
ANNUAL ACCOUNTS 2013

Community Plant Variety
Office

2013 Declaration of Assurance the President of the CPVO

In, the undersigned, Martin Ekvad, President of the CPVO, in my capacity as authorizing officer,

Declare that the information contained in the Financial Accounts 2013 give a true and faire 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.

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, 10th June 2014

Martin Ekvad

President

2013 Declaration of Assurance the Accounting Officer of the CPVO

The annual accounts of the Community Plant Variety Office for the year 2013 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 annual accounts of the Community Plant Variety Office in accordance with Article 61 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, 10th June 2014

Anne-Marie Fernandez

Accounting Officer

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1. OVERVIEW BUDGET IMPLEMENTATION 2013

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 2013 as well as an indication of the key events and developments which impact on the financial situation of the Office.

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

OVERVIEW

The Community Plant Variety Office had a record year in 2013. The Office had its highest level of applications (3297) and with 2706 new titles granted and with a relatively low rate of surrender of titles saw the total number of grants in force rise to 21 576.

Budgetary Accounts

The budgetary accounts, which are more or less a reflection of the cash receipts and expenditure for the year, are sensitive to the timing of receipts and payments. Receipts of € 13.05 million and expenses of € 12.75 million meant a budget outturn of € 299K positive. Non-budgetary income of € 40K lead to a net outturn of € 339K, in line with forecasts.

This outturn is significantly lower than in the previous year and in line with the intention of the Office to lower the so-called Free-Reserve – which fell in 2013.

Financial Accounts

The financial accounts show an economic result of € 0.15 million positive. This figure takes into account *inter alia* invoices not yet received at year end.



BUDGETARY OUTTURN

The budgetary outturn is the difference between the budgetary receipts and budgetary payments. The Office continued in 2013 with the strategy of keeping the budget outturn as close to equilibrium as possible. However, for receipts and payments, the office depends on clients to pay and suppliers to send invoices on a timely basis. Once invoices are received, the office processes them for payment within a very short space of time.

In 2013, 5352 invoices were paid with 91.6% paid within 30 days (up from 90% in 2012). The average days to pay has fallen to 12.4 days.

Table 1: Budgetary outturn 2013

| | | 2013 | 2012 | % variation 2013 |
|------------------------------------|-------------------------------------|-----------------------|-----------------------|------------------|
| Income | Fee revenue | 12 919 375,00 | 12 634 982,50 | 2,25% |
| | Other revenue | 134 479,42 | 518 263,78 | -74,05% |
| | Total | 13 053 854,42 | 13 153 246,28 | -0,76% |
| Expenditure | Title 1: Staff expenditure | -5 809 026,96 | -5 557 034,10 | 4,53% |
| | Title 2: Administrative expenditure | -1 089 462,23 | -986 175,47 | 10,47% |
| | Title 3: Operational expenditure | -5 856 655,17 | -5 198 142,32 | 12,67% |
| | Total | -12 755 144,36 | -11 741 351,89 | 8,63% |
| Budget Outturn for the year | | 298 710,06 | 1 411 894,39 | -78,84% |
| Non budgetary income | | 40 009,24 | 137 508,05 | -70,90% |
| Net outturn for the year | | 338 719,30 | 1 549 402,44 | -78,14% |

The significant reduction in the budget outturn is foreseen and part of the CPVO policy to bring its Free Reserve lower over the coming years.

REVENUE

Overall revenue remained stable as compared to 2012, with a slight increase in fee revenue being offset by a decrease in interest income. The interest income is lower as a result of both lower interest rates and also timing issues.

Table 2: Revenue breakdown

| | 2013 | 2012 | % variation 2013 |
|---------------------------|----------------------|----------------------|------------------|
| Fees | 12 919 375,00 | 12 634 982,50 | 2,25% |
| Interest | 129 883,39 | 316 869,30 | -59,01% |
| Administrative operations | 4 596,03 | 4 611,48 | -0,34% |
| Multi-beneficiary funds | | 196 783,00 | -100,00% |
| Grand Total | 13 053 854,42 | 13 153 246,28 | -0,76% |

A more detailed analysis of the Fee income shows a decrease in application fees, despite the higher number of applications, due to the reduction in the fee from €900 to €650. Annual fees rose in line with the increased level of titles in force, while examination fees increased in line with the higher level of applications for the year.

Table 3: Breakdown of fee income

| | 2013 | 2012 | % variation 2013 |
|--------------------|----------------------|----------------------|------------------|
| Annual fees | 6 540 050,00 | 6 137 000,00 | 6,57% |
| Application fees | 2 136 300,00 | 2 565 000,00 | -16,71% |
| Examination fees | 3 826 307,00 | 3 546 778,50 | 7,88% |
| Other fees | 416 718,00 | 386 204,00 | 7,90% |
| Grand Total | 12 919 375,00 | 12 634 982,50 | 2,25% |



EXPENDITURE

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

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

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

As can be seen below, the overall level of execution of payment appropriations was 86.2 %, a lower than expected figure, due in large part to the delay of a final decision on staff salary levels by the European Court of Justice.

Table4: Budgetary execution (Payment Appropriations) 2013

| Title | Final appropriation | Budget execution | Execution % | Cancelled appropriations | Cancelled % |
|-------------------------------------|----------------------|----------------------|--------------|--------------------------|--------------|
| Title 1: Staff Expenditure | 6 367 000,00 | 5 809 026,96 | 91,2% | 557 973,04 | 8,8% |
| Title 2: Administrative expenditure | 1 400 000,00 | 1 089 462,23 | 77,8% | 310 537,77 | 22,2% |
| Title 3: Operational expenditure | 7 032 000,00 | 5 856 655,17 | 83,3% | 1 175 344,83 | 16,7% |
| Grand Total | 14 799 000,00 | 12 755 144,36 | 86,2% | 2 043 855,64 | 13,8% |

The Table below shows the year-on-year payment execution comparison with 2012.

Table 4 bis: Budgetary execution All comparison

| Title | Budget execution 2013 | Budget execution 2012 | % Change |
|-------------------------------------|-----------------------|-----------------------|-------------|
| Title 1: Staff Expenditure | 5 809 026,96 | 5 557 034,10 | 4,5% |
| Title 2: Administrative expenditure | 1 089 462,23 | 986 175,47 | 10,5% |
| Title 3: Operational expenditure | 5 856 655,17 | 5 198 142,32 | 12,7% |
| Grand Total | 12 755 144,36 | 11 741 351,89 | 8,6% |

The variations are explained below.



