Species	JM
	9/11 - 9/11/2016	Brion	Technical Groups	- Expert VEM 16 - technical visit and meeting	LT
				VEM16 at GEVES Brion	DT
					SFS
				VEM16, visite GEVES à Brion	JF
	9/11 - 11/11/2016	Athens	External seminars	- Other Joint EPO and OBI seminar: "Inventions in Agricultural and Food Sector: the way to the market"	AW
	14/11 - 18/11/2016	Beaucouzé	UPOV	UPOV-TWF	JW
	23/11 - 25/11/2016	Bolzano	External seminars	- Other Apple and Pear Variety Testing Symposium, Interpoma 2016	JM
	25/11 - 25/11/2016	Paris	External seminars	- Other Reunion préparation IHC 2022	LDE
	10/12 - 18/12/2016	Montevideo	UPOV	Workshop on the benefits of the UPOV 1991 Act for Latin American countries	SFS
	14/12 - 14/12/2016	Beaucouzé	EU Commission	Apple & Pear CTPS Commission, observer	JM
	15/12 - 15/12/2016	Brussels	Technical	- Other Future cooperation for common catalogue related data	JM
Legal Unit	19/1 - 21/1/2016	Paris	QAS	- Other QAS meeting and training of TEs	VD
	28/1 - 29/1/2016	Brussels	External seminars	- Other Conference European Union Civil Service Law	FM

Unit	Date	Town	Mission category	Mission desc.	Staff
	10/2 - 11/2/2016	Munich	External - Other seminars	Meeting EPO-CPVO Bilateral Cooperation	FM
	28/2 - 1/2/2016	Luxembourg	Legal - Other	MPI APPEAL Project	VD
	15/3 - 19/3/2016	Alicante	External - Other seminars	Attendance Knowledge and Awareness Building Conference	FM
	29/3 - 30/3/2016	Brussels	Technical - Other	Meeting of the WG on VD Guidelines & Explanatory Notes	FM
	13/4 - 16/4/2016	Alicante	EU Network meetings	IALN Training on Litigation / 2016 Work Program kick off	FM
	25/4 - 27/4/2016	Osijek	QAS Audit	EO Audit HR Croatia	VD
	27/4 - 28/4/2016	De Lier	External - Other seminars	ESA-EPO-CPVO-DG GROWTH meeting	FM
	3/5 - 12/5/2016	1. Rome - 2. Alicante	External - Other seminars	1.Conference 'Innovazione in Agricoltura' 2. Pan European Seal IP Campus 2016	FM
	17/5 - 18/5/2016	Brussels	External - Other seminars	Presidency symposium 'Finding the Balance'	FM
	26/5 - 29/5/2016	Rome	External - Other seminars	Presentation at UIBM	FM
	9/6 - 10/6/2016	Brussels	External - Other seminars	ALTIUS Plant Law Seminar	FM
	12/6 - 19/6/2016	Arusha	External - Other seminars	Expert meeting and Diplomatic Conference ARIPO	FM
	23/6 - 23/6/2016	Paris	Technical - Expert Groups	1st Meeting Working Group for the revision of the VD Guidelines and Explanatory Notes	FM OL
	5/7 - 7/7/2016	Brussels	UPOV	Attendance roundtable on China's accession to UPOV '91	FM
	6/7 - 6/7/2016	Brion	EO Visits	Visit to GEVES	OL
	13/7 - 13/7/2016	Madrid	External - Other seminars	Presentation at 'Jornada sobre patentes y derechos del obtentor'	FM
	12/9 - 12/9/2016	Brion	EO Visits	Visit to GEVES with Prof. Metzger	FM
	13/9 - 14/9/2016	Brussels	EU Commission	Meeting at DG Trade - IP Key follow-up	FM
	27/9 - 1/9/2016	Alicante	EU Network meetings	Observatory Plenary meeting - IALN Annual meeting	FM
	4/10 - 4/10/2016	Beaucouzé	Administrative Council Meetings	Administrative Council meeting	FM
	20/10 - 22/10/2016	Alicante	EU Network meetings	CPVO visit to EUIPO	FM
	23/10 - 26/10/2016	Geneva	UPOV	UPOV Seminar, CAJ meeting and Symposium	FM
	7/11 - 9/11/2016	Basel	External - Other seminars	International Conference 'Access and Benefit Sharing 2016'	MGM
	8/11 - 11/11/2016	Alicante	External - Other seminars	III Modulo Internacional sobre Variedades Vegetales	FM
	23/11 - 24/11/2016	Luxembourg	Legal - Other	Hearing C-625/15 P Gala Schnitzer before Court of Justice of the EU	FM
	28/11 - 30/11/2016	Milano	External - Other seminars	Observatory Legal Working Group and Enforcement Working Group	FM
	15/12 - 16/12/2016	Luxembourg	Legal - Other	Hearing cases T-425/15; T426/15 and T-428/15 before General court	FM
Admin Unit	16/2 - 18/2/2016	Brussels	EU Network meetings	Heads of Administration Meeting	JMO
	23/5 - 25/5/2016	Brussels	EU Network meetings	Heads of Administration + Heads of Agency	JMO

