



CPVO

Community Plant Variety Office

Provisional Accounts 2023

Issuance date: 6 June 2024

2023 Declaration of Assurance the Accounting Officer of the CPVO

The **provisional annual accounts** of the Community Plant Variety Office for the year 2023 have been prepared in accordance with the Financial Regulation of the European Union and the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the **provisional annual accounts** of the Community Plant Variety Office in accordance with the Title IX of the Financial Regulation.

I have obtained from the Authorizing Officer, who certified its reliability, all the information necessary for the production of the accounts that show the Community Plant Variety Office's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the Community Plant Variety Office.

Angers, 06/06/2024



Christophe Yakovleff
The Accounting Officer of the Community Plant Variety Office

2023 Declaration of Assurance the President of the CPVO

I, the undersigned, Francesco Mattina, President of the CPVO, in my capacity as Authorizing Officer,

Declare that the information contained in **the provisional annual accounts 2023** gives a true and fair view of the financial position of the CPVO.

State that I have reasonable assurance that the resources assigned to the activities describe in the reports 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 transaction. This reasonable assurance is based on my own judgment and on the information at my disposal.

I Confirm that I am not aware of anything not reported in the annual report, which could harm the interests of Community Plant Variety Office.

Angers, 06/06/2024



Francesco Mattina
The President of Community Plant Variety Office

Mr Tony Murphy
President of the European Court of Auditors
12, rue Alcide de Gasperi
L-1615 LUXEMBOURG

To the attention of the President of the Court of Auditors

Subject: Representation letter covering the 2023 provisional accounts of the Community Plant Variety Office (CPVO)

Date: 6th June 2024

Dear Mr. Tony Murphy,

This representation letter is provided in connection with your audit of the provisional accounts of the CPVO consisting of the financial statements¹ and the budget implementation reports for the financial year ended 31 December 2023 for the purpose of expressing an opinion as to whether these present fairly, in all material respects, the financial position of the CPVO at 31 December 2023, the results of its operations, its cash flows, and the changes in net assets for the year then ended.

In line with the Article 49 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 to supply and justify accounting information have been validated.

We have disclosed to you any significant changes or impact in our systems, controls, policies and procedures that we have made to address the Russian war of aggression against Ukraine.

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 Officers by delegation of the CPVO, who had guaranteed its reliability.

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:

¹ 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.

Provisional accounts

1. The provisional accounts of the CPVO for the financial year ended 31 December 2023 referred to above are presented in accordance with its Financial Regulation and with the accounting rules adopted by the Accounting Officer of the European Commission based on internationally accepted accounting standards for the public sector: there is no material divergence requiring disclosure in the notes to the financial statements under Article 80(2) of the Financial Regulation.
2. No issues requiring a reservation have been brought to our attention.
3. The methods, the data, and the significant assumptions² used in making accounting estimates, including those measured at fair value, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the accounting rules and internationally accepted accounting standards for the public sector.
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 accounts and for which the accounting rules and methods require adjustment or disclosure have been adjusted or disclosed.
6. 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 recoverable, which are potentially irrecoverable, has been corrected where necessary.
7. The CPVO has satisfactory title to all assets and there are no liens or encumbrances on the assets.
8. All types of assets have been reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where appropriate, such assets have been written down to their recoverable amount.
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. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
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.
12. There have been changes in accounting policies which required restatements of the amounts from the financial statements for the year ended 2022 which are shown as comparative amounts in the financial statements for year ended 2023. These changes are explained in detail in note 12.6.
13. Information regarding financial risks exposure and our financial risk management objectives and policies has been adequately disclosed in the financial statements.

² which included the potential impact of COVID-19 pandemic as well, the BREXIT and the war against Ukraine.

Information Provided

We have provided you with:

14. We have provided you with:
 - Access to all information that of which we are 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.
15. All transactions have been recorded in the accounting records and are reflected in the accounts.
16. We have disclosed to you the results of our assessment of the risk that the accounts may be materially misstated as a result of fraud.
17. We have requested the Legal advisors who perform services for us to provide you with all required information and have requested them to disclose to you any matters you may request in this respect.
18. We have sought and disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity and involving management, employees who have a significant role in internal control, or others, where fraud could have a material effect on the entity's accounts or on the legality and regularity of the underlying operations, including issues communicated by current or former employees or by the relevant services, including the European Anti-Fraud Office (OLAF).
19. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, in accordance with the EU accounting rule 15.
20. We have disclosed to you all instances of non-compliance and of suspected non-compliance with laws and regulations that we are aware of in relation to the CPVO's operations.
21. 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 receivables which are not yet definitive, 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 to the CPVO. We have not been informed on delays or other problems in the establishment of the recovery orders.
 - Authorising Officers have not informed of delays or other problems in the establishment of recovery orders.

Internal control over financial reporting

22. We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

Internal control over compliance

23. The Authorising Officer acknowledges his responsibility:
- for establishing and maintaining effective internal control over compliance.
 - for ensuring compliance and detecting noncompliance with requirements, as applicable.
24. The Authorising Officer confirms having:
- made available to you all documentation related to compliance with the specified requirements or about the effectiveness of internal control over compliance.
 - disclosed to you any communications from regulatory authorities, internal auditors, lawyers (internal and external), and other practitioners concerning possible noncompliance with the specified requirements, including communications received between 31.12.2023 and the date of the audit report.
 - disclosed to you all instances of known noncompliance.

Reservations

There are no reservations.



06/06/2024

Christophe Yakovleff

The Accounting Officer of the Community Plant Variety Office



06/06/2024

Francesco Mattina

The President of Community Plant Variety Office

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THE CPVO



1. The CPVO

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.

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.

2. Mission of the CPVO

The CPVO was established by Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights (OJ L 227 of 01.09.94 p.1). It was established with a view to creating a system of industrial property rights for plants, with uniform effect in the territory of the European Union.

The mission statement below, defined in the new Strategic Plan for the period 2022-2026, provides a clear *raison d'être* for the CPVO. It is on this solid basis, that the Strategic Vision is developed and the objectives and actions over the period 2022-2026 are derived.

The CPVO operates, develops and promotes an efficient intellectual property rights system providing customer-centric services, thereby supporting innovation and the creation of new plant varieties for the benefit of society.

The mission of the CPVO provides an incentive to create new varieties. By protecting new varieties return of investments to the breeder is ensured and opens the door for re-investments in the creation of new plant varieties. This will lead to higher and more sustainable agricultural outputs and job creation as outlined above in the introduction. This mission has many implications for how the CPVO works and develops over time. Achieving this means we will implement high quality, robust and defensible decisions which maintain the confidence of breeders and society as a whole. This in turn requires recruiting and developing staff with access to cutting-edge IT tools, maintaining excellent relations with all our stakeholders while taking our responsibility as a worldwide player in Intellectual Property Rights for plants.

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 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: Plant Variety Expertise (former Technical), People & Resources (former Administration) and Legal and Governance Affairs units (former Legal). 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 interact directly or indirectly with the activities of the CPVO.



4. Overview Budget Implementation 2023

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 2023 as well as an indication of the key events and developments which impact on the financial situation of the Office.

The budget of the office for 2023 has been adopted by the Administrative Council in October 2022 and revised twice to consider the purchase of a new building and then, significant changes made to the initial payment schedule.

The reports shall be subject to audit by the European Court of Auditors, after which the final accounts shall be drawn up.

4.2 Overview

The Community Plant Variety Office received 2866 applications in 2023, compared to 3196 in 2022. In 2023, almost 2800 new titles were granted. Taking into account the surrenders of older titles, the total number titles in force rose to more than 30 900.

4.3 Budgetary Accounts & Budgetary Outturn

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.

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

Receipts of EUR 19.67 million and expenses of EUR 19.02 million meant a budget outturn of EUR 650 932 positive (EUR 374 772 negative in 2022). Non-budgetary income of EUR 105 101 lead to a net outturn of EUR 756 033 positive.

Table 1 Budgetary outturn 2023

		2023	2022	% variation 2023
Income	Fees revenue	19,394,593.00	18,318,353.00	5.9%
	Other revenue	274,955.83	151,630.00	81.3%
	Total	19,669,548.83	18,469,983.00	6.5%
Expenditure	Title 1 Staff expenditure	(9,057,215.96)	(8,463,314.25)	7.0%
	Title 2 Administrative expenditure	(1,639,888.50)	(1,820,871.29)	(9.9%)
	Title 3 Operational expenditure	(8,321,512.25)	(8,560,569.58)	(2.8%)
	Total	(19,018,616.71)	(18,844,755.12)	0.9%
Grand Total	650,932.12	(374,772.12)	273.7%	
Non budgetary income		105,101.40	86,174.47	22.0%
Net outturn for the year		756,033.52	(288,597.65)	362.0%

The budget outturn for 2023 significantly increased compared to 2022 mainly due to the update of the Fees regulation which saw an increase of the annual fees from 330€ to 380€ per title leading to a net increase of EUR 1 million. Other fees collected by the CPVO (sales of reports, certified copies) went through a significant increase as well (+63%).