Title 1 – Staff Expenditure

For title 1 (salaries, social costs, indemnities) and related expenditure (missions, training costs and use of interim resources) the execution level tends to be high as staff expenditure is usually easy to foresee. However, during 2013, a significant portion of the budget for staff expenditure was necessary to cover a potential back payment of salaries. Since 2011, salary increases have been blocked due to a disagreement between the European Commission and Council. The Court Case to decide on the matter was inconclusive and at year-end, the matter had not been solved. The cancelled appropriations for staff (€ 515K) reflect this.

Table 5: Budgetary execution 2013 Title 1: Staff Expenditure

| Budget article | Description | Final appropriation | Budget execution | Execution % | Paid during the year | Carried forward to following year (C8) | Cancelled appropriations | Cancelled % |
|--------------------|----------------|---------------------|---------------------|--------------|----------------------|--|--------------------------|-------------|
| E1100 | Staff | 5 898 000,00 | 5 382 374,37 | 91,3% | 5 351 677,36 | 30 697,01 | 515 625,63 | 8,7% |
| E1200 | Training | 110 000,00 | 105 933,60 | 96,3% | 22 565,70 | 83 367,90 | 4 066,40 | 3,7% |
| E1300 | Travel | 240 000,00 | 209 248,32 | 87,2% | 201 248,32 | 8 000,00 | 30 751,68 | 12,8% |
| E1400 | Interim staff | 92 000,00 | 91 950,12 | 99,9% | 86 418,72 | 5 531,40 | 49,88 | 0,1% |
| E1500 | Assistance | 17 000,00 | 14 422,48 | 84,8% | 11 010,87 | 3 411,61 | 2 577,52 | 15,2% |
| E1700 | Representation | 10 000,00 | 5 098,07 | 51,0% | 4 739,07 | 359,00 | 4 901,93 | 49,0% |
| Grand Total | | 6 367 000,00 | 5 809 026,96 | 91,2% | 5 677 660,04 | 131 366,92 | 557 973,04 | 8,8% |

The year on year comparison is as follows:

Table 5bis: Budgetary execution 2012&2013 Title 1: Staff Expenditure

| Budget article | Description | Budget execution 2013 | Budget execution 2012 | % Change |
|--------------------|----------------|-----------------------|-----------------------|-------------|
| E1100 | Staff | 5 382 374,37 | 5 213 175,32 | 3,2% |
| E1200 | Training | 105 933,60 | 87 403,95 | 21,2% |
| E1300 | Travel | 209 248,32 | 230 994,86 | -9,4% |
| E1400 | Interim staff | 91 950,12 | 7 331,24 | 1154,2% |
| E1500 | Assistance | 14 422,48 | 11 740,09 | 22,8% |
| E1700 | Representation | 5 098,07 | 6 388,64 | -20,2% |
| Grand Total | | 5 809 026,96 | 5 557 034,10 | 4,5% |

Interim staff has seen an increase of over € 80K from 2012 due to the replacement of a staff member on long term leave.



Title 2 – Administrative Expenditure

Title 2 (administrative expenditure) includes equipment, IT and property. It also covers general office expenses and audits (internal audit and quality audit).

Prudent spending has meant that in certain budget lines, the level of budget execution was lower than initially forecast:

Table 6: Budgetary execution 2013 Title 2: Administrative expenditure

| Budget article | Description | Final appropriation | Budget execution | Execution % | Paid during the year | Carried forward to following year (C8) | Cancelled appropriations | Cancelled % |
|--------------------|----------------------|---------------------|---------------------|--------------|----------------------|--|--------------------------|--------------|
| E2000 | Property | 300 000,00 | 226 395,29 | 75,5% | 150 578,92 | 75 816,37 | 73 604,71 | 24,5% |
| E2100 | IT expenses | 350 000,00 | 315 488,18 | 90,1% | 260 415,17 | 55 073,01 | 34 511,82 | 9,9% |
| E2200 | Other equipment | 70 000,00 | 51 915,77 | 74,2% | 48 036,33 | 3 879,44 | 18 084,23 | 25,8% |
| E2300 | General admin. | 100 000,00 | 69 333,62 | 69,3% | 50 524,62 | 18 809,00 | 30 666,38 | 30,7% |
| E2400 | Postage and telecom | 100 000,00 | 79 943,13 | 79,9% | 68 692,13 | 11 251,00 | 20 056,87 | 20,1% |
| E2500 | Meetings and notices | 330 000,00 | 231 602,46 | 70,2% | 165 231,08 | 66 371,38 | 98 397,54 | 29,8% |
| E2600 | Audit and evaluation | 150 000,00 | 114 783,78 | 76,5% | 114 783,78 | 0,00 | 35 216,22 | 23,5% |
| Grand Total | | 1 400 000,00 | 1 089 462,23 | 77,8% | 858 262,03 | 231 200,20 | 310 537,77 | 22,2% |

Table 6bis: Budgetary execution 2012&2013 Title 2: Administrative expenditure

| Budget article | Description | Budget execution 2013 | Budget execution 2012 | % Change |
|--------------------|----------------------|-----------------------|-----------------------|--------------|
| E2000 | Property | 226 395,29 | 200 340,70 | 13,0% |
| E2100 | IT expenses | 315 488,18 | 314 603,40 | 0,3% |
| E2200 | Other equipment | 51 915,77 | 27 299,74 | 90,2% |
| E2300 | General admin. | 69 333,62 | 87 857,78 | -21,1% |
| E2400 | Postage and telecom | 79 943,13 | 84 167,32 | -5,0% |
| E2500 | Meetings and notices | 231 602,46 | 196 330,94 | 18,0% |
| E2600 | Audit and evaluation | 114 783,78 | 75 575,59 | 51,9% |
| Grand Total | | 1 089 462,23 | 986 175,47 | 10,5% |

Execution in 2013 was more or less in line with previous years with the exception of meetings and notices (which included the seminar in Rome in May 2013) and Audit and evaluation for which the 2012 figures showed a very low execution level.

Title 3 – Operational Expenditure

Expenditure under Title 3 (Operational expenditure) is managed in a different manner from Titles 1 and 2. Under Title 3, commitments are made on “differentiated appropriations”. This means that commitments which have not been cancelled or paid at the year-end are carried forward for payment in future years. This is necessary as a commitment which is made for an examination of certain species could continue to be active for well over 5 years.

The table below shows the level of execution of the payment budget for operational expenses. The total amount paid (€ 5.86 million) concerns not only commitments made in 2013, but also commitments made in previous years for which examinations were invoiced in 2013.

