

## COMMUNITY PLANT VARIETY OFFICE (CPVO) FINAL ACCOUNTS 2014

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# Mission of the CPVO



## Purpose

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

## The CPVO

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

## Structure of the CPVO and the actors involved

**The Administrative Council:** the CPVO is supervised by its Administrative Council, comprising a representative of each Member State and a representative of the European Commission, and their alternates. The Administrative Council advises the CPVO, formulates its general orientations and general guidelines, provides opinions, constitutes the budgetary authority of the CPVO, examines and controls both its activities and those of its President.

**CPVO management:** the management of the CPVO is ensured by its President, nominated by the Council of the European Union. The President takes all the necessary measures in order to produce the budget of the CPVO and to ensure its correct implementation in the framework of the powers conferred on him under the Community Regulations. He is assisted by a Vice-President who ensures his replacement in case of impediment. The President has delegated some of his duties to the Vice-President.

**Internal organisation of the CPVO:** The CPVO is organised internally into three units (Technical, Administration & Legal) and two support services (Human Resources & Public Relations). There is also a service responsible for the quality auditing of examination offices. This service is under the administrative responsibility of the President while being independent with regard to its audit operations.

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

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

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

## 2014 Declaration of Assurance the President of the CPVO

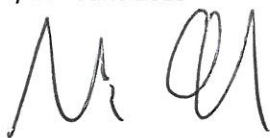
In, the undersigned, Martin Ekvad, President of the CPVO, in my capacity as authorizing officer,

Declare that the information contained in the Financial Accounts 2014 give a true and fair view of the financial position of the CPVO.

State that I have reasonable assurance that the resources assigned to the activities describe in the reports have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transaction. This reasonable assurance is based on my own judgment and on the information at my disposal.

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, 10<sup>th</sup> June 2015



**Martin Ekvad**

President

## 2014 Declaration of Assurance the Accounting Officer of the CPVO

The annual accounts of the Community Plant Variety Office for the year 2014 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, 10<sup>th</sup> June 2015



**Anne-Marie Fernandez**

Accounting Officer

# 1. Overview Budget Implementation 2014

## 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 2014 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 2014. The Office had its highest level of applications (3626) and with 2684 new titles granted and with a relatively low rate of surrender of titles saw the total number of grants in force rise to 22557

## 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 € 12.72 million and expenses of € 13.25 million meant a budget outturn of € 533K negative. Non-budgetary income of € 72K leads to a net outturn of € 461K, 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 2014.

## Financial Accounts

The financial accounts show an economic result of € 0.69 <sup>1</sup> million negative. 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.

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<sup>1</sup> Previously, in the economic result sent in June 2015, there was a typing error with the amount of € 0.32 million negative. € 0.69 million negative has to be considered.

Table 1: Budgetary outturn 2014

LEVEL1	titre+desc	2014	2013	% variation 2014
Income	- Fees revenue	12 293 003,00	12 919 375,00	-4,85%
	- Other revenue	427 536,67	134 479,42	217,92%
	<b>Total</b>	<b>12 720 539,67</b>	<b>13 053 854,42</b>	<b>-2,55%</b>
Expenditure	Title 1 Staff expenditure	-5 801 093,74	-5 809 026,96	-0,14%
	Title 2 Administrative expenditure	-1 294 423,56	-1 089 462,23	18,81%
	Title 3 Operational expenditure	-6 158 727,92	-5 856 655,17	5,16%
	<b>Total</b>	<b>-13 254 245,22</b>	<b>-12 755 144,36</b>	<b>3,91%</b>
<b>Budget outturn for the year</b>		<b>-533 705,55</b>	<b>298 710,06</b>	<b>-278,67%</b>
Non budgetary income		72 288,52	40 009,24	80,68%
<b>Net outturn for the year</b>		<b>-461 417,03</b>	<b>338 719,30</b>	<b>-236,22%</b>

## Revenue

Table 2: Revenue breakdown

	2014	2013	% variation 2014
Administrative operations	4 688,27	4 596,03	2,01%
Fees	12 293 003,00	12 919 375,00	-4,85%
Interest	292 983,40	129 883,39	125,57%
Multi-beneficiary	129 865,00		
<b>Grand Total</b>	<b>12 720 539,67</b>	<b>13 053 854,42</b>	<b>-2,55%</b>

Table 3: Breakdown of fee income

	2014	2013	% variation 2014
Annual fees	5 710 850,00	6 540 050,00	-12,68%
Application fees	2 308 800,00	2 136 300,00	8,07%
Other fees	456 953,00	416 718,00	9,66%
Examination fees	3 816 400,00	3 826 307,00	-0,26%
<b>Grand Total</b>	<b>12 293 003,00</b>	<b>12 919 375,00</b>	<b>-4,85%</b>

## Expenditure

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

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

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

Table 4: Budgetary execution 2014

	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Cancelled %
Title 1 Staff expenditure	5 976 000,00	5 801 093,74	97,1%	174 906,26	2,9%
Title 2 Administrative expenditure	1 700 000,00	1 294 423,56	76,1%	405 576,44	23,9%
Title 3 Operational expenditure	7 016 000,00	6 158 727,92	87,8%	857 272,08	12,2%
<b>Grand Total</b>	<b>14 692 000,00</b>	<b>13 254 245,22</b>	<b>90,2%</b>	<b>1 437 754,78</b>	<b>9,8%</b>

Table 5: Budgetary execution – comparison 2013 – 2014

	Budget execution 2014	Budget execution 2013	% Change
Title 1 Staff expenditure	5 801 093,74	5 809 026,96	-0,1%
Title 2 Administrative expenditure	1 294 423,56	1 089 462,23	18,8%
Title 3 Operational expenditure	6 158 727,92	5 856 655,17	5,2%
<b>Grand Total</b>	<b>13 254 245,22</b>	<b>12 755 144,36</b>	<b>3,9%</b>