On the other hand, expenditures remain relatively stable (0.9% increase), explaining the increased outturn of EUR 1 million from 2022 to 2023.

5. Revenue

Table 2 Revenue breakdown

	2023	2022	% variation 2023
Fees	19,394,593.00	18,318,353.00	5.9%
Administrative operations	40,233.89	50,019.24	(19.6%)
Interest	234,721.94	101,610.76	131.0%
Grand Total	19,669,548.83	18,469,983.00	6.5%

Table 3 Breakdown of fee income

	2023	2022	% variation 2023
Annual fees	11,159,560.00	10,109,220.00	10.4%
Application fees	1,291,750.00	1,431,600.00	(9.8%)
Examination fees	6,103,655.00	6,261,013.00	(2.5%)
Other fees	839,628.00	516,520.00	62.6%
Grand Total	19,394,593.00	18,318,353.00	5.9%

The total fees received in 2023 amounted to EUR 19.39 million, an increase of 5.88 % in comparison with the previous year. Annual fees increased in line with the update of the Fees Regulation as from 1 July 2023 and other fees (legal fees, certified copy, compulsory rights, report sales, take over reports, appeal fees) witnessed a significant increase as well of 63%.

The level of application and examinations fees have been reduced in line with the decrease in number of applications received, and thus examinations carried out.

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 budget for amounts committed in a given year equal the budget for the amounts to be 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.

Tables 4 to 11 provide more details of the **execution of payment appropriations**.

Table 4 Budgetary execution 2023

	Final payment appropriation	Executed	Paid %	Cancelled appropriations	Cancelled %
Title 1 Staff expenditure	10,356,000.00	9,057,215.96	87.5%	1,298,784.04	12.5%
Title 2 Admin. expenditure	1,894,000.00	1,639,888.50	86.6%	254,111.50	13.4%
Title 3 Operational expenditure	9,419,625.00	8,321,512.25	88.3%	1,098,112.75	11.7%
Grand Total	21,669,625.00	19,018,616.71	87.8%	2,651,008.29	12.2%

Overall, as can be seen, expenditure for the year was EUR 19.02 million (compared with EUR 18.84 million in 2022) with a high execution rate for the budget of 87.8% reflecting an accurate and efficient budget planning and forecast.

Table 5 Budgetary execution – comparison 2023 – 2022

	Budget execution 2023	Budget execution 2022	% Change
Title 1 Staff expenditure	9,057,215.96	8,463,314.25	7.0%
Title 2 Admin. expenditure	1,639,888.50	1,820,871.29	(9.9%)
Title 3 Operational expenditure	8,321,512.25	8,560,569.58	(2.8%)
Grand Total	19,018,616.71	18,844,755.12	0.9%

As already mentioned above, expenditures remain stable, with a slight increase of 1%.

Table 6 Budgetary execution 2023 – Title 1: Staff expenditure

Budget article	Description.	Final payment appropriation	Executed	Paid %	Paid in the year	Carried forward to 2024 (C8)	Cancelled appropriations	Cancelled %
E1100	Staff	10,031,000	8,850,602.67	88.23%	8,759,884.76	90,717.91	1,180,397.33	11.8%
E1200	Training	85,000	73,808.95	86.83%	46,490.95	27,318.00	11,191.05	13.2%
E1300	Travel	200,000	120,481.30	60.24%	102,081.20	18,400.10	79,518.70	39.8%
E1400	Interim staff	-	-	-	-	-	-	-
E1500	Assistance	35,000	11,477.44	32.79%	11,259.12	218.32	23,522.56	67.2%
E1700	Representation	5,000	845.60	16.91%	445.60	400.00	4,154.40	83.1%
Grand Total		10,356,000	9,057,215.96	87.46%	8,920,161.63	137,054.33	1,298,784.04	12.5%

The overall budget execution for staff related expenditure was high at 87,46%. The execution rate was very high for staff salaries and related costs, but lower for other areas – as budget planning proves complicated for this type of expenditures such as travels, assistance and representation.

Table 7 Budgetary execution – Title 1: Staff expenditure – comparison 2023 – 2022

Budget article	Description.	Budget execution 2023	Budget execution 2022	% Change
E1100	Staff	8,850,602.67	8,219,077.04	7.7%
E1200	Training	73,808.95	65,252.56	13.1%
E1300	Travel	120,481.30	128,207.86	(6.0%)
E1400	Interim staff	-	35,807.72	(100.0%)
E1500	Assistance	11,477.44	13,900.38	(17.4%)
E1700	Representation	845.60	1,068.69	(20.9%)
Grand Total		9,057,215.96	8,463,314.25	7.0%

The salary grid for the staff of the Office, being governed by the levels set by the Council of the European Union, is subject to changes in line with inflation and career progression.

The increase in staffing costs represents 7% for 2023. The so-called "correction coefficient" (the difference in cost of living between Brussels and Agency's country) increased as from July 2023 (+4%).

The CPVO applied promotion and career advancement in line with institutional guidelines, and at the year-end, there were 51 staff in post (46 Officials and Temporaries and 5 Contract Agents).

Table 8 Budgetary execution 2023 – Title 2: Administrative expenditure

Budget article	Description.	Final payment appropriation	Executed	Paid %	Paid in the year	Carried forward to 2024 (C8)	Cancelled appropriations	Cancelled %
E2000	Property	336,000.00	219,436.15	65.3%	180,377.95	39,058.20	116,563.85	34.7%
E2100	IT expenses	1,160,000.00	1,150,427.84	99.2%	917,041.78	233,386.06	9,572.16	0.8%
E2200	Other equipment	24,000.00	12,235.15	51.0%	11,233.03	1,002.12	11,764.85	49.0%
E2300	General admin.	50,000.00	14,464.82	28.9%	9,214.82	5,250.00	35,535.18	71.1%
E2400	Postage and telecom	75,000.00	46,517.55	62.0%	42,419.65	4,097.90	28,482.45	38.0%
E2500	Meetings and notices	140,000.00	114,228.22	81.6%	101,888.47	12,339.75	25,771.78	18.4%
E2600	Audit and evaluation	109,000.00	82,578.77	75.8%	80,482.77	2,096.00	26,421.23	24.2%
Grand Total		1,894,000.00	1,639,888.50	86.6%	1,342,658.47	297,230.03	254,111.50	13.4%

The execution of the administrative budget was 87%. Given the context of decrease in the applications received throughout 2023, the CPVO took a cautious approach and aimed at budget restrictions. Expenditures were kept as low as possible, explaining why the execution rate is lower than the previous year. The main budget in administrative expenditure, IT expenses, has a very high execution rate of 99% as IT projects and resources remain a priority and should lead to time and cost savings.

Table 9 Budgetary execution – Title 2: Administrative expenditure – comparison 2023 – 2022

Budget article	Description.	Budget execution 2023	Budget execution 2022	% Change
E2000	Property	219,436.15	298,154.30	(26.4%)
E2100	IT expenses	1,150,427.84	1,032,529.33	11.4%
E2200	Other equipment	12,235.15	25,674.66	(52.3%)
E2300	General admin.	14,464.82	51,325.46	(71.8%)
E2400	Postage and telecom	46,517.55	61,522.58	(24.4%)
E2500	Meetings and notices	114,228.22	192,698.71	(40.7%)
E2600	Audit and evaluation	82,578.77	158,966.25	(48.1%)
Grand Total		1,639,888.50	1,820,871.29	(9.9%)

Spending on administration witnessed significant variations compared to 2022. As mentioned above, except for IT expenses which remain relatively stable, other expenditures decreased significantly.

Table 10 Budgetary execution 2023 – Title 3: Operational expenditure

Budget article	Description.	Final payment appropriation	Executed	Paid %	Cancelled appropriations	Cancelled %
E3000	Examination office fees	7,970,000.00	6,985,952.25	87.7%	984,047.75	12.3%
E3200	Examination reports	480,000.00	435,200.00	90.7%	44,800.00	9.3%
E3400	Publications	40,000.00	22,233.40	55.6%	17,766.60	44.4%
E3500	Studies	533,500.00	528,283.82	99.0%	5,216.18	1.0%
E3600	Special advisors	140,000.00	93,717.78	66.9%	46,282.22	33.1%
E3800	Building purchase	256,125.00	256,125.00	100.0%	-	0.0%
Grand Total		9,419,625.00	8,321,512.25	88.3%	1,098,112.75	11.7%

Table 11 Budgetary execution – Title 3: Operational expenditure – comparison 2023 – 2022

Budget article	Description.	Budget execution 2023	Budget execution 2022	% Change
E3000	Examination office fees	6,985,952.25	7,718,949.75	(9.5%)
E3200	Examination reports	435,200.00	410,640.00	6.0%
E3400	Publications	22,233.40	13,981.02	59.0%
E3500	Studies	528,283.82	306,839.80	72.2%
E3600	Special advisors	93,717.78	110,159.01	(14.9%)
E3800	Building purchase	256,125.00	-	
Grand Total		8,321,512.25	8,560,569.58	(2.8%)

The tables above show the payments for title 3 (operational expenditure). There is a noticeable decrease in examination office fees due to the reduced number of applications received in 2023.