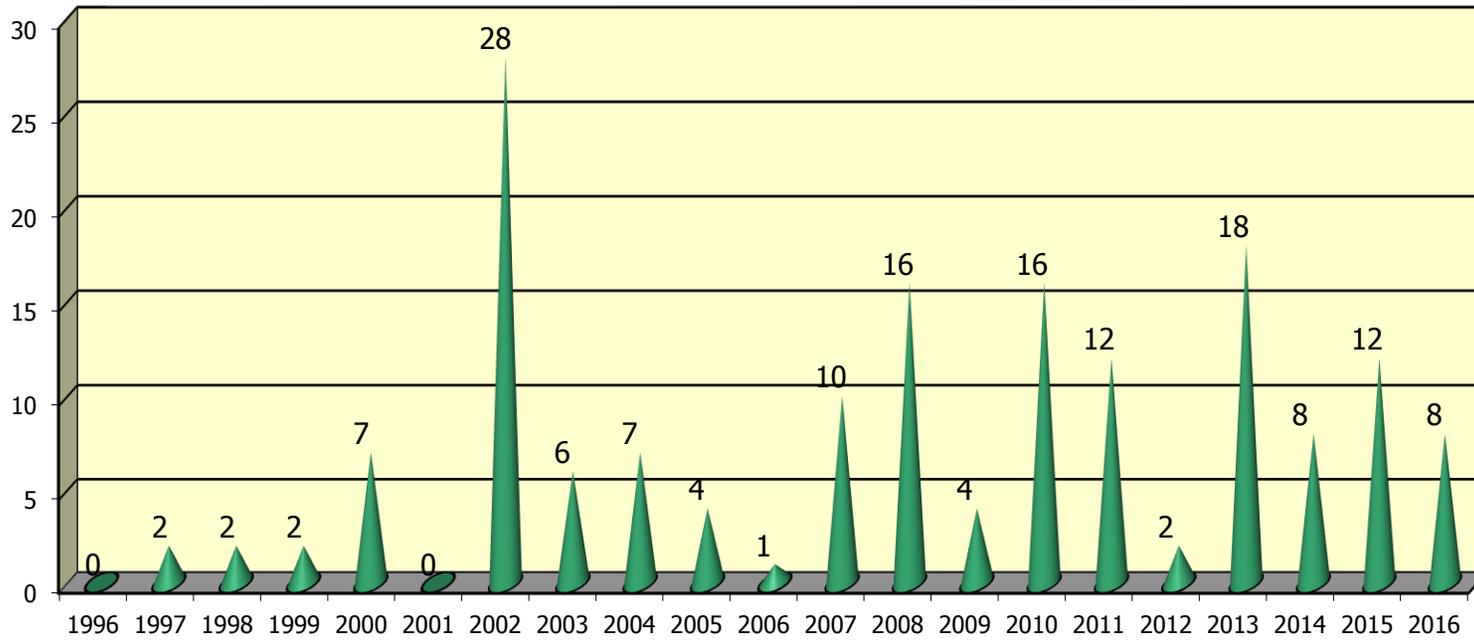
Unit	Date	Town	Mission category	Mission desc.	Staff
	25/5 - 28/5/2016	Alicante	EU Network meetings	ICTAC 27 th	SB
	13/6 - 13/6/2016	Paris	External - Other seminars	Steering Group - Communication Evaluation	JMO
	7/9 - 11/9/2016	Warsaw	EU Network meetings	Annual meeting of NAPO - Network of Agencies Procurement Officers	GOF
	14/9 - 16/9/2016	Brussels	IT Meetings	Meeting Sysper2 - Heads of Administration Agencies	JMO
	21/9 - 23/9/2016	The Hague	EU Network meetings	Inter-Agency Accounting Officers' Network: Europol - The Hague	AMF
	4/10 - 8/10/2016	Alicante	IT Meetings	Internal Communication Community of Practice - EU Agencies coordination IC meeting on 5/10 + Web Manager's Network meeting - Knowledge sharing community of HCIN on 6-7/10	LD
	6/10 - 8/10/2016	Alicante	EU Network meetings	WMN meeting, EUIPO	MR
	18/10 - 18/10/2016	Nantes	IT Meetings	Présentation technique Zend Expressive dans le cadre du lancement du projet OA+XML	MR
	18/10 - 22/10/2016	Alicante	EU Network meetings	Heads of Administration / Agency / EUIPO Visit	JMO
	9/11 - 10/11/2016	Nantes	External - Other seminars	DevFest 2019	MR
	17/11 - 17/11/2016	Nantes	IT Meetings	présentation des nouveautés de la version 22 de l'outil de développement Windev	PL
Human Resources	25/1 - 27/1/2016	Essen	External - Other seminars	IPM 2016	FS
	9/3 - 11/3/2016	Alicante	EU Network meetings	ANNUAL MEETING OF HEADS OF COMMUNICATION INTERAGENCIES NETWORK	FS
	23/5 - 24/5/2016	Brussels	EU Network meetings	Meeting with DG HR and Heads of Administration meeting	AV
	28/9 - 29/9/2016	Brussels	European Parliament	EP Committee on Agriculture and Rural Development	RG
	17/10 - 19/10/2016	Alicante	EU Network meetings	DG HR & agencies meeting + Heads of Administration meeting	AV
	28/11 - 28/11/2016	Beaucouzé	External - Other seminars	Préparation participation au SIVAL avec GEVES	FS
QAS	20/1 - 21/1/2016	Paris	QAS - Other	QAS meeting and training for TEs	GS
	11/2 - 11/2/2016	La Poueze	QAS - Other	Audit preparation meeting with technical expert	GS
	15/3 - 15/3/2016	Geneva	UPOV	UPOV TC, presentation on quality parameters in DUS	GS
	25/4 - 27/4/2016	Osijek	QAS Audit	Entrustment audit HR 2016	GS
	9/5 - 12/5/2016	Cambridge and Crossnacreevey	QAS Audit	Entrustment audit APHA 2016	GS
	17/5 - 19/5/2016	Gembloux	QAS Audit	Assessment visit CRA-W	GS
	12/6 - 15/6/2016	Budapest	QAS Audit	Assessment visit NEBIH	GS
	5/7 - 8/7/2016	POZNAN	QAS Audit	Audit Assessment visit COBORU	GS
	25/7 - 27/7/2016	Cambridge	QAS Audit	Audit Assessment visit NIAB	GS
	29/8 - 1/8/2016	Roelofarendsveen	QAS Audit	Audit Assessment visit NAKTUINBOUW	GS

