

## CONSOLIDATED ANNUAL ACTIVITY REPORT 2017

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## Administrative Council analysis and assessment

The President of the Community Plant Variety Office presented the Annual Activity Report for the year 2017 to the Administrative Council (AC) at its meeting in Angers on 21 March 2018.

It was noted that CPVO applications remained strong in 2017, with 3 422 applications in total. The processing of over 61 500 applications since 1995 underlining the stability and sustainability of the system.

The number of applications continues to be at a very high level and the finances of the CPVO are robust. This shows that the creation of a self-financed agency to implement a well-defined EU policy area is a winning concept.

In 2017, the CPVO successfully reduced its free reserve. A planned negative outturn was reached following the reduction of fees during the three last years. The CPVO appears on course to attain its long term goal of maintaining stable application and annual fees, whilst the fees for technical examinations have been adjusted to the costs of performing the DUS tests. This development further underlines the CPVO's commitment to providing plant variety rights at as low a cost as possible.

In the October meeting 2017 the AC adopted a Strategic Plan for 2017-2021. The AC also adopted the new Strategy on International Relations in which the objectives of the Office are aligned with the EU strategy. The Office made remarkable efforts to participate in the IP Key EU funded project, assisting China in the potential process of accession to the UPOV 91 Convention, and with the ultimate goal of supporting EU breeders to apply for protection in China.

The indicators, provided in this report, show that the objectives set in the 2017 Work Programme were satisfactorily achieved.

The AC takes note of the Management Report, and especially the part related to Budget and Financial Management. It also takes note of the Assessment by the Management and the Declaration of Assurance.

The AC is satisfied with the declaration of the authorising officer that his report gives a true reflection of the situation on the ground and that he has reasonable assurance that the resources assigned to the activities described in his report have been used for their intended purpose. The AC also accepts that such activities were carried out in accordance with the principles of sound financial management. The AC is satisfied that the control procedures in place, provide an adequate guarantee as to the legality and regularity of the affairs of the CPVO.

The AC is satisfied that the President of the CPVO is unaware of any matter not reported which could harm the interests of the CPVO.

Chair of the CPVO Administrative Council



# 1. Executive Summary - Achievements of the year

## 1.1. Introduction

In 2017 the CPVO received 3422 applications, the second highest number of applications received in the history of the Office and an increase of 3,7 % compared to 2016. The number of applications for fruits and ornamentals increased while the number of applications for agricultural and vegetable varieties decreased. Furthermore, the number of grants was the second highest ever (2865), and the number of titles in force reached 25,900 by the end of 2017. The number of surrenders was also high in 2017 more than likely because the amount of the annual fee was increased on 1 January 2017.

The net outturn, which was a positive EUR 1.37 million, is a significant improvement on 2016, which was negative EUR 2 million. This dramatic turn-around was possible due to the increase in Annual Fees from 1 January 2017 and allowed the CPVO to stabilise the Free Reserve above zero. Nevertheless, the Office will continue with a prudent approach to discretionary spending in future, as the high level of commitments for technical examinations made in 2017 is likely to contribute to the Free Reserve remaining low before a revision of the fees in 2020. The term of office of Carlos Godinho, CPVO Vice President, ended in March 2017. In July 2017 the Council decided to appoint Mr Francesco Mattina as CPVO Vice President for a period of five years.

In October 2017, the CPVO Administrative Council adopted the Strategic Plan for 2017-2021 in which it is established that the CPVO mission is to deliver and promote an efficient Intellectual Property Rights system that supports the creation of new plant varieties for the benefit of Society. Strategic goals and objectives are identified in the Strategic Plan. The work program for 2018 and the single programming document 2019-2021 set out the more detailed objectives and the key performance indicators for the period. In 2017, a project to fully integrate the global CPVO objectives into the Career Development Reports of all CPVO staff was initiated.

As I see it, the main challenges ahead will be to ensure that technical examinations can be done in an efficient manner taking into account the ever-increasing number of reference varieties of common knowledge. Investments need to be made to ensure that new technologies are developed to meet this challenge. IT tools and databases will continue to be key to manage this increase in data. To develop new technologies and IT tools is expensive. For this reason, the CPVO joined in 2017 a consortium that is making a bid to acquire funds from EU H2020 with the aim to improve plant variety testing in the EU. The decision on whether the bid will be successful is expected in the second half of 2018. To keep up with new techniques in a highly- specialised business the CPVO technical unit was also reinforced through the employment of an expert in the field of bio-molecular techniques.

The CPVO continues to make IT a priority. In 2017, it was decided to reinforce the IT Team with three new colleagues. At the same time, the budget to outsource IT services was decreased. The net effect as regards manpower is nevertheless very positive since outsourcing is more expensive than employing staff. The recruitments will allow the CPVO to meet the ever-increasing internal IT needs as well to provide a high-level service to its stakeholders. During the year, I decided to make it a priority to adapt the CPVO online application system in a way that it would be compatible with the UPOV PRISMA application system. This project was not foreseen as an objective in the work program for 2017, but it proved to be necessary to invest much more resources than expected. The two systems should be compatible in the beginning of 2018.

The United Kingdom has decided to withdraw from the EU. This means that, unless a ratified withdrawal agreement establishes another date, EU law will cease to apply in the UK from 30 March 2019. Together with DG SANTE the CPVO has analysed the effects of Brexit and information on the consequences has been published on the CPVO and Commission website. In 2017 the CPVO organised an extraordinary new species procedure with the aim to ensure that test facilities will be available in the EU27 for species which were only tested by the two examination offices in the UK until now. Thanks to excellent initiatives and cooperation with examination offices the exercise was successful.

In 2017 we have built on our cooperation with the European Patent Office (EPO) and the European Union Intellectual Property Office (EUIPO). A public seminar on the interface between the PVR and patent system was co-organised by the CPVO and the EPO in Brussels.



On 4 October 2017, the CPVO Administrative Council adopted a revised international relations strategy. The CPVO, together with the Commission services, the Member States and other international organisations, are working outside the EU to strengthen plant variety systems. The key elements of this cooperation are an exchange of knowledge and support for EU users on registration and enforcement overseas. For EU breeders doing business outside the borders of the Union, being able to access and secure their IP rights is a key strategic advantage, particularly for SMEs. At the occasion of the 9th National Forum on Agricultural Intellectual Property in Qingdao, PRC, on 15 November 2017, I signed administrative arrangements (AA) with the two Chinese PVP authorities. The AA focusses on exchange and cooperation in administrative and technical matters in the context of increasing demand for plant variety protection in China. The number of applications that are close to the ones received by the CPVO and the increasing number of botanical taxa covered by the protection system requires the creation of additional DUS test capacity. Therefore, many of the activities planned under the administrative arrangements aim to increase the throughput by enhancing the efficiency and qualifying new DUS centres. EU Examination Offices will be involved in the implementation of this project. The activities under the AA will be funded by the EU IPKey project as well as by the Chinese authorities.

An external evaluation of the CPVO Communication strategy was finalised and a report delivered in May 2017. Following this report, the CPVO will update its policy on external communications and possibly recruit a communication officer.

The details of the projects described above and other activities are elaborated in this report which should give an overview of the activities carried out in 2017. The report demonstrates that almost all objectives set out were achieved.

## 1.2. Achievement of CPVO Work Programme Objectives

The CPVO Work programme for 2017 outlined a number of objectives and indicators for each major activity defined for the year. What follows is an analysis of the state of play for the achievement of each of these objectives.

### 1.2.1. Managing the Community Plant Variety Rights (CPVR) System

Managing the CPVO system entails amongst others, work as regards processing applications, managing appeals to any decisions taken, and providing access to documents to the public when requested. Below are the detailed results for each of these activities in 2017.

*Figure 1 Achievement of objectives – Processing of applications:*

Objectives	Results (indicators)
Deal with applications in a timely manner with a high quality service to clients and grant solid titles	84% of the applications were processed within 5 working days
Promote the on-line application system	96% online applications , all paper clients are on a routine basis approached individually
Monitor and improve the average time between application and final decision	The processing time is closely and regularly monitored. CHs make individual reports on old files for the relevant crop sectors
Promote amongst the Member States the use of the advisory service on variety denominations.	All examination offices make use of the service, 7442 advices given in 2017 (+15% compared to 2016)

The Board of Appeal took two decisions in 2017. All appeals have been dismissed as inadmissible or unfounded. Against decisions of the Board of Appeal in 2017, one further action was lodged with the General

Court. Four new judgments have been rendered by the General Court. One new judgment has been rendered by the Court of Justice of the EU in 2017. (See Board of Appeal statistics in Annex VII)

*Figure 2 Achievement of objectives – Appeals*

Objectives	Results (indicators)
Present clearly and convincingly the position of the Office before the Board of Appeal (BoA), the Court of Justice of the European Union (CJEU)	The two appeals lodged in 2017 have been dismissed as unfounded. Two of three actions lodged before the General Court against decisions of the Board of Appeal have been dismissed. One action on staff related matters has been dismissed. One appeal has been upheld by the CJEU.
Ensure the deadlines are met.	All written observations and responses have been filed within the deadlines

In 2017 the Office has received 110 requests for public access to documents and 2 confirmatory requests.

*Figure 3 Achievement of objectives – Public access to documents*

Objectives	Results (indicators)
Ensure the deadlines for response are respected	All requests for public access to documents have been replied within the deadlines
Ascertain that no confidential information (in the meaning of Regulations 1049/2001 and 2100/94) is disclosed	Achieved
Publish the largest number possible of non-confidential information on the website	CPVO Applications and Titles in force database provides the tool for public searches

### 1.2.2. Quality Audit System

*Figure 4 Achievement of objectives – Quality Audit System*

Objectives	Results (indicators)
Carry out the foreseen number of audit visits, while applying a risk based audit strategy	12 assessments carried out (9 regular, 3 scope extension, 0 surveillance)

### 1.2.3. Development of the system

*Figure 5 Achievement of objectives – Technical developments*

Objectives	Results (indicators)
Establish annual evaluation reports to the President summarising the findings from monitoring visits at certain Examination Offices throughout 2017	Cooperation reports are prepared in view of annual bi-lateral meetings with the EOs. Accordingly 7 reports were drafted in 2017
Organise meetings with examination offices and experts in the various crop sectors to promote best practises and harmonise methodologies	4 crop sector expert meetings were organised, one in each crop sector
Revision of existing and set up of new Technical Protocols (TPs) in close collaboration with Examination Offices. A particular objective is the	11 new TPs were adopted in 2017 14 revisions of existing TPs were adopted in 2017

increase of coverage of catalogue species by CPVO TPs.	The coverage of species by CPVO TPs is close to 100% in the vegetable sector, the remaining TP with applications behind will be adopted in March 2018 (leaf chicory) , it is ca. 80% in the agricultural sector, however the coverage of applications is also here close to 100%
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*Figure 6 Achievement of objectives - Regulatory developments*

Objectives	Results (indicators)
Revision of the Variety Denomination Guidelines with Explanatory Notes	The working Group finalized the revision of the Guidelines with Explanatory Notes
Amendment of Commission Regulation No 874/2009 (Proceedings Regulation	No amendments needed
Amendment of Commission Regulation (EC) No 1238/95 of 31 May 1995 (Fees Regulation	No amendments needed
Novelty Guidelines	Implemented in the Vademecum

#### 1.2.4. Research and Development Projects

*Figure 7 Achievement of objectives – Research and Development Projects*

Objectives	Results (indicators)
Evaluate and co-finance the most promising candidate projects	3 new R&D projects were positively evaluated and the President decided to co-finance these projects
Continue the monitoring of the on-going projects	CPVO experts attend the annual meetings of the ongoing projects
Continue the follow-up of the finalised projects	In the vegetable sector the outcome of Harmores 2 has been implemented into the TPs  The endophyte project has been implemented in the submission requirements  The results of the primed seed project has been implemented in the submission requirements  The outcome of the minimum distance project has launched the revision of the apple TP and is under discussion for the ornamental species concerned.
Harmonisation of vegetable disease resistances	See above under Harmores 2  Harmores 3 project aiming at this objective is ongoing
Organize the first IMODDUS meeting (Integration of molecular data into DUS testing)	Has been organised

#### 1.2.5. Information Technology

The ICT and Database management team has been reinforced in 2017 with three additional staff. This change reflects the growing importance of the provision of robust applications and infrastructure for the proper functioning of the system, and the high number of projects underway and planned for the future.

All key objectives for IT have been achieved for 2017.



Figure 8 Achievement of objectives – Information Technology

Objectives	Results (indicators)
CPVO external website updated during 2017	The new website has been put in place and updated during the year. This will be an ongoing task.
MyPVR portal	Launched in 2017 as planned.
Mission management system developed	Given the possibility to use the EU Commission system (MIPS) from 2019, this project was postponed.
Automate workflows in SharePoint to remove paper from internal procedure	Ongoing project.

#### 1.2.6. External Relations

In 2017 the CPVO has continued its activities to strengthen its international cooperation on technical level with the signature of Administrative Arrangements with China and ARIPO. It has also participated to the implementation of the IP Key project on the suitability study of China's accession to UPOV 1991.

Figure 9 Achievement of objectives – External Relations

Objectives	Results (indicators)
Continue the promotion of the plant variety system with the cooperation of the CPVO stakeholders	Participation to the EU-India Intellectual Property Cooperation project
Investigate possible cooperation to promote the PVR systems in third countries	Supported the adoption of the Implementing Regulations of the Arusha Protocol by the ARIPO AC, AA signed with ARIPO. AA signed with MoA and SFA of China. Participation to EAPVP Forum and PVP awareness seminar in Myanmar.
Implement the strategy on cooperation with third countries on PVR matters	New international relations strategy adopted in 2017

#### 1.2.7. Enforcement and interface PVR/Patents

In 2017 the CPVO has continued its cooperation with the Observatory on the infringement of Intellectual Property Rights. The CPVO has contributed to the up-date of the Observatory national case-law database has been. The CPVO has also continued the update of its own case-law database.

As regards the interface between patents and PVRs on 11 February 2016 the CPVO signed an Administrative Arrangement with the EPO to enhance their cooperation through the exchange of technical knowledge and best practices in the area of plant-related patents and plant variety rights. The first implementation action of this agreement was the celebration on 21 and 22 September 2016 in Angers of the first workshop between CPVO and EPO examiners. The second workshop took place in Munich on 30 March 2017 and a joint public conference was held in Brussels on 29 November 2017. A working group has been set up to investigate the making available to patent examiners of technical questionnaires and variety descriptions in a searchable format for the purpose of prior art's searches.

Figure 10 Achievement of objectives – Enforcement and interface PVR/Patents

Objectives	Results (indicators)
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Participation in the relevant meetings of EUIPO Observatory	Achieved
Update the CPVO database with PVR case-law	Achieved
Cooperation with the EPO	Achieved (one technical workshop, one public conference and a working group organized)

#### 1.2.8. Horizontal activities

The year 2017 was one of extremely high workload in the CPVO for horizontal support activities. This ranged from a record number of recruitments, to very high levels of receipts and payments managed in the accounting sector.

The CPVO is committed to keeping a low level of Free Reserve and to do so requires adjustments to the budget in the medium term, through setting fees at an appropriate level. This year saw the return to a positive budget outturn, as forecast, in order to stabilise the free reserve, which is now at an historical low.

*Figure 11 Achievement of objectives – Budget*

Objectives	Results (indicators)
Budgetary out-turn balancing income and expenditure. Stable free reserve	The Free reserve remained stable and low.
Sufficient flexibility to avoid amendments to the budget and budget transfers requiring the approval of the Budget Authority	No budget revisions.
Prompt execution of budgetary transactions in compliance with the legal and regulatory framework	No comments from the Court of Auditors in this regard.

*Figure 12 Achievement of objectives – Accounting and treasury operations*

Objectives	Results (indicators)
90% payments under 30 days	79% invoices paid in less than 30 days. Average payment delay 19.8 days. This was done while there were 1318 (31%) additional invoices as compared to the previous year.
No comments from the Court of Auditors related to final accounts	Achieved.
Client satisfaction	No negative feedback.

*Figure 13 Achievement of objectives – Human Resources*

Objectives	Results (indicators)
Recruit, train, assess, (motivate and retain) high quality staff so that effective and efficient operation of the CPVO is ensured	The CPVO welcomed 6 new contract agents and 1 new temporary agent in 2017. Delays were minimal and at year end there was only one vacant post.
Assist the Management in the implementation of the traineeship program	Objective achieved.

Give an expertise in the domain of HR to the Management and the Staff	This is done on an ongoing basis.
Draft and implement clear rules for all HR aspects	Vademecum of procedures has been updated.
Prepare salaries in due time	No delays in salary preparation
Processing missions reimbursements in due time	No delays in reimbursements.
Give access to a wide choice of trainings in line with the needs expressed	Achieved

Figure 14 Achievement of objectives – General Services

Objectives	Results (indicators)
Implement the various services and equipment allowing the staff to work in good conditions and in full security	Achieved
Manage efficiently the purchase and delivery of goods and services	Achieved
Maintain the buildings in a good state	Achieved: the renovation of the office space in the Mirror building has been finalised and results in an increase of the number of office rooms.
Manage the contracts linked to all these activities	Achieved

Figure 15 Achievement of objectives – Internal Control, Audits and Evaluations

Objectives	Results (indicators)
Ensure that the Internal Audit is operated as an independent and objective consultancy activity and improve the effectiveness of risk management, control and governance processes	The 2017 Internal Audit programme has been started in September 2017. The fieldwork will take place in March-April 2018. The CPVO expects the final report in May 2018.
Ensure that the audit recommendations are taken into account and that the relevant action plans are designed and followed	The audit recommendations are followed up and monitored regularly. The recommendations included in the 2016 internal audit report were followed by action plans and almost all actions have been completed, except for some points requiring a high level of resources and technical expertise (IT).
Organise regularly evaluations of the activities resulting in relevant and useful information	The final report of the Evaluation of CPVO external communication, started in 2016, has been delivered to the Administrative Council on 4 October 2017.  The next <i>ex post</i> evaluation of the CPVO activities should take place in 2021.
Implement, maintain and report on an effective and reliable internal control system	Achieved. Delegation of power for budget implementation are adapted to the needs. CPVO staff is regularly trained on fraud awareness and budgetary rules.  These elements are reviewed twice a year by the Court of Auditors and no issue was reported.