The increase in Studies (R&D projects) is in line with the foreseen schedule of said projects.

Table 12 Budgetary execution - commitment appropriation 3 – Title 3: Operational expenditure

Budget article	Description	Budget initial	Amendments	Transfers	Budget final	Committed	% Committed
E3000	Examination office fees	9,100,000		(96,875.00)	9,003,125	7,914,195.00	87.9%
E3200	Examination reports	450,000	20,000	0.00	470,000	467,200.00	99.4%
E3400	Publications	40,000		0.00	40,000	22,233.40	55.6%
E3500	Studies	-		6,000.00	6,000	2,495.30	41.6%
E3600	Special advisors	80,000		70,000.00	150,000	134,907.56	89.9%
E3800	Building purchase	-	5,300,000	20,875.00	5,320,875	5,320,875.00	100.0%
Total		9,670,000	5,320,000	0.00	14,990,000	13,861,906.26	92.5%

The execution of the operational budget reaches 92.5%, compared to 85% in 2022, reflecting an accurate and efficient budget planning and forecast.

Table 13 Title 3 – Outstanding commitments

Budget Article	DESCRIPTION	Outstanding beginning of the year	Committed	De-committed	Paid	Outstanding yearend
E3000	Examination offices fees	14,248,161.50	7,914,195.00	(744,541.25)	(6,985,952.25)	14,431,863.00
E3200	Examination reports	472,560.00	467,200.00	(9,280.00)	(435,200.00)	495,280.00
E3400	Publications	8,280.00	22,233.40	(8,280.00)	(22,233.40)	0.00
E3500	Studies	993,678.00	2,495.30	(10,243.73)	(528,283.82)	457,645.75
E3600	Special advisors	169,439.17	134,907.56	(84,328.95)	(93,717.78)	126,300.00
E3800	Building purchase	0.00	5,320,875.00		(256,125.00)	5,064,750.00
Grand Total		15,892,118.67	13,861,906.26	(856,673.93)	(8,321,512.25)	20,575,838.75

The total amount of open commitments for the title 3 remain stable compared to 2022 except for the purchase of the new buildings (EUR 5.3 million) and R&D grants which are progressively reaching their terms, with a limited number of new project.

7. Budget amendments and transfers

In 2023, the CPVO made two budget amendments following the Administrative Council's approval to purchase new buildings for the CPVO headquarters.

The first amendment included the global commitment of EUR 5.3 million and a payment in 2023 of EUR 1.2 million.

The second amendment was necessary to adjust:

- the payment budget of the buildings as the planning of the project evolved and the amount paid in 2023 was significantly reduced (from EUR 1.2 million to EUR 256 125),
- amounts paid for studies (R&D projects) in line with contracts amendments and extensions of projects, some payments were postponed and thus, the payment budget was decreased,
- the payment budget for special advisors which had to be reinforced as the number of appeals increased.

Every year, transfers between budget items are performed when made necessary following a change in planning. A number of transfers between budget lines were made, particularly at year-end, while staying within the overall envelope provided at the beginning of the year.

Table 14 Transfers on the commitment and payment budget 2023

Budget article	Description.	Payment appropriations				Commitment appropriations			
		Initial payment budget	Payment budget amendments	Payment budget transfers	Final payment appropriati..	Initial Commitment Budget	Commitment budget amendments	Commitment budget transfers	Final commitment budget
E1100	Staff	10,035,000.00	0.00	(4,000.00)	10,031,000	10,035,000.00	0.00	(4,000.00)	10,031,000.00
E2600	Audit and evaluation	105,000.00	0.00	4,000.00	109,000	105,000.00	0.00	4,000.00	109,000.00
E3000	Examination office fees	7,970,000.00	0.00	0.00	7,970,000	9,100,000.00	0.00	(96,875.00)	9,003,125.00
E3200	Examination reports	460,000.00	20,000.00	0.00	480,000	450,000.00	20,000.00	0.00	470,000.00
E3500	Studies	750,000.00	(216,500.00)	0.00	533,500	0.00	0.00	6,000.00	6,000.00
E3600	Special advisors	60,000.00	80,000.00	0.00	140,000	80,000.00	0.00	70,000.00	150,000.00
E3800	Building purchase	0.00	256,125.00	0.00	256,125	0.00	5,300,000.00	20,875.00	5,320,875.00

For Title 1 and Title 2, the Commitment budget is subject to the same transfers as the Payment budget because the credits are non-dissociated credits. The budget line for audit and evaluation had to be reinforced.

For Title 3, two transfers were made in terms of commitment appropriations to reinforce the budget lines for technical Studies, Special advisors and the building purchase.

8. Management of Carry-Over credits (C8)

Each year, for title 1 and title 2, commitments are made for invoices which 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 always 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 a payment execution of 86% with EUR 659 069 paid in 2023 for amounts carried over from 2022. The unpaid amount of EUR 105 101, which had been considered as a budgetary expenditure in 2022, becomes a "non-budgetary income" in 2023 and appears in the budget outturn account as such in table 1.

Table 15 Execution of C8 credit: carried over from 2022

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Title 1 Staff expenditure	E1100	Staff	164,068.83	139,402.36	85.0%	24,666.47
	E1200	Training	21,848.88	20,959.70	95.9%	889.18
	E1300	Travel	5,500.00	5,042.42	91.7%	457.58
	E1500	Assistance	-	-	0.0%	-
	E1700	Representation	-	-	0.0%	-
	Total			191,417.71	165,404.48	86.4%
Title 2 Admin. expenditure	E2000	Property	107,045.57	87,812.16	82.0%	19,233.41
	E2100	IT expenses	411,188.13	389,932.91	94.8%	21,255.22
	E2200	Other equipment	1,322.79	844.50	63.8%	478.29
	E2300	General admin.	6,198.90	1,024.84	16.5%	5,174.06
	E2400	Postage and telecom	5,542.62	3,411.67	61.6%	2,130.95
	E2500	Meetings and notices	34,004.88	4,688.64	13.8%	29,316.24
	E2600	Audit and evaluation	7,450.00	5,950.00	79.9%	1,500.00
Total			572,752.89	493,664.72	86.2%	79,088.17
Grand Total			764,170.60	659,069.20	86.2%	105,101.40

The stable rate of C8 payment execution compared to 2022 (84%) means there is a reliable and efficient system used to assess C8 credits necessary for the following year.

9. Treasury reserve

Table 16 Calculation of the treasury reserve

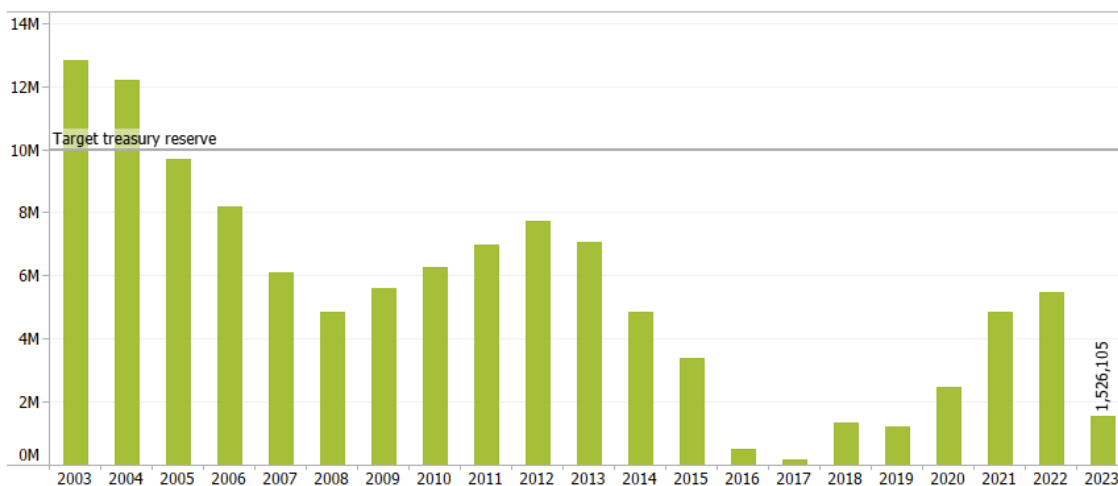
Description	2023
Treasury amount	22,536,227.88
Title 1: Amount carried over to next year	(137,054.33)
Title 2: Amount carried over to next year	(297,230.03)
Title 3: Amount carried over (diffrenciated credit)	(20,575,838.75)
Treasury reserve	1,526,104.77

The so-called treasury reserve is the difference between total treasury held by the CPVO and the outstanding commitments opened.