Table 6: Budgetary execution 2014 – 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	5 562 500,00	5 410 179,18	97,3%	5 393 331,40	16 847,78	152 320,82	2,7%
E1200	Training	100 000,00	97 937,86	97,9%	54 363,86	43 574,00	2 062,14	2,1%
E1300	Travel	240 000,00	230 580,98	96,1%	214 127,88	16 453,10	9 419,02	3,9%
E1400	Interim staff	48 500,00	43 527,88	89,7%	43 527,88	0,00	4 972,12	10,3%
E1500	Assistance	15 000,00	14 377,47	95,8%	14 377,47	0,00	622,53	4,2%
E1700	Representation	10 000,00	4 490,37	44,9%	4 490,37	0,00	5 509,63	55,1%
<b>Grand Total</b>		<b>5 976 000,00</b>	<b>5 801 093,74</b>	<b>97,1%</b>	<b>5 724 218,86</b>	<b>76 874,88</b>	<b>174 906,26</b>	<b>2,9%</b>

Table 7: Budgetary execution – Title 1: Staff expenditure – comparison 2013 – 2014

Budget article	Description.	Budget execution 2014	Budget execution 2013	% Change
E1100	Staff	5 410 179,18	5 382 374,37	0,5%
E1200	Training	97 937,86	105 933,60	-7,5%
E1300	Travel	230 580,98	209 248,32	10,2%
E1400	Interim staff	43 527,88	91 950,12	-52,7%
E1500	Assistance	14 377,47	14 422,48	-0,3%
E1700	Representation	4 490,37	5 098,07	-11,9%
<b>Grand Total</b>		<b>5 801 093,74</b>	<b>5 809 026,96</b>	<b>-0,1%</b>

Table 8: Budgetary execution 2014 – 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	400 000,00	280 480,68	70,1%	140 126,47	140 354,21	119 519,32	29,9%
E2100	IT expenses	550 000,00	543 430,73	98,8%	439 172,62	104 258,11	6 569,27	1,2%
E2200	Other equipment	70 000,00	61 341,73	87,6%	50 410,20	10 931,53	8 658,27	12,4%
E2300	General admin.	100 000,00	22 992,24	23,0%	22 145,24	847,00	77 007,76	77,0%
E2400	Postage and telecom	100 000,00	86 632,65	86,6%	76 318,91	10 313,74	13 367,35	13,4%
E2500	Meetings and notices	330 000,00	166 144,73	50,3%	111 076,69	55 068,04	163 855,27	49,7%
E2600	Audit and evaluation	150 000,00	133 400,80	88,9%	60 574,42	72 826,38	16 599,20	11,1%
<b>Grand Total</b>		<b>1 700 000,00</b>	<b>1 294 423,56</b>	<b>76,1%</b>	<b>899 824,55</b>	<b>394 599,01</b>	<b>405 576,44</b>	<b>23,9%</b>

Table 9: Budgetary execution – Title 2: Administrative expenditure – comparison 2013 – 2014

Budget article	Description.	Budget execution 2014	Budget execution 2013	% Change
E2000	Property	280 480,68	226 395,29	23,9%
E2100	IT expenses	543 430,73	315 488,18	72,3%
E2200	Other equipment	61 341,73	51 915,77	18,2%
E2300	General admin.	22 992,24	69 333,62	-66,8%
E2400	Postage and telecom	86 632,65	79 943,13	8,4%
E2500	Meetings and notices	166 144,73	231 602,46	-28,3%
E2600	Audit and evaluation	133 400,80	114 783,78	16,2%
<b>Grand Total</b>		<b>1 294 423,56</b>	<b>1 089 462,23</b>	<b>18,8%</b>

Table 10: Budgetary execution 2014 – Title 3: Operational expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Cancelled %
E3000	Examination office fees	6 100 000,00	5 482 555,35	89,9%	617 444,65	10,1%
E3200	Examination reports	312 000,00	270 480,00	86,7%	41 520,00	13,3%
E3400	Publications	150 000,00	120 306,16	80,2%	29 693,84	19,8%
E3500	Studies	150 000,00	75 406,62	50,3%	74 593,38	49,7%
E3600	Special advisors	104 000,00	80 113,69	77,0%	23 886,31	23,0%
E3700	Multi-beneficiary program	200 000,00	129 866,10	64,9%	70 133,90	35,1%
<b>Grand Total</b>		<b>7 016 000,00</b>	<b>6 158 727,92</b>	<b>87,8%</b>	<b>857 272,08</b>	<b>12,2%</b>

Table 11: Budgetary execution – Title 3: Operational expenditure – comparison 2013 – 2014

Budget article	Description.	Budget execution 2014	Budget execution 2013	% Change
E3000	Examination office fees	5 482 555,35	5 256 270,58	4,3%
E3200	Examination reports	270 480,00	282 000,00	-4,1%
E3400	Publications	120 306,16	116 749,08	3,0%
E3500	Studies	75 406,62	66 749,35	13,0%
E3600	Special advisors	80 113,69	73 354,97	9,2%
E3700	Multi-beneficiary program	129 866,10	61 531,19	111,1%
<b>Grand Total</b>		<b>6 158 727,92</b>	<b>5 856 655,17</b>	<b>5,2%</b>

Table 12: Budgetary execution (commitment appropriation) 2014 – Title 3: Operational expenditure

Budget article	Description	Initial budget	Budget transfers	Final budget	Committed	Percent committed
E3000	Examination office fees	6 350 000	300 000,00	8 100 000,00	7 634 263,50	94,3%
E3500	Studies	400 000	-40 000,00	360 000,00	147 180,00	40,9%
E3200	Examination reports	312 000	40 000,00	352 000,00	343 680,00	97,6%
E3700	Multi-beneficiary program	200 000		200 000,00	131 908,42	66,0%
E3400	Publications	150 000		150 000,00	115 217,23	76,8%
E3600	Special advisors	90 000	14 000,00	104 000,00	98 260,74	94,5%
<b>Total</b>		<b>7 502 000</b>	<b>314 000,00</b>	<b>9 266 000,00</b>	<b>8 470 509,89</b>	<b>91,4%</b>