### 1.2.9. Cost of activities

The table below shows the breakdown of real costs (actual commitments 2017) for the activities defined above. This is based on a total of EUR 17.4 million commitments. Staff is based on staff in service at year-end.

*Table 1 - Breakdown of cost of activities*

Activity	HR (fte)	% of total	Operational budget	Staff and overhead	Total	% of total
Managing the system: Processing applications	18.3	37.5%	8,992,734	2,776,326	11,769,060	67.6%
QAS	1	2.0%	30,000	148,071	178,071	1.0%
Development of the system	2.5	5.0%	-	370,177	370,177	2.1%
R&D Projects	0.5	1.0%	318,124	74,035	392,159	2.3%
Information Technology	9.4	19.0%	605,368	1,406,672	2,012,040	11.6%
External Relations	3.5	7.0%	-	518,248	518,248	3.0%
Enforcement and interface PVR/Patents	0.1	0.0%	-	-	-	0.0%
<b>Total Core Activities</b>	<b>35.3</b>	<b>71.5%</b>	<b>9,946,226</b>	<b>5,293,528</b>	<b>15,239,754</b>	<b>87.5%</b>
Budget	0.3	1.0%	-	74,035	74,035	0.4%
Accounts	3.7	8.0%	-	592,283	592,283	3.4%
<b>Total Neutral Activities</b>	<b>4</b>	<b>9.0%</b>	<b>-</b>	<b>666,318</b>	<b>666,318</b>	<b>3.8%</b>
HR	1.6	3.1%	-	229,510	229,510	1.3%
General Services	7.1	14.3%	-	1,058,706	1,058,706	6.1%
Internal Control, Audit, other	1	2.1%	64,349	155,474	219,823	1.3%
<b>Total Horizontal support</b>	<b>9.7</b>	<b>19.5%</b>	<b>64,349</b>	<b>1,443,690</b>	<b>1,508,039</b>	<b>8.7%</b>
<b>Grand total</b>	<b>49</b>	<b>100.0%</b>	<b>10,010,575</b>	<b>7,403,536</b>	<b>17,414,111</b>	<b>100.0%</b>

## 2. Management Report

### 2.1. Administrative Council

#### 2.1.1. Spring meeting

**At the meeting on 14-15 March**, the AC gave its (confidential) opinion in respect of the shortlisted candidates for the function of Vice-President of the CPVO. They also appointed the reporting officers of the President and of the Vice-President for their 2017 evaluation.

During that meeting, the members of the AC **adopted the following**:

- the Consolidated Annual Activity Report –CAAR – 2016 providing a complete overview of the CPVO activities for 2016 and including the AC analysis and Assessment adopted by the AC and the discharge of the President of the CPVO for implementation of the 2015 budget;
- a decision to invite an EUIPO representative as observer in its meetings;
- the entrustment of the following examination offices:
  - (a) NAKTUIBOUW (The Netherlands);
  - (b) COBORU (Poland);
- six new and thirteen revised technical protocols presented for:
  - (new) CPVO-TP/033/1-Poa Pratensis L., CPVO-TP/080/1-Glycine max (L). Merrill, CPVO-TP/178/1-Raphanus sativus L. var oleiformis Pers., CPVO-TP/179/1-Sinapis alba L., CPVO-TP/311/1-Cucurbita maxima Duch. X Cucurbita moschata Duch., CPVO-TP/313/1-Lagenaria siceraria; and
  - (revised) CPVO-TP/007/2 Rev.2-Pisum sativum L., CPVO-TP/013/5 Rev.2-Lactuca sativa L., CPVO-TP/023/3-Solanum tuberosum L., CPVO-TP/045/2 Rev-Brassica oleracea – cauliflower, CPVO-TP/048/3 Rev-Brassica oleracea – cabbage, CPVO-TP/054/2 Rev-Brassica oleracea – Brussels sprouts, CPVO-TP/055/5 Rev.2-Spinacea oleracea L., CPVO-TP/065/1 Rev-Brassica oleracea – kohlrabi, CPVO-TP/076/2 Rev-Capsicum annuum L., CPVO-TP/151/2 Rev-Brassica oleracea – broccoli, CPVO-TP/202/2-Ocimum basilicum L., CPVO-TP/212/2-Petunia Juss, CPVO-TP/294/1 Rev.2-Tomato rootstocks (partial revision).
- Two model-decisions drafted for agencies on giving agencies ex-ante agreement to the non-application of the Commission Decision on the maximum duration for the recourse to non-permanent staff and regarding implementing rules on setting up a staff committee;
- To opt-out of five Commission decisions on middle management staff, the function of adviser, the implementation of the learning and development strategy of the EC, the training on own initiative of a member of staff and repealing existing rules on learning and development.

The members of the AC also **took note of**:

- the CPVO Strategic Plan for 2017-2021;
- the draft International Relations Strategy of the CPVO;
- the Quality Audit Service Review Report for 2016;
- the draft programming document 2018-2020, including the preliminary draft budget for 2018;
- the outcome of the satisfaction survey on AC meetings;
- the report on the 2nd meeting of the IMODDUS group aiming at developing a strategy on how to integrate BMT into DUS testing and proposing R&D projects for co-funding by the CPVO;
- the update on the cooperation between CPVO and EPO;



- the state of affairs of the ad-hoc working group on the revision of the current explanatory notes on variety denominations;
- the information provided on possible future development of Variety Finder database.

They furthermore:

- endorsed, in accordance with article 36.1 of the Basic Regulation, a set of five rules detailed in the procedure of analogous growing periods for a DUS test.
- agreed on the entrustment of the Bundessortenamt to carry out DUS technical examination of varieties of *Chamelaucium uncinatum* Schauer and *Chamelaucium uncinatum* Schauer x *Verticordia grandis* J. Drumm. ex Meisn species under fee/cost group 10;
- agreed on enhancing the use of Seconded National Experts in order to improve exchange of professional knowledge between CPVO and national administrations with efficient funding from the CPVO.

### 2.1.2. Autumn meeting

**At the meeting on 4 October**, the members of the AC acknowledged the end of chairmanship from Mr Andy Mitchell (United Kingdom) and elected their new Chair and Vice-Chair of the AC.

- Mrs Bistra PAVLOVSKA (Bulgaria) was appointed Chairperson of the AC for 3 years, starting from 4 October 2017.
- Mr Marien VALSTAR (The Netherlands) was elected Vice-Chairperson of the AC for 3 years, starting from 4 October.

They furthermore expressed their (confidential) opinion on the shortlist of candidates for the post of Chair of the Board of Appeal.

The members of the AC **adopted the following**:

- the rapporteurs for the appraisal of both the President and the Vice-President of the CPVO;
- the draft budget for 2018 as proposed by the CPVO;
- the revision of the 2017 budget;
- the strategic plan 2017-2021;
- The single Programming document;
- The CPVO International Strategy;
- The Internal Control Standards
- the report on the potential effects of Brexit on the PVR system given that the CPVO possible actions would highly depend on the outcome of the negotiations taking place;
- the entrustment of six Examination Offices in the framework of the extraordinary New Species Procedure, carried out further to Brexit, for 322 botanical;
- the appointment of a new chair of the Audit Advisory Board until end 2018;
- the entrustment of the following Examination Offices:
  - (a) Croatian Centre for Agriculture Food and Rural Affairs (Croatia);
  - (b) COBORU (Poland);
  - (c) Central Controlling and Testing Institute in Agriculture (UKSUP) (Slovakia);



- (d) Bundessortenamt (Germany);
  - (e) Central Institute for Supervising and Testing in Agriculture (UKZUZ) (Czech Republic);
  - (f) Agricultural Research Center (Estonia) ;
  - (g) Direção Geral de Alimentação e Veterinária (DGAV) (Portugal) ;
  - (h) Executive Agency for Variety Testing, Field Inspection and Seed Control (Bulgaria).
- Five technical protocols presented for:
    - (New): Abelia R.Br (CPVO-TP/Abelia), Aglaonema Schott (CPVO-TP/Aglaonema), Cordyline Comm. Ex R. Br. (CPVO-TP/317), Salvia L. (CPVO-TP/316, and
    - (Revised): Freesia L. (CPVO-TP/27/2).

The members of the AC also **took note** of the following:

- the President's report and the statistics for 2017;
- the study made by ICF of CPVO external communication activities;
- the report on the potential effects of Brexit on the PVR system given that the CPVO possible actions would highly depend on the outcome of the negotiations taking place;
- the ongoing discussion on potential payment of annual fees in advance to answer a request from breeders' organisations;
- the state of affairs of the CPVO-EPO and CPVO-EUIPO cooperation;
- the 1st compulsory licence request received by the CPVO;
- The reports of IMODDUS group and the R&D sector;
- The 2016 Internal audit report.

Finally, the AC members took note of the state of affairs of the ad-hoc working group jointly organized with the EU Commission and composed of EOs, breeders' organisations, Member States representatives, Copa-Cogeca, IFOAM and ECO-PB to explore possibilities to develop a unique IT based contribution system to a database for plant varieties in the EU.

## 2.2. Major Events

### 2.2.1. The state of the system

In 2017 the CPVO received 3422 application which is the second highest number of applications received in one year, an increase of 3,7 % compared to 2016. It can be noted that in absolute figures the number of applications for fruits and ornamentals increased whilst the number of applications for agricultural and vegetable varieties decreased. Also the number of grants was the second highest ever (2865) and the number of titles in force were more than 25,900 by the end of 2017. The number of surrenders was exceptionally high in 2017 which is probably due to the fact that the amount of the annual fee was increased on 1 January 2017.

The net outturn in 2017 was positive, and at just almost EUR 1.3 million, fully in line with forecasts. This represents a major turnaround as compared to the previous year which was a negative EUR 2 million. The main factor was the increase in the annual fees to EUR 330 as from 1 January 2017. The CPVO has pursued a policy for some years of reducing its Free Reserve and this was largely achieved in 2016. The year 2017



saw a return to a stabilisation of the Free Reserve which is by the end of the year at a very low level. We forecast that the Free Reserve will remain low in 2018.

In October 2017 the CPVO Administrative Council adopted the Strategic Plan for 2017-2021 in which it is established that the CPVO mission is to deliver and promote an efficient Intellectual Property Rights system that supports the creation of new plant varieties for the benefit of Society. Strategic goals and objectives are identified in the Strategic Plan. The work program 2018 and the single programming document 2019-2021 sets out the more detailed objectives and the key performance indicators for the period. In 2017, a project to fully integrate the global CPVO objectives into the Career Development Reports of all CPVO staff was initiated.

The CPVO continues to make IT a priority. In 2017 it was decided to reinforce the IT Team with three new colleagues. The recruitments will allow the CPVO to better meet the ever increasing internal IT needs as well as needs of stakeholders. During the year I decided to make it a priority to adapt the CPVO online application system in a way that it would be compatible with the UPOV PRISMA application system. This project was not foreseen as one of the major objectives in the work program for 2017, but during the year it proved to be necessary to invest much more resources in that project than expected. The two systems should be compatible in the beginning of 2018.

A challenge to the EU PVP system in the coming years will be to ensure that technical examinations can be done in an efficient manner taking into account the ever increasing number of reference varieties of common knowledge. Investments need to be done to ensure that new technologies are developed to meet this challenge. IT tools and data bases will continue to be key to handle the ever increase of relevant data. To develop new technologies and IT tools is expensive. For this reason the CPVO joined in 2017 a consortium that is making a bid to acquire funds from EU H2020 with the aim to improve plant variety testing in the EU. The decision on whether the bid will be successful is expected in the second half of 2018. To keep up with new techniques in a very specialised business the technical unit was also reinforced through the employment of an expert in the field of biomolecular techniques.

The United Kingdom has decided to withdraw from the EU. This means that, unless a ratified withdrawal agreement establishes another date, EU law will cease to apply in the UK from 30 March 2019. Together with DG SANTE the CPVO has analysed the effects of Brexit and information on the consequences has been published on the CPVO and Commission website. In 2017 the CPVO organised an extra ordinary new species procedure with the aim to ensure that test facilities will be available in the EU27 for species which were only tested by the two examination offices in the UK until now. Thanks to very good initiatives and cooperation with examination offices the exercise was successful.

An external evaluation of the CPVO Communication strategy was finalised and a report delivered in May 2017. Following this report the CPVO will update its policy on external communications and possibly recruit a communication officer.

The details of the projects described above and other activities are elaborated in this report which should give an overview of the activities carried out in 2017. The report demonstrates that almost all objectives set out were achieved.

### 2.2.2. Universities

In 2017 the CPVO continued to cooperate with a network of universities with the aim of spreading awareness of PVRs among students and academics. In this respect, the CPVO continued being one of the partner institutions of the European Intellectual Property Institutes Network (EIPIN) Innovation Society joint doctorate to foster research in the field of intellectual property. This has led to the awarding of several doctoral degrees, one of which is in the domain of plant varieties. In 2017 the CPVO has supported the selection of the doctorate researcher in the field of PVRs. The project is entirely funded under the Marie Skłodowska-Curie actions of the European Commission. Moreover, for the fourth year, the CPVO is continuing its collaboration with the universities of Alicante and Strasbourg. Several successful internships have been granted to former students of both universities' master in IP Law. In particular, the CPVO supports the Magister Lvcentinvs, the master in intellectual property of the University of Alicante that has implemented a special intensive course dedicated to plant variety rights. The CPVO continues to collaborate with the ESSCA school of management based in Angers in the framework of the European Sustainability Policies course and the Wageningen University. In 2017 the CPVO has started contacts with the Munich Intellectual Property Law Center (MIPLC) to strengthen cooperation in the field of research on PVRs. The CPVO has also continued





the revision of the case-law database with the valuable cooperation of Queen Mary University of London. Such an improved database will allow the CPVO to develop a greater understanding of the national implementation of PVRs, while also fostering a culture of PVR excellence.

### 2.2.3. The EUIPO

In 2017, the CPVO and EUIPO continued the cooperation by way of services reciprocally provided. In particular, in November 2017 the staff of the CPVO dealing with the assessment of variety denominations provided a training to EUIPO examiners dealing with the assessment of the new absolute ground for refusal of EUTM applications under Article 7(1)(m) of Regulation (EU) 2017/1001 (EUTMR) as well as opposition and revocation proceedings in respect of variety denominations and trademarks. The training also focused on the use of the Variety Finder database and the assessment of variety denominations in particular in relation to the interpretation of the notion of closely related species. As regards the human resources field the CPVO has offered the first internship opportunity to a trainee within the joined internship program with the EPO and the EUIPO 'Pan-European Seal' and has participated to the selection of a researcher in the domain of plant varieties within the EIPIN (European Intellectual Property Institutes Network) Innovation Society Joint-Doctorate to foster research in the field of Intellectual Property leading to the award of several doctoral degrees. Still in the field of human resources, in 2017 the EUIPO has shared with the CPVO their reserve lists in the field of IP specialists. Moreover, in 2017, the CPVO continued to participate in the enforcement and legal working groups of the European Observatory on Infringements of Intellectual Property Rights, as well as in the plenary session. In this area the CPVO contributed to the update of the Observatory national case-law database in the domain of enforcement of plant variety rights by national courts. Other areas in which the CPVO will further cooperate with the Observatory include supporting the Virtual Training Center ("VTC") with material in the domain of plant variety rights.

### 2.2.4. The European Patent Office

Following the signature on 11 February 2016 of an Administrative Arrangement by the CPVO with the EPO to enhance their cooperation through the exchange of technical knowledge and best practices in the area of plant-related patents and plant variety rights a second workshop between technical and legal experts of both Institutions took place in Munich on 30 March 2017 as well as a joint public conference took place in Brussels on 29 November 2017. The joint public conference was an occasion to inform the public about the objectives and results of the cooperation as well as how the EPO responded to the Commission Notice C/2016/6997 in relation to essentially biological breeding methods by the approved amendments of Rules 27(b) and 28 of the European Patent Convention, and how these rules are now applied in the EPO's patenting practice. Moreover in 2017 the CPVO and the EPO decided to set up a Working Group with the aim of studying how to make available to patent examiners variety descriptions and technical questionnaires in a searchable format for the purpose of prior art's searches.

### 2.2.5. Activities outside the EU

On 4 October 2017, the CPVO Administrative Council adopted a revised international relations strategy. The CPVO, together with the Commission services, the Member States and other international organisations, are working outside the EU to strengthen plant variety systems. The key elements of this cooperation are an exchange of knowledge and support for EU users on registration and enforcement overseas. For EU breeders doing business outside the borders of the Union, being able to access and secure their IP rights is a key strategic advantage, particularly for SMEs.