The treasury reserve as at 31 December 2023 decreased significantly (-72%, in absolute value EUR 3.9 million) compared to 2022 which showed an amount of EUR 5.5 million. As the level of cash and cash equivalents amounts remain stable compared to 2022 (difference of EUR 400 000 between 2022 and 2021), the decrease is explained almost entirely by the variation of open commitments which increased due to the purchase of new buildings (EUR 5.3 million).

The graph below shows the evolution of the treasury reserve since its highest point in 2003.

Table 17 Evolution of the treasury 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 established by the European Commission (InforEuro).
- 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 18 Detailed budget outturn

		2023	2022	% variation 2023
Income	Fees revenue	19,394,593.00	18,318,353.00	5.9%
	Other revenue	274,955.83	151,630.00	81.3%
	Total	19,669,548.83	18,469,983.00	6.5%
Expenditure	Title 1 Staff expenditure	(9,057,215.96)	(8,463,314.25)	7.0%
	Title 2 Administrative expenditure	(1,639,888.50)	(1,820,871.29)	(9.9%)
	Title 3 Operational expenditure	(8,321,512.25)	(8,560,569.58)	(2.8%)
	Total	(19,018,616.71)	(18,844,755.12)	0.9%
Grand Total	650,932.12	(374,772.12)	273.7%	
Non budgetary income		105,101.40	86,174.47	22.0%
Net outturn for the year		756,033.52	(288,597.65)	362.0%

11.2 Budget income

Table 19 Budget income detailed

Budget Posts	Description	Budget after amendments and transfers	Income recorded and received in 2023	Variation with budget (%)
1000	Fees	20,260,000	19,394,593	(4.3%)
3000	Deficit reserve	1,339,625		
5000	Income from administrative operations	30,000	40,224	34.1%
9100	Other income (mainly financial income)	40,000	234,722	486.8%
Total		21,669,625	19,669,539	(9.2%)

11.3 Budget Outturn – detailed reports

Table 20 Commitment appropriation 2023

Title	Budget article	Description	Initial budget	Amendments	Transfers	Final budget	Committed	% Committed	Cancelled
Title 1 Staff expenditure	E1100	Staff	10,035,000	-	(4,000.00)	10,031,000	8,850,602.67	88.2%	1,180,397.33
	E1200	Training	85,000	-	0.00	85,000	73,808.95	86.8%	11,191.05
	E1300	Travel	200,000	-	0.00	200,000	120,481.30	60.2%	79,518.70
	E1400	Interim staff	-	-	0.00	-	-	0.0%	-
	E1500	Assistance	35,000	-	0.00	35,000	11,477.44	32.8%	23,522.56
	E1700	Representation	5,000	-	0.00	5,000	845.60	16.9%	4,154.40
	Total		10,360,000	-	(4,000.00)	10,356,000	9,057,215.96	87.5%	1,298,784.04
Title 2 Admin. expenditure	E2000	Property	336,000	-	0.00	336,000	219,436.15	65.3%	116,563.85
	E2100	IT expenses	1,160,000	-	0.00	1,160,000	1,150,427.84	99.2%	9,572.16
	E2200	Other equipment	24,000	-	0.00	24,000	12,235.15	51.0%	11,764.85
	E2300	General admin.	50,000	-	0.00	50,000	14,464.82	28.9%	35,535.18
	E2400	Postage and telecom	75,000	-	0.00	75,000	46,517.55	62.0%	28,482.45
	E2500	Meetings and notices	140,000	-	0.00	140,000	114,228.22	81.6%	25,771.78
	E2600	Audit and evaluation	105,000	-	4,000.00	109,000	82,578.77	75.8%	26,421.23
Total		1,890,000	-	4,000.00	1,894,000	1,639,888.50	86.6%	254,111.50	
Title 3 Operational expenditure	E3000	Examination office fees	9,100,000	-	(96,875.00)	9,003,125	7,914,195.00	87.9%	1,088,930.00
	E3200	Examination reports	450,000	20,000	0.00	470,000	467,200.00	99.4%	2,800.00
	E3400	Publications	40,000	-	0.00	40,000	22,233.40	55.6%	17,766.60
	E3500	Studies	-	-	6,000.00	6,000	2,495.30	41.6%	3,504.70
	E3600	Special advisors	80,000	-	70,000.00	150,000	134,907.56	89.9%	15,092.44
	E3800	Building purchase	-	5,300,000	20,875.00	5,320,875	5,320,875.00	100.0%	-
Total		9,670,000	5,320,000	0.00	14,990,000	13,861,906.26	92.5%	1,128,093.74	
Grand Total		21,920,000	5,320,000	0.00	27,240,000	24,559,010.72	90.2%	2,680,989.28	

Table 21 Payment appropriation 2023

Title.	Budget article	Description.	Initial payment budget	Payment budget amendments	Payment budget transfers	Final payment appropriation	Executed	Paid %	Paid in the year	Carried forward to 2024 (C8)	Cancelled appropriations	Cancelled %
Title 1 Staff expenditure	E1100	Staff	10,035,000	0.00	(4,000.00)	10,031,000	8,850,602.67	88.2%	8,759,884.76	90,717.91	1,180,397.33	11.8%
	E1200	Training	85,000	0.00	0.00	85,000	73,808.95	86.8%	46,490.95	27,318.00	11,191.05	13.2%
	E1300	Travel	200,000	0.00	0.00	200,000	120,481.30	60.2%	102,081.20	18,400.10	79,518.70	39.8%
	E1400	Interim staff	-	0.00	0.00	-	-	-	-	-	-	-
	E1500	Assistance	35,000	0.00	0.00	35,000	11,477.44	32.8%	11,259.12	218.32	23,522.56	67.2%
	E1700	Representation	5,000	0.00	0.00	5,000	845.60	16.9%	445.60	400.00	4,154.40	83.1%
	Total			10,360,000	0.00	(4,000.00)	10,356,000	9,057,215.96	87.5%	8,920,161.63	137,054.33	1,298,784.04
Title 2 Admin. expenditure	E2000	Property	336,000	0.00	0.00	336,000	219,436.15	65.3%	180,377.95	39,058.20	116,563.85	34.7%
	E2100	IT expenses	1,160,000	0.00	0.00	1,160,000	1,150,427.84	99.2%	917,041.78	233,386.06	9,572.16	0.8%
	E2200	Other equipment	24,000	0.00	0.00	24,000	12,235.15	51.0%	11,233.03	1,002.12	11,764.85	49.0%
	E2300	General admin.	50,000	0.00	0.00	50,000	14,464.82	28.9%	9,214.82	5,250.00	35,535.18	71.1%
	E2400	Postage and telecom	75,000	0.00	0.00	75,000	46,517.55	62.0%	42,419.65	4,097.90	28,482.45	38.0%
	E2500	Meetings and notices	140,000	0.00	0.00	140,000	114,228.22	81.6%	101,888.47	12,339.75	25,771.78	18.4%
	E2600	Audit and evaluation	105,000	0.00	4,000.00	109,000	82,578.77	75.8%	80,482.77	2,096.00	26,421.23	24.2%
Total			1,890,000	0.00	4,000.00	1,894,000	1,639,888.50	86.6%	1,342,658.47	297,230.03	254,111.50	13.4%
Title 3 Operational expenditure	E3000	Examination office fees	7,970,000	0.00	0.00	7,970,000	6,985,952.25	87.7%	6,985,952.25	-	984,047.75	12.3%
	E3200	Examination reports	460,000	20,000.00	0.00	480,000	435,200.00	90.7%	435,200.00	-	44,800.00	9.3%
	E3400	Publications	40,000	0.00	0.00	40,000	22,233.40	55.6%	22,233.40	-	17,766.60	44.4%
	E3500	Studies	750,000	(216,500.00)	0.00	533,500	528,283.82	99.0%	528,283.82	-	5,216.18	1.0%
	E3600	Special advisors	60,000	80,000.00	0.00	140,000	93,717.78	66.9%	93,717.78	-	46,282.22	33.1%
	E3800	Building purchase	-	256,125.00	0.00	256,125	256,125.00	100.0%	256,125.00	-	-	0.0%
Total			9,280,000	139,625.00	0.00	9,419,625	8,321,512.25	88.3%	8,321,512.25	-	1,098,112.75	11.7%
Grand Total			21,530,000	139,625.00	0.00	21,669,625	19,018,616.71	87.8%	18,584,332.35	434,284.36	2,651,008.29	12.2%

