



CPVO • OCVV

Community Plant Variety Office
Office Communautaire des Variétés Végétales

Final Accounts 2015

Community Plant Variety Office (CPVO)

2015 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 2015 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, 2nd June 2016

Martin Ekvad



President of the CPVO

2015 Declaration of Assurance the Accounting Officer of the CPVO

The annual accounts of the Community Plant Variety Office for the year 2015 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, 2nd June 2016

Anne-Marie Fernandez



Accounting Officer

TABLE OF CONTENTS

1.	Purpose.....	3
2.	The CPVO.....	3
3.	Structure of the CPVO and the actors involved.....	3
4.	Overview Budget Implementation 2015.....	5
4.1	Introduction	5
4.2	Overview.....	5
4.3	Budgetary Accounts	5
4.4	Financial Accounts	5
4.5	Budgetary Outturn	5
5.	Revenue.....	7
6.	Expenditure	8
7.	Budget amendments and transfers	11
8.	Management of Carry-Over credits (C8)	12
9.	Treasury reserve	13
10.	Budgetary Principles	14
11.	Budgetary Accounts	15
11.1	Budget Outturn Account – Detailed.....	15
11.2	Budget income	15
11.3	Budget Outturn – detailed reports	16
12.	Financial Accounts:	19
12.1	Balance sheet.....	19
12.2	Statement of financial performance	20
12.3	Cash-flow (Indirect method).....	21
12.4	Reconciliation between the economic result and the budgetary result	22
12.5	Notes to the financial accounts	23
12.6	Other Disclosures	27
12.7	Statement of financial risk	28
12.8	Summary of main accounting principles	30

MISSION OF THE CPVO



1. Purpose

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

2. The CPVO

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

3. Structure of the CPVO and the actors involved

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

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

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

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

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

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

4. Overview Budget Implementation 2015

4.1 Introduction

In accordance with the financial regulations of the Community Plant Variety Office, the present report provides an overview and analysis of the execution of the budget of the CPVO in 2015 as well as an indication of the key events and developments which impact on the financial situation of the Office.

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

4.2 Overview

The Community Plant Variety Office received 3111 applications in 2015 compared to 2014 with its highest level of applications (3626). In 2015, 1216 new titles were granted with a low rate of surrender of titles. The total number of grants in force rose to 23770.

4.3 Budgetary Accounts

The budgetary accounts, which are more or less a reflection of the cash receipts and expenditure for the year, are sensitive to the timing of receipts and payments. Receipts of € 12.84 million and expenses of € 13.98 million meant a budget outturn of € 1.14 million negative. Non-budgetary income of € 88K leads to a net outturn of € 1.05 million negative. While it has been foreseen to have a negative outturn, the fall in applications for the year had a strong impact on the result.

This outturn is lower than in the previous year and the so-called Free-Reserve followed the same trend – which fell in 2015.

4.4 Financial Accounts

The financial accounts show an economic result of € 1.93 million negative. This figure takes into account *inter alia* invoices not yet received at year end.

4.5 Budgetary Outturn

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

Table 1 Budgetary outturn 2015

		2015	2014	% variation 2015
Income	- Fees revenue	12,663,224.00	12,293,003.00	3.01%
	- Other revenue	176,231.67	427,536.67	-58.78%
	Total	12,839,455.67	12,720,539.67	0.93%
Expenditure	Title 1 Staff expenditure	-6,154,321.58	-5,801,093.74	6.09%
	Title 2 Administrative expenditure	-1,398,219.40	-1,294,423.56	8.02%
	Title 3 Operational expenditure	-6,427,250.56	-6,158,727.92	4.36%
	Total	-13,979,791.54	-13,254,245.22	5.47%
Budget Outturn of the year		-1,140,335.87	-533,705.55	113.66%
Non budgetary income		88,116.22	72,288.52	21.90%
Net outturn for the year		-1,052,219.65	-461,417.03	128.04%

5. Revenue

Table 2 Revenue breakdown

	2015	2014	% variation 2015
Administrative operations	16,027.32	4,688.27	241.86%
Fees	12,663,224.00	12,293,003.00	3.01%
Interest	160,204.35	292,983.40	-45.32%
Multi-beneficiary		129,865.00	-100.00%
Grand Total	12,839,455.67	12,720,539.67	0.93%

Table 3 Breakdown of fee income

	2015	2014	% variation 2015
Annual fees	6,052,200.00	5,710,850.00	5.98%
Application fees	2,036,450.00	2,308,800.00	-11.80%
Examination fees	4,118,514.00	3,816,400.00	7.92%
Other fees	456,060.00	456,953.00	-0.20%
Grand Total	12,663,224.00	12,293,003.00	3.01%

6. Expenditure

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

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

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

Table 4 Budgetary execution 2015

	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Canceled %
Title 1 Staff expenditure	6,281,000.00	6,154,321.58	98.0%	126,678.42	2.0%
Title 2 Administrative expenditure	1,740,000.00	1,398,219.40	80.4%	341,780.60	19.6%
Title 3 Operational expenditure	6,677,000.00	6,427,250.56	96.3%	249,749.44	3.7%
Grand Total	14,698,000.00	13,979,791.54	95.1%	718,208.46	4.9%