### *African Regional Organisations*

Following the adoption of the Arusha Protocol, the CPVO collaborated with the ARIPO Secretariat, which is tasked with the drafting of the regulations for implementing the Arusha Protocol. In this context, the CPVO attended the experts review meeting that took place in June 2016 in Harare. In November 2016, a study visit of officials of the ARIPO office was hosted at the CPVO during which the CPVR system was presented. The Regulations for the Implementation of the Arusha Protocol for the protection of New Varieties of Plants were adopted by the ARIPO Administrative Council in its 41st session on 20 November 2017. Following the





adoption of the said Regulations, the CPVO and the ARIPO formalized their cooperation on capacity building by signing an Administrative Arrangement ("AA") in Geneva on 15 December 2017.

The major cooperation activities to be performed under the AA would contribute to support ARIPO's capacity building and technical cooperation on issues relevant in the area of plant varieties protection.

Another area of cooperation identified under the AA is the organization of joint awareness and sensibilization programmes on the development of a legal and administrative PVR system and its enforcement.

### *Asian countries*

#### *East Asia Plant Variety Protection Forum - Myanmar*

The CPVO participated in the 10th EAPVP Forum meeting and PVP Awareness seminar in Nay Pyi Taw, Myanmar, on 11 and 12 September 2017. The Vice-President of the CPVO gave a presentation on the CPVR system in the European Union.

#### *China*

At the occasion of the 9th National Forum on Agricultural Intellectual Property in Qingdao, PRC, on 15 November 2017, I signed administrative arrangements (AA) with the two Chinese PVP authorities. The AA focusses on exchange and cooperation in administrative and technical matters in the context of increasing demand for plant variety protection in China. The number of applications that are close to the ones received by the CPVO and the increasing number of botanical taxa covered by the protection system require the creation of additional DUS test capacity. Therefore many of the activities planned under the administrative arrangements aim to increase the throughput by enhancing the efficiency and qualifying new DUS centers. EU Examination Offices will be involved in the implementation of this project. The activities under the AA will be funded by the EU IPKey project as well as by the Chinese authorities.

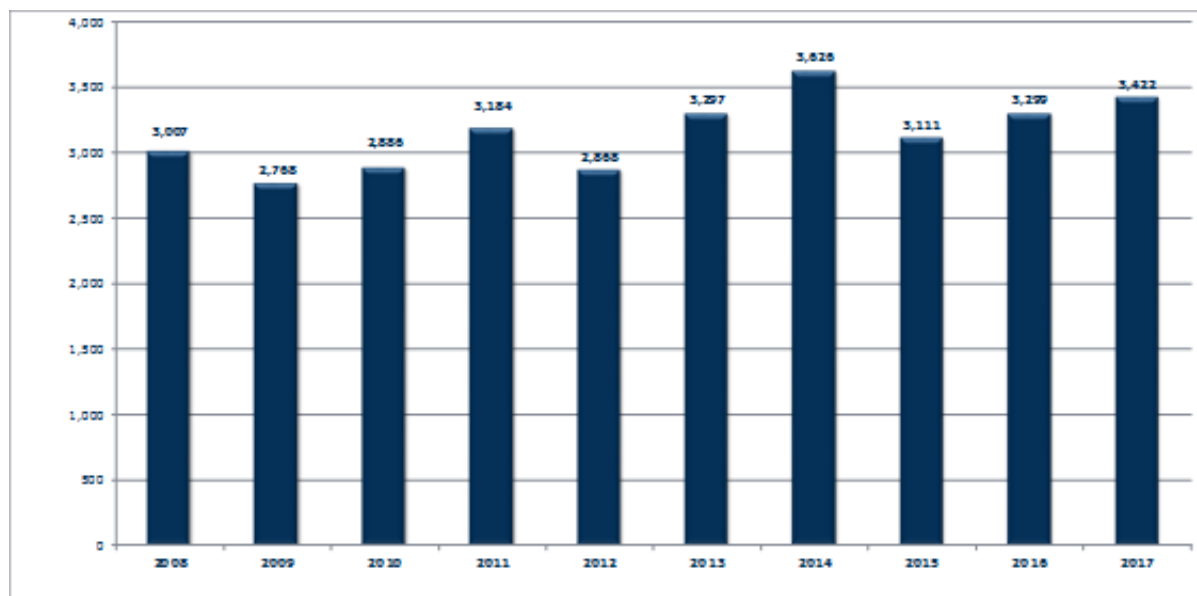
#### *India*

In December 2017 the CPVO participated to the organization of an international workshop scheduled to take place on 22 and 23 February 2018 in New Delhi, on India-EU collaboration in the seed sector development and PVP in partnership with the Protection of Plant Varieties & Farmers Right Authority, (Department of Agriculture, Co-operation and Farmers Welfare; Ministry of Agriculture and Farmer's Welfare, Govt. of India), the Department of Industrial Policy & Promotion, (Ministry of Commerce & Industry, Govt. of India), the German Federal Ministry of Food and Agriculture, the Ministry of Agriculture, Nature and Food Quality, The Netherlands. The project has been funded under the IPC-EUI programme (the EU-India Intellectual Property Cooperation) approved by the EU and the Government of India in an addendum to the Financing Agreement in 2014, with the aim of reformulating the capacity building initiative for trade development (CITD) and attribute its implementation to the European Union Intellectual Property Office (EUIPO).

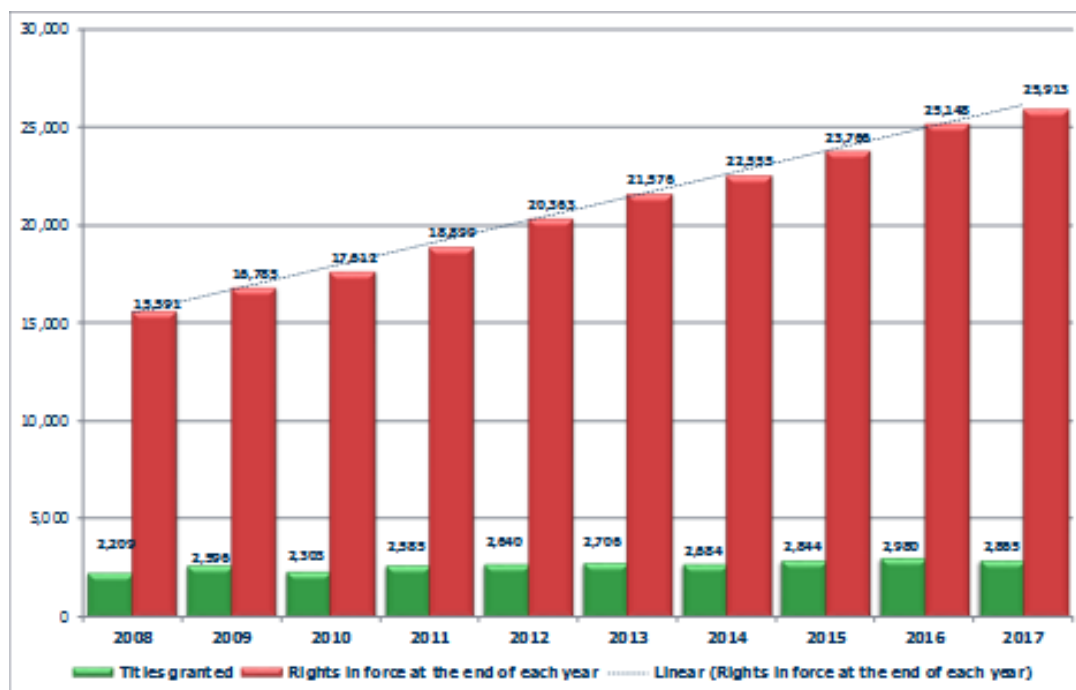


## 2.2.6. Key statistics (see Annex I for more details)

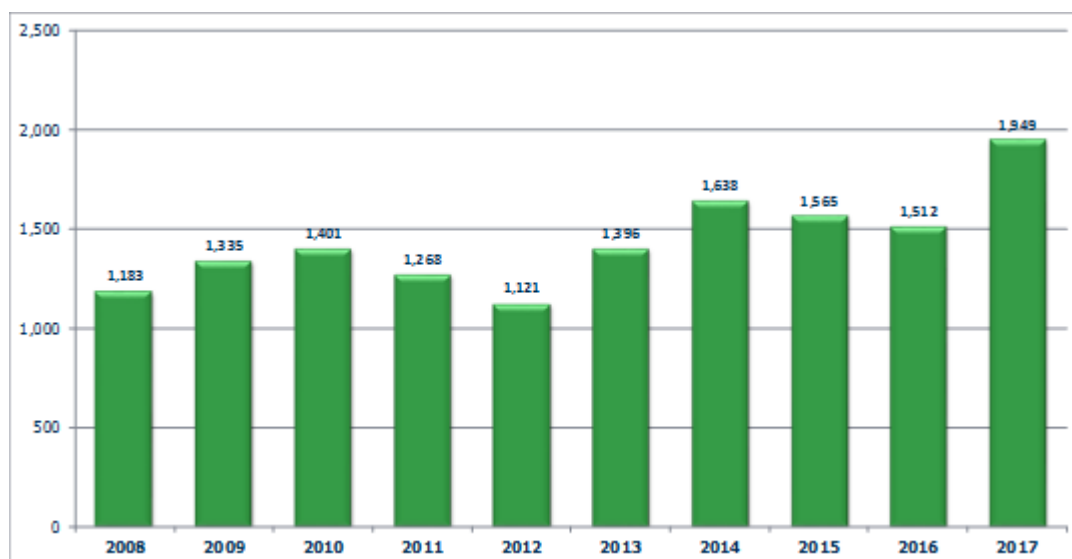
*Evolution of number of applications received over the last 10 years*



*Evolution of CPVR granted and rights in force at the end of each year*



Evolution of number of surrender of CPVR over the last 10 years



## 2.3. Budgetary and Financial Management

### 2.3.1. Overview of the budget and financial year

In accordance with the financial regulations of the Community Plant Variety Office, the Provisional Budgetary and Financial Accounts for the year 2017 are provided in **Annex II**. These reports shall be subject to audit by the European Court of Auditors. The key figures related to these accounts are explained hereafter.

### 2.3.2. Budgetary Accounts

Table 2 - Budget Outturn

Desc.	Title	2017	2016	Variation 2017	% var
Income	Fee revenue	15,988,423.50	13,262,555.00	2,725,868.50	20.55%
	Other revenue	192,378.33	195,681.19	-3,302.86	-1.69%
	<b>Total</b>	<b>16,180,801.83</b>	<b>13,458,236.19</b>	<b>2,722,565.64</b>	<b>20.23%</b>
Expenditure	Title 1: Staff expenditure	6,550,983.90	6,362,894.32	188,089.58	2.96%
	Title 2: Admin expenditure	1,382,643.07	1,983,560.31	-600,917.24	-30.29%
	Title 3: Operational expenditure	7,001,546.63	7,241,909.80	-240,363.17	-3.32%
	<b>Total</b>	<b>14,935,173.60</b>	<b>15,588,364.43</b>	<b>653,190.83</b>	<b>-4.19%</b>
<b>Budget Outturn for the year</b>		<b>1 245 628.23</b>	<b>-2,130,128.24</b>	<b>3,375,756.47</b>	<b>-158.48%</b>
Non-budgetary Income		123 856.77	99 334.16	24 522.61	24.69%
<b>Net Outturn for the year</b>		<b>1 369 485.00</b>	<b>-2 030 794.08</b>	<b>3 400 279.08</b>	<b>167.5%</b>

As can be seen, there has been a significant turn-around in the outturn from over EUR 2 million negative in 2016 to almost EUR 1.4 million positive in 2017.

### 2.3.3. Revenue

Table 3 - Fees 2017/2016

	2017	2016	% variation 2017
Annual fees	8,452,620	6,408,900	31.9%
Application fees	1,559,350	1,505,050	3.6%
Examination fees	5,427,865	4,882,320	11.2%
Other fees	548,589	466,285	17.7%
<b>Grand Total</b>	<b>15,988,424</b>	<b>13,262,555</b>	<b>20.6%</b>

The significant (21%) increase in fees can be attributed in large part to the increase in annual fees from EUR 250 to EUR 330 from 1 January 2017.

### 2.3.4. Expenditure

Table 4 - Budget Execution Levels

Title	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Cancelled %
Title 1: Staff Expenditure	7,050,000	6,550,984	92.9%	499,016	7.1%
Title 2: Administrative expenditure	1,725,000	1,382,643	80.2%	342,357	19.8%
Title 3: Operational expenditure	7,466,000	7,001,547	93.8%	464,453	6.2%
<b>Grand Total</b>	<b>16,241,000</b>	<b>14,935,174</b>	<b>92.0%</b>	<b>1,305,826</b>	<b>8.0%</b>

The levels of execution were reasonable (92%) in 2017.

Table 5 Budget execution comparison

Title	Budget execution 2017	Budget execution 2016	% Difference
Title 1: Staff Expenditure	6,550,984	6,362,894	2.87%
Title 2: Administrative expenditure	1,382,643	1,983,560	-43.46%
Title 3: Operational expenditure	7,001,547	7,241,910	-3.43%
<b>Grand Total</b>	<b>14,935,174</b>	<b>15,588,364</b>	<b>4.37%</b>

As can be seen, overall budget execution was very stable from 2016 to 2017.

Table 6 - Staff expenditure comparison

Budget article	Description	Budget execution 2017	Budget execution 2016	% Change
E1100	Staff	6,009,209.63	5,857,338.59	2.6%
E1200	Training	75,753.04	47,316.31	60.1%
E1300	Travel	254,000.00	240,000.00	5.8%
E1400	Interim staff	173,027.84	190,688.33	-9.3%
E1500	Assistance	28,761.86	23,628.49	21.7%
E1700	Representation	10,231.53	3,922.60	160.8%
<b>Grand Total</b>		<b>6,550,983.90</b>	<b>6,362,894.32</b>	<b>3.0%</b>

Table 7 - Administrative expenditure comparison

Budget article	Description	Budget execution 2017	Budget execution 2016	% Change
E2000	Property	268,555	498,555	-46.1%
E2100	IT expenses	605,368	829,677	-27.0%
E2200	Other equipment	65,275	61,357	6.4%
E2300	General admin.	39,771	46,938	-15.3%
E2400	Postage and telecom	62,527	67,234	-7.0%
E2500	Meetings and notices	246,798	268,056	-7.9%
E2600	Audit and evaluation	94,349	211,743	-55.4%
<b>Grand Total</b>		<b>1,382,643</b>	<b>1,983,560</b>	<b>-30%</b>

The fall in administrative expenditure can be attributed to a high level of spending in 2016 on renovations of one of the CPVO Buildings.

Table 8 - Operational expenditure comparison

Budget article	Description	Budget execution 2017	Budget execution 2016	% Change
E3000	Examination office fees	6,293,997	6,431,240	-2.1%
E3200	Examination reports	341,040	361,766	-5.7%
E3400	Publications	71,659	158,575	-54.8%
E3500	Studies	194,420	108,412	79.3%
E3600	Special advisors	100,431	181,917	-44.8%
<b>Grand Total</b>		<b>7,001,547</b>	<b>7,241,910</b>	<b>-3.3%</b>

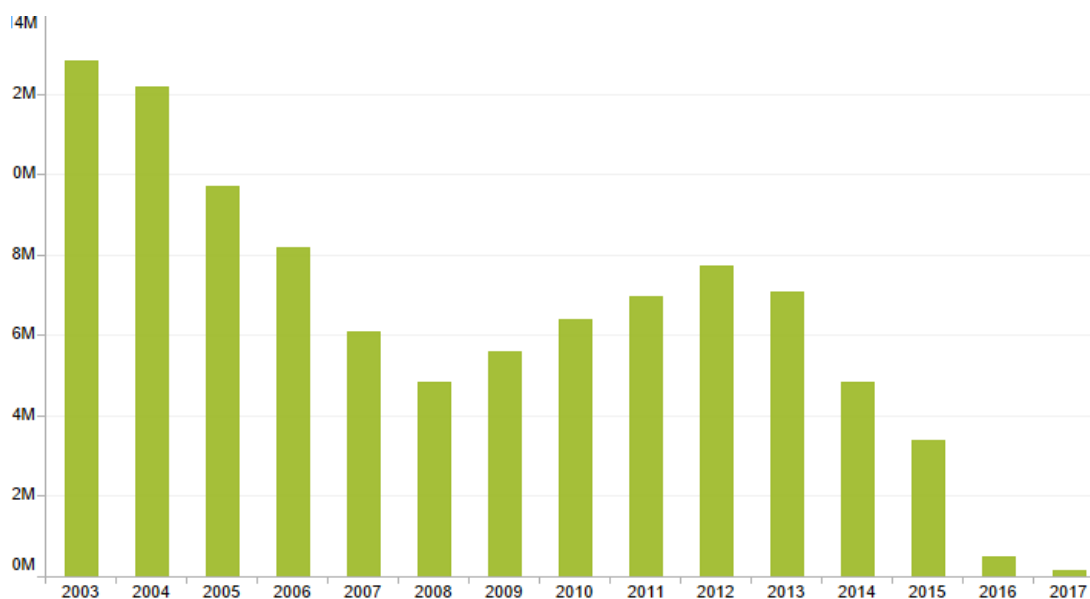
#### 2.3.5. Budget transfers and revisions

There were no revisions to the financial budget in 2017. One adjustment was made for a re-classification in the establishment plan.