Unit	Date	Town	Mission category	Mission desc.	Staff
	25/10 - 28/10/2016	Alicante	Legal - DPO	DPO meeting	GS
		Alicante	Legal - DPO	DPO meeting Alicante	IG
	6/11 - 11/11/2016	Beijing and Yangling	External - Other seminars	Follow-up IP Key study visit by Chinese delegation	GS
VP	6/3 - 7/3/2016	Brussels	UPOV	Council working party - UPOV Coordination	CG
	13/3 - 18/3/2016	Geneva	UPOV	UPOV Meetings	CG
	29/3 - 31/3/2016	Brussels	Technical - Other	Meetings Denos Guidelines and Variety Finder	CG
	26/4 - 9/4/2016	Brussels & Lisbon	Technical - R&D	IMODDUS Meeting + CIOPORA AGM + Visit Portuguese EO	CG
	13/5 - 19/5/2016	Lima et Cuzco	UPOV	Simposio internacional en Lima y curso de formacion en Cuzco (UPOV)	CG
	21/6 - 24/6/2016	Madrid - Paris	EO Visits	Visit Spanish Exam Office + Meeting VD Guidelines et Variety Finder	CG
	13/9 - 14/9/2016	Brussels	EU Commission	Meeting with DG SANTE & TRADE	CG
	8/10 - 12/10/2016	Rome	Technical Breeders -	ESA Annual Meeting	CG
	20/10 - 22/10/2016	Alicante	EU Network meetings	Meeting with EUIPO	CG