Table7: Budgetary execution 2013 Title3: Operational expenditure

| Budget article | Description | Final appropriation | Budget execution | Execution % | Cancelled appropriations | Cancelled % |
|--------------------|---------------------------|---------------------|---------------------|--------------|--------------------------|--------------|
| E3000 | Examination office fees | 6 100 000,00 | 5 256 270,58 | 86,2% | 843 729,42 | 13,8% |
| E3200 | Examination reports | 342 000,00 | 282 000,00 | 82,5% | 60 000,00 | 17,5% |
| E3400 | Publications | 150 000,00 | 116 749,08 | 77,8% | 33 250,92 | 22,2% |
| E3500 | Studies | 150 000,00 | 66 749,35 | 44,5% | 83 250,65 | 55,5% |
| E3600 | Special advisors | 90 000,00 | 73 354,97 | 81,5% | 16 645,03 | 18,5% |
| E3700 | Multi beneficiary program | 200 000,00 | 61 531,19 | 30,8% | 138 468,81 | 69,2% |
| Grand Total | | 7 032 000,00 | 5 856 655,17 | 83,3% | 1 175 344,83 | 16,7% |

A detailed year on year comparison of payments shows that there has been a strong increase from 2012 to 2013 as would be expected with the increase in applications.

Table 7 bis: Budgetary execution 2012 & 2013 Title3: Operational expenditure

| Budget article | Description | Budget execution 2013 | Budget execution 2012 | % Change |
|--------------------|---------------------------|-----------------------|-----------------------|--------------|
| E3000 | Examination office fees | 5 256 270,58 | 4 667 301,89 | 12,6% |
| E3200 | Examination reports | 282 000,00 | 267 600,00 | 5,4% |
| E3400 | Publications | 116 749,08 | 61 211,92 | 90,7% |
| E3500 | Studies | 66 749,35 | 85 231,00 | -21,7% |
| E3600 | Special advisors | 73 354,97 | 36 195,42 | 102,7% |
| E3700 | Multi beneficiary program | 61 531,19 | 80 602,09 | -23,7% |
| Grand Total | | 5 856 655,17 | 5 198 142,32 | 12,7% |



As regards commitments, the total level of commitments on title 3 for 2013 was € 7 200 135 (83 % of budgeted amount).

Table8: Budgetary execution (Commitment Appropriations) 2013 Title3: Operational expenditure

| Budget article | Article description | Initial budget | Budget revisions | Final budget | Committed | Percent committed |
|----------------|---------------------------|------------------|------------------|---------------------|---------------------|-------------------|
| E3000 | Examination office fees | 6 200 000 | 1 300 000 | 7 500 000,00 | 6 620 064,23 | 88,3% |
| E3200 | Examination reports | 312 000 | 20 000 | 332 000,00 | 283 920,00 | 85,5% |
| E3400 | Publications | 150 000 | | 150 000,00 | 119 342,30 | 79,6% |
| E3500 | Studies | 400 000 | | 400 000,00 | 20 203,60 | 5,1% |
| E3600 | Special advisors | 90 000 | | 90 000,00 | 88 599,21 | 98,4% |
| E3700 | Multi beneficiary progr.. | 200 000 | | 200 000,00 | 68 006,54 | 34,0% |
| Total | | 7 352 000 | 1 320 000 | 8 672 000,00 | 7 200 135,88 | 83,0% |

During the summer of 2013, the level of applications was over 20% higher than in previous years. In order to ensure that there were adequate commitments available to year-end, the Office requested a budget revision by the Administrative Council to cover the possibility that this increase remain to the year end. As it turns out, the number of applications were lower in the second half of the year so this additional budget was not necessary and the level of commitment execution was consequently lower than expected.

The following table provides an overview of the total value of outstanding commitments made in 2013 and in previous years which will be paid in the future.

Table 9: Title 3 outstanding commitments

| Budget article | Outstanding beginning 2013 | Committed 2013 | De-committed | Paid 2013 | Outstanding end 2013 |
|---------------------------------|----------------------------|------------------|----------------|------------------|----------------------|
| E3000 Examination office fees | 10 802 616 | 6 620 064 | 549 819 | 5 256 271 | 11 616 590 |
| E3200 Examination reports | 277 200 | 283 920 | 9 360 | 282 000 | 269 760 |
| E3400 Publications | 51 182 | 119 342 | 37 066 | 116 749 | 16 709 |
| E3500 Studies | 218 616 | 20 204 | - | 66 749 | 172 071 |
| E3600 Special advisors | 1 991 | 88 599 | - | 73 355 | 17 235 |
| E3700 Multi-beneficiary program | 9 305 | 68 007 | 8 041 | 61 531 | 7 740 |
| Total | 11 360 910 | 7 200 136 | 604 286 | 5 856 655 | 12 100 105 |

The figure for amounts outstanding at end-2013 (€ 12 100 105) is important as it provides an indication of the obligations of the office to make payments in the future. This figure has increased by € 739 195 from 2012, due mainly to increased applications and costs. This has a direct effect on the Free-Reserve.



Management of Carry-Over credits (C8)

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

Table 10 below shows, for the 2012 amounts carried over to 2013 for payment, there was a payment level of 89 % (€ 312 654) The amount unpaid which had been considered as a budgetary expenditure in 2012 is now "non-budgetary income" for 2013 and appears in the budget outturn account as such in table 1.

Table 10: Execution of C8 credits 2013

| Title | Budget article | Description | Final budget | Payments | % Paid | Lost C8 credits |
|-------------|----------------|--|-------------------|-------------------|------------|------------------|
| Title 1 | E1100 | Expenditure related to staff employed | 14 760,74 | 12 605,60 | 85% | 2 155,14 |
| | E1200 | Further professional training | 40 278,00 | 39 734,00 | 99% | 544,00 |
| | E1300 | Missions and travel expenses | 7 173,73 | 7 173,73 | 100% | 0,00 |
| | E1400 | Interim staff, administrative/technical assistance | 0,00 | 0,00 | 0% | 0,00 |
| | E1500 | Special assistance grants, other welfare expend. | 4 507,89 | 3 575,61 | 79% | 932,28 |
| | E1700 | Entertainment and representation expenses | 0,00 | 0,00 | 0% | 0,00 |
| | Total | | 66 720,36 | 63 088,94 | 95% | 3 631,42 |
| Title 2 | E2000 | Property related costs | 38 504,08 | 28 978,21 | 75% | 9 525,87 |
| | E2100 | Equipment, software and other external services | 135 872,49 | 120 557,35 | 89% | 15 315,14 |
| | E2200 | Office furniture, transport, tech.& library equip. | 2 617,31 | 2 462,31 | 94% | 155,00 |
| | E2300 | General administrative expenditure | 16 926,84 | 14 624,00 | 86% | 2 302,84 |
| | E2400 | Postage and telecommunications charges | 11 318,12 | 10 059,00 | 89% | 1 259,12 |
| | E2500 | Meeting and notices | 55 504,47 | 47 684,62 | 86% | 7 819,85 |
| | E2600 | Internal audits and evaluations | 25 200,00 | 25 200,00 | 100% | 0,00 |
| | Total | | 285 943,31 | 249 565,49 | 87% | 36 377,82 |
| Grand Total | | | 352 663,67 | 312 654,43 | 89% | 40 009,24 |