#### 2.3.6. Free Reserve

The so-called free reserve is the difference between total treasury in the CPVO and the outstanding commitments open. The graph below shows the evolution of the free reserve since its high point in 2003.

Graph 1 - Free reserve



### 2.3.7. Financial Accounts

#### *Economic Outturn Account 2017 (comparison with 2016)*

		2017	2016
Income	Income from fees	14 484 760,35	12 793 830,90
	Income from administrative operations	101 259,64	103 152,21
	<b>Total</b>	<b>14 586 019,99</b>	<b>12 896 983,11</b>
Expenditure	Operational expenses	(7 435 688,64)	(7 176 070,52)
	Salaries and social taxes	(6 343 588,28)	(6 160 483,42)
	Overheads	(1 649 783,24)	(1 689 194,16)
	Depreciation	(257 188,85)	(262 721,38)
	<b>Total</b>	<b>(15 686 249,01)</b>	<b>(15 288 469,48)</b>
<b>Result</b>		<b>(1 100 229,02)</b>	<b>(2 391 486,37)</b>
Financial revenue	Interest income	66 882,38	62 762,20
	Miscellaneous financial income		276,96
	<b>Total</b>	<b>66 882,38</b>	<b>63 039,16</b>
Financial expenditure	Bank charges & exchange differences	(2 963,69)	(3 432,58)
	<b>Total</b>	<b>(2 963,69)</b>	<b>(3 432,58)</b>
<b>Result</b>		<b>63 918,69</b>	<b>59 606,58</b>
<b>Economic outturn for the year</b>		<b>(1 036 310,33)</b>	<b>(2 331 879,79)</b>

The financial accounts differ from the budgetary accounts in that it takes non-cash transactions into consideration. For example, in the budgetary accounts, asset purchases are shown as expenses for the full amount of the purchase in the year, whereas in the financial accounts, only the yearly depreciation is shown as an expense.

The significant reduction in the negative outturn is due mainly to the increase in annual fees, the full effect of which will be felt in 2018.

## 2.4. Human Resources

The human resources sector of the CPVO had its busiest year as regards recruitments with 1 temporary agent and 6 contract agents joining in 2017. Furthermore, there were a number of internal recruitments allowing staff mobility within the CPVO. These developments are particularly welcome given that there has been an untenable workload in certain sectors of the Office for a number of years.

The staff of the CPVO have also been identified in the Strategic Plan as being of central importance to the achievement of the mission of the Office, and in this regard, efforts on training and efficiency gains have been re-doubled while a number of campaigns to improve work-life balance and health have been implemented.

Challenges remain in the years to come as an ageing workforce will progressively be renewed in the coming 5 to 10 years and the Human Resource sector will play a pivotal part in ensuring a smooth transition, retention of knowledge and development of staff.

A complete report on the state of play for human resources can be found in Annex III (Social Report)

## 2.5. Assessment by Management

The CPVO checks regularly the efficiency of its internal control system through regular ex post controls and through immediate mitigating actions when needed.



Significant improvements were made on the level of “late commitments” and “saisine a posteriori”, although some cases were still reported in the exception report. A constant vigilance should be kept to prevent this type of problem. Training and information/reminder to the staff could also be an efficient prevention tool.

The system is globally working well. The Court of Auditors’ final report on 2016 accounts and financial management is positive with no remarks of a serious nature.

Based on the above, the Management assesses that the internal control system is working well, that all measures were taken to prevent irregularities and fraud and that the underlying transactions were legal and regular and complied with sound financial management

## 2.6. Budget Implementation tasks entrusted to other services and entities

There were no tasks implementing budget funds with other services and entities in 2017.

## 2.7. Assessment of audit results during the year

### *Internal audit*

Internal Audit assists management by providing independent, objective assurance and consulting services designed to add value and improve the organisation’s operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### *Approved audit plan*

Audit activities were based on the Audit Plan 2017, which was approved by the President of the Office in June 2017.

The selection of audits for 2017 was based on the annual risk assessment exercise, the audit universe coverage as well as on Internal Audit’s professional judgment.

The Audit Plan 2017 included 2 audits:

- Core Business Process
- Quality Audit Service

Both audits were launched in September 2017. The audits are carried out remotely from Alicante and both audits are currently in fieldwork stage.

### *Improvements in Internal Audit Methodology, Processes and Systems*

Like other Office units, IA operates in an environment of continuous change. To meet the challenges of new emerging risks and changes to the Office’s internal and external environment, IA must continue to adapt and improve its methodology and subject matter expertise. This section outlines some of the actions taken in these areas:

**Methodology** — the work instruction detailing the internal audit process was revised and updated. Templates were also revised and updated and, where necessary, new ones were created. Improvements introduced since 2016 are now a solid part of the IA methodology.

The new Internal Audit Charter was approved by the President in June 2017.

**Quality Assurance** — According to Standard ‘1312 — External Assessment’ of the International Standards for the Professional Practice of Internal Auditing, an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The last external assessment of EUIPO’s Internal Audit was carried out in 2012. Therefore an external assessment was due in 2017.

The external assessor came to the conclusion that EUIPO’s Internal Audit Service complies with the International Standards for the Professional Practice of Internal Auditing.

**Continuing Education** — IA members continued their training programme. The most important training activities were on Ethics, Integrity and Anti-Fraud, Management Modes and Pagoda 2, and language courses.

IA members also followed online Auditor's forums on various topics organised by the IAS of the European Commission.

Finally, the audit plan 2018 setting the course of IA work for 2018, was established and approved in December 2017.

#### 2.7.1. European Court of Auditors (*See full report with CPVO answer in Annex IV*)

The main conclusions to be found in paragraphs 5 to 7 of the report of the Court of Auditors adopted in Luxembourg at the Court meeting on 19 September 2017 reads:

##### ***Opinion on the reliability of the accounts***

In our opinion, the accounts of the Office for the year ended 31 December 2016 present fairly, in all material respects, the financial position of the Office at 31 December 2016, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

##### ***Opinion on the legality and the regularity of the transactions underlying the accounts***

###### ***Revenue***

Opinion on the legality and regularity of revenue underlying the accounts 6. In our opinion, revenue underlying the accounts for the year ended 31 December 2016 is legal and regular in all material respects. Payments Opinion on the legality and regularity of payments underlying the accounts 7. In our opinion, payments underlying the accounts for the year ended 31 December 2016 are legal and regular in all material respects.

###### ***Payments***

In our opinion, payments underlying the accounts for the year ended 31 December 2016 are legal and regular in all material respects.

## **2.8. Follow-up of audits and recommendations**

The 2016 Audit work programme has been finalised in 2017. This programme included two main topics: Human Resources (HR) and Information Technology (IT). For some of the points raised by the Internal Auditor, the CPVO could agree on the substance but the actual implementation is sometimes put into question because of the small size of the agency and a lack of resources.

### ***Human Resources***

The Internal Auditor analysed most of the working processes: HR policies, payroll, appraisal process, document management.

Recommendations were proposed for the following elements:

- Mobility policy and Redeployment decision and documentation:  
A mobility policy, including specific rules for the mobility on sensitive functions has been created, submitted to the Staff Committee and approved by the President. The redeployment decisions are now formalised and duly documented.
- Sensitive functions – Risk assessment (included in the Mobility policy): see previous point.
- Payroll – Documentation of processes and periodic verification of entitlements and calculations:  
A procedure will be drafted for the process of informing the PMO and for the periodical



verifications. The CPVO will outsource the payroll procedure to the PMO once SYSPER is operational.

- Document management: The document management policy has been adopted. It will be applied to all official documents.
- Appraisal process: The last version of the Appraisal Guide is now available for all staff. The individual objectives were reviewed and the staff developed SMART objectives for the latest appraisal exercise.
- Staff allocation: the Internal Auditor proposed the creation of a general staff allocation model. This recommendation was rejected considering the size of the CPVO.

#### *Information Technology*

- Make the IT project management procedure mandatory for all project work: A document set shall be created for all projects and follow-up (still in progress)
- Dependency on outsourced services: integrate risk assessment, contract clauses, documentation of IT systems and implement adequate controls (still in progress)
- Carry out a Business Impact Analysis and revise the BCP according to its outcome: this recommendation was accepted partially, depending on the resources available. The CPVO agreed on the need for carrying out regular training and testing, but not on a yearly basis (every three year) (not started)
- Establish an Information System Security Policy (ISSP), document the activities of IT operations, evaluate the adequacy of external security tests and establish the necessary monitoring and reporting mechanisms:

There is a significant resource issue in the CPVO and the recommendations here and below should be seen in this light. With that in mind, the final action plans defined should be in line with real possibilities. A policy for information security will be further elaborated (date to be defined) (accepted partially - still in progress).

The following tables show some statistics on IA recommendations for the last three years. The column "Not applicable" show the recommendations which the President of the CPVO decided not to follow.

#### *Statistics on audit recommendations status – Years 2014 to 2016*

Year	Not started		In Progress		Completed		Not Applicable		Grand Total	
	Rec's	% of total number of rec's	Rec's	% of total number of rec's	Rec's	% of total number of rec's	Rec's	% of total number of rec's	Rec's	% of total number of rec's
2014			5	10,6%	38	80,9%	4	8,5%	47	100,0%
2015	1	3%	19	55,9%	14	41,2%		0,0%	34	100,0%
2016	1	8%	4	33,3%	6	50,0%	1	8,3%	12	100,0%
<b>Grand Total</b>	<b>2</b>	<b>2%</b>	<b>28</b>	<b>30,1%</b>	<b>58</b>	<b>62,4%</b>	<b>5</b>	<b>5,4%</b>	<b>93</b>	<b>100,0%</b>



The table below shows a high number of audit recommendations for the Administration. This unit deals with human resources, finances and IT. These processes are often audited, by the Internal Auditor and by the Court of Auditors.

*Audit recommendations status per unit – Years 2014 to 2016*

Unit	Not started		In Progress		Completed		Not Applicable		Grand Total	
	Rec's	% of total number of rec's	Rec's	% of total number of rec's	Rec's	% of total number of rec's	Rec's	% of total number of rec's	Rec's	% of total number of rec's
President			3	42,9%	3	42,9%	1	14,3%	7	100,0%
Technical			6	50,0%	6	50,0%		0,0%	12	100,0%
Legal	1	6%	9	52,9%	7	41,2%		0,0%	17	100,0%
Administration	1	2%	7	14,0%	40	80,0%	2	4,0%	50	100,0%
QAS		0%	2	28,6%	3	42,9%	2	28,6%	7	100,0%
<b>Grand Total</b>	<b>2</b>	<b>2%</b>	<b>27</b>	<b>29,0%</b>	<b>59</b>	<b>63,4%</b>	<b>5</b>	<b>5,4%</b>	<b>93</b>	<b>100,0%</b>

## 2.9. External Evaluations

The Communication evaluation which was presented to the Administrative Council during the October (2017) meeting made a number of recommendations to improve external communication. Foremost among these recommendations was the recruitment of a Communication Officer for the CPVO. The Administrative Council accepted the report and the recommendations.

The procedure for the recruitment of the Communication Officer was begun in 2017, however the launch date for the recruitment was postponed.

### **3. Assessment of the effectiveness of internal control systems**

#### **3.1. Risk Management**

Risk assessment and risk management, as mentioned under 2.7.1 Internal Audit, is an integral part of the internal audit process.

The list of risks, reviewed in depth in 2015 by the CPVO management team, was reviewed in August 2017, according to the outcome of the 2016 Annual Audit Report. The list itself remained mostly unchanged, only the likelihood and the impact values were slightly changed. One critical risk has been added: the risk linked to Brexit. The Internal Auditor recommended as mitigation action to create a dedicated working group to analyse and follow all possible consequences for the CPVO.

Risks, and especially their ratings, are updated on a regular basis, when needed, through regular meetings with top and middle management but also according to the conclusions of internal audit reports.

#### **3.2. Compliance and effectiveness of internal control systems**

The compliance and effectiveness of internal control systems are regularly assessed: the Court of Auditors systematically includes these aspects in its mission in the CPVO.

The CPVO makes regular controls on these aspects through ex-post controls on budgetary operations or through business process reviews.

In 2017, no Business Process Review (BPR) has been done, to avoid adding a supplementary workload to the CPVO staff on top of normal activities. The CPVO will now take some time to finalise the implementation of the conclusions of the previous BPR activities. The action plans requires the creation of new IT tools and the re-organisation of work within the teams and sectors concerned.

The Internal Control Standards were revised in 2017, based on the latest version of the Commission Internal Control Principles.

Trainings will be organised in 2018 to raise awareness about the new Internal Control principles, the CPVO Anti-Fraud policy and the practical implementation of the CPVO Financial Regulation.

#### **4. Management Assurance**

On the basis of the facts in his possession, the President of the CPVO declares that the information contained in this report gives a true view. He has reasonable assurance that the resources assigned to the activities described in this report 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 transactions. He is unaware of any matter not reported which could harm the interests of the CPVO.

#### **5. Declaration of assurance**

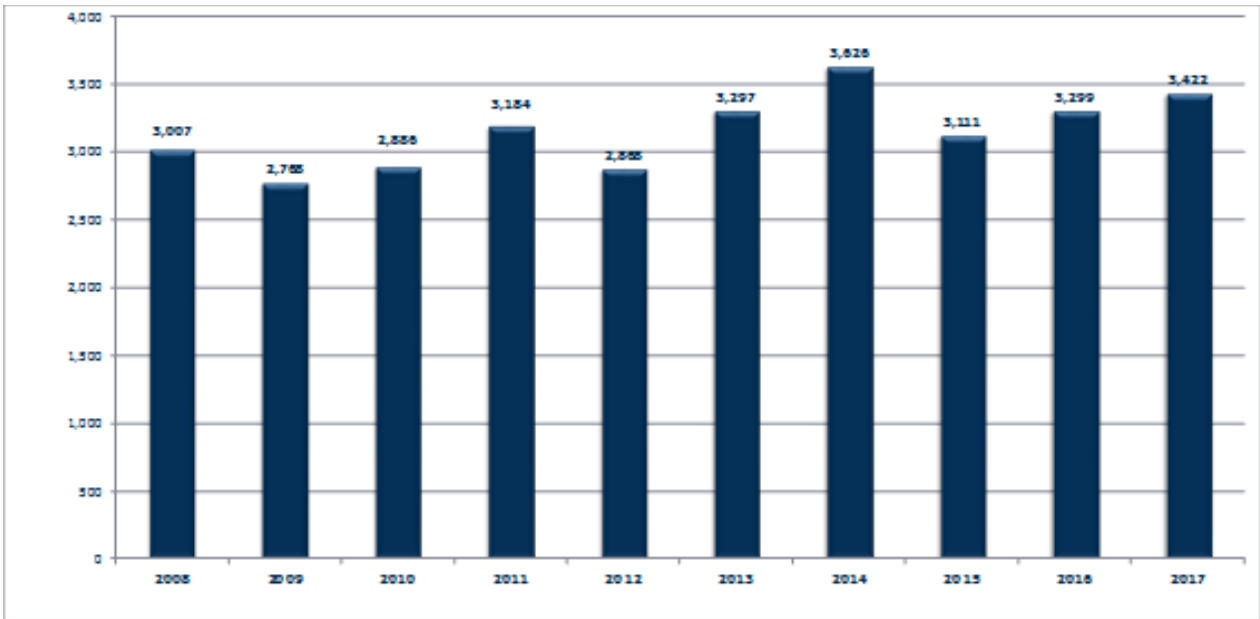
This document is a declaration signed by the President, as Authorising Officer and representing the CPVO, together with the Accountant giving their assurance on the accounts of the Office, according to the provisions of the Financial Regulations of the CPVO. The original document was sent to the President of the Court of Auditors (Annex V).



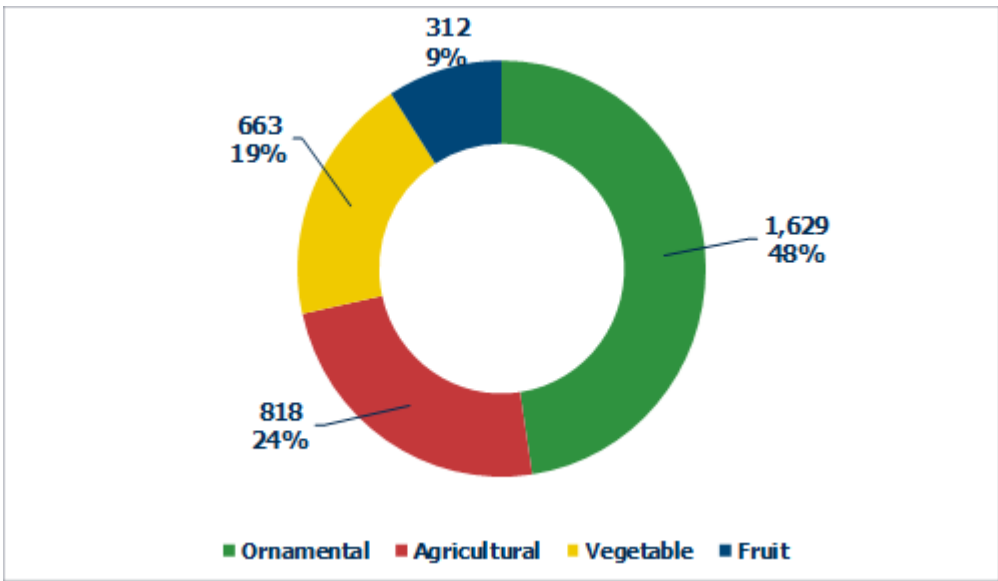
**Annex I. 2017 Core Business Statistics**

In 2017, the Office received 3 422 applications for Community plant variety protection, which represents an increase of 3.7 % compared to the previous year. Graph 1 shows the evolution of the numbers of applications received by the Office (all figures are based on the date of arrival of the application documents at the Office). This is the second highest number ever. During the first 10 years, the Office observed a growing number of applications each year (figures not shown). Since then, the application numbers seem to have stabilized; the annual changes are probably not to be understood as a trend but rather as chance fluctuations.