Table 22 Budget outturn of non-differentiated credits carried forward from 2022 (C8)

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Title 1 Staff expenditure	E1100	Staff	164,068.83	139,402.36	85.0%	24,666.47
	E1200	Training	21,848.88	20,959.70	95.9%	889.18
	E1300	Travel	5,500.00	5,042.42	91.7%	457.58
	E1500	Assistance	-	-	0.0%	-
	E1700	Representation	-	-	0.0%	-
	Total			191,417.71	165,404.48	86.4%
Title 2 Admin. expenditure	E2000	Property	107,045.57	87,812.16	82.0%	19,233.41
	E2100	IT expenses	411,188.13	389,932.91	94.8%	21,255.22
	E2200	Other equipment	1,322.79	844.50	63.8%	478.29
	E2300	General admin.	6,198.90	1,024.84	16.5%	5,174.06
	E2400	Postage and telecom	5,542.62	3,411.67	61.6%	2,130.95
	E2500	Meetings and notices	34,004.88	4,688.64	13.8%	29,316.24
	E2600	Audit and evaluation	7,450.00	5,950.00	79.9%	1,500.00
Total			572,752.89	493,664.72	86.2%	79,088.17
Grand Total			764,170.60	659,069.20	86.2%	105,101.40

12. Financial Accounts:

The financial accounts show an economic result of EUR 111 290 positive. This figure takes into account *inter alia* invoices not yet received at year-end. This in turn increased the accumulated reserve to EUR 10.59 million.

12.1 Balance sheet

Table 23 Balance sheet (restated as explained in note 12.6)

				2023	2022
Assets	Non current assets	Intangible assets	1	0.00	0.00
		Property, plant and equipment	2	1,818,051.41	1,826,417.81
		Financial assets	3	8,539,472.96	10,811,756.84
		Total		10,357,524.37	12,638,174.65
	Current assets	Financial assets	5	4,887,266.10	2,900,990.96
		Exchange receivables and non-exchange recoverables	4	4,782,506.05	4,600,571.72
		Cash and cash equivalent	6	9,333,227.06	8,463,962.06
		Total		19,002,999.21	15,965,524.74
	Total		29,360,523.58	28,603,699.39	
	Liabilities	Accumulated reserve	Reserve	9	10,473,470.31
Economic outturn			9	111,289.55	579,218.84
Total				10,584,759.86	10,473,470.31
Current liabilities		Accrued charges and deferred income	7	18,704,844.04	18,074,676.89
		Current payables	8	70,919.68	55,552.19
		Total		18,775,763.72	18,130,229.08
Total		29,360,523.58	28,603,699.39		

12.2 Statement of financial performance

Table 24 Statement of financial performance (restated as explained in note 12.6)

		2023	2022
Revenue	Revenue from fees	18,716,347.58	18,733,646.84
	Revenue from administrative operations	63,336.53	50,047.45
	Total	18,779,684.11	18,783,694.29
Expenditure	Salaries and social taxes	(8,952,328.30)	(8,203,464.49)
	Overheads	(2,017,867.22)	(1,760,271.61)
	Operational expenses	(7,857,984.15)	(8,061,360.30)
	Depreciation	(264,397.90)	(248,867.04)
	Total	(19,092,577.57)	(18,273,963.44)
Result		(312,893.46)	509,730.85
Financial revenue	Interest revenue	326,091.16	60,143.38
	Miscellaneous financial revenue	100,859.35	13,111.12
	Total	426,950.51	73,254.50
Financial expenditure	Bank charges & exchange differences	(2,767.50)	(3,766.51)
	Total	(2,767.50)	(3,766.51)
Result		424,183.01	69,487.99
Economic outturn for the year		111,289.55	579,218.84

12.3 Cash-flow (Indirect method)

Table 25 Cash flow (restated as explained in note 12.6)

	2023	2022
Economic result of the year	111,289.55	579,218.84
<i>Operating activities</i>		
Amortization		
Depreciation	264,397.90	248,867.04
Impairment (property, plant and equipment)		
Increase/(decrease) in Provisions for risks and liabilities		
(Increase)/decrease in exchange receivables and non-exchange recoverables	(181,934.33)	(354,477.11)
Increase/(decrease) in accrued charges and deferred income	630,167.15	(596,009.26)
Increase/(decrease) in Other Long term liabilities		
Increase/(decrease) in payables	15,367.49	(10,573.44)
<i>Net cash flow from operating activities</i>	839,287.76	(132,973.93)
<i>Investing activities</i>		
(Increase)/decrease in intangible assets and property, plant and equipment	(256,031.50)	2,595.99
(Increase)/decrease in financial assets	286,008.74	(5,065,024.01)
<i>Net cash flow from investing activities</i>	29,977.24	(5,062,428.02)
<i>Net cashflow</i>	869,265.00	(5,195,401.95)
Cash and cash equivalents at the beginning of the period	8,463,962.06	13,659,364.01
Cash and cash equivalents at the end of the period	9,333,227.06	8,463,962.06
<i>Net Increase/(decrease) in cash and equivalent</i>	869,265.00	(5,195,401.95)
<i>Difference</i>	-	-

12.4 Reconciliation between the economic result and the budgetary result

Table 26 Reconciliation table

	sign +/-	Amount
Economic result (+ for surplus and - for deficit)	+/-	111,289.55
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	(16,631,704.91)
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	17,182,436.21
Depreciation of intangible and tangible assets	+	264,397.90
Value reduction	+	93.50
Recovery Orders issued in the year in class 7 and not yet cashed	-	(4,486,780.00)
Payments made from carry over of payment appropriations	+	659,069.20
Prefinancing received in previous year and cleared in the year	-	
Asset acquisitions (less unpaid amounts)	-	(256,125.00)
Budgetary recovery orders issued before the financial year and cashed in the year	+	4,242,452.50
Payment appropriations carried over to the next year	-	(434,284.36)
Cancellation of unused carried over payment appropriations from previous year	+	105,101.40
total (1)		755,945.99
Budgetary result (+ for surplus) (2)		756,033.52
Including amount of exchange rate differences - (+ for gain and - for loss) - (3)		(87.53)
Delta not explained (1) - (2) - (3)		0.00

12.5 Notes to the financial accounts

Note 1 Intangible fixed assets

		Internally generated Computer Software	Computer Software	Other Intangible assets	Intangible assets under construction	Total
Gross carrying amounts 01.01.2023	+		633,730.95			633,730.95
Additions	+					
Disposals	-		(92,118.28)			(92,118.28)
Transfer between headings	+/-					
Other changes	+/-					
Gross carrying amounts 31.12.2023		-	541,612.67	-	-	541,612.67
Accumulated amortization and impairment 01.01.2023	-		(633,730.95)			(633,730.95)
Amortization	-					
Write-back of amortization	+					
Disposals	+		92,118.28			92,118.28
Impairment (2)	-					
Write-back of impairment	+					
Transfer between headings	+/-					
Other changes (2)	+/-					
Accumulated amortization and impairment 31.12.2023		-	(541,612.67)	-	-	(541,612.67)
Net carrying amounts 31.12.2023		-	-	-	-	-

Note 2 Property, plant and equipment

		Land	Buildings	Plant and Equipment	Computer hardware	Tangible assets under construction	Total
Gross carrying amounts 01.01.2023	+	292,220.00	5,736,017.77	225,763.52	273,048.91		6,527,050.20
Additions	+					256,125.00	256,125.00
Disposals	-		(901.10)	(21,387.57)	(73,329.93)		(95,618.60)
Impairment	+/-						-
Other changes (1)	+/-						-
Gross carrying amounts 31.12.2023		292,220.00	5,735,116.67	204,375.95	199,718.98	256,125.00	6,687,556.60
Accumulated amortization and impairment 01.01.2023	-		(4,205,551.15)	(222,032.33)	(273,048.91)		(4,700,632.39)
Depreciation	-		(261,245.92)	(3,151.98)	-		(264,397.90)
Write-back of depreciation	+						
Disposals	+		807.60	21,387.57	73,329.93		95,525.10
Transfer between headings	+/-						
Other changes (1)	+/-						
Accumulated amortization and impairment 31.12.2023			(4,465,989.47)	(203,796.74)	(199,718.98)		(4,869,505.19)
Net carrying amounts 31.12.2023		292,220.00	1,269,127.20	579.21	-	256,125.00	1,818,051.41

Note 3 Non-current financial assets (restated as explained in note 12.6)

	2023	2022
Financial assets	8,460,000.00	10,793,857.86
Accrued interests	79,472.96	17,898.98
Grand Total	8,539,472.96	10,811,756.84

In 2023, the amount of non-current financial assets decreased as some investments expired in the year and other investments became current financial assets.