The level of lost credits has been steadily reduced over the past three years with a significant reduction in the amounts of lost credits. 2013 is a record year in that we have the lowest all-time loss of C8 credits, an indication that the budgetary execution and monitoring procedures are functioning very well.



BUDGET AMENDMENTS AND TRANSFERS

As normal every year, transfers are made where there are changes in spending. In 2013 a number of transfers were made. For title 1, additional appropriations were transferred to the staff budget line (€ 200 000 pending resolution of the Court of Justice case), training (€ 30 000), travel (€ 30 000) and as already mentioned, interim staff (70 000). Title 3 also received transfers to cover the high level of applications.

TREASURY RESERVE

The reserve of cash and cash equivalents of the CPVO at 31 December 2013 amounted to € 19.54 million. However, the outstanding budgetary commitments made with third parties (mainly with examination offices) at the same period amounted to € 12.5 million (table 11).

Table 11: Calculation of free reserve

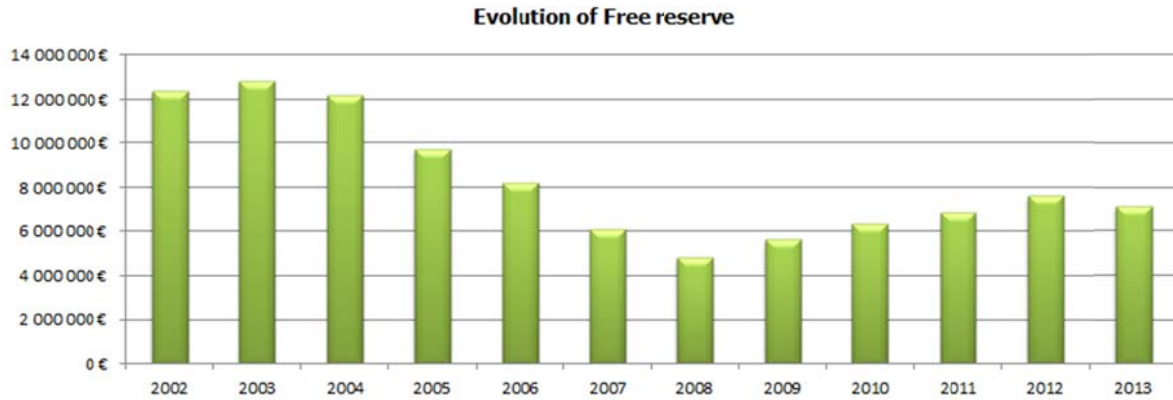
| Description | 31.12.2013 (€) |
|---|-------------------|
| Treasury Amount | 19 540 364 |
| Title 1: Amount carried over to 2013 | 131 367 |
| Title 2: Amount carried over to 2013 | 231 200 |
| Title 3: Amount carried over (differentiated credits) | 12 100 105 |
| Free reserve | 7 077 692 |

The difference of € 7.07 million constitutes what is known as the “Free Reserve” – essentially the buffer of cash reserve available to the Office once all commitments would be paid¹.

As can be seen from the graph below, the free reserve has fallen in 2013 mainly due to the extra commitments needed to cover the future costs for technical examinations following the high level of applications, which more than offset the positive outturn for the year.

¹ It is important to note that there are other amounts (such as salaries) which would be payable in upcoming years due to the legal status of staff even though the budgetary commitments are made on a year-by year basis. The Free Reserve should therefore be considered as interesting as regards the trend but not in terms of the absolute amounts.





The CPVO continued its policy of spreading investments over a number of establishments. At end 2013, the treasury of the office was spread evenly over 6 banks. These investments continue to be managed mainly on a short-term basis. Only 2 investments exceed 12 month to try to gain a little more interests than what it is usually proposed with short term rate which are very low at the moment.

CONCLUSION

The CPVO had record levels of applications in 2013, and this combined with relatively stable income allowed a reduction in the Free Reserve for the first time since 2008. This reduction should continue in 2014 as the effects of the reduction of the annual fee to € 250 are felt.

Execution levels were slightly lower than usual due to fluctuating application levels and the outstanding Court Case, however, it can be said that the finances of the Office remain solid and the plan as regards management of the Free Reserve is working as intended.



2. BUDGETARY PRINCIPLES

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

Principle of unity and budget accuracy: The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Office. No revenue shall be collected and no expenditure effected unless booked to a line in the budget. An appropriation must not be entered in the budget of the Office if it is not for an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget of the Office.

Principle of annuality: The appropriations entered are authorised for one financial year and must therefore be used during that year. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December. Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.

Principle of equilibrium: The Office's budget revenue and expenditure must be in balance.

Principle of unit of account: The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro. The rate of conversion between the euro and other currencies is taken from the monthly publication

Principle of universality: Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

Principle of specification: The appropriations shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.

Principle of sound financial management: Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.

Principle of transparency: The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget and the amending budgets, as finally adopted, shall be published in the Official Journal of the CPVO within two months of their adoption.