**Graph 1: Evolution of the annual number of applications for Community plant variety protection (2008-2017)**



**Graph 2: Shares of application numbers per crop sector in 2017**



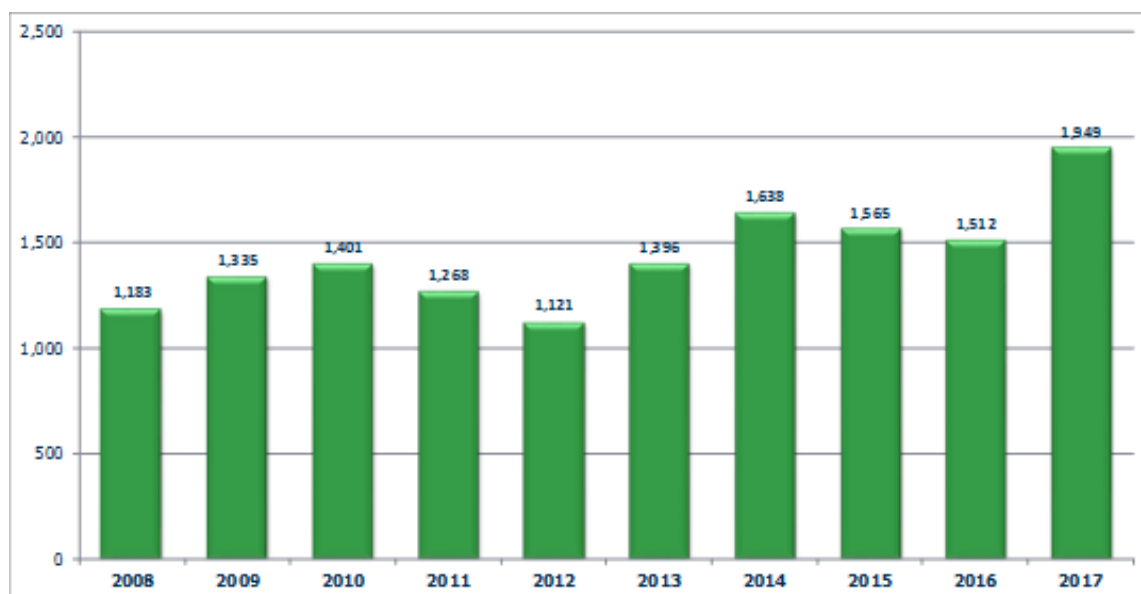
**Table 1: Member States from which CPVR applications were filed in 2017**

Country of main applicant	Number of applications received in 2017
The Netherlands	1352
France	449
Germany	328
Denmark	139
Belgium	118
Spain	116
Italy	106
United Kingdom	63
Czech Republic	20
Hungary	19
Austria	17
Poland	11
Sweden	10
Greece	5
Ireland	3
Luxembourg	3
Finland	2
Slovenia	2
<b>Total</b>	<b>2 763</b>

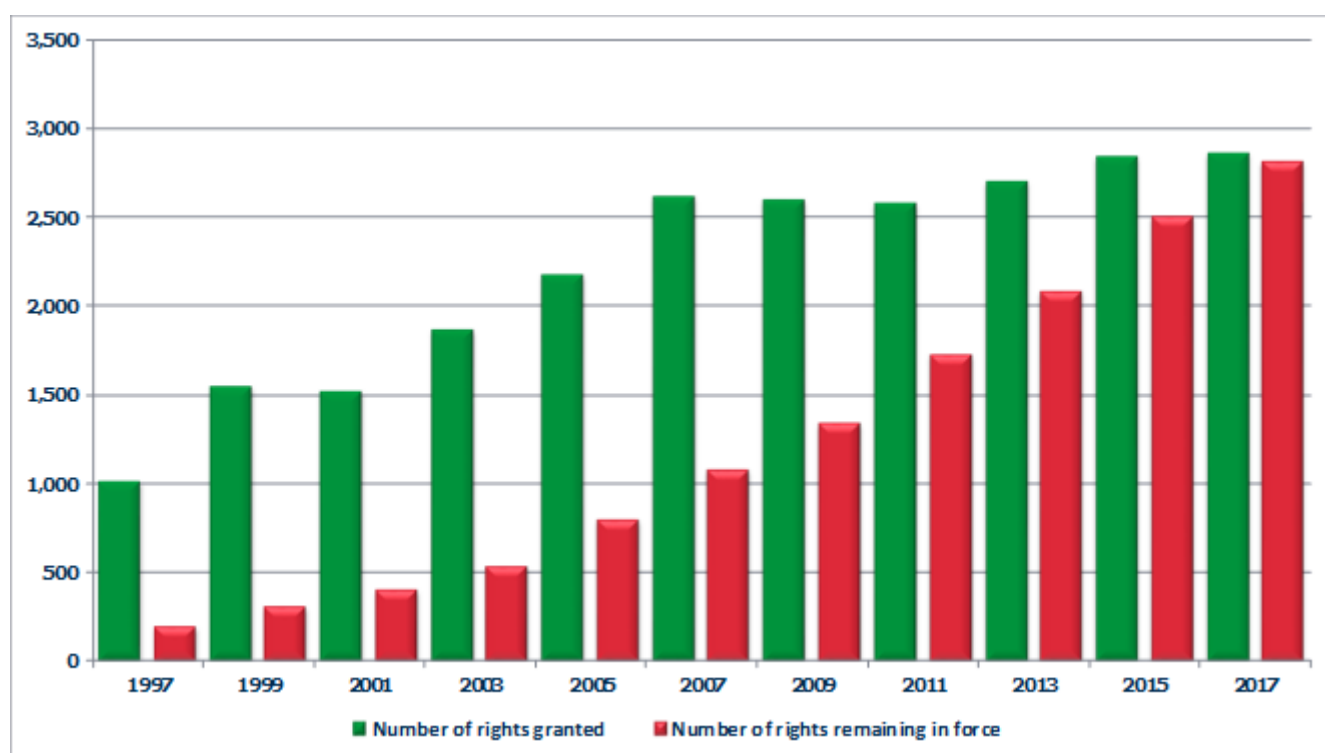
**Table 2: Non-EU countries from which CPVR applications were filed in 2017**

Country of main applicant	Number of applications received in 2017
United States of America	265
Switzerland	149
Japan	78
Israel	45
Australia	33
Serbia	13
Taiwan	12
Canada	11
Colombia	10
Thailand	10
China	7
New Zealand	6
South Africa	6
Chile	3
South Korea	3
Costa Rica	2
Sri Lanka	2
Indonesia	1
Moldova	1
Norway	1
Russian Federation	1
<b>Total</b>	<b>659</b>

**Graph 3: Number of surrenders of CPVRs (2008-2017)**



**Graph 4: Number of rights granted each year from 1997 to 2017 and those remaining in force on 31 December 2017 from those granted per year (every other year shown)**



At the end of 2017, of the 47 638 rights granted in total, 25 913 (54.40 %) were still in force. Table 11 illustrates that fruit varieties are generally kept protected for a longer period and that, within each crop sector, the situation varies from species to species. There might be a number of reasons for this phenomenon, such as a change in consumer preferences, breeding trends, differences in intensity of breeding activities, the time and expense required to develop new varieties or a recent boom in plant breeding.

## **Annex II. Provisional accounts**

# Provisional Accounts 2017



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# THE CPVO



## 1. The CPVO

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

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

## 2. Mission of the CPVO

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

The mission statement below, which is broadly in line with the one defined for the period 2010-2015, provides a clear *raison d'être* for the CPVO. It is on this solid basis, that the Strategic Vision is developed and the objectives and actions over the period 2017-2021 are derived.

*The mission is to deliver and promote an efficient Intellectual Property Rights system that supports the creation of new plant varieties for the benefit of Society.*

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

## 3. Structure of the CPVO and the actors involved

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

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

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

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

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

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



R&D project on strawberry



R&D project on potato

## **4. Overview Budget Implementation 2017**

### **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 2017 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, after which the final accounts shall be drawn up.

### **4.2 Overview**

The Community Plant Variety Office received 3422 applications in 2017 compared to 2016 (3299 applications). In 2017, 2865 new titles were granted. Taking into account the surrenders of older titles, the total number titles in in force rose 25913.

### **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 € 16.18 million and expenses of € 14.94 million meant a budget outturn of € 1.25 million positive (€ 2.13 negative in 2016). Non-budgetary income of € 124 K lead to a net outturn of € 1.37 million positive.

The outturn increased significantly compared to 2016. Conversely the free reserve decreased in line with the increase of the total of the open commitment for operational expenses (examinations).

### **4.4 Financial Accounts**

The financial accounts show an economic result of € 1.04 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 9 Budgetary outturn 2017

		2017	2016	% variation 2017
Income	- Fees revenue	15 988 423,50	13 262 555,00	20,55%
	- Other revenue	192 378,33	195 681,19	-1,69%
	<b>Total</b>	<b>16 180 801,83</b>	<b>13 458 236,19</b>	<b>20,23%</b>
Expenditure	Title 1 Staff expenditure	-6 550 983,90	-6 362 894,32	2,96%
	Title 2 Administrative expenditure	-1 382 643,07	-1 983 560,31	-30,29%
	Title 3 Operational expenditure	-7 001 546,63	-7 241 909,80	-3,32%
	<b>Total</b>	<b>-14 935 173,60</b>	<b>-15 588 364,43</b>	<b>-4,19%</b>
<b>Grand Total</b>		<b>1 245 628,23</b>	<b>-2 130 128,24</b>	<b>-158,48%</b>
Non budgetary income		123 856,77	99 334,16	24,69%
<b>Net outturn for the year</b>		<b>1 369 485,00</b>	<b>-2 030 794,08</b>	<b>-167,44%</b>

The budget out-turn for 2017 shown a significant, but forecast increase compared to 2016, mainly due to the rise of the level of the annual fee. A decrease in administrative expenditure also contributed to the increase of the budget outturn. Operational spending was in line with the high number of examinations carried out.

## 5. Revenue

Table 10 Revenue breakdown

	2017	2016	% variation 2017
Fees	15 988 423,50	13 262 555,00	20,55%
Administrative operations	127 966,86	96 401,00	32,74%
Interest	64 411,47	99 280,19	-35,12%
<b>Grand Total</b>	<b>16 180 801,83</b>	<b>13 458 236,19</b>	<b>20,23%</b>

Table 11 Breakdown of fee income

	2017	2016	% variation 2017
Annual fees	8 452 620,00	6 408 900,00	31,89%
Application fees	1 559 350,00	1 505 050,00	3,61%
Examination fees	5 427 864,50	4 882 320,00	11,17%
Other fees	548 589,00	466 285,00	17,65%
<b>Grand Total</b>	<b>15 988 423,50</b>	<b>13 262 555,00</b>	<b>20,55%</b>

The total fees received in 2017 amounted to EUR 15.99 million, representing an increase of 20.55 % in comparison with the previous year. Due to the rise in the level of the annual fee (€330 in 2017 and €250 for 2016), annual fees increased compared to previous years, with a slightly higher number of titles in force.

## 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 12 Budgetary execution 2017*

	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Canceled %
Title 1 Staff expenditure	7 050 000,00	6 550 983,90	92,9%	499 016,10	7,1%
Title 2 Admin. expenditure	1 725 000,00	1 382 643,07	80,2%	342 356,93	19,8%
Title 3 Operational expenditure	7 466 000,00	7 001 546,63	93,8%	464 453,37	6,2%
<b>Grand Total</b>	<b>16 241 000,00</b>	<b>14 935 173,60</b>	<b>92,0%</b>	<b>1 305 826,40</b>	<b>8,0%</b>

Overall as can be seen, expenditure for the year was EUR 14.94 million with a very high execution rate for the budget (92%).

*Table 13 Budgetary execution – comparison 2016– 2017*

	Budget execution 2017	Budget execution 2016	% Change
Title 1 Staff expenditure	6 550 983,90	6 362 894,32	3,0%
Title 2 Admin. expenditure	1 382 643,07	1 983 560,31	-30,3%
Title 3 Operational expenditure	7 001 546,63	7 241 909,80	-3,3%
<b>Grand Total</b>	<b>14 935 173,60</b>	<b>15 588 364,43</b>	<b>-4,2%</b>

Table 14 Budgetary execution 2017– Title 1: Staff expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2018 (C8)	Cancelled appropriations	Canceled %
E1100	Staff	6 433 000,00	6 009 209,63	93,4%	5 967 370,49	41 839,14	423 790,37	6,6%
E1200	Training	110 000,00	75 753,04	68,9%	38 102,04	37 651,00	34 246,96	31,1%
E1300	Travel	254 000,00	254 000,00	100,0%	244 053,43	9 946,57	0,00	0,0%
E1400	Interim staff	210 000,00	173 027,84	82,4%	173 027,84	0,00	36 972,16	17,6%
E1500	Assistance	30 000,00	28 761,86	95,9%	19 047,92	9 713,94	1 238,14	4,1%
E1700	Representation	13 000,00	10 231,53	78,7%	10 231,53	0,00	2 768,47	21,3%
<b>Grand Total</b>		<b>7 050 000,00</b>	<b>6 550 983,90</b>	<b>92,9%</b>	<b>6 451 833,25</b>	<b>99 150,65</b>	<b>499 016,10</b>	<b>7,1%</b>

Table 15 Budgetary execution – Title 1: Staff expenditure – comparison 2016– 2017

Budget article	Description.	Budget execution 2017	Budget execution 2016	% Change
E1100	Staff	6 009 209,63	5 857 338,59	2,6%
E1200	Training	75 753,04	47 316,31	60,1%
E1300	Travel	254 000,00	240 000,00	5,8%
E1400	Interim staff	173 027,84	190 688,33	-9,3%
E1500	Assistance	28 761,86	23 628,49	21,7%
E1700	Representation	10 231,53	3 922,60	160,8%
<b>Grand Total</b>		<b>6 550 983,90</b>	<b>6 362 894,32</b>	<b>3,0%</b>

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

Table 16 Budgetary execution 2017 – Title 2: Administrative expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2018 (C8)	Cancelled appropriations	Canceled %
E2000	Property	300 000,00	268 555,49	89,5%	207 948,75	60 606,74	31 444,51	10,5%
E2100	IT expenses	650 000,00	605 368,02	93,1%	490 115,72	115 252,30	44 631,98	6,9%
E2200	Other equipment	70 000,00	65 275,41	93,3%	51 533,65	13 741,76	4 724,59	6,7%
E2300	General admin.	55 000,00	39 770,51	72,3%	34 082,41	5 688,10	15 229,49	27,7%
E2400	Postage and telecom	100 000,00	62 526,55	62,5%	48 700,43	13 826,12	37 473,45	37,5%
E2500	Meetings and notices	400 000,00	246 798,07	61,7%	178 536,32	68 261,75	153 201,93	38,3%
E2600	Audit and evaluation	150 000,00	94 349,02	62,9%	57 119,02	37 230,00	55 650,98	37,1%
<b>Grand Total</b>		<b>1 725 000,00</b>	<b>1 382 643,07</b>	<b>80,2%</b>	<b>1 068 036,30</b>	<b>314 606,77</b>	<b>342 356,93</b>	<b>19,8%</b>



Table 17 Budgetary execution – Title 2: Administrative expenditure – comparison 2016 – 2017

Budget article	Description.	Budget execution 2017	Budget execution 2016	% Change
E2000	Property	268 555,49	498 554,51	-46,1%
E2100	IT expenses	605 368,02	829 677,22	-27,0%
E2200	Other equipment	65 275,41	61 356,94	6,4%
E2300	General admin.	39 770,51	46 937,78	-15,3%
E2400	Postage and telecom	62 526,55	67 234,39	-7,0%
E2500	Meetings and notices	246 798,07	268 056,03	-7,9%
E2600	Audit and evaluation	94 349,02	211 743,44	-55,4%
<b>Grand Total</b>		<b>1 382 643,07</b>	<b>1 983 560,31</b>	<b>-30,3%</b>

For Administrative expenses, there were significant decreases in property costs. The decrease is mainly due to lower spending on building as the renovation works are over.

Table 18 Budgetary execution 2017 – Title 3: Operational expenditure

Budget article	Description.	Final appropriation	Budget execution	Execution %	Cancelled appropriations	Canceled %
E3000	Examination office fees	6 320 000,00	6 293 996,61	99,6%	26 003,39	0,4%
E3200	Examination reports	381 000,00	341 040,00	89,5%	39 960,00	10,5%
E3400	Publications	135 000,00	71 659,24	53,1%	63 340,76	46,9%
E3500	Studies	450 000,00	194 419,66	43,2%	255 580,34	56,8%
E3600	Special advisors	180 000,00	100 431,12	55,8%	79 568,88	44,2%
<b>Grand Total</b>		<b>7 466 000,00</b>	<b>7 001 546,63</b>	<b>93,8%</b>	<b>464 453,37</b>	<b>6,2%</b>

Table 19 Budgetary execution – Title 3: Operational expenditure – comparison 2016 – 2017

Budget article	Description.	Budget execution 2017	Budget execution 2016	% Change
E3000	Examination office fees	6 293 996,61	6 431 240,14	-2,1%
E3200	Examination reports	341 040,00	361 765,52	-5,7%
E3400	Publications	71 659,24	158 574,79	-54,8%
E3500	Studies	194 419,66	108 411,91	79,3%
E3600	Special advisors	100 431,12	181 917,44	-44,8%
<b>Grand Total</b>		<b>7 001 546,63</b>	<b>7 241 909,80</b>	<b>-3,3%</b>

Operational expenditure consists mainly of remuneration for Examination Offices. As there is a time lag between commitments and payments, the decrease in the payment of this expenditure for examination office fees is mainly due to the decrease of the amount committed in 2015 and paid in 2017.