Note 4 Exchange receivables and non-exchange recoverables (restated as explained in note 12.6)

		2023	2022
Exchange receivables	Customers	4,460,047.00	4,255,785.37
	Deferred charges	102,352.16	116,653.08
	Other receivables	23,100.00	391.47
	Total	4,585,499.16	4,372,829.92
Non-exchange recoverables	VAT payable and recoverable	165,591.10	179,561.70
	Other recoverables	31,415.79	48,180.10
	Total	197,006.89	227,741.80
Grand Total	4,782,506.05	4,600,571.72	

Customers can be further broken down as follows:

	2023	2022
Clients	4,595,410.00	4,396,915.37
Provision for doubtful clients	(135,363.00)	(141,130.00)
Grand Total	4,460,047.00	4,255,785.37

Note 5 Current financial assets (restated as explained in note 12.6)

	2023	2022
Financial assets	4,833,857.86	2,900,000.00
Accrued interests	53,408.24	990.96
Grand Total	4,887,266.10	2,900,990.96

Note 6 Cash and cash equivalents (restated as explained in note 12.6)

	2023	2022
Current accounts	9,183,392.77	8,392,668.09
Imprest account	58,977.25	58,674.24
Accrued interests	90,857.04	12,619.73
Grand Total	9,333,227.06	8,463,962.06

Interest rates significantly increased in 2023, current accounts also became remunerated as interest rates became positive. In line with accrual-based accounting, financial interests referring to the financial year 2023 but not yet received at the reporting date were accrued and are recorded under "Accrued interests".

It is important to mention that the CPVO does not accept negative interests.

Note 7 Accrued charges and deferred income

	2023	2022
Deferred income	13,921,346.69	12,998,773.77
Invoices to be received	4,498,681.58	4,681,253.09
Suspense account	123,037.75	208,961.05
Accrued holidays	161,778.02	185,688.98
Total	18,704,844.04	18,074,676.89

Note 8 Current payables

	2023	2022
Sundry credit accounts	29,451.75	17,941.84
Suppliers	41,467.93	37,610.35
Total	70,919.68	55,552.19

Note 9 Statement of changes in net assets

	2023	2022
Reserve	10,473,470.31	9,894,251.47
Profit / deficit	111,289.55	579,218.84
Cumulated reserve	10,584,759.86	10,473,470.31

12.6 Changes in accounting policies

Following the European Accounting Rule 1 (EAR1) and in line with the accounts presented by the European Commission, we have aligned our terminology and presentations. We have changed our accounting policy and updated several terms.

The main change relates to financial assets.

We have replaced the term "medium/long term investments" by "financial assets" under the headings non-current and current assets.

In this context and in line with EAR 1.10.1, we have classified investments as cash equivalents when they had a short maturity of less than three months from the date of their acquisition, and the other investments as financial assets. This mainly concerned term deposits which maturities were between April 2024 and October 2024.

The financial assets expected to mature within twelve months after the reporting date have been classified as current assets, the others as non-current assets.

The accrued interests, previously recorded under "Other receivables" are now recorded within the same classification as the financial instruments they refer to.

We have restated prior periods accordingly and updated wherever necessary (tables, notes, disclosures, statement of financial risk).

The detail of the restatements is detailed below:

Balance sheet 31.12.2022

N°	Item	As per Financial statements 31.12.2022 (EUR)	Adjustments	31.12.2022 (as restated) (EUR)
1	Tangible assets	1,826,417.81	Renamed as "Property, plant and equipment". No change in amounts.	1,826,417.81
2	Medium Term investments (renamed as "Non-current financial assets")	10,793,857.86	Renamed as "Non-current Financial assets". The amount of 17,898.98 of accrued interest has been reclassified from Current assets/Other receivables to this item.	10,811,756.84
3	Short-term receivables	4,552,000.15	This item corresponded to Customers (4,255,785.37), VAT (179,561.70) and deferred charges (116,653.08). They are now included in the item "Exchange receivables and non-exchange recoverables" (cf n°7). No change in amounts.	
4	Other receivables	80,081.24	This item corresponded to interests to be received, sundry receivables (staff and suppliers). <i>Interests to be received (31,509.67)</i> The interests to be received are classified now with each financial asset they refer to.	

			<p>17,898.98 are classified as non current financial assets (cf n°2)</p> <p>990.96 are classified as current financial assets (cf n°6)</p> <p>12,619.73 are classified as cash and cash equivalents (cf n°5)</p> <p><i>Sundry receivables (staff) of 48.180,10 and Sundry receivables (suppliers) 391,47 were classified as "Exchange receivables and non-exchange recoverables" (cf n°7)</i></p>	
5	Cash and cash equivalent	11,351,342.33	<p>Short term investments of 2,900,000.00 have been reclassified as "current financial assets"(cf n°6).</p> <p>Accrued interests on cash and cash equivalent amounting to 12,619.73 have been reclassified in cash and cash equivalent (cf n°4).</p>	8,463,962.06
6	Current financial assets	New	<p>This new item corresponds to financial assets that will be realised within 12 months after the reporting date.</p> <p>It includes 2,900,000.00 of financial assets recorded previously in Cash and cash equivalent (cf n°5), along with 990.96 of accrued interests (cf n°4).</p>	2,900,990.96
7	Exchange receivables and non-exchange recoverables	New	<p>This new item includes Customers (4,255,785.37, deferred charges (116,653.08) and other receivables (suppliers for 391.47) as exchange receivables.</p> <p>VAT (179,561.70) and other recoverables (staff for 48,180.10) are included as non-exchange recoverables.</p>	4,600,571.72

Balance sheet 31.12.2021 (used for the statement of cash flow)

N°	Item	As per Financial statements 31.12.2021 (EUR)	Adjustments	31.12.2021 (as restated) (EUR)
1	Tangible assets	2,077,880.84	Renamed as "Property, plant and equipment". No change in numbers.	2,077,880.84
2	Medium Term investments (renamed as "Non-current financial assets")	4,293,857.86	Renamed as "Non-current Financial assets". The amount of 3,595.33 of accrued interest have been reclassified from Current assets/Other receivables to this item (cf n°4).	4,297,453.19
3	Short-term receivables	4,239,410.05	This item corresponded to Customers (4,017,375.52), VAT (128,583.38) and deferred charges (93,451.15). They are now included in	

			the item "Exchange receivables and non-exchange recoverables" (cf n°7). No change in numbers.	
4	Other receivables	66,550.49	This item corresponded to interests to be received, sundry receivables (staff and suppliers). <i>Interests to be received (59,865.93)</i> The interests to be received are classified now with each financial asset they refer to. 3,595.33 are classified as non current financial assets (cf n°2) 56,270.60 are classified as current financial assets (cf n°6) <i>Sundry receivables (staff) (6,474.48) and Sundry receivables (suppliers) (210.08) are now included in the item "Exchange receivables and non-exchange recoverables" (cf n°7).</i>	
5	Cash and cash equivalent	17,953,364.01	Short term investments of 4,294,000.00 have been reclassified as "current financial assets".	13,659,364.01
6	Current financial assets	New	This new item corresponds to financial assets that will mature within 12 months after the reporting date. It includes 4,294,000.00 of financial assets recorded previously in Cash and cash equivalent (cf n°5), along with 56,270.60 of accrued interests (cf n°4).	4,350,270.60
7	Exchange receivables and non-exchange recoverables	New	This new item includes Customers (4,017,375.52), deferred charges (93,451.15) and other receivables (suppliers for 210.08) as exchange receivables. VAT (128,583.38) and other recoverables (staff for 6,474.48) are included as non-exchange recoverables.	4,246,094.61