3. BUDGETARY ACCOUNTS

BUDGET OUTTURN ACCOUNT – DETAILED

| Desc | Title | 2013 | 2012 | % variation 2013 |
|------------------------------------|-------------------------------------|-----------------------|-----------------------|------------------|
| Income | Fee revenue | 12 919 375,00 | 12 634 982,50 | 2,25% |
| | Other revenue | 134 479,42 | 518 263,78 | -74,05% |
| | Total | 13 053 854,42 | 13 153 246,28 | -0,76% |
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| | Title 2: Administrative expenditure | -1 089 462,23 | -986 175,47 | 10,47% |
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| | Total | -12 755 144,36 | -11 741 351,89 | 8,63% |
| Budget Outturn for the year | | 298 710,06 | 1 411 894,39 | -78,84% |
| Non budgetary income | | 40 009,24 | 137 508,05 | -70,90% |
| Net outturn for the year | | 338 719,30 | 1 549 402,44 | -78,14% |

BUDGET INCOME

| Budget Posts | Description | Budget after RSB and transfers | Income stated in 2013 | Income collected in 2013 | Variation with budget (%) |
|--------------|--|--------------------------------|-----------------------|--------------------------|---------------------------|
| 1000 | Fees and surcharges collected | 12 460 000 | 12 919 375 | 12 919 375 | 3.69 |
| 3000 | Deficit reserve | 1 977 000 | | | |
| 5000 | Income from administrative operations | 12 000 | 4 596 | 4 596 | - 61.70 |
| 9100 | Other income (mainly financial income) | 150 000 | 129 883 | 129 883 | - 13.41 |
| 9300 | Multi-beneficiary program | 200 000 | - | - | - 100 |
| | Total | 14 799 000 | 13 053 854 | 13 053 854 | |



BUDGET OUTTURN – DETAILED REPORTS

COMMITMENTS APPROPRIATIONS 2013

Commitment appropriations execution

| Title | Budget article | Article description | Initial budget | Budget revisions | Budget transfers | Final budget | Committed | Percent committed | Cancelled |
|--------------------|----------------|---------------------------|-------------------|------------------|------------------|----------------------|----------------------|-------------------|---------------------|
| Title 1 | E1100 | Staff | 5 700 000 | 200 000 | -2 000,00 | 5 898 000,00 | 5 382 374,37 | 91,3% | 515 625,63 |
| | E1200 | Training | 80 000 | 30 000 | 0,00 | 110 000,00 | 105 933,60 | 96,3% | 4 066,40 |
| | E1300 | Travel | 210 000 | 30 000 | 0,00 | 240 000,00 | 209 248,32 | 87,2% | 30 751,68 |
| | E1400 | Interim staff | 20 000 | 70 000 | 2 000,00 | 92 000,00 | 91 950,12 | 99,9% | 49,88 |
| | E1500 | Assistance | 12 000 | 5 000 | 0,00 | 17 000,00 | 14 422,48 | 84,8% | 2 577,52 |
| | E1700 | Representation | 10 000 | 0 | 0,00 | 10 000,00 | 5 098,07 | 51,0% | 4 901,93 |
| | Total | | 6 032 000 | 335 000 | 0,00 | 6 367 000,00 | 5 809 026,96 | 91,2% | 557 973,04 |
| Title 2 | E2000 | Property | 300 000 | 0 | 0,00 | 300 000,00 | 226 395,29 | 75,5% | 73 604,71 |
| | E2100 | IT expenses | 350 000 | 0 | 0,00 | 350 000,00 | 315 488,18 | 90,1% | 34 511,82 |
| | E2200 | Other equipment | 70 000 | 0 | 0,00 | 70 000,00 | 51 915,77 | 74,2% | 18 084,23 |
| | E2300 | General admin | 100 000 | 0 | 0,00 | 100 000,00 | 69 333,62 | 69,3% | 30 666,38 |
| | E2400 | Postage and telecom | 100 000 | 0 | 0,00 | 100 000,00 | 79 943,13 | 79,9% | 20 056,87 |
| | E2500 | Meetings and notices | 330 000 | 0 | 0,00 | 330 000,00 | 231 602,46 | 70,2% | 98 397,54 |
| | E2600 | Audit and evaluation | 150 000 | 0 | 0,00 | 150 000,00 | 114 783,78 | 76,5% | 35 216,22 |
| | Total | | 1 400 000 | 0 | 0,00 | 1 400 000,00 | 1 089 462,23 | 77,8% | 310 537,77 |
| Title 3 | E3000 | Examination office fees | 6 200 000 | 1 300 000 | 0,00 | 7 500 000,00 | 6 620 064,23 | 88,3% | 879 935,77 |
| | E3200 | Examination reports | 312 000 | 20 000 | 0,00 | 332 000,00 | 283 920,00 | 85,5% | 48 080,00 |
| | E3400 | Publications | 150 000 | 0 | 0,00 | 150 000,00 | 119 342,30 | 79,6% | 30 657,70 |
| | E3500 | Studies | 400 000 | 0 | 0,00 | 400 000,00 | 20 203,60 | 5,1% | 379 796,40 |
| | E3600 | Special advisors | 90 000 | 0 | 0,00 | 90 000,00 | 88 599,21 | 98,4% | 1 400,79 |
| | E3700 | Multi beneficiary program | 200 000 | 0 | 0,00 | 200 000,00 | 68 006,54 | 34,0% | 131 993,46 |
| | Total | | 7 352 000 | 1 320 000 | 0,00 | 8 672 000,00 | 7 200 135,88 | 83,0% | 1 471 864,12 |
| Grand Total | | | 14 784 000 | 1 655 000 | 0,00 | 16 439 000,00 | 14 098 625,07 | 85,8% | 2 340 374,93 |