Table 13: Title 3 – Outstanding commitments

Budget article		Outstanding beginning 2014	Committed	De-committed	Paid	Outstanding end 2014
E3000	Examination office fees	11 616 590	7 634 264	-518 186	-5 482 555	13 250 112
E3200	Examination reports	269 760	343 680	-7 920	-270 480	335 040
E3400	Publications	16 709	115 217	-7 625	-120 306	3 995
E3500	Studies	172 071	147 180	-104	-75 407	243 740
E3600	Special advisors	17 235	98 261	-4 309	-80 114	31 073
E3700	Multi-beneficiary program	7 740	131 908	-4 978	-129 866	4 805
Total		<b>12 100 105</b>	<b>8 470 510</b>	<b>-543 122</b>	<b>-6 158 728</b>	<b>13 868 765</b>

## Budget amendments and transfers

As normal every year, transfers are made where there are changes in spending. For 2014, the significant increase in applications compared to the previous year meant a number of transfers and revisions were made.

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

Table 14 Revisions and transfers on the payment budget 2014

Budget article	Description.	Initial payment budget	Budget amendments	Payment budget transfers	Final appropriation
E1100	Staff	5 985 000	0	-422 500	5 562 500
E1400	Interim staff	20 000	20 000	8 500	48 500
E2100	IT expenses	350 000	100 000	100 000	550 000
E3000	Examination office fees	5 400 000	400 000	300 000	6 100 000
E3600	Special advisors	90 000	0	14 000	104 000
<b>Grand Total</b>		<b>11 845 000</b>	<b>520 000</b>	<b>0</b>	<b>12 365 000</b>

As can be seen, EUR 422K was transferred from the line for staff payments to a number of lines throughout the year. For interim staff, this transfer served to cover unexpected absences during the year while for IT expenses; it was used to cover additional projects during the year.

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

In addition to the transfers which are under the authority of the President, during 2014 a number of amendments were approved by the Administrative Council. These amendments covered payments for interim staff, IT expenses and examination office fees.

For the commitment budget, title 3 is treated separately and amendments and transfers were carried out as follows:

Table 15 Revisions and transfers of the commitment budget (title 3) 2014

Title	Budget article	Description	Budget initial	Révisions	Transferts	Budget final
Title 3	E3000	Examination office fees	6 350 000,00	1 450 000	300 000	8 100 000
	E3200	Examination reports	312 000,00		40 000	352 000
	E3400	Publications	150 000,00		0	150 000
	E3500	Studies	400 000,00		-40 000	360 000
	E3600	Special advisors	90 000,00		14 000	104 000
	E3700	Multi-beneficiary program	200 000,00		0	200 000
<b>Grand Total</b>			<b>7 502 000,00</b>	<b>1 450 000</b>	<b>314 000</b>	<b>9 266 000</b>

As already mentioned, the major revision was for examination fees in order to be able to meet demand, particularly at the year-end.

## Management of Carry-Over credits (C8)

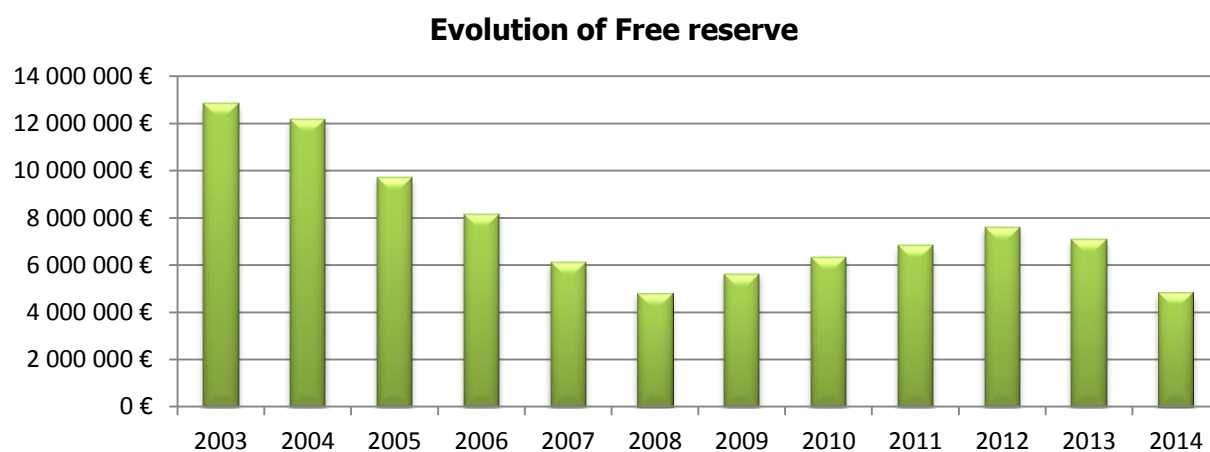
Each year, for title 1 and title 2, commitments are made for which invoices have not been received at the year-end. These amounts are shown as budget execution for the year but carried over to the following year to be paid. As the invoice amounts are not known at the year-end, the total amount carried 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 16: Execution of C8 credit - 2014

Title	Budget article	Description	Final budget	Payments	% Paid	Lost C8 credits
Title 1	E1100	Staff	30 697,01	28 093,15	92%	2 603,86
	E1200	Training	83 367,90	82 487,22	99%	880,68
	E1300	Travel	8 000,00	4 419,79	55%	3 580,21
	E1400	Interim staff	5 531,40	2 350,31	42%	3 181,09
	E1500	Assistance	3 411,61	2 545,60	75%	866,01
	E1700	Representation	359,00	0,00	0%	359,00
	<b>Total</b>		<b>131 366,92</b>	<b>119 896,07</b>	<b>91%</b>	<b>11 470,85</b>
Title 2	E2000	Property	75 816,37	61 849,01	82%	13 967,36
	E2100	IT expenses	55 073,01	44 516,20	81%	10 556,81
	E2200	Other equipment	3 879,44	3 879,42	100%	0,02
	E2300	General admin.	18 809,00	8 315,00	44%	10 494,00
	E2400	Postage and telecom	11 251,00	8 579,88	76%	2 671,12
	E2500	Meetings and notices	66 371,38	43 243,02	65%	23 128,36
	E2600	Audit and evaluation	0,00	0,00	0%	0,00
	<b>Total</b>		<b>231 200,20</b>	<b>170 382,53</b>	<b>74%</b>	<b>60 817,67</b>
Grand Total			<b>362 567,12</b>	<b>290 278,60</b>	<b>80%</b>	<b>72 288,52</b>