Annex VII. Board of Appeal Statistics

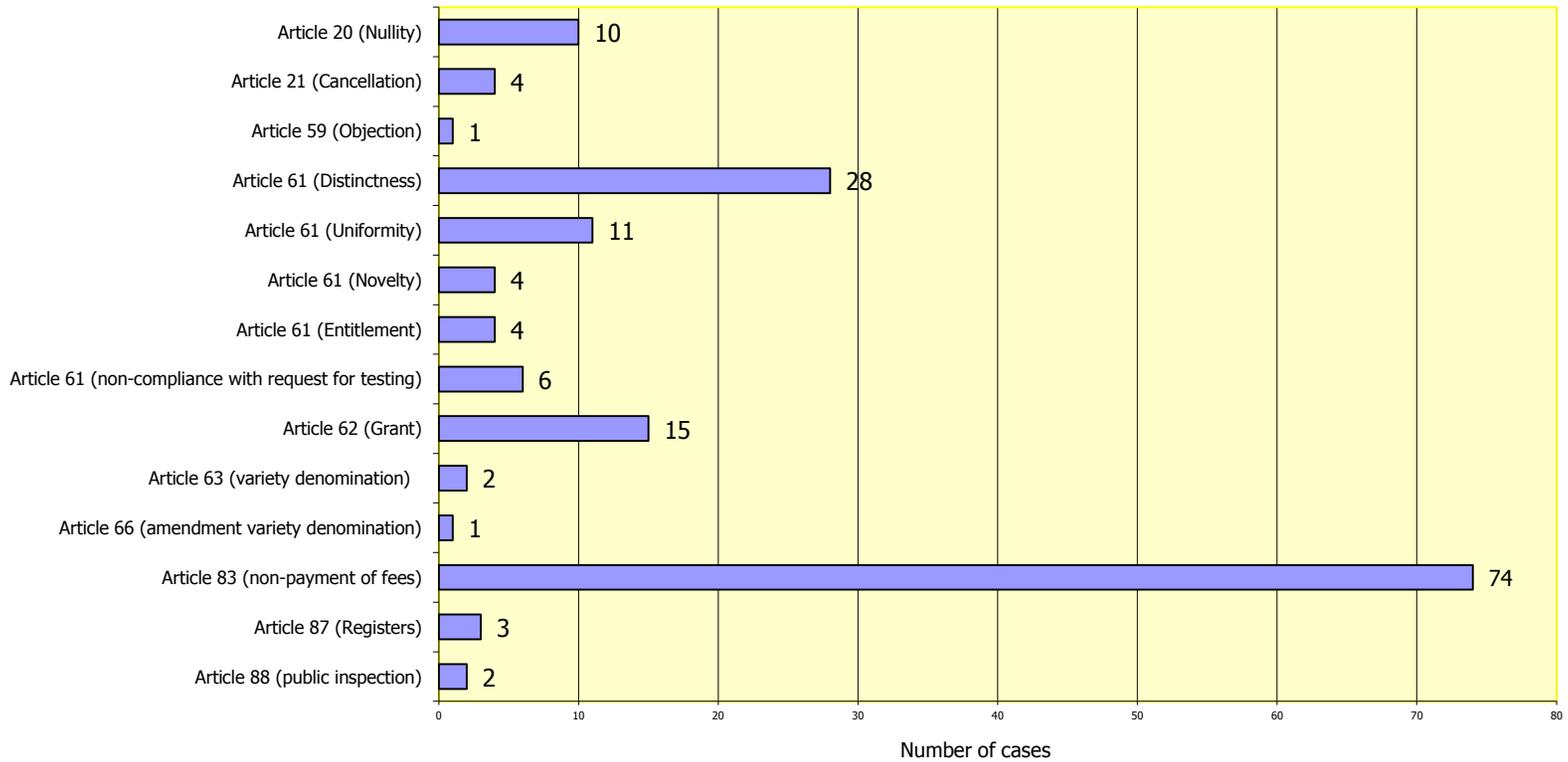
Some 165 appeals have been lodged with the CPVO since the opening of the Office. These are distributed as shown in Graph 16.

