



**CPVO**

Community Plant Variety Office

# Provisional Accounts 2025

Issuance date: 26 February 2026

## Certification of the accounts

I acknowledge my responsibility for the preparation and presentation of the **provisional annual accounts** of the Community Plant Variety Office in accordance with Article 102 of the Framework Financial Regulation ('FFR')<sup>1</sup> and I hereby certify that the annual accounts of the Community Plant Variety Office for the year 2025 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

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

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, 26/02/2026*

*Christophe Yakovleff*

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**Christophe Yakovleff**  
**Accounting Officer of the Community Plant Variety Office**

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<sup>1</sup> COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

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

## To the President of the European Court of Auditors

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**Subject: Management Representation Letter (MRL) covering the 2025 provisional accounts of the Community Plant Variety Office (CPVO)**

This representation letter is provided in connection with your audit of the provisional accounts of the CPVO consisting of the financial statements<sup>1</sup> and the budget implementation reports for the financial year ended 31 December 2025 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 2025, 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.

All the information necessary for the production of the provisional accounts of the CPVO which gives 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:

### Provisional accounts

1. The provisional accounts of the CPVO for the financial year ended 31 December 2025 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 51 of its Financial Regulation.

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<sup>1</sup> The annual accounts consist of the "financial statements" and the "budget implementation reports". 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.

2. No issues requiring a reservation have been brought to our attention.
3. The methods, the data, and the significant assumptions 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. 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.
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. 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 no significant errors or misstatements, or changes in accounting policies that would require a restatement of the amounts from the financial statements for the year ended 2024 which are shown as comparative amounts in the financial statements for year ended 2025. Any differences in the comparative amounts from the amounts in the financial statements for the year ended 2024 are solely the result of reclassifications for comparative purposes.
13. Information regarding financial risks exposure and our financial risk management objectives and policies has been adequately disclosed in the financial statements.
14. The effects of the Russian war of aggression against Ukraine on the provisional accounts of CPVO have been assessed and are appropriately accounted for and disclosed in accordance with requirements and accounting rules.

## Information Provided

15. 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.
16. All transactions have been recorded in the accounting records and are reflected in the accounts.
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 disclosed to you the results of our assessment of the risk that the accounts may be materially misstated as a result of fraud.
19. 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).
20. 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.
21. 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.
22. 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

23. 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

24. 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.
25. 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 31.12.2025 and the date of the audit report.
  - disclosed to you all instances of known noncompliance.

## Reservations

There are no reservations.



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26/02/2026

**Christophe Yakovleff**

**Accounting Officer of the Community Plant Variety Office**



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26/02/2026

**Francesco Mattina**

**President of the 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 2025

### 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 2025 as well as an indication of the key events and developments which impact on the financial situation of the Office.

The Office's budget for 2025 was adopted by the Administrative Council in October 2024 and subsequently revised on three occasions. The revisions reflected changes to the initial payment schedule for the acquisition of the new building, amendments to the establishment plan and adjustments to the original forecasts.

This report 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 2,897 applications in 2025, compared to 3,268 in 2024. In 2025, almost 2,800 new titles were granted. Considering the surrenders of older titles, the total number of titles in force rose to more than 31,800.

### 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 20.84 million and expenses of EUR 20.98 million meant a budget outturn of EUR 145,694 negative (EUR 32,980 negative in 2024). Non-budgetary income of EUR 89,583 lead to a net outturn of EUR 56,111 negative.

Table 1 Budgetary outturn 2025

		2025	2024	% variation
Revenue	Fees revenue	20,464,357	20,297,586	1%
	Other revenue	374,850	548,223	(32%)
	<b>Total</b>	<b>20,839,207</b>	<b>20,845,809</b>	<b>(0%)</b>
Expenditure	Title 1 Staff expenditure	(9,776,352)	(9,811,445)	(0%)
	Title 2 Administrative expenditure	(2,016,222)	(1,206,451)	67%
	Title 3 Operational expenditure	(9,192,328)	(9,860,893)	(7%)
	<b>Total</b>	<b>(20,984,902)</b>	<b>(20,878,789)</b>	<b>1%</b>
<b>Grand Total</b>	<b>(145,695)</b>	<b>(32,980)</b>	<b>342%</b>	
Non budgetary revenue		89,583	89,963	(0%)
<b>Grand Total</b>		<b>(56,111)</b>	<b>56,983</b>	<b>(198%)</b>

The 2025 budget outturn shows a significant decrease compared with 2024, mainly due to the fit-out costs associated with the new building and an increase in examination expenses.

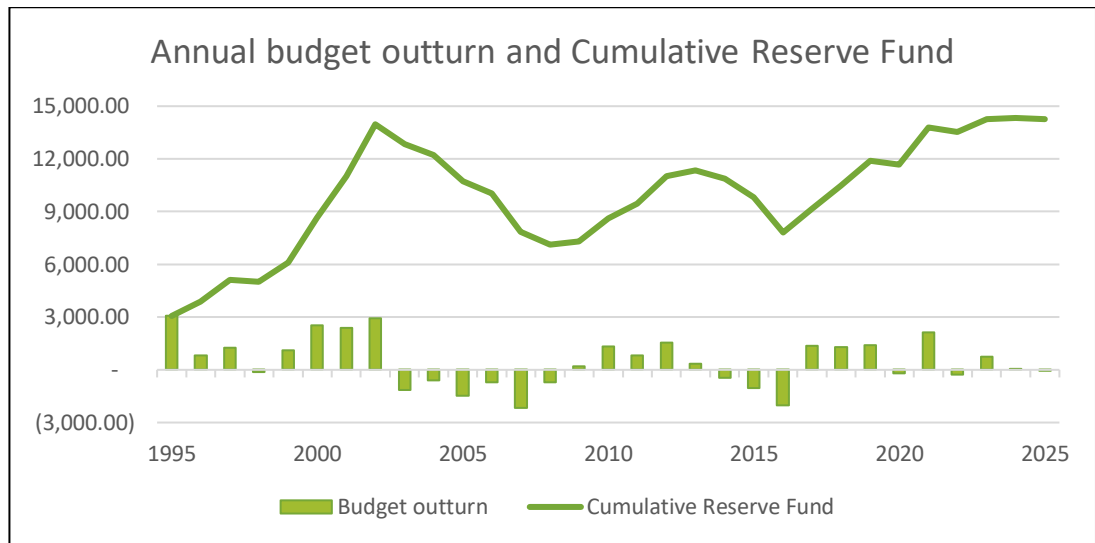
In addition, lower interest rates resulted in a reduction in other revenue.

## 4.4 Reserve Fund

Article 17 of the CPVO Financial Regulation establishes a Reserve fund, which is constituted by the accumulated budgetary results (or outturn) over the years to ensure compliance with the Principle of Equilibrium. In practice:

- Negative budgetary results for a financial year are offset against this Reserve fund.
- Positive budgetary results are added to it.

At the end of 2024, the Reserve Fund stood at EUR 14,330,000. Considering the negative outturn of the 2025 financial year (EUR 56,000), the Reserve Fund at the end of 2025 amounts to EUR 14,274,000.



### Understanding the Reserve Fund's Role in Financial Stability

The Reserve Fund acts as a financial buffer, ensuring the CPVO's financial sustainability in the face of budgetary fluctuations and unforeseen expenditures. This reserve is particularly crucial given the self-financing nature of the CPVO, where fee-based revenue can fluctuate due to external factors, such as market dynamics or changes in applicant behaviour. Maintaining a prudent Reserve Fund allows the CPVO to continue its operations without immediate adjustments to fees during periods of economic uncertainty.