Table 5 Budgetary execution – comparison 2014 – 2015

	Budget execution 2015	Budget execution 2014	% Change
Title 1 Staff expenditure	6,154,321.58	5,801,093.74	6.1%
Title 2 Administrative expenditure	1,398,219.40	1,294,423.56	8.0%
Title 3 Operational expenditure	6,427,250.56	6,158,727.92	4.4%
Grand Total	13,979,791.54	13,254,245.22	5.5%

Table 6 Budgetary execution 2015 – Title 1: Staff expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2015 (C8)	Cancelled appropriations	Canceled %
E1100	Staff	5,833,000.00	5,723,858.19	98.1%	5,629,107.73	94,750.46	109,141.81	1.9%
E1200	Training	100,000.00	98,904.09	98.9%	45,330.09	53,574.00	1,095.91	1.1%
E1300	Travel	240,000.00	239,999.37	100.0%	213,474.01	26,525.36	0.63	0.0%
E1400	Interim staff	80,000.00	76,481.46	95.6%	68,770.86	7,710.60	3,518.54	4.4%
E1500	Assistance	18,000.00	12,047.55	66.9%	9,772.80	2,274.75	5,952.45	33.1%
E1700	Representation	10,000.00	3,030.92	30.3%	2,823.07	207.85	6,969.08	69.7%
Grand Total		6,281,000.00	6,154,321.58	98.0%	5,969,278.56	185,043.02	126,678.42	2.0%

Table 7 Budgetary execution – Title 1: Staff expenditure – comparison 2014 – 2015

Budget article	Description.	Budget execution 2015	Budget execution 2014	% Change
E1100	Staff	5,723,858.19	5,410,179.18	5.8%
E1200	Training	98,904.09	97,937.86	1.0%
E1300	Travel	239,999.37	230,580.98	4.1%
E1400	Interim staff	76,481.46	43,527.88	75.7%
E1500	Assistance	12,047.55	14,377.47	-16.2%
E1700	Representation	3,030.92	4,490.37	-32.5%
Grand Total		6,154,321.58	5,801,093.74	6.1%

Table 8 Budgetary execution 2015 – Title 2: Administrative expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2015 (C8)	Cancelled appropriations	Canceled %
E2000	Immeubles	300,000.00	201,824.25	67.3%	147,041.79	54,782.46	98,175.75	32.7%
E2100	Dépenses informatique	550,000.00	539,292.70	98.1%	405,262.67	134,030.03	10,707.30	1.9%
E2200	Equipements divers	60,000.00	54,869.11	91.4%	36,840.24	18,028.87	5,130.89	8.6%
E2300	Administration générale	90,000.00	37,811.17	42.0%	34,819.77	2,991.40	52,188.83	58.0%
E2400	Affranchissement et télécom.	100,000.00	76,500.00	76.5%	68,888.02	7,611.98	23,500.00	23.5%
E2500	Réunion et conseil	390,000.00	388,790.20	99.7%	292,422.02	96,368.18	1,209.80	0.3%
E2600	Audit et évaluation	250,000.00	99,131.97	39.7%	17,061.97	82,070.00	150,868.03	60.3%
Grand Total		1,740,000.00	1,398,219.40	80.4%	1,002,336.48	395,882.92	341,780.60	19.6%

Table 9 Budgetary execution – Title 2: Administrative expenditure – comparison 2014 – 2015

Budget article	Description.	Budget execution 2015	Budget execution 2014	% Change
E2000	Property	201,824.25	280,480.68	-28.0%
E2100	IT expenses	539,292.70	543,430.73	-0.8%
E2200	Other equipment	54,869.11	61,341.73	-10.6%
E2300	General admin.	37,811.17	22,992.24	64.5%
E2400	Postage and telecom	76,500.00	86,632.65	-11.7%
E2500	Meetings and notices	388,790.20	166,144.73	134.0%
E2600	Audit and evaluation	99,131.97	133,400.80	-25.7%
Grand Total		1,398,219.40	1,294,423.56	8.0%

Table 10 Budgetary execution 2015 – Title 3: Operational expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Canceled %
E3000	Examination office fees	5,900,000.00	5,785,194.68	98.1%	114,805.32	1.9%
E3200	Examination reports	357,000.00	306,960.00	86.0%	50,040.00	14.0%
E3400	Publications	150,000.00	115,894.38	77.3%	34,105.62	22.7%
E3500	Studies	150,000.00	149,991.63	100.0%	8.37	0.0%
E3600	Special advisors	100,000.00	62,037.06	62.0%	37,962.94	38.0%
E3700	Multi-beneficiary program	20,000.00	7,172.81	35.9%	12,827.19	64.1%
Grand Total		6,677,000.00	6,427,250.56	96.3%	249,749.44	3.7%

Table 11 Budgetary execution – Title 3: Operational expenditure – comparison 2014 – 2015

Budget article	Description.	Budget execution 2015	Budget execution 2014	% Change
E3000	Examination office fees	5,785,194.68	5,482,555.35	5.5%
E3200	Examination reports	306,960.00	270,480.00	13.5%
E3400	Publications	115,894.38	120,306.16	-3.7%
E3500	Studies	149,991.63	75,406.62	98.9%
E3600	Special advisors	62,037.06	80,113.69	-22.6%
E3700	Multi-beneficiary program	7,172.81	129,866.10	-94.5%
Grand Total		6,427,250.56	6,158,727.92	4.4%