Graph 16: Number of appeal cases lodged per year with the CPVO between 1996 and 2016



Legal basis of the appeals lodged since 1996 (with reference to Council Regulation (EC) No 2100/94)

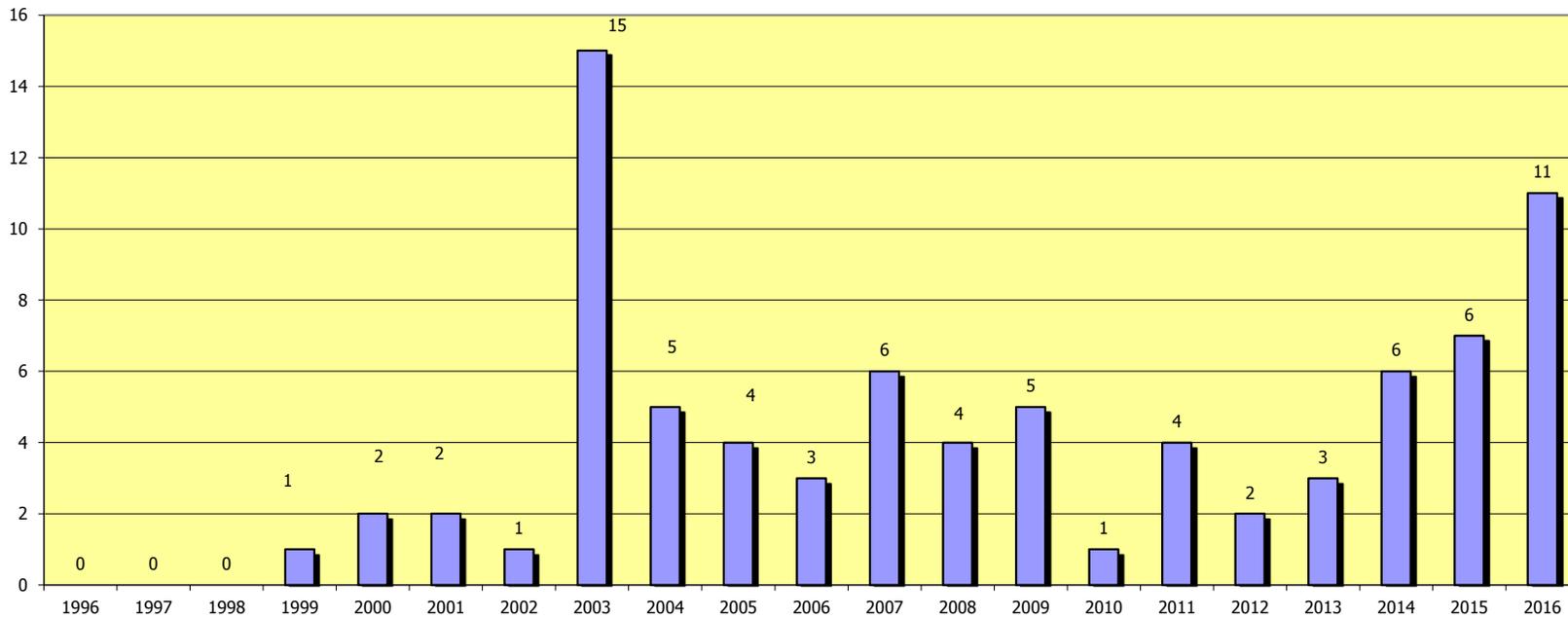
Graph 17: Legal basis of the appeal cases lodged with the CPVO since 1996