As stipulated in Article 17, if the Reserve Fund exceeds 50% of the annual commitment budget, the CPVO will provide an analysis of the situation and a plan, if necessary, to reduce the Reserve Fund. This may include adjusting fees charged to applicants or implementing other measures.

In 2025, the annual commitment budget amounts to EUR 20,973,000 (including transfers and amendments). As the Reserve Fund still exceeds the 50% ceiling, an analysis follows below. As last year however, this review demonstrates that no corrective plan will be undertaken for the time being.

### Analysis of the Reserve Fund

#### 1. Uncertain Revenue Outlook:

Although 2024 saw a rebound in applications following the decline recorded in 2023, the number of applications received in 2025 decreased again. This renewed decline, combined with ongoing volatility in revenue, represents a significant financial challenge and calls for a prudent approach to financial management and expenditure planning.

## 2. New Building Project and Associated Risks:

The CPVO's planned building purchase represents a long-term investment that will ultimately lead to cost savings and improved environmental sustainability. However, the project also involves uncertainties and one-off costs, such as relocation expenses, temporary storage, and unknown proceeds from the sale of current buildings.

The project remains ongoing and the related risks therefore persist.

### Conclusion and Future Monitoring

Given these factors, the CPVO acknowledges the Reserve Fund's level and commits to monitoring its evolution closely—particularly after the completion of the new building project.

At that time, the CPVO will conduct a comprehensive assessment—with particular focus on the application trends—to determine whether an adjustment of fees or the implementation of other measures is required.

## 5. Revenue

Table 2 Revenue breakdown

	2025	2024	% variation
Fees	20,464,357	20,297,586	1%
Administrative operations	101,607	56,096	81%
Interest	273,244	492,127	(44%)
<b>Grand Total</b>	<b>20,839,207</b>	<b>20,845,809</b>	<b>(0%)</b>

Table 3 Breakdown of fee revenue

	2025	2024	% variation
Annual fees	12,234,660	12,139,750	1%
Application fees	1,281,400	1,476,200	(13%)
Examination fees	6,266,140	6,039,129	4%
Other fees	682,157	642,507	6%
<b>Grand Total</b>	<b>20,464,357</b>	<b>20,297,586</b>	<b>1%</b>

Total fees collected in 2025 reached EUR 20.46 million, reflecting a 1% increase compared to the previous year.

Following the update of the Fees Regulation, which entered into force on 1 July 2023, the increase stabilised and remained limited in 2025. Other fees — including legal fees, certified copies, compulsory licences, report sales, takeover reports and appeal fees — decreased by 6%. The sharp decline observed in 2024, following the diminishing impact of Brexit on report sales, also stabilised.

Application fee revenue decreased in line with the lower number of applications received compared with 2024.

## 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 2025

	Final payment appropriation	Executed	% Paid	Cancelled appropriation	% Cancelled
Title 1 Staff expenditure	10,177,000	9,776,352	96%	400,648	4%
Title 2 Admin. expenditure	2,345,000	2,016,222	86%	328,778	14%
Title 3 Operational expenditure	9,262,000	9,192,328	99%	69,672	1%
<b>Grand Total</b>	<b>21,784,000</b>	<b>20,984,902</b>	<b>96%</b>	<b>799,098</b>	<b>4%</b>

Overall, as can be seen, expenditure for the year was EUR 20.98 million (compared with EUR 20.88 million in 2024) with a high execution rate for the budget of 96% reflecting an accurate and efficient budget planning and forecast.

Table 5 Budgetary execution – comparison 2025 – 2024

	Budget execution 2025	Budget execution 2024	%
Title 1 Staff expenditure	9,776,352	9,811,445	(0%)
Title 2 Admin. expenditure	2,016,222	1,206,451	67%
Title 3 Operational expenditure	9,192,328	9,860,893	(7%)
<b>Grand Total</b>	<b>20,984,929</b>	<b>20,878,789</b>	<b>1%</b>

Expenditure remained broadly stable overall. The combined increases in administrative expenditure (EUR 810,000, mainly due to the fit-out of the new building) and operational expenditure (EUR 610,000, reflecting higher examination fees and report-related payments) were largely offset by lower payments related to the acquisition of the new building (EUR 1,350,000), as the related payment schedule is progressively being completed.

Table 6 Budgetary execution 2025 – Title 1: Staff expenditure

Budget article	Description	Final payment appropriation	Executed	% Paid	Paid in the year	Carried forward to 2026 (C8)	Cancelled appropriation	% Cancelled
E1100	Staff	9,895,000	9,565,594	97%	9,508,793	56,802	329,406	3%
E1200	Training	80,000	43,129	54%	14,097	29,032	36,871	46%
E1300	Travel	155,000	139,036	90%	124,036	15,000	15,964	10%
E1400	Interim staff							
E1500	Assistance	39,000	25,528	65%	22,660	2,868	13,472	35%
E1700	Representation	8,000	3,065	38%	3,065	-	4,935	62%
<b>Grand Total</b>		<b>10,177,000</b>	<b>9,776,352</b>	<b>96%</b>	<b>9,672,651</b>	<b>103,701</b>	<b>400,648</b>	<b>4%</b>

The overall budget execution for staff related expenditure was high at 96%. 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 assistance and representation.

Table 7 Budgetary execution – Title 1: Staff expenditure – comparison 2025 – 2024

Budget article	Description	Budget execution 2025	Budget execution 2024	%
E1100	Staff	9,565,594	9,608,773	(0%)
E1200	Training	43,129	70,379	(39%)
E1300	Travel	139,036	112,840	23%
E1400	Interim staff			
E1500	Assistance	25,528	16,321	56%
E1700	Representation	3,065	3,130	(2%)
<b>Grand Total</b>		<b>9,776,352</b>	<b>9,811,445</b>	<b>(0%)</b>

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.

Staff costs remained very stable in 2025. The so-called "correction coefficient" (the difference in cost of living between Brussels and Agency's country) decreased as from July 2025 (-0.6%), and the indexation of salaries linked to inflation were compensated by changes in the establishment plan (retirements, turnover, allowances linked to family situation).

The CPVO applied promotion and career advancement in line with institutional guidelines, and at the year-end, there were 52 staff in post (46 Officials and Temporaries, 5 Contract Agents and one Seconded National Expert).

Table 8 Budgetary execution 2025 – Title 2: Administrative expenditure

Budget article	Description	Final payment appropriation	Executed	% Paid	Paid in the year	Carried forward to 2026 (CB)	Cancelled appropriation	% Cancelled
E2000	Property	1,085,000	980,046	90%	411,361	568,685	104,954	10%
E2100	IT expenses	808,000	694,367	86%	551,232	143,135	113,633	14%
E2200	Other equipment	25,000	13,335	53%	11,813	1,522	11,665	47%
E2300	General administrative exp.	47,000	30,493	65%	15,765	14,728	16,507	35%
E2400	Postage and telecom	63,000	39,422	63%	33,991	5,431	23,578	37%
E2500	Meetings and notices	222,000	184,529	83%	162,999	21,530	37,471	17%
E2600	Audit and evaluation	95,000	74,029	78%	72,157	1,872	20,971	22%
<b>Grand total</b>		<b>2,345,000</b>	<b>2,016,222</b>	<b>86%</b>	<b>1,259,318</b>	<b>756,904</b>	<b>328,778</b>	<b>14%</b>

In light of the global context, including the volatility in the number of applications received in recent years, the CPVO maintained a cautious approach in 2025 and kept expenditure at a prudent level. This explains the relatively low budget implementation rate of 86%.