Table 20 Budgetary execution (commitment appropriation) 2017 – Title 3: Operational expenditure

Budget article	Description	Budget initial	Transferts	Budget final	Committed	% Committed
E3000	Examination office fees	8 800 000		8 800 000,00	8 597 294,00	97,7%
E3200	Examination reports	416 000		416 000,00	395 440,00	95,1%
E3400	Publications	150 000		150 000,00	71 406,65	47,6%
E3500	Studies	500 000		500 000,00	318 124,07	63,6%
E3600	Special advisors	200 000		200 000,00	98 219,38	49,1%
<b>Total</b>		<b>10 066 000</b>		<b>10 066 000,00</b>	<b>9 480 484,10</b>	<b>94,2%</b>

Table 21 Title 3 – Outstanding commitments

Budget Article	Outstanding beginning of the year	Committed	De-committed	Paid	Outstanding yearend
E3000	14 092 470,50	8 597 294,00	-696 631,24	-6 293 996,61	15 699 136,65
E3200	305 760,00	395 440,00	-5 520,00	-341 040,00	354 640,00
E3400	21 232,50	71 406,65	-8 632,00	-71 659,24	12 347,91
E3500	474 877,28	318 124,07		-194 419,66	598 581,69
E3600	78 317,98	98 219,38	-26 372,18	-100 431,12	49 734,06
<b>Grand Total</b>	<b>14 972 658,26</b>	<b>9 480 484,10</b>	<b>-737 155,42</b>	<b>-7 001 546,63</b>	<b>16 714 440,31</b>

## 7. Budget amendments and transfers

Only one budget revisions was made in 2017 covering the staff establishment plan. Figures were not impacted.

As every year, transfers between budget lines are made where there are changes in spending.

Transfers were made from the lines for staff expenditure, studies, examination reports, publications and advisors mainly to cover the increase of examination office fees and interim agents cost.

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

*Table 22 Revisions and transfers on the payment budget 2017*

Budget article	Description.	Initial payment budget	Budget amendments	Payment budget transfers	Final appropriation
E1100	Staff	6 500 000	0	-67 000	6 433 000
E1300	Travel	250 000	0	4 000	254 000
E1400	Interim staff	150 000	0	60 000	210 000
E1700	Representation	10 000	0	3 000	13 000
E3000	Examination office fees	6 200 000	0	120 000	6 320 000
E3200	Examination reports	416 000	0	-35 000	381 000
E3400	Publications	150 000	0	-15 000	135 000
E3500	Studies	500 000	0	-50 000	450 000
E3600	Special advisors	200 000	0	-20 000	180 000
<b>Grand Total</b>		<b>14 376 000</b>	<b>0</b>	<b>0</b>	<b>14 376 000</b>

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

For Title 1 and Title 2, the Commitment budget is subject to the same transfers as the Payment budget as the credits are non-dissociated credits. The explanations of revisions and transfers are mentioned on the previous paragraph.

For Title 3, revisions were made to reinforce the budget line for Interim Staff. Transfers were also necessary to increase the budget line for travel and representation cost.

*Table 23 Revisions and transfers of the commitment budget (no transfers done for title 3) 2017*

Budget article	Description	Budget initial	Revisions	Transferts	Budget final
E1100	Staff	6 500 000,00		-67 000	6 433 000
E1300	Travel	250 000,00		4 000	254 000
E1400	Interim staff	150 000,00		60 000	210 000
E1700	Representation	10 000,00		3 000	13 000
<b>Grand Total</b>		<b>6 910 000,00</b>		<b>0</b>	<b>6 910 000</b>

## 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 2016 amounts carried over to 2017 for payment, there was a payment level of 86% (€ 790 547.60). The amount unpaid which had been considered as a budgetary expenditure in 2016 is now "non-budgetary income" for 2017 and appears in the budget outturn account as such in the table 1.

Table 24 Execution of C8 credit – 2017

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Titre 1	E1100	Staff	92 063,00	70 745,25	77%	21 317,75
	E1200	Training	15 336,00	15 336,00	100%	0,00
	E1300	Travel	3 886,23	869,10	22%	3 017,13
	E1400	Interim staff	8 645,82	7 711,30	89%	934,52
	E1500	Assistance	5 932,87	5 742,36	97%	190,51
	E1700	Representation	0,00	0,00	0%	0,00
	<b>Total</b>		<b>125 863,92</b>	<b>100 404,01</b>	<b>80%</b>	<b>25 459,91</b>
Titre 2	E2000	Property	284 423,51	272 838,67	96%	11 584,84
	E2100	IT expenses	253 483,72	218 122,58	86%	35 361,14
	E2200	Other equipment	11 149,00	10 184,39	91%	964,61
	E2300	General admin.	1 435,95	1 376,67	96%	59,28
	E2400	Postage and telecom	7 091,51	5 840,45	82%	1 251,06
	E2500	Meetings and notices	93 858,76	46 637,05	50%	47 221,71
	E2600	Audit and evaluation	137 098,00	135 143,78	99%	1 954,22
	<b>Total</b>		<b>788 540,45</b>	<b>690 143,59</b>	<b>88%</b>	<b>98 396,86</b>
<b>Grand Total</b>			<b>914 404,37</b>	<b>790 547,60</b>	<b>86%</b>	<b>123 856,77</b>

## 9. Treasury reserve

Table 25 Calculation of the free reserve

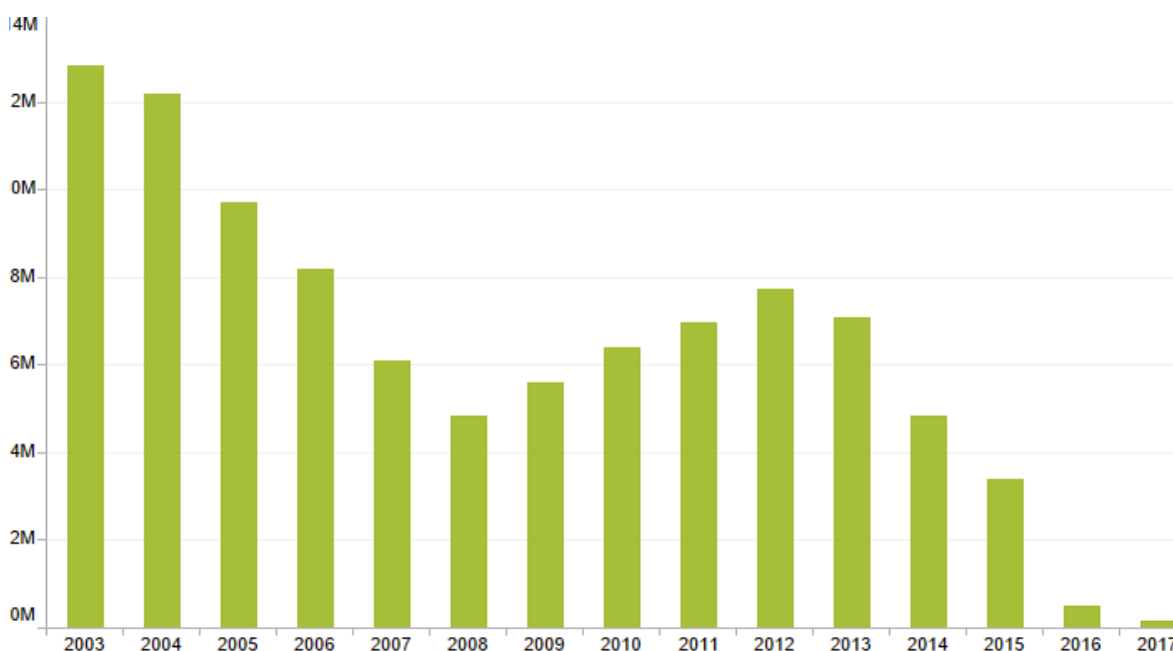
Description	2017
Treasury amount	17 298 446
Title 1: Amount carried over to next year	-99 151
Title 2: Amount carried over to next year	-314 607
Title 3: Amount carried over (diffrenciated credit)	-16 714 440
<b>Grand Total</b>	<b>170 248</b>

The so-called free reserve is the difference between total treasury in the CPVO and the outstanding commitments open.

The reserve of cash and cash equivalents of the CPVO at 31 December 2017 amounted to € 17.3 million (higher than the position at the same time in 2016). However, the outstanding budgetary commitments made with third parties (mainly with examination offices) at the same period amounted to € 17.1 million (€ 15.9 for 2016).

The graph below shows the evolution of the free reserve since its high point in 2003.

Table 26 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 27 Detailed budget outturn

		2017	2016	% variation 2017
Income	- Fees revenue	15 988 423,50	13 262 555,00	20,55%
	- Other revenue	192 378,33	195 681,19	-1,69%
	<b>Total</b>	<b>16 180 801,83</b>	<b>13 458 236,19</b>	<b>20,23%</b>
Expenditure	Title 1 Staff expenditure	-6 550 983,90	-6 362 894,32	2,96%
	Title 2 Administrative expenditure	-1 382 643,07	-1 983 560,31	-30,29%
	Title 3 Operational expenditure	-7 001 546,63	-7 241 909,80	-3,32%
	<b>Total</b>	<b>-14 935 173,60</b>	<b>-15 588 364,43</b>	<b>-4,19%</b>
<b>Grand Total</b>		<b>1 245 628,23</b>	<b>-2 130 128,24</b>	<b>-158,48%</b>
Non budgetary income		123 856,77	99 334,16	24,69%
<b>Net outturn for the year</b>		<b>1 369 485,00</b>	<b>-2 030 794,08</b>	<b>-167,44%</b>

### 11.2 Budget income

Table 28 Budget income detailed

Budget Posts	Description	Budget after RSB(*) and transfers	Income stated in 2017	Income collected in 2017	Variation with budget (%)
1000	Fees and surcharges collected	15 389 420	15 988 424	15 988 424	3,89%
3000	Deficit reserve	589 580			
5000	Income from administrative operations	112 000	127 967	127 967	14,26%
9100	Other income (mainly financial income)	150 000	64 411	64 411	-57,06%
<b>Total</b>		<b>16 241 000</b>	<b>16 180 802</b>	<b>16 180 802</b>	<b>-0,37%</b>

(\*) rectified supplementary budget





### 11.3 Budget Outturn – detailed reports

Table 29 Commitment appropriation 2017

Title	Budget article	Description	Budget initial	Revisions	Transferts	Budget final	Committed	% Committed	Cancelled
<b>Titre 1</b>	E1100	Staff	6 500 000	0	-67 000,00	6 433 000,00	6 009 209,63	93,4%	423 790,37
	E1200	Training	110 000	0	0,00	110 000,00	75 753,04	68,9%	34 246,96
	E1300	Travel	250 000	0	4 000,00	254 000,00	254 000,00	100,0%	0,00
	E1400	Interim staff	150 000	0	60 000,00	210 000,00	173 027,84	82,4%	36 972,16
	E1500	Assistance	30 000	0	0,00	30 000,00	28 761,86	95,9%	1 238,14
	E1700	Representation	10 000	0	3 000,00	13 000,00	10 231,53	78,7%	2 768,47
	<b>Total</b>		<b>7 050 000</b>	<b>0</b>	<b>0,00</b>	<b>7 050 000,00</b>	<b>6 550 983,90</b>	<b>92,9%</b>	<b>499 016,10</b>
<b>Titre 2</b>	E2000	Property	300 000	0	0,00	300 000,00	268 555,49	89,5%	31 444,51
	E2100	IT expenses	650 000	0	0,00	650 000,00	605 368,02	93,1%	44 631,98
	E2200	Other equipment	70 000	0	0,00	70 000,00	65 275,41	93,3%	4 724,59
	E2300	General admin.	55 000	0	0,00	55 000,00	39 770,51	72,3%	15 229,49
	E2400	Postage and telecom	100 000	0	0,00	100 000,00	62 526,55	62,5%	37 473,45
	E2500	Meetings and notices	400 000	0	0,00	400 000,00	246 798,07	61,7%	153 201,93
	E2600	Audit and evaluation	150 000	0	0,00	150 000,00	94 349,02	62,9%	55 650,98
	<b>Total</b>		<b>1 725 000</b>	<b>0</b>	<b>0,00</b>	<b>1 725 000,00</b>	<b>1 382 643,07</b>	<b>80,2%</b>	<b>342 356,93</b>
<b>Titre 3</b>	E3000	Examination office fees	8 800 000	0	0,00	8 800 000,00	8 597 294,00	97,7%	202 706,00
	E3200	Examination reports	416 000	0	0,00	416 000,00	395 440,00	95,1%	20 560,00
	E3400	Publications	150 000	0	0,00	150 000,00	71 406,65	47,6%	78 593,35
	E3500	Studies	500 000	0	0,00	500 000,00	318 124,07	63,6%	181 875,93
	E3600	Special advisors	200 000	0	0,00	200 000,00	98 219,38	49,1%	101 780,62
	<b>Total</b>		<b>10 066 000</b>	<b>0</b>	<b>0,00</b>	<b>10 066 000,00</b>	<b>9 480 484,10</b>	<b>94,2%</b>	<b>585 515,90</b>
<b>Grand Total</b>			<b>18 841 000</b>	<b>0</b>	<b>0,00</b>	<b>18 841 000,00</b>	<b>17 414 111,07</b>	<b>92,4%</b>	<b>1 426 888,93</b>

Table 30 Payment appropriation 2017

Title.	Budget article	Description.	Initial payment budget	Budget amendments	Payment budget transfers	Final appropriation	Budget execution	Execution %	Paid in the year	Carried forward to 2018 (C8)	Cancelled appropriations	Canceled %
Title 1 Staff expenditure	E1100	Staff	6 500 000,00	0,00	-67 000,00	6 433 000,00	6 009 209,63	93,4%	5 967 370,49	41 839,14	423 790,37	6,6%
	E1200	Training	110 000,00	0,00	0,00	110 000,00	75 753,04	68,9%	38 102,04	37 651,00	34 246,96	31,1%
	E1300	Travel	250 000,00	0,00	4 000,00	254 000,00	254 000,00	100,0%	244 053,43	9 946,57	0,00	0,0%
	E1400	Interim staff	150 000,00	0,00	60 000,00	210 000,00	173 027,84	82,4%	173 027,84	0,00	36 972,16	17,6%
	E1500	Assistance	30 000,00	0,00	0,00	30 000,00	28 761,86	95,9%	19 047,92	9 713,94	1 238,14	4,1%
	E1700	Representation	10 000,00	0,00	3 000,00	13 000,00	10 231,53	78,7%	10 231,53	0,00	2 768,47	21,3%
	<b>Total</b>		<b>7 050 000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>7 050 000,00</b>	<b>6 550 983,90</b>	<b>92,9%</b>	<b>6 451 833,25</b>	<b>99 150,65</b>	<b>499 016,10</b>	<b>7,1%</b>
Title 2 Admin. expenditure	E2000	Property	300 000,00	0,00	0,00	300 000,00	268 555,49	89,5%	207 948,75	60 606,74	31 444,51	10,5%
	E2100	IT expenses	650 000,00	0,00	0,00	650 000,00	605 368,02	93,1%	490 115,72	115 252,30	44 631,98	6,9%
	E2200	Other equipment	70 000,00	0,00	0,00	70 000,00	65 275,41	93,3%	51 533,65	13 741,76	4 724,59	6,7%
	E2300	General admin.	55 000,00	0,00	0,00	55 000,00	39 770,51	72,3%	34 082,41	5 688,10	15 229,49	27,7%
	E2400	Postage and telecom	100 000,00	0,00	0,00	100 000,00	62 526,55	62,5%	48 700,43	13 826,12	37 473,45	37,5%
	E2500	Meetings and notices	400 000,00	0,00	0,00	400 000,00	246 798,07	61,7%	178 536,32	68 261,75	153 201,93	38,3%
	E2600	Audit and evaluation	150 000,00	0,00	0,00	150 000,00	94 349,02	62,9%	57 119,02	37 230,00	55 650,98	37,1%
	<b>Total</b>		<b>1 725 000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>1 725 000,00</b>	<b>1 382 643,07</b>	<b>80,2%</b>	<b>1 068 036,30</b>	<b>314 606,77</b>	<b>342 356,93</b>	<b>19,8%</b>
Title 3 Operational expenditure	E3000	Examination office fees	6 200 000,00	0,00	120 000,00	6 320 000,00	6 293 996,61	99,6%	6 293 996,61	0,00	26 003,39	0,4%
	E3200	Examination reports	416 000,00	0,00	-35 000,00	381 000,00	341 040,00	89,5%	341 040,00	0,00	39 960,00	10,5%
	E3400	Publications	150 000,00	0,00	-15 000,00	135 000,00	71 659,24	53,1%	71 659,24	0,00	63 340,76	46,9%
	E3500	Studies	500 000,00	0,00	-50 000,00	450 000,00	194 419,66	43,2%	194 419,66	0,00	255 580,34	56,8%
	E3600	Special advisors	200 000,00	0,00	-20 000,00	180 000,00	100 431,12	55,8%	100 431,12	0,00	79 568,88	44,2%
	<b>Total</b>		<b>7 466 000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>7 466 000,00</b>	<b>7 001 546,63</b>	<b>93,8%</b>	<b>7 001 546,63</b>	<b>0,00</b>	<b>464 453,37</b>	<b>6,2%</b>
<b>Grand Total</b>			<b>16 241 000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>16 241 000,00</b>	<b>14 935 173,60</b>	<b>92,0%</b>	<b>14 521 416,18</b>	<b>413 757,42</b>	<b>1 305 826,40</b>	<b>8,0%</b>