Table 12 Budgetary execution (commitment appropriation) 2015 – Title 3: Operational expenditure

Budget article	Description	Budget initial	Transfers	Budget final	Committed	Percent committed
E3000	Examination office fees	6,900,000	-5,227.18	7,884,772.82	6,925,481.18	87.8%
E3200	Examination reports	312,000	45,000.00	357,000.00	321,840.00	90.2%
E3400	Publications	150,000		150,000.00	142,744.47	95.2%
E3500	Studies	400,000		400,000.00	19,784.74	4.9%
E3600	Special advisors	100,000		100,000.00	94,956.86	95.0%
E3700	Multi-beneficiary program	0	5,227.18	5,227.18	5,227.18	100.0%
Total		7,862,000	45,000.00	8,897,000.00	7,510,034.43	84.4%

Table 13 Title 3 – Outstanding commitments

Budget Article	Description	Outstanding beginning 2015	Committed	De-committed	Paid	Outstanding end 2015
E3000	Examination office fees	13 250 112	6 925 481	604 118,00	5 785 195	13 786 280
E3200	Examination reports	335 040	321 840	6 960,00	306 960	342 960
E3400	Publications	3 995	142 744	1 000,00	115 894	29 845
E3500	Studies	243 740	19 785	-	149 992	113 533
E3600	Special advisors	31 073	94 957	-	62 037	63 993
E3700	Multi-beneficiary program	4 805	5 227	2 219,00	7 173	640
Total		13 868 765	7 510 034	614 297,00	6 427 251	14 337 251

7. Budget amendments and transfers

As normal every year, transfers are made where there are changes in spending. For 2015, the decrease in applications compared to the previous year meant that only relatively minor transfers were made.

The budget line for interim staff was reinforced due to unforeseen staff leave replacements, the budget line for meetings were reinforced to reflect additional costs and meetings.

Finally, to ensure payments up to the year end, the budget line for takeover reports was also increased. The transfers were made from the staff budget line which had sufficient credit for this purpose.

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

Table 14 Revisions and transfers on the payment budget 2015

Budget article	Description.	Initial payment budget	Budget amendments	Payment budget transfers	Final appropriation	Budget revisions
E1100	Staff	5 998 000	0	-165 000	5 833 000	0
E1400	Interim staff	20 000	0	60 000	80 000	0
E2500	Meetings and notices	330 000	0	60 000	390 000	0
E3200	Examination reports	312 000	0	45 000	357 000	0
Grand Total		6 660 000	0	0	6 660 000	0

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

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) 2015

Title	Budget article	Description	Budget initial	Revisions	Transfers	Budget final
Title 3	E3000	Examination office fees	6,900,000.00	990,000	-5 227	7 884 773
	E3200	Examination reports	312,000.00		45 000	357 000
	E3400	Publications	150,000.00		0	150 000
	E3500	Studies	400,000.00		0	400 000
	E3600	Special advisors	100,000.00		0	100 000
	E3700	Multi-beneficiary program	0.00		5 227	5 227
Grand Total			7,862,000.00	990,000	45 000	8 897 000

A single revision was made to the budget with an additional EUR 990.000 added on line E3000 (examinations) in order to ensure the possibility to commit examinations until year-end.

8. Management of Carry-Over credits (C8)

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

The table below shows, for the 2014 amounts carried over to 2015 for payment, there was a payment level of 81% (€ 383 357.67). The amount unpaid which had been considered as a budgetary expenditure in 2014 is now "non-budgetary income" for 2015 and appears in the budget outturn account as such in the table above.

Table 16 Execution of C8 credit - 2015

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Titre 1	E1100	Staff	16,847.78	14,343.40	85%	2,504.38
	E1200	Training	43,574.00	43,574.00	100%	0.00
	E1300	Travel	16,453.10	8,336.85	51%	8,116.25
	E1400	Interim staff				
	E1500	Assistance				
	E1700	Representation				
	Total		76,874.88	66,254.25	86%	10,620.63
Titre 2	E2000	Property	140,354.21	128,256.37	91%	12,097.84
	E2100	IT expenses	104,258.11	72,829.85	70%	31,428.26
	E2200	Other equipment	10,931.53	6,442.92	59%	4,488.61
	E2300	General admin.	847.00	847.00	100%	0.00
	E2400	Postage and telecom	10,313.74	9,531.04	92%	782.70
	E2500	Meetings and notices	55,068.04	30,358.78	55%	24,709.26
	E2600	Audit and evaluation	72,826.38	68,837.46	95%	3,988.92
	Total		394,599.01	317,103.42	80%	77,495.59
Grand Total			471,473.89	383,357.67	81%	88,116.22