Table 9 Budgetary execution – Title 2: Administrative expenditure – comparison 2025 – 2024

Budget article	Description	Budget execution 2025	Budget execution 2024	%
E2000	Property	980,046	275,101	256%
E2100	IT expenses	694,367	707,543	(2%)
E2200	Other equipment	13,335	12,654	5%
E2300	General administrative exp.	30,493	19,271	58%
E2400	Postage and telecom	39,422	37,355	6%
E2500	Meetings and notices	184,529	75,586	144%
E2600	Audit and evaluation	74,029	78,941	(6%)
<b>Grand Total</b>		<b>2,016,222</b>	<b>1,206,451</b>	<b>67%</b>

Administrative expenditure varied significantly compared with 2024. The increase was primarily attributable to fit-out purchases for the new building project, as well as to a higher number of meetings organised, including events related to the 30<sup>th</sup> anniversary of the CPVO. Other expenditure remained stable.

Table 10 Budgetary execution 2025 – Title 3: Operational expenditure

Budget article	Description	Final payment appropriation	Executed	% Paid	Cancelled appropriation	% Cancelled
E3000	Examination office fees	6,855,000	6,850,459	100%	4,541	0%
E3200	Examination reports	525,000	517,760	99%	7,240	1%
E3400	Publications	17,000	8,609	51%	8,391	49%
E3500	Studies	200,000	193,488	97%	6,512	3%
E3600	Special advisors	65,000	37,067	57%	27,933	43%
E3800	Building purchase	1,600,000	1,584,944	99%	15,056	1%
<b>Grand Total</b>		<b>9,262,000</b>	<b>9,192,328</b>	<b>99%</b>	<b>69,672</b>	<b>1%</b>

Table 11 Budgetary execution – Title 3: Operational expenditure – comparison 2025 – 2024

Budget article	Description	Budget execution 2025	Budget execution 2024	%
E3000	Examination office fees	6,850,459	6,378,993	7%
E3200	Examination reports	517,760	380,480	36%
E3400	Publications	8,609	5,104	69%
E3500	Studies	193,488	112,293	72%
E3600	Special advisors	37,067	43,050	(14%)
E3800	Building purchase	1,584,944	2,940,973	(46%)
<b>Grand Total</b>		<b>9,192,328</b>	<b>9,860,893</b>	<b>(7%)</b>

The tables above present the payments under Title 3. A noticeable increase in examination office fees is observed, reflecting the higher number of applications received in 2024. Payments for studies (R&D projects) are in line with the planned implementation schedule of those projects.

Payments related to the new building are nearing completion, with the majority of the project costs having been settled in 2024.

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	7,810,000	(560,000)	350,000	7,600,000	6,897,614	91%
E3200	Examination reports	500,000	5,000	-	505,000	499,200	99%
E3400	Publications	25,000	(12,000)	-	13,000	4,847	37%
E3500	Studies	198,000	-	50,000	248,000	196,016	79%
E3600	Special advisors	155,000	(70,000)	-	85,000	66,551	78%
E3800	Building purchase						
<b>Grand total</b>		<b>8,688,000</b>	<b>(637,000)</b>	<b>400,000</b>	<b>8,451,000</b>	<b>7,664,227</b>	<b>91%</b>

The implementation rate of the operational budget reached 91%, compared with 98% in 2024. This reflects generally accurate planning, while remaining subject to market dynamics.

Table 13 Title 3 – Outstanding commitments

Budget Article	Description	Outstanding beginning of the year	Committed	De-committed	Paid	Outstanding yearend
E3000	Examination offices fees	15,596,966	6,897,614	(963,205)	(6,850,459)	14,680,915
E3200	Examination reports	646,000	499,200	(33,280)	(517,760)	594,160
E3400	Publications	4,459	4,847	(97)	(8,609)	600
E3500	Studies	450,043	196,016	(25,823)	(193,488)	426,747
E3600	Special advisors	126,150	66,551	(20,100)	(37,067)	135,534
E3800	Building purchase	2,123,827			(1,584,944)	538,883
<b>Grand total</b>		<b>18,947,445</b>	<b>7,664,227</b>	<b>(1,042,505)</b>	<b>(9,192,328)</b>	<b>16,376,840</b>

The total amount of outstanding commitments under Title 3 decreased overall compared to 2024, as the new building project progressed.

In addition, as the number of applications declined in 2025, outstanding commitments relating to examination office fees and examination reports also decreased.

## 7. Budget amendments and transfers

In 2025, the CPVO adopted three budget amendments in response to the progress of the new building project. At the same time, several budget lines were reviewed and adjusted in order to optimise budget implementation. The establishment plan was also amended, including to provide for one Seconded National Expert.

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 2025

Budget article	Description.	Payment appropriations				Commitment appropriations			
		Initial payment budget	Payment budget amendments	Payment budget transfers	Final payment appropriation	Initial Commitment Budget	Commitment budget amendments	Commitment budget transfers	Final commitment budget
E1100	Staff	11,325,000	(1,030,000)	(400,000)	9,895,000	11,325,000	(1,030,000)	(400,000)	9,895,000
E1200	Training	150,000	(70,000)	-	80,000	150,000	(70,000)	-	80,000
E1300	Travel	155,000	-	-	155,000	155,000	-	-	155,000
E1500	Assistance	32,000	7,000	-	39,000	32,000	7,000	-	39,000
E1700	Representation	2,000	6,000	-	8,000	2,000	6,000	-	8,000
E2000	Property	1,110,000	(25,000)	-	1,085,000	1,110,000	(25,000)	-	1,085,000
E2100	IT expenses	1,158,000	(350,000)	-	808,000	1,158,000	(350,000)	-	808,000
E2200	Other equipment	211,000	(186,000)	-	25,000	211,000	(186,000)	-	25,000
E2300	General admin.	50,000	(3,000)	-	47,000	50,000	(3,000)	-	47,000
E2400	Postage and telecom	63,000	-	-	63,000	63,000	-	-	63,000
E2500	Meetings and notices	329,000	(107,000)	-	222,000	329,000	(107,000)	-	222,000
E2600	Audit and evaluation	55,000	40,000	-	95,000	55,000	40,000	-	95,000
E3000	Examination office fees	7,165,000	(615,000)	305,000	6,855,000	7,810,000	(560,000)	350,000	7,600,000
E3200	Examination reports	475,000	5,000	45,000	525,000	500,000	5,000	-	505,000
E3400	Publications	40,000	(23,000)	-	17,000	25,000	(12,000)	-	13,000
E3500	Studies	145,000	5,000	50,000	200,000	198,000	-	50,000	248,000
E3600	Special advisors	170,000	(105,000)	-	65,000	155,000	(70,000)	-	85,000
E3800	Building purchase	531,750	1,068,250	-	1,600,000	-	-	-	-
<b>Total</b>		<b>23,166,750</b>	<b>(1,382,750)</b>	<b>-</b>	<b>21,784,000</b>	<b>23,328,000</b>	<b>(2,355,000)</b>	<b>-</b>	<b>20,973,000</b>

For Titles 1 and 2, the Commitment budget is subject to the same transfers as the Payment budget, as the credits are non-dissociated. This year, only a minor transfer was made to reinforce the representation budget item.

For Title 3, three transfers were carried out in commitment appropriations to reinforce the budget lines for examination reports, studies and the building purchase (payment appropriations as well).