Statement of cash flow

N°	Item	As per Financial statements 31.12.2022 (EUR)	Adjustments	31.12.2022 as restated (EUR)									
1	Result	579,218.84	No adjustment needed	579,218.84									
2	Depreciation	248,867.04	No adjustment needed	248,867.04									
3	Increase/decrease in long term receivables	-6,500,000.00	Included in the variation of financial assets under the section "investing activities"										
4	Increase/decrease in Short term receivables	-307,388.04	Included in the variation of "Exchange receivables and non-exchange recoverables". The part linked to interests to be received have been included in the variations of the respective items (cash and cash equivalent, or financial assets).										
5	Increase/((decrease) in accounts payables	-625,315.51	The part linked to current payables remained in this item. The rest corresponded to accrued charges and deferred income, included in the variation of "accrued charges and deferred income". The calculation is as follows: <table border="1" data-bbox="778 1059 1174 1155"> <thead> <tr> <th>2022</th> <th>2021</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>55,552.19</td> <td>66,125.63</td> <td>-10,573.44</td> </tr> </tbody> </table>	2022	2021	Variation	55,552.19	66,125.63	-10,573.44	-10,573.44			
2022	2021	Variation											
55,552.19	66,125.63	-10,573.44											
6	(Increase)/decrease of tangible and intangible fixed assets		Renamed as increase/decrease in intangible assets and property, plant and equipment										
7	Loss on decommissioning of assets	2,595.99	Included now in the increase/decrease of intangible assets, and property, plant and equipment	2,595.99									
8	((Increase)/decrease in financial assets	New	This includes the variation of financial assets as restated and the variation in the interests to be received as well for the concerned financial assets. Calculated as detailed in the balance sheet restated above: <table border="1" data-bbox="778 1592 1222 1731"> <thead> <tr> <th>2022</th> <th>2021</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>10,811,756.84</td> <td>4,297,453.19</td> <td>6,514,303.65</td> </tr> <tr> <td>2,900,990.96</td> <td>4,350,270.60</td> <td>-1,449,279.64</td> </tr> </tbody> </table>	2022	2021	Variation	10,811,756.84	4,297,453.19	6,514,303.65	2,900,990.96	4,350,270.60	-1,449,279.64	-5,065,024.01
2022	2021	Variation											
10,811,756.84	4,297,453.19	6,514,303.65											
2,900,990.96	4,350,270.60	-1,449,279.64											
9	((Increase)/decrease in exchange receivables and non-exchange recoverables	New	Variation of customers, VAT, sundry receivables Calculated as detailed in the balance sheet restated above: <table border="1" data-bbox="778 1877 1222 1971"> <thead> <tr> <th>2022</th> <th>2021</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>4,600,571.72</td> <td>4,246,094.61</td> <td>354,477.11</td> </tr> </tbody> </table>	2022	2021	Variation	4,600,571.72	4,246,094.61	354,477.11	-354,477.11			
2022	2021	Variation											
4,600,571.72	4,246,094.61	354,477.11											

10	Increase/ (decrease) in accrued charges and deferred income	New	No restatement here, but further split of the heading "payables" used previously into current payables and accrued charges and deferred income	-596,009.26						
			<table border="1"> <thead> <tr> <th>2022</th> <th>2021</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>18,074,676.89</td> <td>18,670,686.15</td> <td>-596,009.26</td> </tr> </tbody> </table>	2022	2021	Variation	18,074,676.89	18,670,686.15	-596,009.26	
2022	2021	Variation								
18,074,676.89	18,670,686.15	-596,009.26								
	Total variation	-6,602,021.68		-5,195,401.95						
	Cash and cash equivalent at the beginning of the period	17,953,364.01	The amount of 4,294,000.00 corresponding to financial assets with a maturity of more than 3 months are taken from this item and included in Increase/decrease in financial assets.	13,659,364.01						
	Cash and cash equivalent at the end of the period	11,351,342.33	The amount of 2,900,000.00 corresponding to financial assets with a maturity of more than 3 months are taken from this item and included in increase/decrease in financial assets. 12,619.73 corresponding to accrued interests on cash and cash equivalents, previously recorded in other receivables, are included in this item as accrued interests.	8,463,962.06						
	Total variation of cash and cash equivalents	-6,602,021.68		-5,195,401.95						

Statement of financial performance

"Income" has been renamed "Revenue" without any impact on the figures.

12.7 Other Disclosures

Off Balance Sheet Commitments

At the year-end there was a total of EUR 20 575 839 of commitments opened on title 3 (operational expenditure) and a further EUR 434 284 for titles 1 and 2 carried to 2024 as C8 credits. Out of this total, EUR 4 498 682 relate to work carried out in or before 2023 but not yet invoiced for which there is a provision in the financial accounts. The balance of EUR **16 511 441** 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 no real liability for the Office yet, as the applicants could still cancel the examination before the submission date of material, resulting in the initial commitment being de-committed. Therefore, they are taken as off-balance sheet commitments.

Contingent liabilities

There is no contingent liabilities to our knowledge.

Contingent assets

There is no contingent assets.

Related parties

As at 31 December 2023, no related parties were identified. The key management personnel of the Office is shown below:

Grade	N° of staff
AD 14	1
Total	1

The post of Vice President was vacant as of 31 December 2023. However, the selection procedure was successful, and the Vice-President will take up duties as from January 2024.

Post balance sheet events

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

Waivers granted by the CPVO

Following article 66 of the CPVO Financial Regulation, in line with the principle of sound financial management, the CPVO waived 12 756 € of amounts receivables, the recovery being considered most costly than the amount itself (negligible amount or legal procedures required).

Purchase of new buildings

The Administrative Council agreed in the Spring 2023 meeting that the CPVO should purchase a new building following a formal market prospection.

The construction phase for this new building starts in Q4 2023 with completion expected in Q2-Q3 2025. The CPVO signed on 6 September 2023 the "*Promesse de vente*" and expects to sign the final contract for the purchase in June 2024 at the date of writing.

The payment made in the context of the "*Promesse de vente*" (256 125 EUR) have been recognized under "tangible assets under construction".

Works will take place throughout 2024 and early 2025 with an expected move by September 2025 at the latest.

As of 31 December 2023, the initial commitment made for this purchase reached EUR 5,223,375 from which EUR 256,125 were paid.

Sales of current CPVO buildings

Concerning the sale of the CPVO buildings, a procedure is currently being prepared with French notaries, in consultation with the European Commission (DG BUDG and Legal Service) and at all steps in the process, the Administrative Council of the CPVO.

The sale will follow the strict protocol defined as part of this process.

12.8 Statement of financial risk - Financial Instruments

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks, information about which and how they are managed is set out below. Prepayments, accrued income, accruals and deferred income are not included.

LIQUIDITY RISK

Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

Bank accounts opened in the name of the CPVO may not be overdrawn. Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulations, the internal control standards, and audit principles. The CPVO budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk.

The carrying amounts of financial instruments are as follows:

Non-current financial assets

The Office has financial investments with the financial institutions mentioned below with maturities in the coming years.

Non-current financial assets	1-2 years	3-4 years	>5 years	Total
Caisse d'Epargne	760,000.00	1,500,000.00		2,260,000.00
Crédit Agricole			4,400,000.00	4,400,000.00
LCL	1,800,000.00			1,800,000.00
Total	2,560,000.00	1,500,000.00	4,400,000.00	8,460,000.00

Financial assets: Cash and cash equivalent

	2023	2022
Current accounts	9 183 392,77	8 392 668,09
Imprest account	58 977,25	58 674,24
Total	9 242 370,02	8 451 342,33

Maturity term of receivables

The total of the receivables slightly increased compared to 2022 (EUR 4 693 130). Receivables from customers increased in line with the number of titles in force and VAT amounts increased due to inflation.

Short term receivables	< 1 year	1-2 years	>2 years	Total
Customers	4,595,410.00			4,595,410.00
VAT	165,591.10			165,591.10
Deferred charges	91,687.06	2,283.40	8,381.70	102,352.16
Total	4,852,688.16	2,283.40	8,381.70	4,863,353.26

The table below concerns:

- receivables from customers for EUR 4 595 410;
- deferred charges already paid in 2023 for EUR 102 352;
- sundry receivables for EUR 23 100;
- and finally, advanced payment to be recovered from the staff for EUR 31 416.

The total amount compared to 2022 (EUR 4 562 140) remains quite stable with a slight increase of 4% mainly due to the increase in the receivables from customers. The exposure to counterparties without external credit rating is very limited.

Counterparties without external credit rating	Receivables with Member States	All receivables with third parties including accruals & deferrals	Current financial assets	Bank accounts	Total
Debtors who never defaulted		4,752,277.95			4,752,277.95
Debtors who defaulted in the past					
Total	0.00	4,752,277.95	0.00	0.00	4,752,277.95

For customers of the CPVO, the provision for potential loss is defined below. The net amount of the debt is stable.

Customers	2023	2022
Amount due by customers	4,595,410.00	4,396,915.37
Provision at the start of the year	-141,130.00	-114,010.00
Additional provision (-)	-37,310.00	-73,120.00
Reduction of the provision (+)	15,097.00	3,320.00
Write-offs	27,980.00	42,680.00
Accumulated impairment (-)	-135,363.00	-141,130.00
Net amount at the end of the year	4,460,047.00	4,255,785.37

In 2023, the provision for clients amounted to EUR 37 310. The CPVO proceeded to the annual write-off for unpaid fees for EUR 27 980.