## Treasury reserve

Description	31/12/2014 (€)
Treasury amount	19 180 594
Title 1 : Amount carried over to 2014	76 875
Title 2 : Amount carried over to 2014	394 599
Title 3 : Amount carried over to 2014	13 868 765
Free reserve	4 840 355



## 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.

### 3. Budgetary Accounts

#### Budget Outturn Account – Detailed

LEVEL1	titre + desc	2014	2013	% variation 2014
Income	- Fees revenue	12 293 003,00	12 919 375,00	-4,85%
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<b>Net outturn for the year</b>		<b>-461 417,03</b>	<b>338 719,30</b>	<b>-236,22%</b>

#### Budget income

Budget Posts	Description	Budget after RSB(*) and transfers	Income stated in 2014	Income collected in 2014	Variation with budget (%)
1000	Fees and surcharges collected	11 812 000	12 293 003	12 293 003	4,07
3000	Deficit reserve	2 418 000			
5000	Income from administrative operations	12 000	4 688	4 688	- 60,93
9100	Other income (mainly financial income)	250 000	292 983	292 983	17,19
9300	Multi-beneficiary program	200 000	129 865	129 865	- 35,07
	<b>Total</b>	<b>14 692 000</b>	<b>12 720 539</b>	<b>12 720 539</b>	

(\*) rectified supplementary budget



## Budget Outturn – detailed reports

Commitment appropriation 2014

Title	Budget article	Description	Initial budget	Budget revisions	Budget transfers	Final budget	Committed	Percent committed	Cancelled
Title 1	E1100	Staff	5 985 000	0	-422 500,00	5 562 500,00	5 410 179,18	97,3%	152 320,82
	E1200	Training	100 000	0	0,00	100 000,00	97 937,86	97,9%	2 062,14
	E1300	Travel	240 000	0	0,00	240 000,00	230 580,98	96,1%	9 419,02
	E1400	Interim staff	20 000	20 000	8 500,00	48 500,00	43 527,88	89,7%	4 972,12
	E1500	Assistance	15 000	0	0,00	15 000,00	14 377,47	95,8%	622,53
	E1700	Representation	10 000	0	0,00	10 000,00	4 490,37	44,9%	5 509,63
	<b>Total</b>		<b>6 370 000</b>	<b>20 000</b>	<b>-414 000,00</b>	<b>5 976 000,00</b>	<b>5 801 093,74</b>	<b>97,1%</b>	<b>174 906,26</b>
Title 2	E2000	Property	400 000	0	0,00	400 000,00	280 480,68	70,1%	119 519,32
	E2100	IT expenses	350 000	100 000	100 000,00	550 000,00	543 430,73	98,8%	6 569,27
	E2200	Other equipment	70 000	0	0,00	70 000,00	61 341,73	87,6%	8 658,27
	E2300	General admin.	100 000	0	0,00	100 000,00	22 992,24	23,0%	77 007,76
	E2400	Postage and telecom	100 000	0	0,00	100 000,00	86 632,65	86,6%	13 367,35
	E2500	Meetings and notices	330 000	0	0,00	330 000,00	166 144,73	50,3%	163 855,27
	E2600	Audit and evaluation	150 000	0	0,00	150 000,00	133 400,80	88,9%	16 599,20
	<b>Total</b>		<b>1 500 000</b>	<b>100 000</b>	<b>100 000,00</b>	<b>1 700 000,00</b>	<b>1 294 423,56</b>	<b>76,1%</b>	<b>405 576,44</b>
Title 3	E3000	Examination office fees	6 350 000	1 450 000	300 000,00	8 100 000,00	7 634 263,50	94,3%	465 736,50
	E3200	Examination reports	312 000	0	40 000,00	352 000,00	343 680,00	97,6%	8 320,00
	E3400	Publications	150 000	0	0,00	150 000,00	115 217,23	76,8%	34 782,77
	E3500	Studies	400 000	0	-40 000,00	360 000,00	147 180,00	40,9%	212 820,00
	E3600	Special advisors	90 000	0	14 000,00	104 000,00	98 260,74	94,5%	5 739,26
	E3700	Multi-beneficiary program	200 000	0	0,00	200 000,00	131 908,42	66,0%	68 091,58
	<b>Total</b>		<b>7 502 000</b>	<b>1 450 000</b>	<b>314 000,00</b>	<b>9 266 000,00</b>	<b>8 470 509,89</b>	<b>91,4%</b>	<b>795 490,11</b>
<b>Grand Total</b>			<b>15 372 000</b>	<b>1 570 000</b>	<b>0,00</b>	<b>16 942 000,00</b>	<b>15 566 027,19</b>	<b>91,9%</b>	<b>1 375 972,81</b>