## 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 70% with EUR 209,965 paid in 2025 for amounts carried over from 2024. The unpaid amount of EUR 89,583 which had been considered as a budgetary expenditure in 2024, becomes a "non-budgetary revenue" in 2025 and appears in the budget outturn account as such in table 1.

Table 15 Execution of C8 credit: carried over from 2024

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Title 1 Staff expenditure	E1100	Staff	87,372	74,284	85%	13,088
	E1200	Training	7,955	5,365	67%	2,590
	E1300	Travel	7,000	5,021	72%	1,979
	E1500	Assistance	-	-	-	-
	E1700	Representation	-	-	-	-
	<b>Total</b>			<b>102,327</b>	<b>84,670</b>	<b>83%</b>
Title 2 Admin. expenditure	E2000	Property	57,202	50,076	88%	7,126
	E2100	IT expenses	102,015	60,351	59%	41,665
	E2200	Other equipment	1,253	1,250	100%	3
	E2300	General admin.	2,739	109	4%	2,630
	E2400	Postage and telecom	4,608	3,409	74%	1,199
	E2500	Meetings and notices	21,154	4,101	19%	17,053
	E2600	Audit and evaluation	8,250	6,000	73%	2,250
<b>Total</b>			<b>197,221</b>	<b>125,295</b>	<b>64%</b>	<b>71,926</b>
<b>Grand Total</b>			<b>299,548</b>	<b>209,965</b>	<b>70%</b>	<b>89,583</b>

The 70% execution rate for C8 in 2025 reflects a decline from the 79% achieved in 2024.

This decrease is primarily influenced by factors outside our direct control. Nevertheless, the system remains reliable and efficient, and we continue to monitor these external variables closely. We will focus on refining internal processes to maintain a stable execution rate moving forward, despite these challenges.

## 9. Treasury reserve

Table 16 Calculation of the treasury reserve

Description	2025
Treasury amount	22,345,361
Title 1: Amount carried over to next year	(103,701)
Title 2: Amount carried over to next year	(756,904)
Title 3: Amount carried over (differentiated credit)	(16,376,840)
<b>Treasury reserve</b>	<b>5,107,916</b>

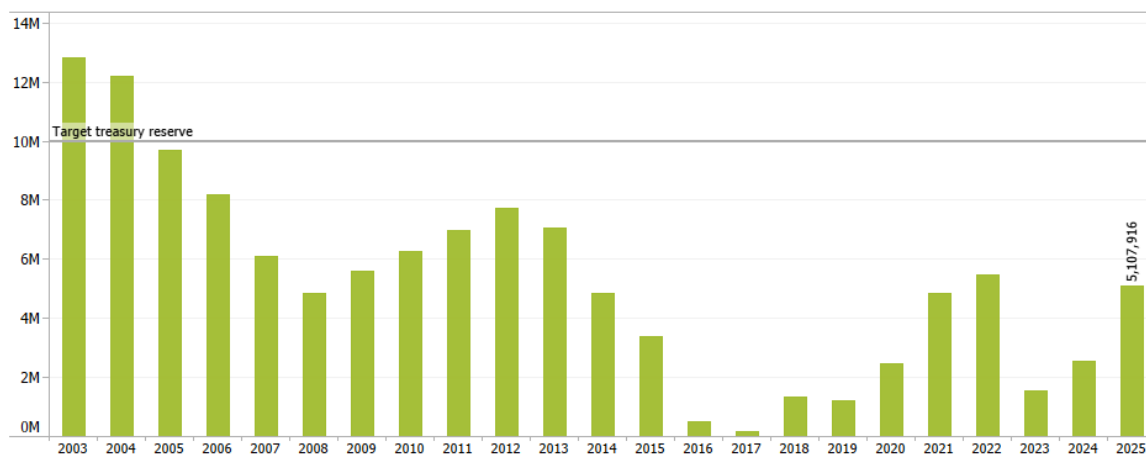
The so-called treasury reserve represents the difference between total treasury held by the CPVO and the outstanding open commitments.

As of 31 December 2025, the treasury reserve saw a substantial increase of 99% (EUR 2.5 million in absolute terms) compared to 2024, when it stood at EUR 2.5 million.

This variation is mainly explained by a significant reduction in open commitments, which amounted to EUR 19.25 million in 2024 (a decrease of EUR 2 million), and by a slight increase in treasury compared with 2024 (an increase of EUR 530,000).

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

		2025	2024	% variation
Revenue	Fees revenue	20,464,357	20,297,586	1%
	Other revenue	374,850	548,223	(32%)
	<b>Total</b>	<b>20,839,207</b>	<b>20,845,809</b>	<b>(0%)</b>
Expenditure	Title 1 Staff expenditure	(9,776,352)	(9,811,445)	(0%)
	Title 2 Administrative expenditure	(2,016,222)	(1,206,451)	67%
	Title 3 Operational expenditure	(9,192,328)	(9,860,893)	(7%)
	<b>Total</b>	<b>(20,984,902)</b>	<b>(20,878,789)</b>	<b>1%</b>
<b>Grand Total</b>	<b>(145,695)</b>	<b>(32,980)</b>	<b>342%</b>	
Non budgetary revenue		89,583	89,963	(0%)
<b>Grand Total</b>		<b>(56,111)</b>	<b>56,983</b>	<b>(198%)</b>

### 11.2 Budget revenue

Table 19 Budget revenue detailed

Budget posts	Description	Budget after amendments	Revenue recorded and received	Variation with budget (%)
1000	Fees	20,955,000	20,464,357	(2%)
3000	Deficit reserve	649,000		
5000	Revenue from administrative operations	30,000	101,607	239%
9100	Other revenue (mainly financial)	150,000	273,244	82%
<b>Total</b>		<b>21,784,000</b>	<b>20,839,207</b>	<b>(4%)</b>

### 11.3 Budget Outturn – detailed reports

Table 20 Commitment appropriation 2025

	Budget article	Description	Budget initial	Amendments	Transfers	Budget final	Committed	% Committed	Cancelled
Title 1 Staff expenditure	E1100	Staff	11,325,000	(1,030,000)	(400,000)	9,895,000	9,565,594	97%	329,406
	E1200	Training	150,000	(70,000)	-	80,000	43,129	54%	36,871
	E1300	Travel	155,000	-	-	155,000	139,036	90%	15,964
	E1400	Interim staff	-	-	-	-	-	-	-
	E1500	Assistance	32,000	7,000	-	39,000	25,528	65%	13,472
	E1700	Representation	2,000	6,000	-	8,000	3,065	38%	4,935
	<b>Total</b>		<b>11,664,000</b>	<b>(1,087,000)</b>	<b>(400,000)</b>	<b>10,177,000</b>	<b>9,776,352</b>	<b>96%</b>	<b>400,648</b>
Title 2 Admin. expenditure	E2000	Property	1,110,000	(25,000)	-	1,085,000	980,046	90%	104,954
	E2100	IT expenses	1,158,000	(350,000)	-	808,000	694,367	86%	113,633
	E2200	Other equipment	211,000	(186,000)	-	25,000	13,335	53%	11,665
	E2300	General admin.	50,000	(3,000)	-	47,000	30,493	65%	16,507
	E2400	Postage and telecom	63,000	-	-	63,000	39,422	63%	23,578
	E2500	Meetings and notices	329,000	(107,000)	-	222,000	184,529	83%	37,471
	E2600	Audit and evaluation	55,000	40,000	-	95,000	74,029	78%	20,971
<b>Total</b>		<b>2,976,000</b>	<b>(631,000)</b>	<b>-</b>	<b>2,345,000</b>	<b>2,016,222</b>	<b>86%</b>	<b>328,778</b>	
Title 3 Operational expenditure	E3000	Examination office fees	7,810,000	(560,000)	350,000	7,600,000	6,897,614	91%	702,386
	E3200	Examination reports	500,000	5,000	-	505,000	499,200	99%	5,800
	E3400	Publications	25,000	(12,000)	-	13,000	4,847	37%	8,153
	E3500	Studies	198,000	-	50,000	248,000	196,016	79%	51,984
	E3600	Special advisors	155,000	(70,000)	-	85,000	66,551	78%	18,449
	E3800	Building purchase	-	-	-	-	-	-	-
<b>Total</b>		<b>8,688,000</b>	<b>(637,000)</b>	<b>400,000</b>	<b>8,451,000</b>	<b>7,664,227</b>	<b>91%</b>	<b>786,773</b>	
<b>Grand Total</b>		<b>23,328,000</b>	<b>(2,355,000)</b>	<b>-</b>	<b>20,973,000</b>	<b>19,456,801</b>	<b>93%</b>	<b>1,516,199</b>	