9. Treasury reserve

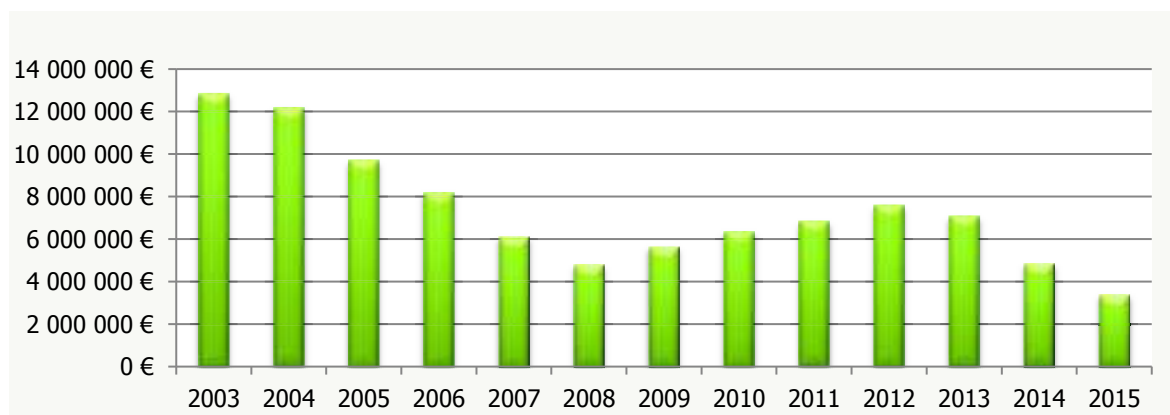
Table 17 Calculation of the free reserve

Description	31/12/2015 (€)
Treasury amount	18 299 664
Title 1 : Amount carried over to 2015	185 043
Title 2 : Amount carried over to 2015	395 883
Title 3 : Amount carried over to 2015	14 337 251
Free reserve	3 381 487

The reserve of cash and cash equivalents of the CPVO at 31 December 2015 amounted to € 18.3 million (slightly lower than the position at the same time in 2014). However, the outstanding budgetary commitments made with third parties (mainly with examination offices) at the same period amounted to € 14.9 million.

This result means that the CPVO has surpassed its aim as regards reserve reduction as can be seen below.

Table 18 Evolution of the free reserve



10. Budgetary Principles

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

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

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

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

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

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

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

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

Principle of transparency: The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency.

11. Budgetary Accounts

11.1 Budget Outturn Account – Detailed

Table 19 Detailed budget outturn

		2015	2014	% variation 2015
Income	- Fees revenue	12,663,224.00	12,293,003.00	3.01%
	- Other revenue	176,231.67	427,536.67	-58.78%
	Total	12,839,455.67	12,720,539.67	0.93%
Expenditure	Title 1 Staff expenditure	-6,154,321.58	-5,801,093.74	6.09%
	Title 2 Administrative expenditure	-1,398,219.40	-1,294,423.56	8.02%
	Title 3 Operational expenditure	-6,427,250.56	-6,158,727.92	4.36%
	Total	-13,979,791.54	-13,254,245.22	5.47%
Budget Outturn of the year		-1,140,335.87	-533,705.55	113.66%
Non budgetary income		88,116.22	72,288.52	21.90%
Net outturn for the year		-1,052,219.65	-461,417.03	128.04%

11.2 Budget income

Table 20 Budget income detailed

Budget Posts	Description	Budget after RSB(*) and transfers	Income stated in 2015	Income collected in 2015	Variation with budget (%)
1000	Fees and surcharges collected	13 692 000	12 663 224	12 663 224	-7,51%
3000	Deficit reserve	744 000			
5000	Income from administrative operations	12 000	16 027	16 027	33,56%
9100	Other income (mainly financial income)	250 000	160 204	160 204	-35,92%
9300	Multi-beneficiary program	0	0	0	
Total		14 698 000	12 839 455	12 839 455	

(*) rectified supplementary budget

11.3 Budget Outturn – detailed reports

Table 21 Commitment appropriation 2015

Title	Budget article	Description	Budget initial	Revisions	Transferts	Budget final	Committed	Percent committed	Cancelled
Titre 1	E1100	Staff	5,998,000	0	-165,000.00	5,833,000.00	5,723,858.19	98.1%	109,141.81
	E1200	Training	100,000	0	0.00	100,000.00	98,904.09	98.9%	1,095.91
	E1300	Travel	240,000	0	0.00	240,000.00	239,999.37	100.0%	0.63
	E1400	Interim staff	20,000	0	60,000.00	80,000.00	76,481.46	95.6%	3,518.54
	E1500	Assistance	18,000	0	0.00	18,000.00	12,047.55	66.9%	5,952.45
	E1700	Representation	10,000	0	0.00	10,000.00	3,030.92	30.3%	6,969.08
	Total		6,386,000	0	-105,000.00	6,281,000.00	6,154,321.58	98.0%	126,678.42
Titre 2	E2000	Property	300,000	0	0.00	300,000.00	201,824.25	67.3%	98,175.75
	E2100	IT expenses	550,000	0	0.00	550,000.00	539,292.70	98.1%	10,707.30
	E2200	Other equipment	60,000	0	0.00	60,000.00	54,869.11	91.4%	5,130.89
	E2300	General admin.	90,000	0	0.00	90,000.00	37,811.17	42.0%	52,188.83
	E2400	Postage and telecom	100,000	0	0.00	100,000.00	76,500.00	76.5%	23,500.00
	E2500	Meetings and notices	330,000	0	60,000.00	390,000.00	388,790.20	99.7%	1,209.80
	E2600	Audit and evaluation	250,000	0	0.00	250,000.00	99,131.97	39.7%	150,868.03
	Total		1,680,000	0	60,000.00	1,740,000.00	1,398,219.40	80.4%	341,780.60
Titre 3	E3000	Examination office fees	6,900,000	990,000	-5,227.18	7,884,772.82	6,925,481.18	87.8%	959,291.64
	E3200	Examination reports	312,000	0	45,000.00	357,000.00	321,840.00	90.2%	35,160.00
	E3400	Publications	150,000	0	0.00	150,000.00	142,744.47	95.2%	7,255.53
	E3500	Studies	400,000	0	0.00	400,000.00	19,784.74	4.9%	380,215.26
	E3600	Special advisors	100,000	0	0.00	100,000.00	94,956.86	95.0%	5,043.14
	E3700	Multi-beneficiary program	0	0	5,227.18	5,227.18	5,227.18	100.0%	0.00
	Total		7,862,000	990,000	45,000.00	8,897,000.00	7,510,034.43	84.4%	1,386,965.57
Grand Total			15,928,000	990,000	0.00	16,918,000.00	15,062,575.41	89.0%	1,855,424.59