## Payment appropriation 2014

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	5 985 000,00	0,00	-422 500,00	5 562 500,00	5 410 179,18	97,3%	5 393 331,40	16 847,78	152 320,82	2,7%
	E1200	Training	100 000,00	0,00	0,00	100 000,00	97 937,86	97,9%	54 363,86	43 574,00	2 062,14	2,1%
	E1300	Travel	240 000,00	0,00	0,00	240 000,00	230 580,98	96,1%	214 127,88	16 453,10	9 419,02	3,9%
	E1400	Interim staff	20 000,00	20 000,00	8 500,00	48 500,00	43 527,88	89,7%	43 527,88	0,00	4 972,12	10,3%
	E1500	Assistance	15 000,00	0,00	0,00	15 000,00	14 377,47	95,8%	14 377,47	0,00	622,53	4,2%
	E1700	Representation	10 000,00	0,00	0,00	10 000,00	4 490,37	44,9%	4 490,37	0,00	5 509,63	55,1%
	<b>Total</b>		<b>6 370 000,00</b>	<b>20 000,00</b>	<b>-414 000,00</b>	<b>5 976 000,00</b>	<b>5 801 093,74</b>	<b>97,1%</b>	<b>5 724 218,86</b>	<b>76 874,88</b>	<b>174 906,26</b>	<b>2,9%</b>
Title 2: Administrative expenditure	E2000	Property	400 000,00	0,00	0,00	400 000,00	280 480,68	70,1%	140 126,47	140 354,21	119 519,32	29,9%
	E2100	IT expenses	350 000,00	100 000,00	100 000,00	550 000,00	543 430,73	98,8%	439 172,62	104 258,11	6 569,27	1,2%
	E2200	Other equipment	70 000,00	0,00	0,00	70 000,00	61 341,73	87,6%	50 410,20	10 931,53	8 658,27	12,4%
	E2300	General admin.	100 000,00	0,00	0,00	100 000,00	22 992,24	23,0%	22 145,24	847,00	77 007,76	77,0%
	E2400	Postage and telecom	100 000,00	0,00	0,00	100 000,00	86 632,65	86,6%	76 318,91	10 313,74	13 367,35	13,4%
	E2500	Meetings and notices	330 000,00	0,00	0,00	330 000,00	166 144,73	50,3%	111 076,69	55 068,04	163 855,27	49,7%
	E2600	Audit and evaluation	150 000,00	0,00	0,00	150 000,00	133 400,80	88,9%	60 574,42	72 826,38	16 599,20	11,1%
	<b>Total</b>		<b>1 500 000,00</b>	<b>100 000,00</b>	<b>100 000,00</b>	<b>1 700 000,00</b>	<b>1 294 423,56</b>	<b>76,1%</b>	<b>899 824,55</b>	<b>394 599,01</b>	<b>405 576,44</b>	<b>23,9%</b>
Title 3: Operational expenditure	E3000	Examination office fees	5 400 000,00	400 000,00	300 000,00	6 100 000,00	5 482 555,35	89,9%	5 482 555,35	0,00	617 444,65	10,1%
	E3200	Examination reports	312 000,00	0,00	0,00	312 000,00	270 480,00	86,7%	270 480,00	0,00	41 520,00	13,3%
	E3400	Publications	150 000,00	0,00	0,00	150 000,00	120 306,16	80,2%	120 306,16	0,00	29 693,84	19,8%
	E3500	Studies	150 000,00	0,00	0,00	150 000,00	75 406,62	50,3%	75 406,62	0,00	74 593,38	49,7%
	E3600	Special advisors	90 000,00	0,00	14 000,00	104 000,00	80 113,69	77,0%	80 113,69	0,00	23 886,31	23,0%
	E3700	Multi-beneficiary program	200 000,00	0,00	0,00	200 000,00	129 866,10	64,9%	129 866,10	0,00	70 133,90	35,1%
	<b>Total</b>		<b>6 302 000,00</b>	<b>400 000,00</b>	<b>314 000,00</b>	<b>7 016 000,00</b>	<b>6 158 727,92</b>	<b>87,8%</b>	<b>6 158 727,92</b>	<b>0,00</b>	<b>857 272,08</b>	<b>12,2%</b>
<b>Grand Total</b>			<b>14 172 000,00</b>	<b>520 000,00</b>	<b>0,00</b>	<b>14 692 000,00</b>	<b>13 254 245,22</b>	<b>90,2%</b>	<b>12 782 771,33</b>	<b>471 473,89</b>	<b>1 437 754,78</b>	<b>9,8%</b>

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

Title	Budget article	Description	Final budget	Payments	% Paid	Lost C8 credits
Title 1	E1100	Staff	30 697,01	28 093,15	92%	2 603,86
	E1200	Training	83 367,90	82 487,22	99%	880,68
	E1300	Travel	8 000,00	4 419,79	55%	3 580,21
	E1400	Interim staff	5 531,40	2 350,31	42%	3 181,09
	E1500	Assistance	3 411,61	2 545,60	75%	866,01
	E1700	Representation	359,00	0,00	0%	359,00
	<b>Total</b>		<b>131 366,92</b>	<b>119 896,07</b>	<b>91%</b>	<b>11 470,85</b>
Title 2	E2000	Property	75 816,37	61 849,01	82%	13 967,36
	E2100	IT expenses	55 073,01	44 516,20	81%	10 556,81
	E2200	Other equipment	3 879,44	3 879,42	100%	0,02
	E2300	General admin.	18 809,00	8 315,00	44%	10 494,00
	E2400	Postage and telecom	11 251,00	8 579,88	76%	2 671,12
	E2500	Meetings and notices	66 371,38	43 243,02	65%	23 128,36
	E2600	Audit and evaluation	0,00	0,00	0%	0,00
	<b>Total</b>		<b>231 200,20</b>	<b>170 382,53</b>	<b>74%</b>	<b>60 817,67</b>
Grand Total			<b>362 567,12</b>	<b>290 278,60</b>	<b>80%</b>	<b>72 288,52</b>