PAYMENT APPROPRIATIONS 2013

Payment execution report detailed - 2013

| Title | Budget article | Description | Initial payment budget | Budget amendments | Payment budget transfers | Final appropriation | Budget execution | Execution % | Paid during the year | Carried forward to following year (C8) | Cancelled appropriations | Cancelled % |
|-------------------------------------|----------------|---------------------------|------------------------|-------------------|--------------------------|----------------------|----------------------|--------------|----------------------|--|--------------------------|--------------|
| Title 1: Staff Expenditure | E1100 | Staff | 5 700 000,00 | 200 000,00 | -2 000,00 | 5 898 000,00 | 5 382 374,37 | 91,3% | 5 351 677,36 | 30 697,01 | 515 625,63 | 8,7% |
| | E1200 | Training | 80 000,00 | 30 000,00 | 0,00 | 110 000,00 | 105 933,60 | 96,3% | 22 565,70 | 83 367,90 | 4 066,40 | 3,7% |
| | E1300 | Travel | 210 000,00 | 30 000,00 | 0,00 | 240 000,00 | 209 248,32 | 87,2% | 201 248,32 | 8 000,00 | 30 751,68 | 12,8% |
| | E1400 | Interim staff | 20 000,00 | 70 000,00 | 2 000,00 | 92 000,00 | 91 950,12 | 99,9% | 86 418,72 | 5 531,40 | 49,88 | 0,1% |
| | E1500 | Assistance | 12 000,00 | 5 000,00 | 0,00 | 17 000,00 | 14 422,48 | 84,8% | 11 010,87 | 3 411,61 | 2 577,52 | 15,2% |
| | E1700 | Representation | 10 000,00 | 0,00 | 0,00 | 10 000,00 | 5 098,07 | 51,0% | 4 739,07 | 359,00 | 4 901,93 | 49,0% |
| | Total | | 6 032 000,00 | 335 000,00 | 0,00 | 6 367 000,00 | 5 809 026,96 | 91,2% | 5 677 660,04 | 131 366,92 | 557 973,04 | 8,8% |
| Title 2: Administrative expenditure | E2000 | Property | 300 000,00 | 0,00 | 0,00 | 300 000,00 | 226 395,29 | 75,5% | 150 578,92 | 75 816,37 | 73 604,71 | 24,5% |
| | E2100 | IT expenses | 350 000,00 | 0,00 | 0,00 | 350 000,00 | 315 488,18 | 90,1% | 260 415,17 | 55 073,01 | 34 511,82 | 9,9% |
| | E2200 | Other equipment | 70 000,00 | 0,00 | 0,00 | 70 000,00 | 51 915,77 | 74,2% | 48 036,33 | 3 879,44 | 18 084,23 | 25,8% |
| | E2300 | General admin. | 100 000,00 | 0,00 | 0,00 | 100 000,00 | 69 333,62 | 69,3% | 50 524,62 | 18 809,00 | 30 666,38 | 30,7% |
| | E2400 | Postage and telecom | 100 000,00 | 0,00 | 0,00 | 100 000,00 | 79 943,13 | 79,9% | 68 692,13 | 11 251,00 | 20 056,87 | 20,1% |
| | E2500 | Meetings and notices | 330 000,00 | 0,00 | 0,00 | 330 000,00 | 231 602,46 | 70,2% | 165 231,08 | 66 371,38 | 98 397,54 | 29,8% |
| | E2600 | Audit and evaluation | 150 000,00 | 0,00 | 0,00 | 150 000,00 | 114 783,78 | 76,5% | 114 783,78 | 0,00 | 35 216,22 | 23,5% |
| | Total | | 1 400 000,00 | 0,00 | 0,00 | 1 400 000,00 | 1 089 462,23 | 77,8% | 858 262,03 | 231 200,20 | 310 537,77 | 22,2% |
| Title 3: Operational expenditure | E3000 | Examination office fees | 5 700 000,00 | 400 000,00 | 0,00 | 6 100 000,00 | 5 256 270,58 | 86,2% | 5 256 270,58 | 0,00 | 843 729,42 | 13,8% |
| | E3200 | Examination reports | 327 000,00 | 15 000,00 | 0,00 | 342 000,00 | 282 000,00 | 82,5% | 282 000,00 | 0,00 | 60 000,00 | 17,5% |
| | E3400 | Publications | 150 000,00 | 0,00 | 0,00 | 150 000,00 | 116 749,08 | 77,8% | 116 749,08 | 0,00 | 33 250,92 | 22,2% |
| | E3500 | Studies | 150 000,00 | 0,00 | 0,00 | 150 000,00 | 66 749,35 | 44,5% | 66 749,35 | 0,00 | 83 250,65 | 55,5% |
| | E3600 | Special advisors | 90 000,00 | 0,00 | 0,00 | 90 000,00 | 73 354,97 | 81,5% | 73 354,97 | 0,00 | 16 645,03 | 18,5% |
| | E3700 | Multi beneficiary program | 200 000,00 | 0,00 | 0,00 | 200 000,00 | 61 531,19 | 30,8% | 61 531,19 | 0,00 | 138 468,81 | 69,2% |
| | Total | | 6 617 000,00 | 415 000,00 | 0,00 | 7 032 000,00 | 5 856 655,17 | 83,3% | 5 856 655,17 | 0,00 | 1 175 344,83 | 16,7% |
| Grand Total | | | 14 049 000,00 | 750 000,00 | 0,00 | 14 799 000,00 | 12 755 144,36 | 86,2% | 12 392 577,24 | 362 567,12 | 2 043 855,64 | 13,8% |

BUDGET OUTTURN OF NON-DIFFERENTIATED CREDITS CARRIED FORWARD (C8)

| Title | Budget article | Description | Final budget | Payments | % Paid | Lost C8 credits |
|-------------|----------------|--|-------------------|-------------------|------------|------------------|
| Title 1 | E1100 | Expenditure related to staff employed | 14 760,74 | 12 605,60 | 85% | 2 155,14 |
| | E1200 | Further professional training | 40 278,00 | 39 734,00 | 99% | 544,00 |
| | E1300 | Missions and travel expenses | 7 173,73 | 7 173,73 | 100% | 0,00 |
| | E1400 | Interim staff, administrative/technical assistance | 0,00 | 0,00 | 0% | 0,00 |
| | E1500 | Special assistance grants, other welfare expend. | 4 507,89 | 3 575,61 | 79% | 932,28 |
| | E1700 | Entertainment and representation expenses | 0,00 | 0,00 | 0% | 0,00 |
| | Total | | 66 720,36 | 63 088,94 | 95% | 3 631,42 |
| Title 2 | E2000 | Property related costs | 38 504,08 | 28 978,21 | 75% | 9 525,87 |
| | E2100 | Equipment, software and other external services | 135 872,49 | 120 557,35 | 89% | 15 315,14 |
| | E2200 | Office furniture, transport, tech.& library equip. | 2 617,31 | 2 462,31 | 94% | 155,00 |
| | E2300 | General administrative expenditure | 16 926,84 | 14 624,00 | 86% | 2 302,84 |
| | E2400 | Postage and telecommunications charges | 11 318,12 | 10 059,00 | 89% | 1 259,12 |
| | E2500 | Meeting and notices | 55 504,47 | 47 684,62 | 86% | 7 819,85 |
| | E2600 | Internal audits and evaluations | 25 200,00 | 25 200,00 | 100% | 0,00 |
| | Total | | 285 943,31 | 249 565,49 | 87% | 36 377,82 |
| Grand Total | | | 352 663,67 | 312 654,43 | 89% | 40 009,24 |