Table 22 Payment appropriation 2015

Title.	Budget article	Description.	Initial payment budget	Budget amendments	Payment budget transfers	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2015 (C8)	Cancelled appropriations	Canceled %
Title 1 Staff expenditure	E1100	Staff	5,998,000.00	0.00	-165,000.00	5,833,000.00	5,723,858.19	98.1%	5,629,107.73	94,750.46	109,141.81	1.9%
	E1200	Training	100,000.00	0.00	0.00	100,000.00	98,904.09	98.9%	45,330.09	53,574.00	1,095.91	1.1%
	E1300	Travel	240,000.00	0.00	0.00	240,000.00	239,999.37	100.0%	213,474.01	26,525.36	0.63	0.0%
	E1400	Interim staff	20,000.00	0.00	60,000.00	80,000.00	76,481.46	95.6%	68,770.86	7,710.60	3,518.54	4.4%
	E1500	Assistance	18,000.00	0.00	0.00	18,000.00	12,047.55	66.9%	9,772.80	2,274.75	5,952.45	33.1%
	E1700	Representation	10,000.00	0.00	0.00	10,000.00	3,030.92	30.3%	2,823.07	207.85	6,969.08	69.7%
	Total		6,386,000.00	0.00	-105,000.00	6,281,000.00	6,154,321.58	98.0%	5,969,278.56	185,043.02	126,678.42	2.0%
Title 2 Administrative expenditure	E2000	Property	300,000.00	0.00	0.00	300,000.00	201,824.25	67.3%	147,041.79	54,782.46	98,175.75	32.7%
	E2100	IT expenses	550,000.00	0.00	0.00	550,000.00	539,292.70	98.1%	405,262.67	134,030.03	10,707.30	1.9%
	E2200	Other equipment	60,000.00	0.00	0.00	60,000.00	54,869.11	91.4%	36,840.24	18,028.87	5,130.89	8.6%
	E2300	General admin.	90,000.00	0.00	0.00	90,000.00	37,811.17	42.0%	34,819.77	2,991.40	52,188.83	58.0%
	E2400	Postage and telecom	100,000.00	0.00	0.00	100,000.00	76,500.00	76.5%	68,888.02	7,611.98	23,500.00	23.5%
	E2500	Meetings and notices	330,000.00	0.00	60,000.00	390,000.00	388,790.20	99.7%	292,422.02	96,368.18	1,209.80	0.3%
	E2600	Audit and evaluation	250,000.00	0.00	0.00	250,000.00	99,131.97	39.7%	17,061.97	82,070.00	150,868.03	60.3%
Title 3 Operational expenditure	Total		1,680,000.00	0.00	60,000.00	1,740,000.00	1,398,219.40	80.4%	1,002,336.48	395,882.92	341,780.60	19.6%
	E3000	Examination office fees	5,900,000.00	0.00	0.00	5,900,000.00	5,785,194.68	98.1%	5,785,194.68	0.00	114,805.32	1.9%
	E3200	Examination reports	312,000.00	0.00	45,000.00	357,000.00	306,960.00	86.0%	306,960.00	0.00	50,040.00	14.0%
	E3400	Publications	150,000.00	0.00	0.00	150,000.00	115,894.38	77.3%	115,894.38	0.00	34,105.62	22.7%
	E3500	Studies	150,000.00	0.00	0.00	150,000.00	149,991.63	100.0%	149,991.63	0.00	8.37	0.0%
	E3600	Special advisors	100,000.00	0.00	0.00	100,000.00	62,037.06	62.0%	62,037.06	0.00	37,962.94	38.0%
	E3700	Multi-beneficiary program	20,000.00	0.00	0.00	20,000.00	7,172.81	35.9%	7,172.81	0.00	12,827.19	64.1%
Grand Total	Total		6,632,000.00	0.00	45,000.00	6,677,000.00	6,427,250.56	96.3%	6,427,250.56	0.00	249,749.44	3.7%
			14,698,000.00	0.00	0.00	14,698,000.00	13,979,791.54	95.1%	13,398,865.60	580,925.94	718,208.46	4.9%