Table 21 Payment appropriation 2025

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 2026 (C8)	Cancelled appropriation	Cancelled
Title 1 Staff expenditure	E1100	Staff	11,325,000	(1,030,000)	(400,000)	9,895,000	9,565,594	97%	9,508,793	56,802	329,406	3%
	E1200	Training	150,000	(70,000)		80,000	43,129	54%	14,097	29,032	36,871	46%
	E1300	Travel	155,000			155,000	139,036	90%	124,036	15,000	15,964	10%
	E1400	Interim staff										
	E1500	Assistance	32,000	7,000		39,000	25,528	65%	22,660	2,868	13,472	35%
	E1700	Representation	2,000	6,000		8,000	3,065	38%	3,065		4,935	62%
	<b>Total</b>			<b>11,664,000</b>	<b>(1,087,000)</b>	<b>(400,000)</b>	<b>10,177,000</b>	<b>9,776,352</b>	<b>96%</b>	<b>9,672,651</b>	<b>103,701</b>	<b>400,648</b>
Title 2 Admin. expenditure	E2000	Property	1,110,000	(25,000)		1,085,000	980,046	90%	411,361	568,685	104,954	10%
	E2100	IT expenses	1,158,000	(350,000)		808,000	694,367	86%	551,232	143,135	113,633	14%
	E2200	Other equipment	211,000	(186,000)		25,000	13,335	53%	11,813	1,522	11,665	47%
	E2300	General admin.	50,000	(3,000)		47,000	30,493	65%	15,765	14,728	16,507	35%
	E2400	Postage and telecom	63,000			63,000	39,422	63%	33,991	5,431	23,578	37%
	E2500	Meetings and notices	329,000	(107,000)		222,000	184,529	83%	162,999	21,530	37,471	17%
	E2600	Audit and evaluation	55,000	40,000		95,000	74,029	78%	72,157	1,872	20,971	22%
<b>Total</b>			<b>2,976,000</b>	<b>(631,000)</b>		<b>2,345,000</b>	<b>2,016,222</b>	<b>86%</b>	<b>1,259,318</b>	<b>756,904</b>	<b>328,778</b>	<b>14%</b>
Title 3 Operational expenditure	E3000	Examination office fees	7,165,000	(615,000)	305,000	6,855,000	6,850,459	100%	6,850,459		4,541	0%
	E3200	Examination reports	475,000	5,000	45,000	525,000	517,760	99%	517,760		7,240	1%
	E3400	Publications	40,000	(23,000)		17,000	8,609	51%	8,609		8,391	49%
	E3500	Studies	145,000	5,000	50,000	200,000	193,488	97%	193,488		6,512	3%
	E3600	Special advisors	170,000	(105,000)		65,000	37,067	57%	37,067		27,933	43%
	E3800	Building purchase	531,750	1,068,250		1,600,000	1,584,944	99%	1,584,944		15,056	1%
	<b>Total</b>			<b>8,526,750</b>	<b>335,250</b>	<b>400,000</b>	<b>9,262,000</b>	<b>9,192,328</b>	<b>99%</b>	<b>9,192,328</b>		<b>69,672</b>
<b>Grand Total</b>			<b>23,166,750</b>	<b>(1,382,750)</b>		<b>21,784,000</b>	<b>20,984,902</b>	<b>93%</b>	<b>20,124,297</b>	<b>860,605</b>	<b>799,098</b>	<b>4%</b>

Table 22 Budget outturn of non-differentiated credits carried forward from 2024 (C8)

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Title 1 Staff expenditure	E1100	Staff	87,372	74,284	85%	13,088
	E1200	Training	7,955	5,365	67%	2,590
	E1300	Travel	7,000	5,021	72%	1,979
	E1500	Assistance	-	-	-	-
	E1700	Representation	-	-	-	-
	<b>Total</b>			<b>102,327</b>	<b>84,670</b>	<b>83%</b>
Title 2 Admin. expenditure	E2000	Property	57,202	50,076	88%	7,126
	E2100	IT expenses	102,015	60,351	59%	41,665
	E2200	Other equipment	1,253	1,250	100%	3
	E2300	General admin.	2,739	109	4%	2,630
	E2400	Postage and telecom	4,608	3,409	74%	1,199
	E2500	Meetings and notices	21,154	4,101	19%	17,053
	E2600	Audit and evaluation	8,250	6,000	73%	2,250
<b>Total</b>			<b>197,221</b>	<b>125,295</b>	<b>64%</b>	<b>71,926</b>
<b>Grand Total</b>			<b>299,548</b>	<b>209,965</b>	<b>70%</b>	<b>89,583</b>

## 12. Financial Accounts:

The financial accounts show an economic result of EUR 2,267,167 positive. This figure takes into account *inter alia* invoices not yet received at year-end. This in turn increased the accumulated reserve to EUR 14.20 million.

### 12.1 Balance sheet

Table 23 Balance sheet

			Notes	2025	2024
<b>Assets</b>	Non current assets	Intangible assets	1	-	-
		Property, plant and equipment	2	5,600,797	5,336,162
		Financial assets	3	6,089,372	6,035,759
		<b>Total</b>		<b>11,690,169</b>	<b>11,371,921</b>
	Current assets	Financial assets	4	2,510,712	5,109,367
		Exchange receivables and non-exchange recoverables	5	5,631,755	5,625,937
		Inventories (Assets held for sale)	6	948,456	-
		Cash and cash equivalent	7	13,987,707	10,926,076
		<b>Total</b>		<b>23,078,631</b>	<b>21,661,381</b>
	<b>Total Assets</b>			<b>34,768,800</b>	<b>33,033,302</b>
<b>Liabilities</b>	Accumulated reserve	Reserve	8	11,929,005	10,584,760
		Economic outturn	8	2,267,167	1,344,245
		<b>Total</b>		<b>14,196,172</b>	<b>11,929,005</b>
	Current liabilities	Accrued charges and deferred revenue	9	20,509,061	21,065,860
		Current payables	10	63,567	38,436
		<b>Total</b>		<b>20,572,628</b>	<b>21,104,296</b>
<b>Total Liabilities</b>			<b>34,768,800</b>	<b>33,033,302</b>	