4. FINANCIAL ACCOUNTS:

BALANCE SHEET:

| | | Note | 2013 | 2012 |
|--------------------|---------------------|-------------------------------------|----------------------|----------------------|
| Assets | Non-Current assets | Intangible Assets | 48,609.00 | 32,725.99 |
| | | Tangible Assets | 3,934,252.98 | 4,154,531.00 |
| | | Medium term investments | 4,512,600.00 | 4,580,000.00 |
| | | Total | 8,495,461.98 | 8,767,256.99 |
| | Current assets | Short-term receivables | 3,222,704.28 | 3,372,210.83 |
| | | Treasury | 15,027,764.11 | 14,710,872.05 |
| | | Other receivable | 158,940.88 | 74,690.73 |
| | | Total | 18,409,409.27 | 18,157,773.61 |
| | Total | | 26,904,871.25 | 26,925,030.60 |
| Liabilities | Accumulated result | Reserve | 14,599,517.49 | 13,957,775.60 |
| | | Profit / perte de l'année | 146,374.33 | 641,741.89 |
| | | Total | 14,745,891.82 | 14,599,517.49 |
| | Current liabilities | Accrued charges and deferred income | 11,829,323.17 | 11,961,785.91 |
| | | Current payables | 186,256.26 | 245,976.61 |
| | | Short-term provision | 143,400.00 | 117,750.59 |
| | | Total | 12,158,979.43 | 12,325,513.11 |
| | Total | | 26,904,871.25 | 26,925,030.60 |

ECONOMIC OUTTURN ACCOUNT:

| | | 2013 | 2012 |
|--------------------------------------|---------------------------------------|------------------------|------------------------|
| Income | Income from fees | 12,650,720.74 | 12,649,014.68 |
| | Income from administrative operations | 4,745.46 | 4,852.43 |
| | Income from subsidies | 64,151.11 | 93,849.24 |
| | Total | 12,719,617.31 | 12,747,716.35 |
| Expenditure | Operational expenses | (5,775,160.93) | (5,537,273.76) |
| | Salaries and social taxes | (5,493,216.64) | (5,529,363.61) |
| | Overheads | (1,238,213.00) | (1,005,208.33) |
| | Depreciation | (276,240.37) | (339,151.61) |
| | Total | (12,782,830.94) | (12,410,997.31) |
| Result | | (63,213.63) | 336,719.04 |
| Financial revenue | Interest income | 209,339.37 | 304,222.27 |
| | Miscellaneous financial income | 4,794.17 | 9,531.16 |
| | Total | 214,133.54 | 313,753.43 |
| Financial expenditure | Bank charges & exchange differences | (4,545.58) | (8,730.58) |
| | Total | (4,545.58) | (8,730.58) |
| Result | | 209,587.96 | 305,022.85 |
| Economic outturn for the year | | 146,374.33 | 641,741.89 |

CASH FLOW (INDIRECT METHOD):

| Cash Flows from ordinary activities | 2013 | 2012 |
|--|----------------------|----------------------|
| Surplus/(deficit) from ordinary activities | 146 374.33 | 641 741.89 |
| Operating activities | | |
| Adjustments | | |
| Amortization (intangible fixed assets) + | 22 568.02 | 69 093.90 |
| Depreciation (tangible fixed assets) + | 253 672.35 | 270 057.71 |
| Increase/(decrease) in Provisions for risks and liabilities | 25 649.41 | 29 720.00 |
| (Increase)/decrease in Long term Receivables | 67 400.00 | - 3 727.74 |
| (Increase)/decrease in Short term Receivables | 65 256.40 | - 341 186.32 |
| (Increase)/decrease in Receivables related to consolidated EU entities | | 0.00 |
| Increase/(decrease) in Accounts payable | - 192 183.09 | 942 912.3 |
| | | |
| Net cash Flow from operating activities | 388 737.42 | 1 608 611.74 |
| | | |
| Cash Flows from investing activities | | |
| | | |
| Increase of tangible and intangible fixed assets (-) | - 71 987.82 | - 60 109.20 |
| Loss on decommissioning of assets (+) | 142.46 | - 69 534.11 |
| | | |
| Net cash flow from investing activities | - 71 845.36 | - 129 643.31 |
| | | |
| Net increase/(decrease) in cash and cash equivalents | 316 892.06 | 1 478 968.43 |
| Cash and cash equivalents at the beginning of the period | 14 710 872.05 | 13 231 903.62 |
| Cash and cash equivalents at the end of the period | 15 027 764.11 | 14 710 872.05 |

RECONCILIATION BETWEEN THE ECONOMIC RESULT AND THE BUDGETARY RESULT:

| | sign +/- | amount |
|---|------------|-------------------|
| Economic result (+ for surplus and - for deficit) | +/- | 146 374,33 |
| Adjustments for Accrual Cut-off (reversal 31.12.N-1) | - | -10 794 438,82 |
| Adjustments for Accrual Cut-off (cut- off 31.12.N) | + | 10 615 693,19 |
| Depreciation of intangible and tangible assets | + | 276 240,37 |
| Recovery Orders issued in 2013 in class 7 and not yet cashed | - | -2 813 308,50 |
| Payments made from carry over of payment appropriations | + | 312 654,43 |
| Asset acquisitions (less unpaid amounts) | - | -71 987,82 |
| Budgetary recovery orders issued before 2013 and cashed in the year | + | 2 990 050,00 |
| Payment appropriations carried over to 2014 | - | -362 567,12 |
| Cancellation of unused carried over payment appropriations from previous year | + | 40 009,24 |
| total | | 338 719,30 |
| Budgetary result (+ for surplus) | | 338 719,30 |
| Delta not explained | | 0,00 |



5. NOTES TO THE FINANCIAL ACCOUNTS

1. Intangible Fixed Assets 2013

| | | Computer software | Intangibles under construction | Total |
|--|-----|-------------------|--------------------------------|-------------------|
| Gross carrying amounts 01.01.2013 | + | 648 852.31 | | 648 852.31 |
| Additions 2013 | + | 38 451.03 | | 38 451.03 |
| Disposals | - | - 71 590.74 | | - 71 590.74 |
| Transfers between headings | +/- | | | |
| Other changes | +/- | | | |
| Gross carrying amounts 31.12.2013 | | 615 712.60 | | 615 712.60 |
| Accumulated depreciation 01.01.2013 | - | -616 126.32 | | -616 126.32 |
| Depreciation 2013 | - | - 22 568.02 | | - 22 568.02 |
| Write-back of depreciation | + | | | |
| Depreciation on disposals | +/- | 71 590.74 | | 71 590.74 |
| Impairment | +/- | | | |
| Accumulated depreciation 31.12.2013 | | 567 103.60 | | 567 103.60 |
| Net carrying amounts 31.12.2013 | | 48 609.00 | | 48 609.00 |