In order to understand the relative importance of this provision, we can consider the total amount invoiced to client from 2019 to 2022 amounting to EUR 74 million (the same period of the provision below) compared to the total of the provision reaching EUR 135 363. The ratio is on average 0.18% since 2019.

Break down of the provision for customers	2023	2022
Receivables from 2018		15,180.00
Receivables from 2019	15,460.00	31,440.00
Receivables from 2020	38,558.00	46,390.00
Receivables from 2021	66,135.00	48,120.00
Receivables from 2022	15,210.00	
Receivables from 2023		
Net amount at the end of the year	135,363.00	141,130.00

Financial liabilities: Maturity of liabilities

The following table takes into account the treasury received from clients (non-identified payments for EUR 123 038) and the amounts due to suppliers. The decrease compared to 2022 (EUR 246 571) is essentially due to the decrease of the unidentified payments received from clients (EUR 208 961 in 2022).

	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	164,505.68			164,505.68
Payables with consolidated entities				
Total	164,505.68	0.00	0.00	164,505.68

CREDIT RISK

Credit risk is the risk of loss due to a debtor's non-payment or other failure to meet a contractual obligation. The default events include a delay in repayments.

Treasury resources are kept with commercial banks. The CPVO recovers fees from clients and ensures appropriate cash management in order to maintain a minimum cash balance on bank accounts. This is with a view to limit its risk exposure. The overall treasury balances fluctuated between approximately EUR 19 million and EUR 24 million.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the CPVO is exposed. Commercial banks are selected by call for tenders.

The minimum short-term and credit rating required for admission to the tendering procedures is "A-1" (S&P), "P-1" (Moody's) or "F13 (Fitch Rating).

Credit quality of financial assets

CPVO financial assets and receivables, as well as their related risk, are outlined in the table below.

For Member State receivables, this refers to VAT to be recovered.

The maturity of financial assets can be seen under the item of "liquidity risk".

Counterparties with external credit rating	Receivables with Member States	Current financial assets	Bank accounts and cash	Non-current financial assets	Total
Prime and high grade	165,591.10	4,833,857.86	9,242,370.02	8,460,000.00	22,701,818.98
Upper medium grade					0.00
Lower medium grade					0.00
Non-investment grade					0.00
Total	165,591.10	4,833,857.86	9,242,370.02	8,460,000.00	22,701,818.98

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency exposure

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The CPVO does not borrow any funds. As a result, it is not exposed to interest rate risk. It does, however, earn interests on investments. As mentioned on under the item "credit risk", to limit the risk, investments are made with banks having a minimum rating of "A-1" (S&P), "P-1" (Moody's) or "F13 (Fitch Rating). Investments are based on fixed rated pre-determined at the beginning of the investing period.

The CPVO does not accept negative interests.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The CPVO is not concerned by this risk.

12.9 Disclosure on financial instruments

As from the 1st of January 2021, European Accounting Rule 11 (EAR 11) is applicable. This rule prescribes the accounting treatment of financial instruments. It applies to the classification, presentation, recognition, and measurement of financial instruments as well as to disclosures on financial instruments and on how to manage the risk arising from financial instruments. EAR 11 is based on the IPSAS 28-“Financial Instruments: Presentation”, 41-“Financial Instruments” and 30-“Financial Instruments Disclosures”.

In that purpose, the following items shows the financial instruments we observe at the CPVO.

As mentioned above (page 28), the total amount of the financial instruments comprises the exchange receivables and non-exchange recoverables (deferred charges excluded - note 4), current financial assets (note 5), cash and cash equivalent (note 6) and current payables (note 8).

		2023	2022	2021	2020	2019
Exchange receivables and non-exchange recoverables	(a)	4,782,506.05	4,600,571.72	4,246,094.61	4,199,197.19	4,315,013.95
	<i>deferred charges</i>	<i>(b)</i>	<i>116,653.08</i>	<i>93,451.15</i>	<i>30,963.85</i>	<i>90,774.14</i>
Cash and cash equivalent	(c)	9,242,370.02	8,451,342.33	13,659,364.01	7,339,096.05	8,521,793.21
Monetary assets	(a)-(b)+(c)=(d)	13,922,523.91	12,935,260.97	17,812,007.47	11,507,329.39	12,746,033.02
Current payables		70,919.68	55,552.19	66,125.63	86,869.27	29,804.88
Monetary liabilities	(e)	70,919.68	55,552.19	66,125.63	86,869.17	29,804.88
Net financial instrument	(f)= (d)-(e)	13,851,604.23	12,879,708.78	17,745,881.84	11,420,460.22	12,716,228.14

The general trend of the net financial instrument was rather stable between 2017 and 2020. In 2021 the amount increased considerably as two non-current financial assets for a total of EUR 5 794 000, due to end in 2022, were transferred in current financial assets (included in the calculation of financial instruments). On the contrary, in 2022, current financial assets and liquidities decreased for the benefit of new non-current financial assets.

In 2023, it remains stable compared to 2022, cash and cash equivalents increased slightly.

The monetary liabilities depend on the expenses to be paid to third parties but finally, the amount is not a risk considering the low values.

		2023	2022	2021	2020	2019
Cash and cash equivalent	(a)	9,242,370.02	8,451,342.33	13,659,364.01	7,339,096.05	8,521,793.21
Monetary assets	(b)	13,922,523.91	12,935,260.97	17,812,007.47	11,507,329.39	12,746,033.02
Net financial instrument	(c)	13,851,604.23	12,879,708.78	17,745,881.84	11,420,460.22	12,716,228.14
% Cash and cash equivalent/Net financial instrument	(a)/(c)	66.72%	65.62%	76.97%	64.26%	67.02%
% Cash and cash equivalent/Monetary assets	(a)/(b)	66.38%	65.34%	76.69%	63.78%	66.86%

Receivables related to customers and the provision for doubtful debt, slightly increased each year as it can be seen below. The result is an increase in the amount to be recovered.

		2023	2022	2021	2020	2019
Customers	(a)	4,595,410.00	4,396,915.37	4,131,385.52	3,985,558.05	3,965,770.69
Provision for doubtful debt	(b)	-135,363.00	-141,130.00	-114,010.00	-119,850.00	-94,506.00
Net customers	(a) - (b) = (c)	4,460,047.00	4,255,785.37	4,017,375.52	3,865,708.05	3,871,264.69
Net Customers with no risk	(c)/(a)	97.05%	96.79%	97.24%	96.99%	97.62%

The “provision for doubtful debt” was wrongly classified as current liabilities under “Provision for risk” before 2021. As from the 1st of January 2021, the presentation is in line with the EAR (European Accounting rule) 11 about Financial Instruments as can be seen page 24 of this report. The Balance sheet shows the net value of the receivables: “provision for Doubtful debt” deducted. As the overall amount was not material, there was no need to restate the accounts from the previous year balances.

The calculation of the impairment (provision for Doubtful debt) of the receivables is simply based on the actual amount of unpaid fees with a past due date of more than one year. The overall lost amount is not material compared to the total of the fees invoiced per year.

To emphasize the previous paragraph, Doubtful debt is not a risk for the CPVO. The provision for doubtful debt represents on average 0.18% of the fees invoiced for the period 2019-2022.

	Total	2022	2021	2020	2019
Provision for doubtful debt	135,363.00	15,210.00	66,135.00	38,558.00	15,460.00
Invoiced amount for the year	74,365,348.50	18,625,824.50	19,379,937.00	18,188,379.00	18,171,208.00
% of the provision compared to invoiced amount	0.18%	0.08%	0.34%	0.21%	0.09%

12.10 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 statements³ for the financial year 2020 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 Communities⁴, while the "Reports on implementation of the budget" continue to be primarily based on movements of cash.

The accounts are kept in Euro and they have been prepared for the financial year running from 1 January 2023 to 31 December 2023.

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 98 and Article 99 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

In terms of materiality, the selected materiality threshold is the same as the one used by the European Court of Auditors. To get the assurance that the financial accounts do not contain any significant error, the materiality threshold is set at 2% of the total of the balance sheet or if they exceed 25 % of a given balance sheet heading as a minimum 0.5% of the balance sheet total.

³ 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.

⁴ 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.

Balance Sheet

Assets

- Assets are recorded as such based on a threshold of EUR 5000 (compared to a threshold of EUR 420 before 2017).

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 2 000 000. However, in accordance with international accounting standards, this can only be done if these costs can be measured reliably.

Property, plant and equipment

- 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.

Financial assets:

- The office invests part of its cash reserve in "Term Deposit". These investments do not allow any risk on capital or interests. The interests which will be received are known from the start of the contracts as far as the investments are not interrupted.
- 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 held for the purpose of meeting short term cash commitments rather than for investment or other purposes. They include cash at hand, deposits held at call with banks, other short-term highly liquid investments (of initial maturity less than 3 months).

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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