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

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Titre 1	E1100	Staff	16,847.78	14,343.40	85%	2,504.38
	E1200	Training	43,574.00	43,574.00	100%	0.00
	E1300	Travel	16,453.10	8,336.85	51%	8,116.25
	E1400	Interim staff				
	E1500	Assistance				
	E1700	Representation				
	Total		76,874.88	66,254.25	86%	10,620.63
Titre 2	E2000	Property	140,354.21	128,256.37	91%	12,097.84
	E2100	IT expenses	104,258.11	72,829.85	70%	31,428.26
	E2200	Other equipment	10,931.53	6,442.92	59%	4,488.61
	E2300	General admin.	847.00	847.00	100%	0.00
	E2400	Postage and telecom	10,313.74	9,531.04	92%	782.70
	E2500	Meetings and notices	55,068.04	30,358.78	55%	24,709.26
	E2600	Audit and evaluation	72,826.38	68,837.46	95%	3,988.92
	Total		394,599.01	317,103.42	80%	77,495.59
Grand Total			471,473.89	383,357.67	81%	88,116.22

12. Financial Accounts:

12.1 Balance sheet

Table 24 Balance sheet

				2015	2014
Assets	Non-Current assets	Intangible Assets	1	24,322.04	40,450.60
		Tangible Assets	2	3,229,370.81	3,373,174.73
		Medium term investments	3	2,245,600.00	1,512,600.00
		Total		5,499,292.85	4,926,225.33
	Current assets	Short-term receivables	4	3,791,687.76	2,985,677.16
		Treasury	5	16,054,063.93	17,667,993.91
		Other receivable	6	72,981.07	95,481.50
		Total		19,918,732.76	20,749,152.57
	Total			25,418,025.61	25,675,377.90
Liabilities	Accumulated result	Reserve		14,059,438.19	14,745,891.82
		Profit / deficit		(1,927,897.15)	(686,453.63)
		Total		12,131,541.04	14,059,438.19
	Current liabilities	Accrued charges and deferred income	7	13,066,481.48	11,434,076.85
		Current payables	8	25,563.09	10,222.86
		Short-term provision	9	194,440.00	171,640.00
		Total		13,286,484.57	11,615,939.71
	Total			25,418,025.61	25,675,377.90

12.2 Statement of financial performance

Table 25 Statement of financial performance

		2015	2014
Income	Income from fees	12,287,755.43	12,769,222.34
	Income from administrative operations	36,543.71	4,760.22
	Income from subsidies	47,604.74	115,815.73
	Total	12,371,903.88	12,889,798.29
Expenditure	Operational expenses	(6,837,748.37)	(6,564,790.76)
	Salaries and social taxes	(5,831,382.94)	(5,382,522.06)
	Overheads	(1,502,267.77)	(1,582,982.92)
	Depreciation	(261,457.67)	(273,074.66)
	Total	(14,432,856.75)	(13,803,370.40)
Result		(2,060,952.87)	(913,572.11)
Financial revenue	Interest income	134,399.30	228,078.90
	Miscellaneous financial income	948.86	1,445.12
	Total	135,348.16	229,524.02
Financial expenditure	Bank charges & exchange differences	(2,292.44)	(2,405.54)
	Total	(2,292.44)	(2,405.54)
Result		133,055.72	227,118.48
Economic outturn for the year		(1,927,897.15)	(686,453.63)

12.3 Cash-flow (Indirect method)

Table 26 Cash-flow

	2015	2014
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-1 927 897,15	-686 453,63
<i>Operating activities</i>		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	18 790,22	24 397,09
Depreciation (tangible fixed assets) +	242 667,45	248 677,57
Impairment (tangible fixed assets) +		369 869,55
Increase/(decrease) in Provisions for risks and liabilities	22 800,00	28 240,00
(Increase)/decrease in Long term Receivables	-733 000,00	3 000 000,00
(Increase)/decrease in Short term Receivables	-783 510,17	300 486,50
Increase/(decrease) in Other Long term liabilities		
Increase/(decrease) in Accounts payable	1 647 744,86	-571 279,72
<i>Net cash flow from operating activities</i>	-1 512 404,79	2 713 937,36
<i>Cash Flows from investing activities</i>		
Increase of tangible and intangible fixed assets (-)	-101 525,19	-73 707,56
Proceeds from tangible and intangible fixed assets (+)		
Loss on decommissioning of assets (+)		0,00
<i>Net cash flow from investing activities</i>	-101 525,19	-73 707,56
<i>Net Increase/(decrease) in cash and equivalent</i>	-1 613 929,98	2 640 229,80
Cash and cash equivalents at the beginning of the period	17 667 993,91	15 027 764,11
Cash and cash equivalents at the end of the period	16 054 063,93	17 667 993,91
<i>Net Increase/(decrease) in cash and equivalent</i>	-1 613 929,98	2 640 229,80
<i>Difference</i>	0,00	0,00