2. Tangible Fixed Assets 2013

| | | Land | Buildings | Plant and Equipment | Computer hardware | Assets under Construction | Total |
|--|-----|-------------------|-----------------------|---------------------|-------------------|---------------------------|---------------------|
| Gross carrying amounts 01.01.2013 | + | 292 220.00 | 5 393 091.47 | 340 152.23 | 367 583.46 | | 6 393 047.16 |
| Additions 2013 | + | | | 12 296.61 | 21 240.18 | | 33 536.79 |
| Disposals | - | | | - 8 068.10 | - 84 708.00 | | -92 776.10 |
| Transfer between headings | +/- | | | | | | |
| Other changes | +/- | | | | | | |
| Gross carrying amounts 31.12.2013 | | 292 220.00 | 5 393 091.47 | 344 380.74 | 304 115.64 | | 6 333 807.85 |
| Accumulated amortization and impairment 01.01.2013 | - | - | - 1 609 886.43 | - 292 730.31 | - 335 899.42 | | - 2 238 516.16 |
| Depreciation 2013 | - | | - 215 562.14 | - 14 834.04 | - 23 276.17 | | - 253 672.35 |
| Write-back of depreciation | + | | | | | | |
| Disposals | + | | | 7 925.64 | 84 708.00 | | 92 633.64 |
| Accumulated amortization and impairment 2013 | | | | | | | |
| Accumulated depreciation 31.12.2013 | | - | - 1 825 448.57 | - 299 638.71 | 274 467.59 | | 2 399 554.87 |
| Net carrying amounts 31.12.2013 | | 292 220.00 | 3 567 642.90 | 44 742.03 | 29 648.05 | | 3 934 252.98 |

3. Medium term investments

| | 2013 | 2012 |
|-------------------------|---------------------|---------------------|
| Medium term investments | 4,512,600.00 | 4,580,000.00 |
| Grand Total | 4,512,600.00 | 4,580,000.00 |

4. Short-term receivables 2013

| | 2013 | 2012 |
|------------------|---------------------|---------------------|
| Customers | 2,985,070.87 | 3,177,000.59 |
| VAT | 177,872.89 | 137,755.60 |
| Deferred charges | 59,760.52 | 57,454.64 |
| Total | 3,222,704.28 | 3,372,210.83 |

5. Treasury 2013

| Description | 2013 | 2012 |
|------------------------|----------------------|----------------------|
| Short-term investments | 11,111,864.36 | 11,695,222.78 |
| Current accounts | 3,877,781.13 | 2,969,807.60 |
| Imprest account | 37,318.62 | 45,366.84 |
| Cash in hand | 800.00 | 474.83 |
| Total | 15,027,764.11 | 14,710,872.05 |

Short term investments refer to negotiated deposit and term deposits of less than one year.

| | 2013 | 2012 |
|--|----------------------|----------------------|
| BNP - short term investment | 3,678,000.00 | 4,156,600.00 |
| BARCLAYS - short term investment | 1,272,198.33 | 2,115,662.51 |
| HSBC - short term investment | 3,863,500.00 | 4,147,000.00 |
| LCL - short term investment | 1,298,166.03 | 1,275,960.27 |
| C.E. - short term investment | 1,000,000.00 | |
| CRCA - Placements financiers à court terme | | - |
| Grand Total | 11,111,864.36 | 11,695,222.78 |

6. Other receivables 2013

| | 2013 | 2012 |
|-------------------------|-------------------|------------------|
| Interest to be received | 158,940.88 | 74,690.73 |
| Total | 158,940.88 | 74,690.73 |

7. Accrued charges and deferred income

| | 2013 | 2012 |
|-------------------------|----------------------|----------------------|
| Deferred income | 7,982,317.57 | 7,890,404.81 |
| Invoices to be received | 3,489,297.12 | 3,566,307.46 |
| Suspense account | 24,296.27 | 47,323.98 |
| Accrued holidays | 109,608.37 | 128,928.71 |
| Charge accounts | 185,021.19 | 225,887.19 |
| Pre-financing received | 38,782.65 | 102,933.76 |
| Total | 11,829,323.17 | 11,961,785.91 |

8. Current payables

| | 2013 | 2012 |
|------------------------|-------------------|-------------------|
| Sundry credit accounts | 164,393.89 | 242,993.06 |
| Suppliers | 21,862.37 | 2,983.55 |
| Total | 186,256.26 | 245,976.61 |

9. Short-term provision

| | 2013 | 2012 |
|------------------------------|-------------------|-------------------|
| Provision for doubtful debts | 143,400.00 | 117,750.59 |
| Grand Total | 143,400.00 | 117,750.59 |

10. Statement of changes in Capital

| | 2013 | 2012 |
|-----------------------------------|----------------------|----------------------|
| Reserve | 14,599,517.49 | 13,957,775.60 |
| Profit / perte de l'année | 146,374.33 | 641,741.89 |
| Year end Cumulated reserve | 14,745,891.82 | 14,599,517.49 |



11. Other Disclosures

Off Balance Sheet Commitments

At the year-end there was of a total of € 12 100 105 of commitments open on title 3 (operational expenditure) and a further € 362 567 for titles 1 and 2 carried to 2014 as C8 credits. Of this total, € 3 489 297 relates to work carried out in or before 2013 but not yet invoiced an amount for which there is a provision in the financial accounts. The balance of **€ 8 973 375** relates to commitments made which relate to work to be undertaken in the future. These commitments are existing financial commitments for which the submission date is foreseen within the coming years. There is as of yet no real liability yet for the Office, as the applicants could still cancel the examination before the submission date of material. Therefore they are taken as off-balance sheet commitments.

Operating Leases (photo copiers) with a contract extending beyond the reporting year have a value of € 16 728.



6. SUMMARY OF MAIN ACCOUNTING PRINCIPLES

In accordance with the Financial Regulation (EC, Euratom) n°1605/2002 of the Council of 25 June 2002, amended by Council Regulation (EC, Euratom) n° 1995/2006 of 13 December 2006 and (EC) n° 1525/2007 of 17 December 2007, the CPVO's financial statements² for the financial year 2013 are prepared on the basis of the EC Accounting Rules which adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the Communities³, while the "Reports on implementation of the budget" continue to be primarily based on movements of cash.

The accounts are prepared for the financial year running from 1 January 2013 to 31 December 2013.

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 124 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

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

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



BALANCE SHEET

Intangible Fixed Assets

Acquired computer software licences 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.

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 to the economic outturn account 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% |
| Fixtures and fittings | 25% |
| 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 economic outturn account.



Medium term financial assets:

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

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

Impairment of non-financial assets:

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

Receivables:

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

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.

ECONOMIC OUTTURN ACCOUNT

Revenue:

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the purchaser. 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 economic outturn 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.