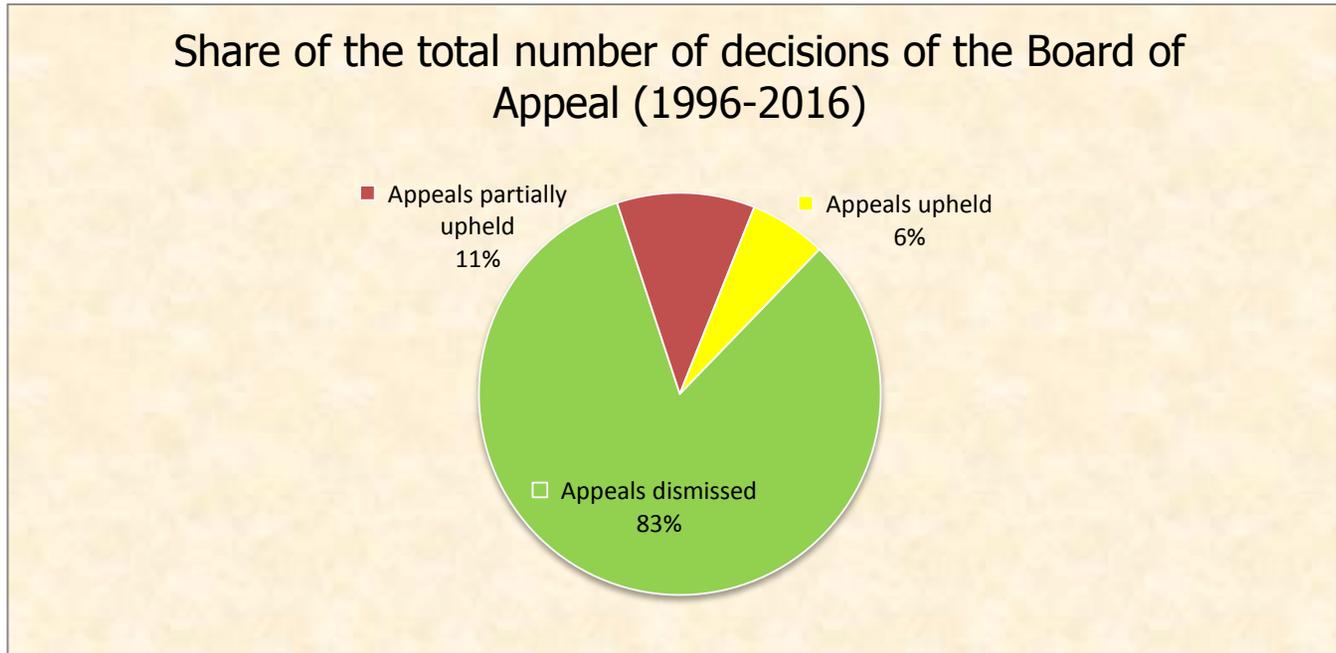
Decisions of the Board of Appeal per year

A total of 81 decisions were taken by the Board of Appeal of the CPVO between 1996 and 2016, distributed as detailed in Graph 18.

Graph 18: Number of decisions reached by the Board of Appeal per year since 1996



Outcome of the 81 decisions of the Board of Appeal 1996-2016



Annex VIII. Evaluation of the CPVO external communication – Note on progress

Introduction

The CPVO has retained ICF⁸ to conduct an evaluation of the CPVO's external communications. This note explains the programme and progress as of 10 February 2017.

The evaluation is examining the extent to which its current external communications are meeting stakeholders' communications requirements and demands, taking into consideration recent developments in the public debate around the plant variety rights system. The findings of the evaluation will inform the CPVO's future approach to external communications, from use of channels for different target audiences to the organisation of the communications function.

CPVO and ICF have agreed a research plan and programme (0) that will address each of the questions set by the evaluation's terms of reference, available in Annex 1.

Research plan and programme

Task	Timing	Description
1. Inception	December	Mobilisation & Preliminary call; Kick-off meeting & contract signature; Initial CPVO staff interviews; Team-up
2. Auditing	December – March	Strategic baselines; Visibility assessment; Analysis of tools & activity; Detailed research plan
3. Target audience research	January – March	Research preparation; Stakeholder interviews; Online consultation
4. Benchmarking	January – February	CPVO organisation & budget analysis; Benchmarking research
5. Synthesis & Conclusions	March	Synthesis; Conclusions
6. Recommendations	March/April	Recommendations
7. Reporting	April / May	Draft final report; Presentation; Final report

Progress

Task 1 Inception

The inception phase involved a kick-off meeting and interviews with senior CPVO officials to provide context on the evaluation purpose and context.