## 12.2 Statement of financial performance

Table 24 Statement of financial performance

		2025	2024
Revenue	Revenue from fees	20,477,883	19,686,745
	Revenue from administrative operations	100,407	61,573
	<b>Total</b>	<b>20,578,289</b>	<b>19,748,318</b>
Expenses	Salaries and social taxes	(9,601,555)	(9,682,188)
	Overheads	(1,472,641)	(1,277,927)
	Operational expenses	(7,412,347)	(7,776,204)
	Depreciation	(75,387)	(196,357)
	<b>Total</b>	<b>(18,561,929)</b>	<b>(18,932,676)</b>
<b>Operational result</b>		<b>2,016,360</b>	<b>815,642</b>
Financial revenue	Interest revenue	106,176	426,339
	Miscellaneous financial revenue	146,881	104,668
	<b>Total</b>	<b>253,057</b>	<b>531,006</b>
Financial expenses	Bank charges and exchange differences	(2,249)	(2,403)
	<b>Total</b>	<b>(2,249)</b>	<b>(2,403)</b>
<b>Financial result</b>		<b>250,807</b>	<b>528,603</b>
<b>Economic outturn of the year</b>		<b>2,267,167</b>	<b>1,344,245</b>

## 12.3 Cash-flow (Indirect method)

Table 25 Cash flow

	2025	2024
<b>Economic result of the year</b>	<b>2,267,167</b>	<b>1,344,245</b>
<b><i>Operating activities</i></b>		
	Amortisation	
	Depreciation	75,387
	Impairment (Property, plant and equipment)	196,357
	Increase/(decrease) in Provisions for risks and liabilities	
	(Increase)/decrease in exchange receivables and non-exchange recoverables	(5,818)
	(Increase)/decrease in inventories (Assets held for sale)	(843,431)
	(3,006,020)	
	Increase/(decrease) in accrued charges and deferred revenue	(556,799)
	2,361,016	
	Increase/(decrease) in Other long term liabilities	
	Increase/(decrease) in payables	25,131
	(32,483)	
<b>Net cash flow from operating activities</b>	<b>(1,200,952)</b>	<b>3,025,704</b>
<b><i>Investing activities</i></b>		
	(Increase)/decrease in intangible assets and property, plant and equipment	1,717,541
	(3,714,468)	
	(Increase)/decrease in financial assets	2,545,042
	2,281,613	
<b>Net cash flow from investing activities</b>	<b>4,262,583</b>	<b>(1,432,855)</b>
<b>Net cashflow</b>	<b>3,061,631</b>	<b>1,592,849</b>
	Cash and cash equivalent at the beginning of the period	10,926,076
	9,333,227	
	Cash and cash equivalent at the end of the period	13,987,707
	10,926,076	
<b>Net Increase/(decrease) in cash and cash equivalent</b>	<b>3,061,631</b>	<b>1,592,849</b>
<b>Difference</b>	-	-

## 12.4 Reconciliation between the economic result and the budgetary result

Table 26 Reconciliation table

	sign +/-	Amount
<b>Economic result (+ for surplus and - for deficit)</b>	<b>+/-</b>	<b>2,267,167</b>
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	(18,471,922)
Adjustments for Accrual Cut-off (cut- off 31.12.N )	+	16,599,957
Depreciation of intangible and tangible assets	+	75,387
Value reduction	+	-
Recovery Orders issued in the year in class 7 and not yet cashed	-	(4,618,645)
Payments made from carry over of payment appropriations	+	209,965
Prefinancing received in previous year and cleared in the year	-	
Asset acquisitions (less unpaid amounts)	-	(9,176)
Budgetary recovery orders issued before the financial year and cashed in the year	+	4,662,172
Payment appropriations carried over to the next year	-	(860,605)
Cancellation of unused carried over payment appropriations from previous year	+	89,583
<b>Total (1)</b>		<b>(56,117)</b>
<b>Budgetary result (+ for surplus) (2)</b>		<b>(56,111)</b>
<b>Including amount of exchange rate differences (+ for gain and - for loss) - (3)</b>		<b>(6)</b>
<b>Delta not explained (1) - (2) - (3)</b>		<b>-</b>

## 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 01.01.2025	+		541,613			541,613
Additions	+					
Disposals	-					
Transfer between headings	+/-					
Other changes	+/-					
<b>Gross carrying amounts 31.12.2025</b>			<b>541,613</b>			<b>541,613</b>
Accumulated amortization and impairment 01.01.2025	-		(541,613)			(541,613)
Amortization	-					
Write-back of amortization	+					
Disposals	+					
Impairment	-					
Write-back of impairment	+					
Transfer between headings	+/-					
Other changes	+/-					
<b>Accumulated amortisation and impairment 31.12.2025</b>			<b>(541,613)</b>			<b>(541,613)</b>
<b>Net carrying amounts 31.12.2025</b>						

### Note 2 Property, plant and equipment

		Land	Buildings	Plant and Equipment	Computer hardware	Tangible assets under construction	Total
Gross carrying amounts 01.01.2025	+	292,220	5,735,117	204,376	193,157	3,970,593	10,395,463
Additions	+				9,176	1,279,302	1,288,479
Disposals	-			(22,154)	(23,848)		(46,002)
Impairment	+/-						
Transfer	+/-	(62,220)	(2,943,800)				(3,006,020)
<b>Gross carrying amounts 31.12.2025</b>		<b>230,000</b>	<b>2,791,317</b>	<b>182,222</b>	<b>178,486</b>	<b>5,249,895</b>	<b>8,631,920</b>
Accumulated amortization and impairment 01.01.2025	-		(4,661,767)	(204,376)	(193,157)		(5,059,301)
Depreciation	-		(72,329)		(3,058)		(75,387)
Write-back of depreciation	+						
Disposals	+			22,154	23,848		46,002
Impairment	-						
Write-back of impairment	+						
Transfer between headings	+/-						
Transfer	+/-		2,057,564				2,057,564
<b>Accumulated amortisation and impairment 31.12.2025</b>			<b>(2,676,532)</b>	<b>(182,222)</b>	<b>(172,368)</b>		<b>(3,031,122)</b>
<b>Net carrying amounts 31.12.2025</b>		<b>230,000</b>	<b>114,784</b>		<b>6,118</b>	<b>5,249,895</b>	<b>5,600,797</b>

### Note 3 Non-current financial assets

	2025	2024
Financial assets	5,900,000	5,900,000
Accrued interests	189,372	135,759
<b>Grand total</b>	<b>6,089,372</b>	<b>6,035,759</b>

Non-current assets include bank deposits expected to mature more than twelve months after the reporting date.

In 2025, the amount of non-current financial assets remained stable and increased in line with the increase of accrued interests.

An analysis of the non-current financial assets and customers can be found in note 12.7 Liquidity Risk.

### Note 4 Current financial assets

	2025	2024
Financial assets	2,500,000	5,060,000
Accrued interests	10,712	49,367
<b>Grand total</b>	<b>2,510,712</b>	<b>5,109,367</b>

Current financial assets include bank deposits expected to mature within twelve months after the reporting date.

In 2025, the amount of current financial assets decreased as some investments expired in the year.