## 4. Financial Accounts:

### Balance sheet

				2014	2013
<b>Assets</b>	Non-Current assets	Intangible Assets	1	40,450.60	48,609.00
		Tangible Assets	2	3,373,174.73	3,934,252.98
		Medium term investments	3	1,512,600.00	4,512,600.00
		<b>Total</b>		<b>4,926,225.33</b>	<b>8,495,461.98</b>
	Current assets	Short-term receivables	4	2,985,677.16	3,222,704.28
		Treasury	5	17,667,993.91	15,027,764.11
		Other receivable	6	95,481.50	158,940.88
		<b>Total</b>		<b>20,749,152.57</b>	<b>18,409,409.27</b>
	<b>Total</b>			<b>25,675,377.90</b>	<b>26,904,871.25</b>
<b>Liabilities</b>	Accumulated result	Reserve		14,745,891.82	14,599,517.49
		Profit / perte de l'année		(686,453.63)	146,374.33
		<b>Total</b>		<b>14,059,438.19</b>	<b>14,745,891.82</b>
	Current liabilities	Accrued charges and deferred income	7	11,434,076.85	11,829,323.17
		Current payables	8	10,222.86	186,256.26
		Short-term provision	9	171,640.00	143,400.00
		<b>Total</b>		<b>11,615,939.71</b>	<b>12,158,979.43</b>
	<b>Total</b>			<b>25,675,377.90</b>	<b>26,904,871.25</b>

An amount of 10 270.73 € for tangible assets under construction, related to the renovation of the premises is included in the total amount of 3 373 174.73 € of tangible assets.

## Statement of financial performance

		2014	2013
Income	Income from fees	12,769,222.34	12,650,720.74
	Income from administrative operations	4,760.22	4,745.46
	Income from subsidies	115,815.73	64,151.11
	<b>Total</b>	<b>12,889,798.29</b>	<b>12,719,617.31</b>
Expenditure	Operational expenses	(6,564,790.76)	(5,775,160.93)
	Salaries and social taxes	(5,382,522.06)	(5,493,216.64)
	Overheads	(1,582,982.92)	(1,238,213.00)
	Depreciation	(273,074.66)	(276,240.37)
	<b>Total</b>	<b>(13,803,370.40)</b>	<b>(12,782,830.94)</b>
<b>Result</b>		<b>(913,572.11)</b>	<b>(63,213.63)</b>
Financial revenue	Interest income	228,078.90	209,339.37
	Miscellaneous financial income	1,445.12	4,794.17
	<b>Total</b>	<b>229,524.02</b>	<b>214,133.54</b>
Financial expenditure	Bank charges & exchange differences	(2,405.54)	(4,545.58)
	<b>Total</b>	<b>(2,405.54)</b>	<b>(4,545.58)</b>
<b>Result</b>		<b>227,118.48</b>	<b>209,587.96</b>
<b>Economic outturn for the year</b>		<b>(686,453.63)</b>	<b>146,374.33</b>

## Cash flow (Indirect method)

	2014	2013
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-686 453,63	146 374,33
<b>Operating activities</b>		
Adjustments		
Amortization (intangible fixed assets) +	24 397,09	22 568,02
Depreciation (tangible fixed assets) +	248 677,57	253 672,35
Increase/(decrease) in Provisions for risks and liabilities	28 240,00	25 649,41
Impairment (tangible fixed assets) +	369 869,55	
(Increase)/decrease in Long term Receivables	3 000 000,00	67 400,00
(Increase)/decrease in Short term Receivables	300 486,50	65 256,40
Increase/(decrease) in Other Long term liabilities		0,00
Increase/(decrease) in Accounts payable	-571 279,72	-192 183,09
Net cash Flow from operating activities	2 713 937,36	388 737,42
<b>Cash Flows from investing activities</b>		
Increase of tangible and intangible fixed assets (-)	-73 707,56	-71 987,82
Proceeds from tangible and intangible fixed assets (+)		
Loss on decommissioning of assets (+)	0,00	142,46
Net cash flow from investing activities	-73 707,56	-71 845,36
Net Increase/(decrease) in cash and equivalent	2 640 229,80	316 892,06
Cash and cash equivalents at the beginning of the period	15 027 764,11	14 710 872,05
Cash and cash equivalents at the end of the period	17 667 993,91	15 027 764,11
Net Increase/(decrease) in cash and equivalent	2 640 229,80	316 892,06

## Reconciliation between the economic result and the budgetary result

	sign +/-	Amount
<b>Economic result (+ for surplus and - for deficit)</b>	<b>+/-</b>	<b>-686 453,63</b>
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-10 935 157,15
Adjustments for Accrual Cut-off (cut- off 31.12.N )	+	10 350 115,87
Depreciation of intangible and tangible assets (1)	+	273 074,66
Value reduction	+	369 869,55
Recovery Orders issued in 2014 in class 7 and not yet cashed	-	-2 449 640,00
Payments made from carry over of payment appropriations	+	290 278,60
Asset acquisitions (less unpaid amounts)	-	-73 707,56
Budgetary recovery orders issued before 2014 and cashed in the year	+	2 799 388,00
Payment appropriations carried over to 2015	-	-471 473,89
Cancellation of unused carried over payment appropriations from previous year	+	72 288,52
<b>total</b>		<b>-461 417,03</b>
Budgetary result (+ for surplus) (2)		-461 417,03
<b>Including amount of exchange rate differences (3) - (+ for gain ; - for loss)</b>		<b>-225,63</b>
<b>Delta not explained</b>		<b>0,00</b>

## 5. Notes to the financial accounts

### 1. Intangible fixed assets

		Internally generated Computer Software	Computer Software	Other Intangible assets (1)	Intangible assets under construction	Total
Gross carrying amounts 01.01.2014	+		615 712,60			615 712,60
Additions	+		16 238,69			16 238,69
Disposals	-					
Transfer between headings	+/-					
Other changes (2)	+/-					
Gross carrying amounts 31.12.2014		0,00	631 951,29	0,00	0,00	631 951,29
Accumulated amortization and impairment 01.01.2014	-		-567 103,60			-567 103,60
Amortization	-		-24 397,09			-24 397,09
Disposals	+					
Write-back of impairment	+					
Transfer between headings	+/-					
Accumulated amortization and impairment 31.12.2014		0,00	-591 500,69	0,00	0,00	-591 500,69
Net carrying amounts 31.12.2014		0	40 450,60	0,00	0,00	40 450,60