Table 31 Budget outturn of non-differentiated credits carried forward (C8)

Title	Budget article	Description	Budget final	Payments	% Paid	Lost C8 credits
Titre 1	E1100	Staff	92 063,00	70 745,25	77%	21 317,75
	E1200	Training	15 336,00	15 336,00	100%	0,00
	E1300	Travel	3 886,23	869,10	22%	3 017,13
	E1400	Interim staff	8 645,82	7 711,30	89%	934,52
	E1500	Assistance	5 932,87	5 742,36	97%	190,51
	E1700	Representation	0,00	0,00	0%	0,00
	<b>Total</b>		<b>125 863,92</b>	<b>100 404,01</b>	<b>80%</b>	<b>25 459,91</b>
Titre 2	E2000	Property	284 423,51	272 838,67	96%	11 584,84
	E2100	IT expenses	253 483,72	218 122,58	86%	35 361,14
	E2200	Other equipment	11 149,00	10 184,39	91%	964,61
	E2300	General admin.	1 435,95	1 376,67	96%	59,28
	E2400	Postage and telecom	7 091,51	5 840,45	82%	1 251,06
	E2500	Meetings and notices	93 858,76	46 637,05	50%	47 221,71
	E2600	Audit and evaluation	137 098,00	135 143,78	99%	1 954,22
	<b>Total</b>		<b>788 540,45</b>	<b>690 143,59</b>	<b>88%</b>	<b>98 396,86</b>
<b>Grand Total</b>			<b>914 404,37</b>	<b>790 547,60</b>	<b>86%</b>	<b>123 856,77</b>

## 12. Financial Accounts:

### 12.1 Balance sheet

				2017	2016
Assets	Non-Current assets	Intangible Assets	1	1 865,04	9 620,00
		Tangible Assets	2	3 093 537,71	3 121 981,11
		Medium term investments	3	7 756 500,00	6 095 500,00
		Total		10 851 902,75	9 227 101,11
	Current assets	Short-term receivables	4	4 002 451,63	3 350 672,39
		Treasury	5	9 541 945,75	10 277 505,37
		Other receivable	6	58 336,44	42 546,79
		Total		13 602 733,82	13 670 724,55
	Total			24 454 636,57	22 897 825,66
	Liabilities	Accumulated result	Reserve		9 799 661,25
Profit / deficit				(1 036 310,33)	(2 331 879,79)
Total				8 763 350,92	9 799 661,25
Current liabilities		Accrued charges and deferred income	7	15 505 231,38	12 871 830,00
		Current payables	8	29 454,27	20 667,06
		Short-term provision	9	156 600,00	205 667,35
		Total		15 691 285,65	13 098 164,41
Total			24 454 636,57	22 897 825,66	

### 12.2 Statement of financial performance

Table 32 Statement of financial performance

		2017	2016
Income	Income from fees	14 484 760,35	12 793 830,90
	Income from administrative operations	101 259,64	103 152,21
	<b>Total</b>	<b>14 586 019,99</b>	<b>12 896 983,11</b>
Expenditure	Operational expenses	(7 435 688,64)	(7 176 070,52)
	Salaries and social taxes	(6 343 588,28)	(6 160 483,42)
	Overheads	(1 649 783,24)	(1 689 194,16)
	Depreciation	(257 188,85)	(262 721,38)
	<b>Total</b>	<b>(15 686 249,01)</b>	<b>(15 288 469,48)</b>
<b>Result</b>		<b>(1 100 229,02)</b>	<b>(2 391 486,37)</b>
Financial revenue	Interest income	66 882,38	62 762,20
	Miscellaneous financial income		276,96
	<b>Total</b>	<b>66 882,38</b>	<b>63 039,16</b>
Financial expenditure	Bank charges & exchange differences	(2 963,69)	(3 432,58)
	<b>Total</b>	<b>(2 963,69)</b>	<b>(3 432,58)</b>
<b>Result</b>		<b>63 918,69</b>	<b>59 606,58</b>
<b>Economic outturn for the year</b>		<b>(1 036 310,33)</b>	<b>(2 331 879,79)</b>

### 12.3 Cash-flow (Indirect method)

Table 33 Cash flow

	2017	2016
Cash Flows from ordinary activities		
<b>Surplus/(deficit) from ordinary activities</b>	<b>-1 036 310,33</b>	<b>-2 331 879,79</b>
<b><i>Operating activities</i></b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	7 754,96	14 702,04
Depreciation (tangible fixed assets) +	249 433,89	248 019,34
Impairment (tangible fixed assets) +		
Increase/(decrease) in Provisions for risks and liabilities	-49 067,35	11 227,35
(Increase)/decrease in Long term Receivables	-1 661 000,00	-3 849 900,00
(Increase)/decrease in Short term Receivables	-667 568,89	471 449,65
Increase/(decrease) in Other Long term liabilities		
Increase/(decrease) in Accounts payable	2 642 188,59	-199 547,51
<b><i>Net cash flow from operating activities</i></b>	<b>-514 569,13</b>	<b>-5 635 928,92</b>
<b><i>Cash Flows from investing activities</i></b>		
Increase of tangible and intangible fixed assets (-)	-220 990,49	-140 629,64
Proceeds from tangible and intangible fixed assets (+)		
Loss on decommissioning of assets (+)		
<b><i>Net cash flow from investing activities</i></b>	<b>-220 990,49</b>	<b>-140 629,64</b>
<b><i>Net Increase/(decrease) in cash and equivalent</i></b>	<b>-735 559,62</b>	<b>-5 776 558,56</b>
Cash and cash equivalents at the beginning of the period	10 277 505,37	16 054 063,93
Cash and cash equivalents at the end of the period	9 541 945,75	10 277 505,37
<b><i>Net Increase/(decrease) in cash and equivalent</i></b>	<b>-735 559,62</b>	<b>-5 776 558,56</b>
<b><i>Difference</i></b>	<b>0,00</b>	<b>0,00</b>

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

Table 34 Reconciliation table

	sign +/-	Amount
<b>Economic result (+ for surplus and - for deficit)</b>	<b>+/-</b>	<b>-1 036 310,33</b>
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-12 037 058,96
Adjustments for Accrual Cut-off (cut- off 31.12.N )	+	14 583 094,95
Depreciation of intangible and tangible assets	+	257 188,85
Value reduction	+	
Recovery Orders issued in the year in class 7 and not yet cashed	-	-3 371 780,00
Payments made from carry over of payment appropriations	+	790 547,60
Prefinancing received in previous year and cleared in the year	-	
Asset acquisitions (less unpaid amounts)	-	-233 367,61
Budgetary recovery orders issued before the financial year and cashed	+	2 707 270,00
Payment appropriations carried over to the next year	-	-413 757,42
Cancellation of unused carried over payment appropriations from previous year	+	123 856,77
<b>total (1)</b>		<b>1 369 683,85</b>
<b>Budgetary result (+ for surplus) (2)</b>		<b>1 369 485,00</b>
<b>Including amount of exchange rate differences - (+ for gain and - for loss) - (3)</b>		<b>198,85</b>
<b>Delta not explained (1) - (2) - (3)</b>		<b>0,00</b>

## 12.5 Notes to the financial accounts

### Note 1 Intangible fixed assets

		Internally generated Computer Software	Computer Software	Other Intangible assets	Intangible assets under construction	Total
Gross carrying amounts 01.01.2017	+		634 612,95			634 612,95
Additions	+					0,00
Disposals	-					
Transfer between headings	+/-					
Other changes	+/-					
<b>Gross carrying amounts 31.12.2017</b>		<b>0,00</b>	<b>634 612,95</b>	<b>0,00</b>	<b>0,00</b>	<b>634 612,95</b>
Accumulated amortization and impairment 01.01.2017	-		-624 992,95			-624 992,95
Amortization	-		-7 754,96			-7 754,96
Disposals	+					
Write-back of impairment	+					
Transfer between headings	+/-					
<b>Accumulated amortization and impairment 31.12.2017</b>		<b>0,00</b>	<b>-632 747,91</b>	<b>0,00</b>	<b>0,00</b>	<b>-632 747,91</b>
<b>Net carrying amounts 31.12.2017</b>		<b>0,00</b>	<b>1 865,04</b>	<b>0,00</b>	<b>0,00</b>	<b>1 865,04</b>

### Note 2 Tangible Fixed Assets

		Land	Buildings	Plant and Equipment	Computer hardware	Tangible assets under construction	Total
Gross carrying amounts 01.01.2017	+	292 220,00	5 165 857,15	365 956,10	368 515,82	12 377,12	6 204 926,19
Additions	+		218 004,61		15 363,00		233 367,61
Disposals	-			-5 116,75			-5 116,75
Impairment (regularisation entry)	+/-		369 869,55				369 869,55
Other changes	+/-					-12 377,12	-12 377,12
<b>Gross carrying amounts 31.12.2017</b>		<b>292 220,00</b>	<b>5 753 731,31</b>	<b>360 839,35</b>	<b>383 878,82</b>	<b>0,00</b>	<b>6 790 669,48</b>
Accumulated amortization and impairment 01.01.2017	-		-2 448 662,29	-324 183,45	-310 099,34		-3 082 945,08
Depreciation	-		-206 051,08	-8 988,59	-34 394,22		-249 433,89
Write-back of depreciation	+						
Disposals	+			5 116,75			5 116,75
Transfer between headings	+/-		-369 869,55				
<b>Accumulated amortization and impairment 31.12.2017</b>		<b>0,00</b>	<b>-3 024 582,92</b>	<b>-328 055,29</b>	<b>-344 493,56</b>	<b>0,00</b>	<b>-3 327 262,22</b>
<b>Net carrying amounts 31.12.2017</b>		<b>292 220,00</b>	<b>2 729 148,39</b>	<b>32 784,06</b>	<b>39 385,26</b>	<b>0,00</b>	<b>3 093 537,71</b>

### Note 3 Medium term investments

	2017	2016
Medium term investments	7 756 500,00	6 095 500,00
<b>Grand Total</b>	<b>7 756 500,00</b>	<b>6 095 500,00</b>



In 2017, the amount of medium term investments increased considerably at the expense of short term investments as the rates are slightly more interesting than rates for shorten period. The increase of medium term investments was foreseen to optimize the return, but rates are still very low. The amount of € 7 756 500 is divided in different investments and different as it can be seen on the table below:

	2017	2016
BNP - financial investment	550 000,00	550 000,00
C.E. - financial investment	1 794 000,00	733 000,00
CRCA - financial investment	4 000 000,00	4 000 000,00
HSBC - financial investment	1 412 500,00	812 500,00
<b>Grand Total</b>	<b>7 756 500,00</b>	<b>6 095 500,00</b>

*Note 4 Short-term receivables*

	2017	2016
Customers	3 539 087,87	2 938 095,22
VAT	344 220,17	304 489,70
Deferred charges	119 143,59	108 087,47
<b>Total</b>	<b>4 002 451,63</b>	<b>3 350 672,39</b>

*Note 5 Treasury*

	2017	2016
Short-term investments	5 021 864,97	5 992 673,20
Current accounts	4 471 455,86	4 237 662,87
Imprest account	48 624,92	47 169,30
Cash in hand	-	-
<b>Total</b>	<b>9 541 945,75</b>	<b>10 277 505,37</b>

As mentioned above, short-term investments decreased for the benefit of medium terms investments.

*Breakdown of short-term investments*

	2017	2016
BARCLAYS	-	1,58
BNP	2 958 000,00	2 958 000,00
CAISSE D'EPARGNE	733 000,00	1 705 800,00
CREDIT AGRICOLE	-	-
LCL	1 330 864,97	1 328 871,62
SOCIETE GENERALE	-	-
<b>Total</b>	<b>5 021 864,97</b>	<b>5 992 673,20</b>



*Note 6 Other receivables*

	2017	2016
Interest to be received	36 855,19	34 384,28
Other receivable	-	-
Sundry receivables (staff)	21 481,25	8 162,51
<b>Total</b>	<b>58 336,44</b>	<b>42 546,79</b>

Interest rates are still very low and decreased in 2017. The Office expects less return on investments.

*Note 7 Accrued charges and differed income*

	2017	2016
Deferred income	10 521 346,05	8 353 172,90
Invoices to be received	4 621 416,18	4 289 762,43
Suspense account	127 332,84	40 301,00
Accrued holidays	158 519,31	126 096,67
Charge accounts	76 617,00	62 497,00
<b>Total</b>	<b>15 505 231,38</b>	<b>12 871 830,00</b>

The increase of deferred income from fees was due to the increase of the number of annual fees linked to the increase of the titles granted, but also to the accumulation of the number of examination invoiced since 2014.

*Note 8 Current payables*

	2017	2016
Sundry credit accounts	-	-
Suppliers	29 454,27	20 667,06
<b>Total</b>	<b>29 454,27</b>	<b>20 667,06</b>

*Note 9 Short-term provision*

	2017	2016
Provision for doubtful debts	156 600,00	205 667,35
<b>Grand Total</b>	<b>156 600,00</b>	<b>205 667,35</b>

*Table 35 Statement of changes in capital*

	2017	2016
Reserve	9 799 661,25	12 131 541,04
Profit / deficit	(1 036 310,33)	(2 331 879,79)
<b>Cumulated reserve</b>	<b>8 763 350,92</b>	<b>9 799 661,25</b>

## 12.6 Other Disclosures

### [Off Balance Sheet Commitments](#)

At the year-end there was of a total of € 16 714 440 of commitments open on title 3 (operational expenditure) and a further € 413 757 for titles 1 and 2 carried to 2017 as C8 credits. Of this total, € 4 621 416 relates to work carried out in or before 2017 but not yet invoiced an amount for which there is a provision in the financial accounts. The balance of **€ 12 506 781** 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 General Court has decided that the CPVO is liable for the expenses incurred by the winning parties plus expenses incurred for the lawyer's fees. The cost to be paid could reach up to a maximum of 100 000 €.

### [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
AD15	1
AD12	1
<b>Total</b>	<b>2</b>

### [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 5 years.

Long term receivables	1-2 years	2-3 years	4-5 years	total
Medium term investment Caisse d'Epargne			1 794 000,00	1 794 000,00
Medium term investment Crédit Agricole		4 000 000,00		4 000 000,00
Medium term investment HSBC		812 500,00	600 000,00	1 412 500,00
Medium term investment BNP		550 000,00		550 000,00
<b>total</b>	<b>0,00</b>	<b>5 362 500,00</b>	<b>2 394 000,00</b>	<b>7 756 500,00</b>

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

Customers	2017	2016
<b>Amount due by customers</b>	<b>3 539 087,87</b>	<b>2 938 095,22</b>
Provision at the start of the year	-205 667,35	-194 440,00
Additional provision (-)	-9 660,00	-50 897,35
Reduction of the provision (+)	21 907,35	3 160,00
Write-offs	36 820,00	36 510,00
<b>Accumulated impairment (-)</b>	<b>-156 600,00</b>	<b>-205 667,35</b>
<b>Net amount at the end of the year</b>	<b>3 382 487,87</b>	<b>2 732 427,87</b>

The trend of the provision for customers linked to the fees invoiced is downward since a few years. In 2017, the provision for these clients amounts to € 9 660. The decrease is mainly due to a new decision taken by the Board of Appeal to cancel open notes concerned by cancellation procedure.

Break down of the provision for customers	2017	2016
Receivables from 2010		10 200,00
Receivables from 2011	32 070,00	60 120,00
Receivables from 2012	45 850,00	45 850,00
Receivables from 2013	24 320,00	24 070,00
Receivables from 2014	22 060,00	22 160,00
Receivables from 2015	23 640,00	43 267,35
Receivables from 2016	8 660,00	
<b>Net amount at the end of the year</b>	<b>156 600,00</b>	<b>205 667,35</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 7 756 500 €, 119 143.59 € for deferred charges already paid in 2017 ; income to be received (interests from investments) in 2018 from 2017 for 36 855.19 €.

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	286 252,67	7 912 498,78	5 021 864,97	4 520 080,78	17 740 697,20	99,67%
Upper medium grade	55 011,03				55 011,03	0,31%
Lower medium grade					0,00	0,00%
Non-investment grade	2 956,47				2 956,47	0,02%
<b>Total</b>	<b>344 220,17</b>	<b>7 912 498,78</b>	<b>5 021 864,97</b>	<b>4 520 080,78</b>	<b>17 798 664,70</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		3 539 087,87			3 539 087,87
Debtors who defaulted in the past					
<b>Total</b>	<b>0,00</b>	<b>3 539 087,87</b>	<b>0,00</b>	<b>0,00</b>	<b>3 539 087,87</b>

#### Maturity term of financial assets

Short term receivables	< 1 year	1-2 years	>2 years	total
Customers	3 539 087,87			3 539 087,87
VAT	344 220,17			344 220,17
Deferred charges	110 766,66	7 496,39	880,54	119 143,59
<b>total</b>	<b>3 994 074,70</b>	<b>7 496,39</b>	<b>880,54</b>	<b>4 002 451,63</b>

#### Maturity of liabilities

The following table takes into account the treasury received for charge accounts and the amounts due to suppliers. There is a significant decrease of the payables as only 2 charge accounts out of 14 are still be used but should be closed in 2018.