### Note 5 Exchange receivables and non-exchange recoverables

		2025	2024
Exchange receivables	Customers	4,596,916	4,678,019
	Deferred charges	128,066	101,319
	Other receivables	28,527	29,392
	<b>Total</b>	<b>4,753,509</b>	<b>4,808,729</b>
Non-exchange recoverables	VAT payable and recoverable	861,637	801,473
	Other recoverables	16,609	15,735
	<b>Total</b>	<b>878,246</b>	<b>817,208</b>
<b>Grand total</b>	<b>5,631,755</b>	<b>5,625,937</b>	

Customers can be further broken down as follows:

	2025	2024
Customers	4,722,057	4,835,709
Customers written down	(125,141)	(157,690)
<b>Grand total</b>	<b>4,596,916</b>	<b>4,678,019</b>

#### Note 6 Inventories (Assets held for sale)

	2025	2024
Buildings	2,943,800	
Lands	62,220	
Impairment	(2,057,564)	
<b>Grand total</b>	<b>948,456</b>	

As disclosed in the Final Accounts 2024, assets held for sale have now been recognised in respect of buildings and land that are in the process of being sold (the so-called "Foch 9"). The first sales attempt in 2025 was unsuccessful. However, the recognition criteria continue to be met (intention to sell, availability for immediate sale, active marketing and expectation of sale within twelve months).

From the date of classification as assets held for sale, depreciation ceases and the buildings are measured at the lower of their carrying amount and fair value less costs to sell.

#### Note 7 Cash and cash equivalents

	2025	2024
Current accounts	13,945,361	10,790,639
Imprest account	-	57,945
Accrued interests	42,346	77,492
<b>Grand total</b>	<b>13,987,707</b>	<b>10,926,076</b>

Cash and cash equivalents include bank deposits with an original maturity of less than three months from the date of acquisition ("highly liquid"), such as savings accounts ("livrets").

Interest rates increased significantly in 2024 and stabilised in 2025. The imprest account was closed in 2025.

Accrued interest is recognised in accordance with the accrual basis of accounting (as explained on page 41). The CPVO does not accept negative interest rates.

#### Note 8 Statement of changes in net assets

	2025	2024
Reserve	11,929,005	10,584,760
Profit/deficit	2,267,167	1,344,245
<b>Grand total</b>	<b>14,196,172</b>	<b>11,929,005</b>

#### Note 9 Accrued charges and deferred revenue

	2025	2024
Deferred revenue	14,718,164	14,775,216
Invoices to be received	5,454,966	6,012,513
Suspense account	168,697	121,072
Accrued holidays	167,234	157,058
<b>Grand total</b>	<b>20,509,061</b>	<b>21,065,860</b>

Within the “Invoices to be received” category, approximately EUR 275,000 relates to outstanding invoices expected from and requested to Examination Offices, which have remained unbilled for several years. In 2025, the CPVO initiated an assessment to determine whether these amounts are subject to the statute of limitations under the relevant national laws. This exercise is still ongoing at the time of reporting.

#### Note 10 Current payables

	2025	2024
Sundry credit accounts	10,162	16,264
Suppliers	53,405	22,172
<b>Grand total</b>	<b>63,567</b>	<b>38,436</b>

## 12.6 Other Disclosures

### Off Balance Sheet Commitments

At the year-end there was a total of EUR 16,376,840 of commitments opened on title 3 (operational expenditure) and a further EUR 860,605 for titles 1 and 2 carried to 2026 as C8 credits. Out of this total, EUR 5,454,966 relate to work carried out in or before 2024 but not yet invoiced for which there is a provision in the financial accounts. The balance of EUR **11,782,478** 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 are no contingent liabilities to our knowledge.

### Contingent assets

There are no contingent assets.

### Related parties

As at 31 December 2025, no related parties were identified.

The key management personnel of the Office are shown below:

Grade	N° of staff
AD 14	1
AD 12	1
<b>Total</b>	<b>2</b>

### 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, and in line with the principle of sound financial management, the CPVO waived EUR 68,605 of amounts receivables, the recovery being considered most costly than the amount itself (negligible amount or legal procedures required).

### Purchase of new buildings

At its Spring 2023 meeting, the Administrative Council approved the purchase of a new building following a formal market prospection. The construction phase began in Q4 2023, with completion expected between Q3 and Q4 2025, and the move anticipated by early 2026 at the latest.

The CPVO signed a "Promesse de vente" on 6 September 2023, followed by the final purchase contract on 3 September 2024.

Given the significant financial commitment and to safeguard the CPVO's interest, a bank guarantee was obtained to ensure the project's completion, even in the event of the promoter's failure.

Payments made and relevant accruals for the project are recorded under "tangible assets under construction".

As of 31 December 2025, the initial commitment for the new building amounts to EUR 5,223,375 of which EUR 4,700,568 has been paid. This initial commitment includes approximately EUR 1,500,000 allocated to the land component, with the remaining amount attributed to the building (classified under Property, Plant and Equipment).

### Sales of current CPVO buildings

A procedure for the sale of the CPVO buildings was prepared in collaboration with French notaries, in consultation with the European Commission (DG BUDG and Legal Service), and with the Administrative Council of the CPVO involved at all stages of the process.

A formal publication was initiated in 2025 in the form of a public auction, in order to ensure full compliance with the applicable Regulations.

Following publication of the sale and as the relevant criteria were met — namely a clear intention to sell, availability for immediate sale, active marketing and an expected sale within twelve months — the buildings concerned were reclassified as 'assets held for sale'. From the date of classification, depreciation ceased and the buildings are measured at the lower of their carrying amount and fair value less costs to sell.

As a result, the building known as "Foch 9", together with all related components (including substantial works carried out over the years and the parking spaces sold with the building), is now recognised as a current asset under inventories — assets held for sale.

Of the five parking spaces sold together with the building, one forms part of the original acquisition of the building "HBM" in 1998 (recognised as a non-current asset under property, plant and equipment, as it is not intended for sale). It has not been possible to identify separately the historical cost of this parking space within the total acquisition cost in order to reclassify this parking space as an asset held for sale.

Given the overall acquisition cost and the subsequent works performed — which were limited in respect of parking spaces and further dilute their individual value — together with the fact that this asset ("HBM" building) is fully depreciated, the amount attributable to the parking space is considered not material.

The reclassification is therefore considered complete.

The same approach will be followed should decisions be taken to sell other buildings.

### New EAR (European Union Accounting Rules) which are effective for annual periods beginning on or after 1 January 2025

On 12 December 2025 the Accounting Officer of the European Commission adopted a targeted amendment of EAR 1 'Financial Statements'. The amendment, which is effective for reporting periods beginning on or after 1 January 2025, introduced changes to the guidance on the Segment Report.

As the CPVO is not obliged to, and does not prepare, a Segment Report, the amendment has no impact on these annual accounts.

### New EAR adopted but not yet effective at 31 December 2025

#### EAR 8 (revised 2025)

On 15 April 2025 the Accounting Officer of the European Commission adopted the revised EAR 8 'Leases', which is effective for accounting periods beginning on or after 1 January 2027. The revised EAR 8 has been updated in line with IPSAS 43 'Leases' (including the amendment 'Concessionary Leases and Other Arrangements Conveying Rights over Assets'). The main change as compared to the current EAR 8 is the introduction of a right-of-use recognition and measurement model, which requires lessees to recognise all leases, including concessionary leases, on the balance sheet.

The CPVO does not expect to be affected by the initial application of the revised EAR 8, as it is not engaged in lease contracts or other relevant arrangements.

#### EAR 1 (revised 2025)

On 15 April 2025 the Accounting Officer of the European Commission adopted the amended EAR 1 'Financial Statements', which is effective for accounting periods beginning on or after 1 January 2027. The amendment aims at ensuring a consistent classification of all borrowings within financing activities, including those related to leases, the acquisition of property, plant and equipment, and back-to-back operations, all of which are currently classified within operating activities.

The CPVO does not expect to be affected by the initial application of the revised EAR 1, as it is not engaged in the relevant financing activities.