12.4 Reconciliation between the economic result and the budgetary result

Table 27 Reconciliation table

	sign +/-	Amount
Economic result (+ for surplus and - for deficit)	+/-	-1 927 897,15
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-10 368 301,22
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	12 068 584,14
Depreciation of intangible and tangible assets (1)	+	261 457,67
Value reduction	+	
Recovery Orders issued in 2015 in class 7 and not yet cashed	-	-3 236 028,26
Payments made from carry over of payment appropriations	+	383 357,67
Prefinancing received in previous year and cleared in the year	-	-47 604,74
Asset acquisitions (less unpaid amounts)	-	-111 735,92
Budgetary recovery orders issued before 2015 and cashed in the year	+	2 418 757,88
Payment appropriations carried over to 2016	-	-580 925,94
Cancellation of unused carried over payment appropriations from previous year	+	88 116,22
total		-1 052 219,65
Budgetary result (+ for surplus) (2)		-1 052 219,65
Including amount of exchange rate differences (3) - (+ for gain ; - for loss)		0,00
Delta not explained		0,00

12.5 Notes to the financial accounts

Note 1 Intangible fixed assets

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

Note 2 Tangible Fixed Assets

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

Note 3 Medium term investments

	2015	2014
Medium term investments	2,245,600.00	1,512,600.00
Total	2,245,600.00	1,512,600.00

In 2015, medium term investments concerned 2 investments: one with BNP for 512 600 € (due date January 2016) and two with Caisse d'Epargne for a total of 1 733 000 € (with a due date in October 2017 and May 2018) but can be terminated each year in October and May. There is low increase of medium term investments in 2015 compare to 2014 and a decrease of short term investment.

Note 4 Short term receivables

	2015	2014	2013
Customers	3,450,462.47	2,636,484.87	2,985,070.87
VAT	256,911.65	265,603.56	177,872.89
Deferred charges	84,313.64	83,588.73	59,760.52
Total	3,791,687.76	2,985,677.16	3,222,704.28

The increase of the amount related to customers is due to the increase of the high number of application received in 2014 and the cumulative number of titles granted.

The French VAT amount is slightly decreasing while the outside French VAT is slightly increasing. Difficulties are still existing for reimbursement for outside French VAT.

Note 5 Treasury

	2015	2014
Short-term investments	10,680,186.86	13,396,085.24
Current accounts	5,323,543.23	4,225,798.28
Imprest account	49,533.84	45,310.39
Cash in hand	800.00	800.00
Total	16,054,063.93	17,667,993.91

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

Breakdown of short term investments

	2015	2014
BARCLAYS	-	575,662.16
BNP	2,958,000.00	2,958,000.00
CAISSE D'EPARGNE	705,800.00	1,122,000.00
CREDIT AGRICOLE	4,000,000.00	4,155,000.00
HSBC	-	1,600,000.00
LCL	1,324,672.28	1,315,423.08
SOCIETE GENERALE	1,691,714.58	1,670,000.00
Total	10,680,186.86	13,396,085.24

Note 6 Other receivables

	2015	2014
Interest to be received	70,625.31	95,481.50
Other receivable	666.00	-
Sundry receivables (staff)	1,689.76	
Total	72,981.07	95,481.50

Interest rates are still very low and decreased in 2015. The Office expects less return on investments.

Note 7 Accrued charges and differed income

	2015	2014
Deferred income	8,328,708.80	7,156,350.23
Invoices to be received	4,332,523.48	3,861,357.81
Suspense account	43,308.00	132,477.57
Accrued holidays	84,743.05	87,794.13
Charge accounts	277,198.15	143,265.19
Pre-financing received	-	52,831.92
Total	13,066,481.48	11,434,076.85

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

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.

In 2015 the CPVO terminated the program linked to the multi-beneficiary program and the pre-financing received

	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					
		338 337,70	338 337,70	321 420,82		5 227,18
Payment 2	129 865,00					
Total	326 648,00	338 337,70	338 337,70	321 420,82		5 227,18
Reimbursed to the Commission						-5 227,18
Balance end of 2015						0,00

Note 8 Current payables

	2015	2014
Sundry credit accounts	6,513.50	6,335.00
Suppliers	19,049.59	3,887.86
Total	25,563.09	10,222.86

Note 9 Short term provision

	2015	2014
Provision for doubtful debts	194,440.00	171,640.00
Grand Total	194,440.00	171,640.00

Table 28 Statement of changes in capital

	2015	2014
Reserve	14,059,438.19	14,745,891.82
Profit / deficit	(1,927,897.15)	(686,453.63)
Cumulated reserve	12,131,541.04	14,059,438.19

12.6 Other Disclosures

Off Balance Sheet Commitments

At the year-end there was of a total of € 14 337 251 of commitments open on title 3 (operational expenditure) and a further € 580 926 for titles 1 and 2 carried to 2015 as C8 credits. Of this total, € 4 332 523 relates to work carried out in or before 2015 but not yet invoiced an amount for which there is a provision in the financial accounts. The balance of **€ 10 585 654** 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.

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 30 000 €.