Task 2 Auditing

ICF has completed a baseline assessment of CPVO strategy and communications activities using CPVO data and documents, analysis of web data and social media data. Given the launch of the new CPVO website in December 2016, the web analysis will be extended to capture data from the first 3 months of 2017; some additional analysis of Twitter data is also scheduled. The research informed the detailed planning of the primary research in Task 3.

Task 3 Target audience research

Task 3 involves a programme of interviews with selected CPVO stakeholders and an online consultation that will be sent direct to target stakeholder groups and also distributed via a variety of channels. The status of this work is as follows;

Requests for interviews have been sent to the 39 interviewees. These include plant breeders, plant breeders' organisations, UPOV, Commission officials, representatives of EEOs, and Member State representatives. Scheduling of interviews is in progress; the first interview has been completed.

A consultation tool has been prepared and piloted prior to launch. The tool will be distributed by the CPVO to plant breeders and others on CPVO's stakeholder consultation database. It will also be promoted via the CPVO website, Twitter account and other channels.

This research will explore stakeholders' use and expectation of CPVO communications, and gather information about the forums and channels they use to access information about developments in plant variety rights.

⁸ www.icf.com

The programme requires interviews to be completed and the online consultation to be closed in the first half of March.

Task 4 Benchmarking

A benchmarking exercise will be used to examine the organisation, resourcing and strategy of the external communications function at four comparator organisations – UPOV, NAKTuinbouw, EU-IPO (a larger EU agency that is active in IP-related communications) and the European Institute for Gender Equality (an EU agency of a similar scale that has an active communications function). The aim is to provide information that can inform CPVO's thinking about future establishment and resourcing of its external communications function.

A data request and interview guide have been prepared and approaches to the target organisations are in progress.

Task 5 Synthesis

A synthesis task will see the various strands of research evidence brought together and analysed. This task has not yet begun.

Task 6 Recommendations

ICF will develop recommendations for future strategy and operations based on the evidence gathered and expert input. This task has not yet begun.

Task 7 Report

ICF will supply a draft final report, present it to the CPVO and incorporate responses to any comments in the final report. This task has not yet begun.

Project management

ICF is reporting on progress to the CPVO on a weekly basis. Research instruments and other interim are being shared with the CPVO for review and comment. ICF is working closely with CPVO staff on actions such as the distribution of information about the online consultation.

Annex 1 Evaluation overview: mapping of methods to questions

Evaluation Question	Research/analytical method								Notes	
	Web data analysis	Media analysis	Document / data analysis	CPVO staff interviews	Stakeholder interviews	Online consultation	Benchmarking	Expert input		
Auditing the external environment										
How visible is the CPVO within the European and Global IP world (website visibility score, ranking on Google...)? This should be analysed for EU and non-EU stakeholders.	.	.	.							Plan revised to accommodate launch of the new website in December 2016
What is the role and relation of the CPVO with national and international stakeholders active in this domain?			.	.	.					
Are CPVO staff members/clients satisfied with CPVO communication tools?						'Clients' is interpreted as applicants / rights holders.
Is the external communication policy (ECP) regarding the Community Plant Variety Rights System in line with the current demands and challenges faced by the Office and the system it manages		Summary question that uses outputs from across the evaluation.
Audiences: identification of the main stakeholders groups and targets for external communication										
Did we identify all target groups? Can/should we extend the list (e.g. NGOs, consumers' organisations, media)			

Evaluation Question	Research/analytical method							Expert input	Notes
	Web data analysis	Media analysis	Document / data analysis	CPVO staff interviews	Stakeholder interviews	Online consultation	Benchmarking		
What are the preferred communication tools and media for each group of stakeholders?			.		.	.			
Do we need to define specific communication plans / approaches by type of audience / group of stakeholders (e.g. European Parliament)				
Indicators on Quality/Exhaustiveness/Impact									
How can we measure these elements for the external communication: surveys, statistics on the website, Advertisement Value Equivalent or other indicators (number of views, number of followers)								.	
Benchmarking									
Is the existing expertise and HR of CPVO able to meet the current demands and challenges faced by the Office and the system it manages (Community Plant Variety Rights System)?							.	.	
Do we achieve the best cost/benefit ratio possible compared to other similar organisations?							.	.	