## 2. Tangible Fixed Assets

		Land	Buildings	Plant and Equipment	Computer hardware	Tangible assets under construction	Total
Gross carrying amounts 01.01.2014	+	292 220,00	5 393 091,47	344 380,74	304 115,64		6 333 807,85
Additions	+		29 769,42	7 517,72	9 971,00	10 210,73	57 468,87
Disposals	-			-5 419,56	-4 662,17		-10 081,73
Impairment	+/-		-369 869,55				-369 869,55
Other changes (1)	+/-						
Gross carrying amounts 31.12.2014		292 220,00	5 052 991,34	346 478,90	309 424,47	10 210,73	6 011 325,44
Accumulated amortization and impairment 01.01.2014	-		-1 825 448,57	-299 638,71	-274 467,59		-2 399 554,87
Depreciation	-		-216 554,45	-13 360,06	-18 763,06		-248 677,57
Write-back of depreciation	+						
Disposals	+			5 419,56	4 662,17		10 081,73
Transfer between headings	+/-						
Accumulated amortization and impairment 31.12.2014		0,00	-2 042 003,02	-307 579,21	-288 568,48	0,00	-2 638 150,71
Net carrying amounts 31.12.2014		292 220,00	3 010 988,32	38 899,69	20 855,99	10 210,73	3 373 174,73

## Medium term investments

	2014	2013
Medium term investments	1,512,600.00	4,512,600.00
<b>Grand Total</b>	<b>1,512,600.00</b>	<b>4,512,600.00</b>

In 2014, medium term investments concerned 2 investments: one with BNP for 512 600 € (due date January 2016) and one with Caisse d'Epargne for 1 000 000 € with a due date in October 2017 but can be terminated each year in October. There is significant reduction for the medium term investments in 2014 compare to 2013 due to an increase of short term investment.

### 3. Short term receivables

	2014	2013
Customers	2,636,484.87	2,985,070.87
VAT	265,603.56	177,872.89
Deferred charges	83,588.73	59,760.52
<b>Total</b>	<b>2,985,677.16</b>	<b>3,222,704.28</b>

The decrease of the amount related to customers is due to the decrease of the annual fee, in 2013 the annual fee was 300 € and in 2014: 250 €.

The increase of the VAT amount is mainly due to the longer delay for reimbursements by members states.

### 4. Treasury

Description	2014	2013
Short-term investments	13,396,085.24	11,111,864.36
Current accounts	4,225,798.28	3,877,781.13
Imprest account	45,310.39	37,318.62
Cash in hand	800.00	800.00
<b>Total</b>	<b>17,667,993.91</b>	<b>15,027,764.11</b>

As mentioned above, short term investments increased with the maturing of a medium term investment which was reinvested on a short term basis.

#### Breakdown of short term investments

Bank name for short term investment	2014	2013
BNP	2 958 000,00	3 678 000,00
Barclays	575 662,16	1 272 198,33
HSBC	1 600 000,00	3 863 500,00
LCL	1 315 423,08	1 298 166,03
Caisse d'Epargne	1 122 000,00	1 000 000,00
Société Générale	1 670 000,00	0,00
Crédit Agricole	4 155 000,00	0,00
Total	13 396 085,24	11 111 864,36

#### 5. Other receivables

	2014	2013
Interest to be received	95,481.50	158,940.88
<b>Total</b>	<b>95,481.50</b>	<b>158,940.88</b>

Interest rates are still very low and decreased in 2014. The Office expects less return on investments.

#### 6. Accrued charges and differed income

	2014	2013
Deferred income	7,156,350.23	7,982,317.57
Invoices to be received	3,861,357.81	3,489,297.12
Suspense account	132,477.57	24,296.27
Accrued holidays	87,794.13	109,608.37
Charge accounts	143,265.19	185,021.19
Pre-financing received	52,831.92	38,782.65
<b>Total</b>	<b>11,434,076.85</b>	<b>11,829,323.17</b>

The decrease of deferred income from fees was caused by the decrease of annual fees. The amount of invoices to be received increased as the Office received much more applications than the previous year and the number of examination orders increased accordingly.

Detail for Pre-financing received – accrued costs/accrued income at 31/12/2014

EN	Prefinancing received	Expenses of the agency	Costs declared to the Commission	Costs validated following the contract (95%)	Costs not yet declared to the Commission	Balance of the prefinancing
Payment 1	196 783,00	160 895,81	160 895,81	152 851,02		43 931,98
Payment 2	129 865,00	127 331,64	-	-	120 965,06	8 899,94
<b>Total</b>	<b>326 648,00</b>	<b>288 227,45</b>	<b>160 895,81</b>	<b>152 851,02</b>	<b>120 965,06</b>	<b>52 831,92</b>

7. Current payables

	2014	2013
Sundry credit accounts	6,335.00	164,393.89
Suppliers	3,887.86	21,862.37
<b>Total</b>	<b>10,222.86</b>	<b>186,256.26</b>

8. Short term provision

	2014	2013
Provision for doubtful debts	171,640.00	143,400.00
<b>Grand Total</b>	<b>171,640.00</b>	<b>143,400.00</b>

9. Statement of changes in capital

	2014	2013
Reserve	14,745,891.82	14,599,517.49
Profit / deficit	(686,453.63)	146,374.33
<b>Cumulated reserve</b>	<b>14,059,438.19</b>	<b>14,745,891.82</b>

## Other Disclosures

### Off Balance Sheet Commitments

At the year-end there was of a total of € 13 868 765 of commitments open on title 3 (operational expenditure) and a further € 471 473 for titles 1 and 2 carried to 2015 as C8 credits. Of this total, € 3 851 357 relates to work carried out in or before 2014 but not yet invoiced an amount for which there is a provision in the financial accounts. The balance of **€ 10 488 881** 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 € 8 364.