Related parties

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

Grade	N° of staff
AD14	1
AD12	1
Total	2

Post balance sheet events

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

12.7 Statement of financial risk

Medium term investments

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

Long term receivables	1-2 years	2-3 years	total
Medium term investment BNP	512 600,00		512 600,00
Medium term investment Caisse d'Epargne		1 733 000,00	1 733 000,00
total	512 600,00	1 733 000,00	2 245 600,00

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

Customers	2015	2014
Amount at the start of the year	3 450 462,47	2 636 484,84
Provision at the start of the year	-171 640,00	-143 400,00
Additional provision (-)	-26 260,00	-30 800,00
Reduction of the provision (+)	1 900,00	1 020,00
Write-offs	1 560,00	1 540,00
Accumulated impairment (-)	-194 440,00	-171 640,00
Net amount at the end of the year	3 256 022,47	2 464 844,84

Break down of the provision for customers	2015	2014
Receivables from 2009	4 990,00	6 550,00
Receivables from 2010	41 420,00	41 520,00
Receivables from 2011	60 420,00	60 420,00
Receivables from 2012	45 950,00	45 850,00
Receivables from 2013	24 220,00	17 300,00
Receivables from 2014	17 440,00	0,00
Net amount at the end of the year	194 440,00	171 640,00

The trend of the provision for customers is downward since a few years.

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 2 245 600 €, 84 313.64 € for deferred charges already paid in 2014 income to be received in 2015 from 2014 for 72 315.07 €.

Counterparties with external credit rating	Receivables with Member States	All receivables with third parties including accruals & deferrals *	Short-term deposits	Bank accounts and cash	Total	% of the total
Prime and high grade	234 276,59	2 402 894,71	10 680 186,86	5 373 877,07	18 691 235,23	99,88%
Upper medium grade	17 363,40				17 363,40	0,09%
Lower medium grade	2 315,19				2 315,19	0,01%
Non-investment grade	2 956,47				2 956,47	0,02%
Total	256 911,65	2 402 894,71	10 680 186,86	5 373 877,07	18 713 870,29	100,00%

* excluding receivables with MS and receivables with consolidated entities

The table below concerns more particularly receivables from our customers.

Counterparties without external credit rating	Receivables with Member States	All receivables with third parties including accruals & deferrals	Short-term deposits	Bank accounts	Total
Customers		3 450 462,47			3 450 462,47
Debtors who defaulted in the past					
Total	0,00	3 450 462,47	0,00	0,00	3 450 462,47

Maturity term OF FINANCIAL ASSETS

Short term receivables	< 1 year	1-2 years	>2 years	total
Customers	3 450 462,47			3 450 462,47
VAT	255 903,65			255 903,65
Deferred charges	80 003,47	3 788,76	521,41	84 313,64
total	3 786 369,59	3 788,76	521,41	3 790 679,76

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	345 061,24			345 061,24
Payables with consolidated entities				
Total	345 061,24	0,00	0,00	345 061,24

CURRENCY EXPOSURE (in EUR)

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

12.8 Summary of main accounting principles

In accordance with the Financial Regulation (EC, Euratom) n°1605/2002 of the Council of 25 June 2002, amended by Council Regulation (EC, Euratom) n° 1995/2006 of 13 December 2006 and (EC) n° 1525/2007 of 17 December 2007, the CPVO's financial statements¹ for the financial year 2015 are prepared on the basis of the EC Accounting Rules which adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the Communities², 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 2015 to 31 December 2015.

Accounting Principles

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

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

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

¹ 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.

² 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 licenses are stated at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives, being 4 years.

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

Property, plant and equipment

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.

List of tables and notes

Table 1 Budgetary outturn 2015	6
Table 2 Revenue breakdown	7
Table 3 Breakdown of fee income	7
Table 4 Budgetary execution 2015	8
Table 5 Budgetary execution – comparison 2014 – 2015	8
Table 6 Budgetary execution 2015 – Title 1: Staff expenditure	8
Table 7 Budgetary execution – Title 1: Staff expenditure – comparison 2014 – 2015	9
Table 8 Budgetary execution 2015 – Title 2: Administrative expenditure	9
Table 9 Budgetary execution – Title 2: Administrative expenditure – comparison 2014 – 2015	9
Table 10 Budgetary execution 2015 – Title 3: Operational expenditure	10
Table 11 Budgetary execution – Title 3: Operational expenditure – comparison 2014 – 2015	10
Table 12 Budgetary execution (commitment appropriation) 2015 – Title 3: Operational expenditure	10
Table 13 Title 3 – Outstanding commitments	10
Table 14 Revisions and transfers on the payment budget 2015	11
Table 15 Revisions and transfers of the commitment budget (title 3) 2015	11
Table 16 Execution of C8 credit - 2015	12
Table 17 Calculation of the free reserve	13
Table 18 Evolution of the free reserve	13
Table 19 Detailed budget outturn	15
Table 20 Budget income detailed	15
Table 21 Commitment appropriation 2015	16
Table 22 Payment appropriation 2015	17
Table 23 Budget outturn of non-differentiated credits carried forward (C8)	18
Table 24 Balance sheet	19
Table 25 Statement of financial performance	20
Table 26 Cash-flow	21
Table 27 Reconciliation table	22
Table 28 Statement of changes in capital	26
 Note 1 Intangible fixed assets	 23
Note 2 Tangible Fixed Assets	23
Note 3 Medium term investments	24
Note 4 Short term receivables	24
Note 5 Treasury	24
Note 6 Other receivables	25
Note 7 Accrued charges and differed income	25
Note 8 Current payables	26
Note 9 Short term provision	26