## 12.7 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 Offices 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	1,500,000.00			1,500,000
Crédit Agricole			4,400,000	4,400,000
<b>Total</b>	<b>1,500,000</b>		<b>4,400,000</b>	<b>5,900,000</b>

#### Financial assets: Cash and cash equivalent

	2025	2024
Current accounts	13,945,361	10,790,639
Imprest account	-	57,945
<b>Grand total</b>	<b>13,945,361</b>	<b>10,848,585</b>

## Financial assets: Maturity term of receivables

Total receivables decreased slightly compared with 2024 (EUR 5,738,501).

The decrease in trade receivables reflects the lower number of applications and examinations, whereas VAT receivables increased as VAT paid on the new building remains non-recoverable at year-end. Consistent with the prior year, recovery is expected once the building is completed and formally designated as the official headquarters.

Short term receivables	< 1 year	1-2 years	>2 years	Total
Customers	4,722,057			4,722,057
VAT	861,637			861,637
Deferred charges	124,142	2,710	1,215	128,066
<b>Total</b>	<b>5,707,836</b>	<b>2,710</b>	<b>1,215</b>	<b>5,711,761</b>

The table below concerns:

- receivables from customers for EUR 4,722,057;
- deferred charges for EUR 128,066;
- sundry receivables for EUR 28,527;
- and finally, advanced payment to be recovered from the staff for EUR 16,609.

The decrease of the total amount compared to 2024 (EUR 4,982,155) is mainly due to the decrease 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		4,895,259			4,895,259
Debtors who defaulted in the past					
<b>Total</b>		<b>4,895,259</b>			<b>4,895,259</b>

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

Customers	2025	2024
<b>Amount due by customers</b>	<b>4,722,057</b>	<b>4,835,709</b>
Provision at the start of the year	(157,690)	(135,363)
Additional provision (-)	(39,616)	(51,695)
Reduction of the provision (+)	3,560	48
Write-offs	68,605	29,320
<b>Accumulated impairment (-)</b>	<b>(125,141)</b>	<b>(157,690)</b>
<b>Net amount at the end of the year</b>	<b>4,596,916</b>	<b>4,678,019</b>

In 2025, the provision for clients amounted to EUR 39,616. The CPVO proceeded to the annual write-off for unpaid fees for EUR 68,605.

In order to understand the relative importance of this provision, we can consider the total amount invoiced to client from 2021 to 2024 amounting to EUR 78 million (the same period of the provision below) compared to the total of the provision reaching EUR 125,141.

The ratio is on average 0.16 % since 2021.

Break down of the provision for customers	2025	2024
Receivables from 2019		
Receivables from 2020		24,670
Receivables from 2021	22,100	66,135
Receivables from 2022	27,165	27,165
Receivables from 2023	51,440	39,720
Receivables from 2024	24,436	
<b>Net amount at the end of the year</b>	<b>125,141</b>	<b>157,690</b>

#### Financial liabilities: Maturity of liabilities

The following table takes into account the treasury received from clients (non-identified payments for EUR 168,697, so-called "suspense account") and the amounts due to suppliers which both increased.

	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	222,102			222,102
Payables with consolidated entities				
<b>Total</b>	<b>222,102</b>			<b>222,102</b>

#### 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 "F1" (Fitch Rating).

## 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 maturity of non-current 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	% of the total
Prime and high grade	861,637	2,500,000	13,945,361	5,900,000	23,206,998	100%
Upper medium grade						
Lower medium grade						
Non-investment grade						
<b>Total</b>	<b>861,637</b>	<b>2,500,000</b>	<b>13,945,361</b>	<b>5,900,000</b>	<b>23,206,998</b>	<b>100%</b>

## 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.

## 12.8 Disclosure on financial instruments

As from the 1<sup>st</sup> 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 instrument we observe at the CPVO.

As mentioned above (page 29), the total amount of the financial instruments comprises the exchange receivables and non-exchange recoverables (deferred charges excluded - note 5), cash and cash equivalent (note 7) and current payables (note 10).

		2025	2024	2023	2022	2021
Exchange receivables and non-exchange recoverables	(a)	5,631,755	5,625,937	4,782,506	4,600,572	4,246,095
<i>deferred charges</i>	(b)	128,066	101,319	102,352	116,653	93,451
Cash and cash equivalent	(c)	13,945,361	10,848,585	9,242,370	8,451,342	13,659,364
<b>Monetary assets</b>	<b>(a)-(b)+(c)=(d)</b>	<b>19,449,050</b>	<b>16,373,203</b>	<b>13,922,524</b>	<b>12,935,261</b>	<b>17,812,007</b>
Current payables		63,567	38,436	70,920	55,552	66,126
<b>Monetary liabilities</b>	<b>(e)</b>	<b>63,567</b>	<b>38,436</b>	<b>70,920</b>	<b>55,552</b>	<b>66,126</b>
<b>Net financial instrument</b>	<b>(f)= (d)-(e)</b>	<b>19,385,483</b>	<b>16,334,767</b>	<b>13,851,604</b>	<b>12,879,709</b>	<b>17,745,882</b>

In 2025, the net financial instruments rose in line with the changes in cash and cash equivalents (+EUR 3 million).

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.

		2025	2024	2023	2022	2021
Cash and cash equivalent	(a)	13,945,361	10,848,585	9,242,370	8,451,342	13,659,364
Monetary assets	(b)	19,449,050	16,373,203	13,922,524	12,935,261	17,812,007
Net financial instrument	(c)	19,385,483	16,334,767	13,851,604	12,879,709	17,745,882
<b>% Cash and cash equivalent/Net financial instrument</b>	<b>(a)/(c)</b>	<b>72%</b>	<b>66%</b>	<b>67%</b>	<b>66%</b>	<b>77%</b>
<b>% Cash and cash equivalent/Monetary assets</b>	<b>(a)/(b)</b>	<b>72%</b>	<b>66%</b>	<b>66%</b>	<b>65%</b>	<b>77%</b>

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.

		2025	2024	2023	2022	2021
Customers	(a)	4,722,057	4,835,709	4,595,410	4,396,915	4,131,386
Provision for doubtful debt	(b)	(125,141)	(157,690)	(135,363)	(141,130)	(114,010)
<b>Net customers</b>	<b>(a) - (b) = (c)</b>	<b>4,596,916</b>	<b>4,678,019</b>	<b>4,460,047</b>	<b>4,255,785</b>	<b>4,017,376</b>
<b>Net Customers with no risk</b>	<b>(c)/(a)</b>	<b>97%</b>	<b>97%</b>	<b>97%</b>	<b>97%</b>	<b>97%</b>

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 0.16% of the fees invoiced for the period 2021-2024.

	Total	2024	2023	2022	2021
Provision for doubtful debt	125,141	24,436	51,440	27,165	22,100
Invoiced amount for the year	78,214,617	20,569,935	19,638,921	18,625,825	19,379,937
<b>% of the provision compared to invoiced amount</b>	<b>0.16%</b>	<b>0.12%</b>	<b>0.26%</b>	<b>0.15%</b>	<b>0.11%</b>

## 12.9 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 statements<sup>3</sup> for the financial year 2025 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 Communities<sup>4</sup>, 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 2025 to 31 December 2025.

### 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.

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<sup>3</sup> 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.

<sup>4</sup> 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 5 000 (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 500 000 (used to be 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 it is 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.

### Inventories:

Inventories comprise assets held for sale in the ordinary course of operations. Land and buildings classified as held for sale are recognised as inventories when their sale is highly probable and they are available for immediate sale. Such assets are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation ceases upon reclassification.

### 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 revenue and expense:

Interest revenue 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.

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