### Contingent liabilities

The CPVO is currently subject to an appeal case and in the event of loss, would be liable for the expenses incurred by the winning party plus expenses incurred for the lawyer's fees. The probability of loss is considered to be low and the maximum potential liability is of the order of 50 000 €.

### Related parties

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

Grade	N° of staff
AD14	1
AD12	1
<b>Total</b>	<b>2</b>

### Post balance sheet events

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

## 6. Statement of financial risk

### Medium term investments

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

Long term receivables	1-2 years	2-3 years	total
Medium term investment BNP	512 600,00		512 600,00
Medium term investment Caisse d'Epargne		1 000 000,00	1 000 000,00
total	512 600,00	1 000 000,00	1 512 600,00

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

Customers	2014	2013
<b>Amount at the start of the year</b>	<b>2 636 484,84</b>	<b>2 985 070,87</b>
Provision at the start of the year	-143 400,00	-117 750,59
Additional provision (-)	-30 800,00	-66 160,00
Reduction of the provision (+)	1 020,00	40 510,59
Write-offs	1 540,00	0,00
<b>Accumulated impairment (-)</b>	<b>-171 640,00</b>	<b>-143 400,00</b>
<b>Net amount at the end of the year</b>	<b>2 464 844,84</b>	<b>2 841 670,87</b>

Break down of the provision for customers	2014	2013
Receivables before 2009		720,00
Receivables from 2009	6 550,00	6 550,00
Receivables from 2010	41 520,00	41 920,00
Receivables from 2011	60 420,00	60 720,00
Receivables from 2012	45 850,00	33 490,00
Receivables from 2013	17 300,00	-
<b>Net amount at the end of the year</b>	<b>171 640,00</b>	<b>143 400,00</b>

## CREDIT QUALITY OF FINANCIAL ASSETS

CPVO financial assets and their related risk are outlined in the table below. For Member State receivables, this refers to VAT to be recovered. The receivables with third parties concerned medium term investment for 1 512 000 €, 83 588.93 € for deferred charges already paid in 2014 and income to be received in 2015 from 2014

Counterparties with external credit rating	Receivables with Member States	All receivables with third parties including accruals & deferrals *	Short-term deposits	Bank accounts	Total	% of the total
Prime and high grade	259 443,90	1 691 670,43	13 396 085,24	4 271 908,67	19 619 108,24	99,97%
Upper medium grade	2 315,19				2 315,19	0,01%
Lower medium grade	888,00				888,00	0,00%
Non-investment grade	2 956,47				2 956,47	0,02%
<b>Total</b>	<b>265 603,56</b>	<b>1 691 670,43</b>	<b>13 396 085,24</b>	<b>4 271 908,67</b>	<b>19 625 267,90</b>	<b>100,00%</b>

\* excluding receivables with MS and receivables with consolidated entities

The table below concerns more particularly receivables from our customers.

Counterparties without external credit rating	Receivables with Member States	All receivables with third parties including accruals & deferrals	Short-term deposits	Bank accounts	Total
Customers		2 636 484,87			2 636 484,87
Debtors who defaulted in the past					
<b>Total</b>	<b>0,00</b>	<b>2 636 484,87</b>	<b>0,00</b>	<b>0,00</b>	<b>2 636 484,87</b>

## Maturity term OF FINANCIAL ASSETS

Short term receivables	< 1 year	1-2 years	2-3 years	total
Customers	2 636 484,87			2 636 484,87
VAT	265 603,56			265 603,56
Deferred charges	80 504,72	2 896,14	187,89	83 588,75
<b>total</b>	<b>2 982 593,15</b>	<b>2 896,14</b>	<b>187,89</b>	<b>2 985 677,18</b>

## Maturity of liabilities

The following table takes into account the treasury received for charges accounts and the amounts due to suppliers.

	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	285 965,62			285 965,62
Payables with consolidated entities				
<b>Total</b>	<b>285 965,62</b>	<b>0,00</b>	<b>0,00</b>	<b>285 965,62</b>

## CURRENCY EXPOSURE (in EUR)

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

## 7. 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>2</sup> for the financial year 2014 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>3</sup>, 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 2014 to 31 December 2014.

### 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

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<sup>2</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>3</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

### 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.

Should the software be developed internally, it is recorded at its directly attributable costs of development, the threshold being EUR 500 000. However, in accordance with international accounting standards, this can only be done if these costs can be measured reliably.

### Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and its cost can be measured reliably. Repairs and maintenance are charged in the statement of financial performance during the financial period in which they are incurred.

Land is not depreciated as they are deemed to have an infinite life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Depreciation rates:

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

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

#### Medium term financial assets:

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

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

#### Impairment of non-financial assets:

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

#### Receivables:

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

#### Cash and cash equivalents:

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

#### Pension obligations:

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

#### Provisions:

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

Payables:

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

Accrued and deferred income and charges:

A critical element in accrual accounting is the exercise of ensuring that transactions are recorded in the accounting year to which they relate. This exercise is referred to as the cut-off exercise.

The CPVO applies the accounting rules of the EC in this regard. According to the European Communities accounting rules, transactions and events are recognized in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognized based on an estimated amount of the transfer obligation of the period. The calculation of the accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Commission which aim at ensuring that the financial statements reflect a true and fair view.

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

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

## Statement of financial performance

Revenue:

Revenue from fees and other miscellaneous revenue are entered in the accounts once the corresponding service is considered rendered to the client and when it is considered to be certain.

In the case of the application fee, revenue is recorded when the filing date has been assigned. In the case of the CPVO, this means the moment when the Agency issues an invoice or recovery order.

Interest income and expense:

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

Expenditure:

Exchange expenses arising from the purchase of goods and services are recognized when the supplies are delivered and accepted by the CPVO. They are valued at original invoice cost.

Provisions for expenditure are made if the following conditions are satisfied:

- (a) a current obligation exists as a result of a past event;
- (b) resources representing economic benefits will probably have to be used to extinguish the obligation;
- (c) the amount of the obligation can be reliably estimated.