	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	76 617,00			76 617,00
Payables with consolidated entities				
<b>Total</b>	<b>76 617,00</b>	<b>0,00</b>	<b>0,00</b>	<b>76 617,00</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.

## 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 statements<sup>1</sup> 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 Communities<sup>2</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 2016 to 31 December 2016.

### 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

---

<sup>1</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>2</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 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.

***The members of the Administrative Council are invited to take note of this document***

### **Annex III. Social Report of the CPVO 2017**

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## 1. The CPVO

### 1.1. Mission

The Community Plant Variety Office (CPVO) is responsible for the management of the Community Plant Variety Rights System. This system provides protection with an intellectual property right for new plant varieties on European Union level. The system, based on the 1991 act of the UPOV Convention, became operational in 1995. The mission of the CPVO is to deliver and promote an efficient Intellectual Property Rights system that supports the creation of new plant varieties for the benefit of Society.

### 1.2. Structure

The CPVO is managed by its President, who is nominated by the Council of the European Union. The President takes all necessary measures in order to produce a balanced budget for the Agency and to ensure its correct implementation in the framework of the powers conferred to him under the EU Regulations. He is assisted by a Vice President, to whom he has delegated some of his duties, and who ensures his replacement in case of impediment.

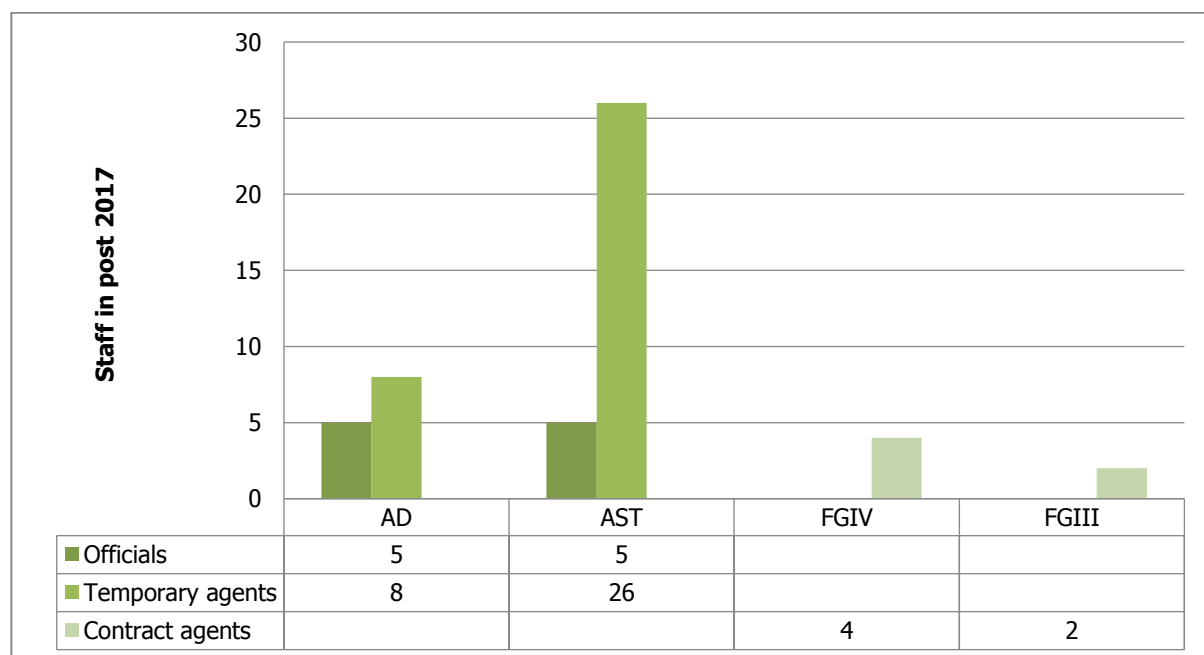
The CPVO is organised internally into three units (the Technical Unit, the Administration Unit and the Legal Unit) and support services dealing with human resources and public relations. A Quality Audit service was created in 2008 with the aim of verifying that technical examination offices meet the quality standards required for providing services to the CPVO in the area of testing compliance of candidate varieties with the distinctness, uniformity and stability (DUS) criteria. This service reports directly to the Administrative Council of the CPVO.

## 2. Employment

### 2.1. Staff members

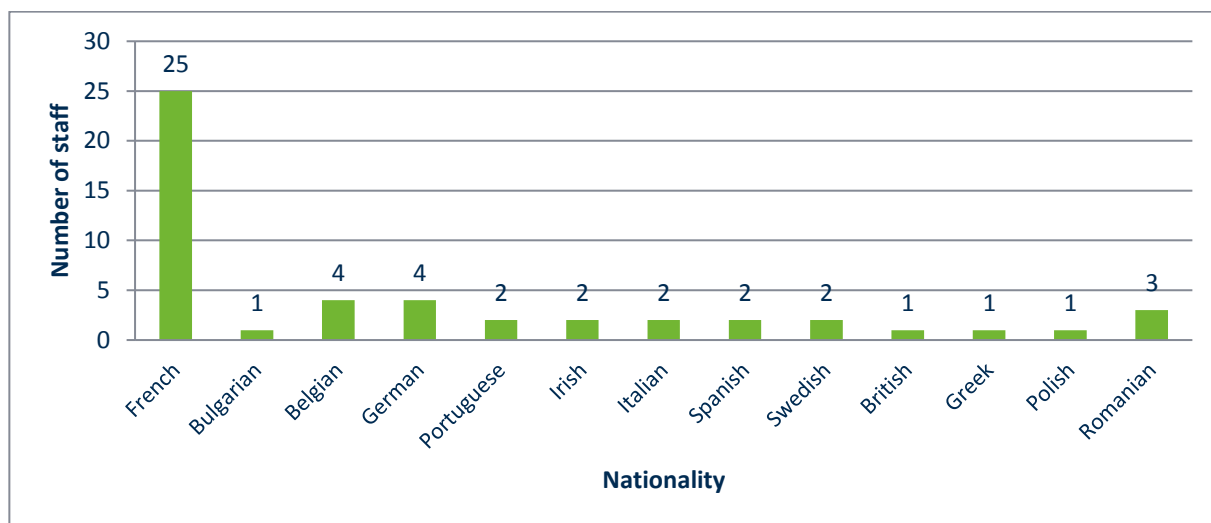
By the end of 2017, 50 staff members were employed at the CPVO comprising of 10 officials, 34 temporary agents (of which 4 were standard part-time employments of 80% or 90%) and 6 contract agents. Three trainees and two half-time outsourced IT specialists were also present. There was one long-term absence for sick leave and one staff member on personal leave in 2017. The representation in function groups AD, AST and FG is illustrated below.

Figure 16 - Function Groups



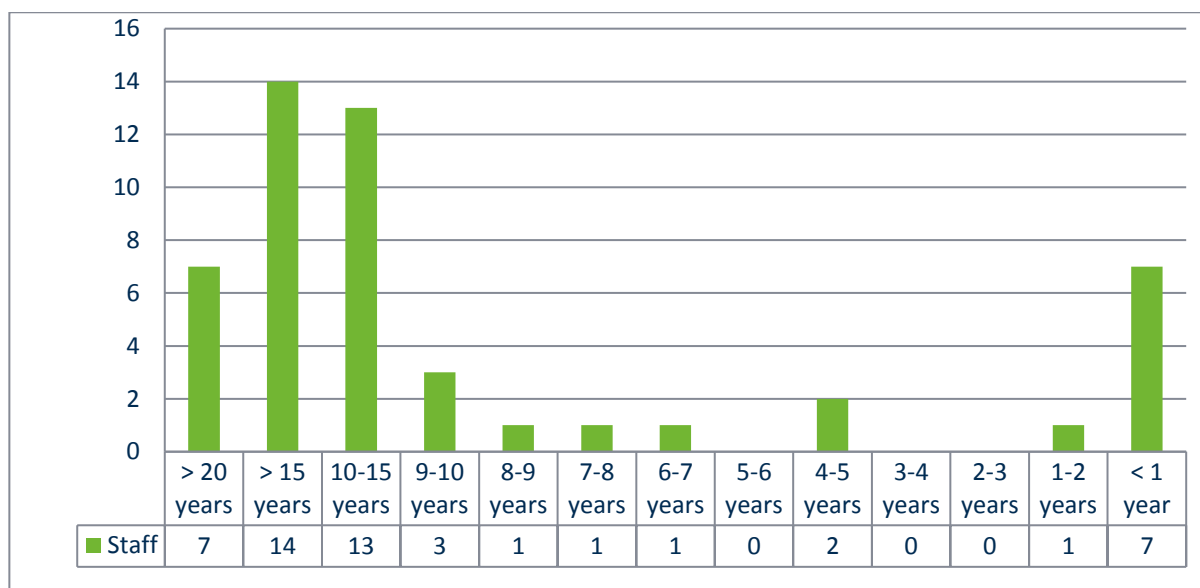
13 nationalities were present in the Office with a majority of French nationals.

Figure 17 - Nationalities



The Office has a low turnover and 70% of the staff has been working for more than 10 years.

Figure 18 - Seniority in the Office in 2017



## 2.2. Recruitment procedures organized in 2017

One external recruitment procedure was launched during 2017 for the post as Technical Expert. Three internal selection procedures were organized for the posts of Administrator, Head of Technical Unit and Senior Advisor. Two contract agents were selected from the EPSO reserve list.

## 2.3. Staff that joined the CPVO

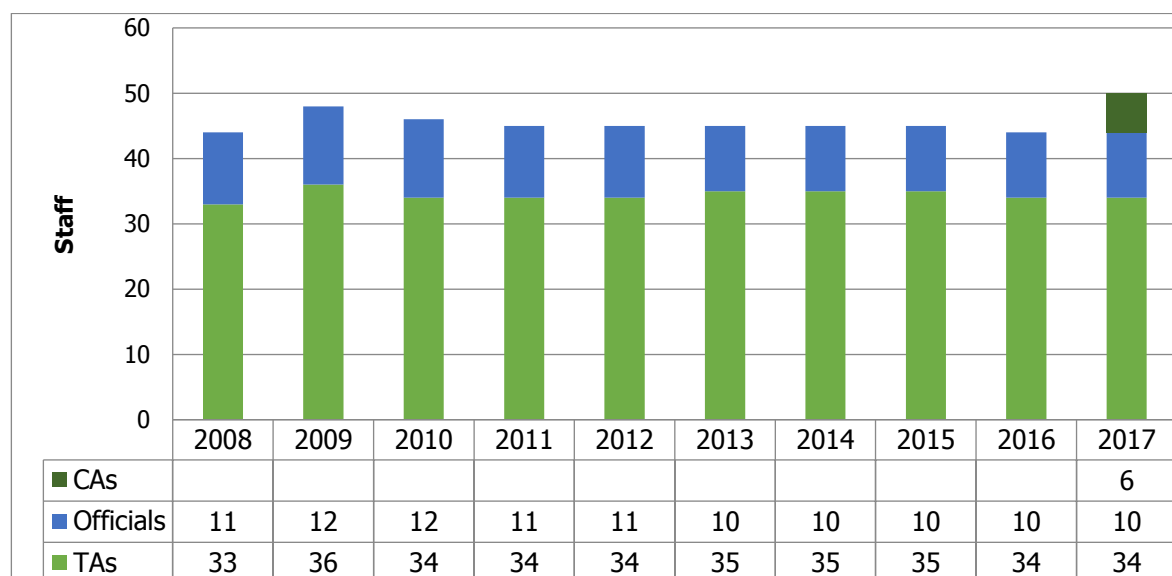
Three *interim agents* were recruited during 2017 for a total period of 23 months, in order to cover for a replacement of long sick leave, to finalize the OAPI project and to cope with an increased workload in the accountancy.

One temporary agent was recruited in the Technical Unit and 6 contract agents were recruited in the Administration and Technical Unit.

## 2.4. Staff that left the CPVO

One staff member left in 2017. The number of staff has been stable the last couple of years with 45-46 staff members, but has seen an increase in 2017.

Figure 19 - Evolution of Officials/Temporary & Contract Agents over the past 10 years:



It should be noted that the increase in contract agents is offset by a significant reduction in external services (in particular IT) and will also lead to a decrease in the use of interim agents.

## 2.5. Career development

The ability of the CPVO to achieve its objectives depends on its staff members. Their skills and abilities in carrying out their responsibilities determine how successful the CPVO as a whole will be. Career development reports (CDR) are a means of formally recognizing, evaluating and providing feedback on each staff member's performance and contribution as a member of a team.

The CDR is also an important means of communication between management and staff, as well as to identify training needs, and a vital tool for career development. In this process, staff members have a continuing opportunity to inform management about how they feel about the work and identify professional goals and interests. Managers in turn convey their commitment to each staff member's career success by communicating information concerning the staff member's performance in relation to the CPVO's expectations and action needed to meet these expectations and to advance the staff member's career at the CPVO.

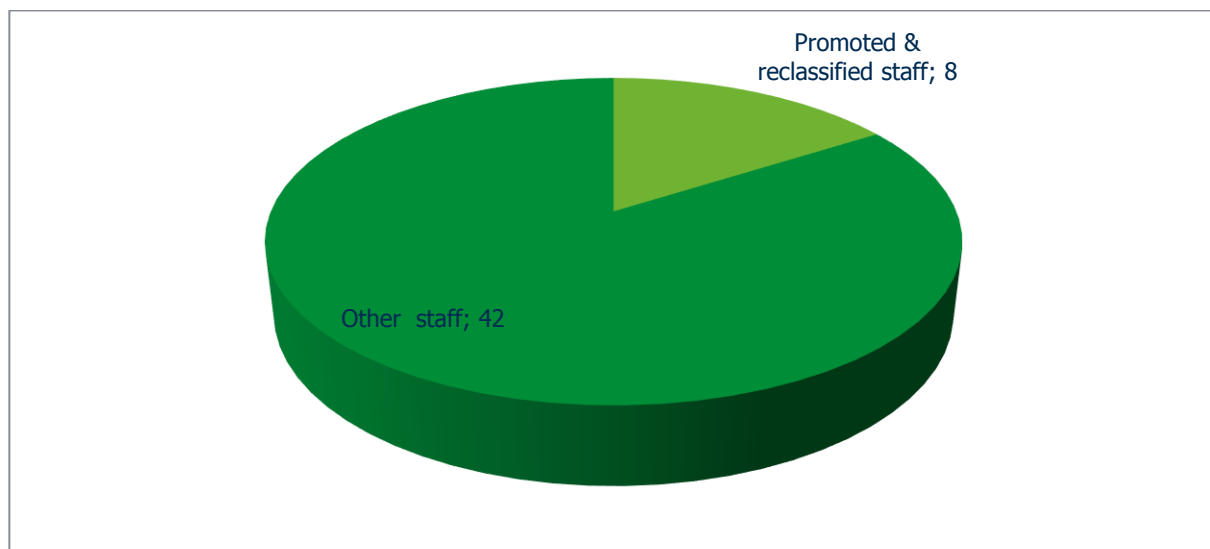
Career development reports provide a link between the CPVO's objectives and a staff member's performance and also enhance accountability for results. In 2017 an extensive effort was made in order to make it easier for staff members to identify their work objectives with the objectives of the CPVO, and trainings and workshops were organized in this respect.

Career development reports are drawn up once a year for all staff members, including the President and Vice President.

## 2.6. Promotions and reclassifications

A total of 8 staff members were awarded a promotion or reclassification to the next grade in their career with retroactive effect from 01/01/2017. This represents 16% of the staff and is significantly lower than the other agencies and institutions. Given its small size, the percentage of staff promoted in the CPVO can vary from year-to-year.

Figure 20 - Promotions and reclassifications in 2017



## 2.7. Absenteeism

The Staff Regulations of the European Communities, applicable to CPVO staff, stipulate that staff members do not have to present a medical certificate until the fourth day of absence. This absence of three consecutive days without a medical certificate can be repeated four times during a calendar year. All absences after that must be covered by a medical certificate. During 2017, no staff member of the CPVO was absent more than 12 days without a medical certificate.

The total number of days lost for medical reasons was 588,5 days (which includes three long sick leaves of 58 days, 92 days and 228,5 days respectively). This represents 5.4% of the total working days during 2017 and makes an average of 12 days per post. Excluding the three long sick leaves, the average is just 4,5 days per post.

Description	Days
Total Calendar Days	365
Weekend Days	104
CPVO Official Holidays	18
Average Annual Holidays	25
Working Days	218
Staff Present in Office in 2017	50 <sup>3</sup>
Total working days	10 900 <sup>4</sup>

Year	Days off	% of working days	Avg. days per post
2017	588,5	5.4%	12.0
2016	562.0	5.9%	12.8
2015	157.5	1.6%	3.5

<sup>3</sup> includes staff with short-term contracts, replacing temporarily staff on long-term contracts

<sup>4</sup> no distinction made between part-time and full time

Figure 21 - Absenteeism over the past three years

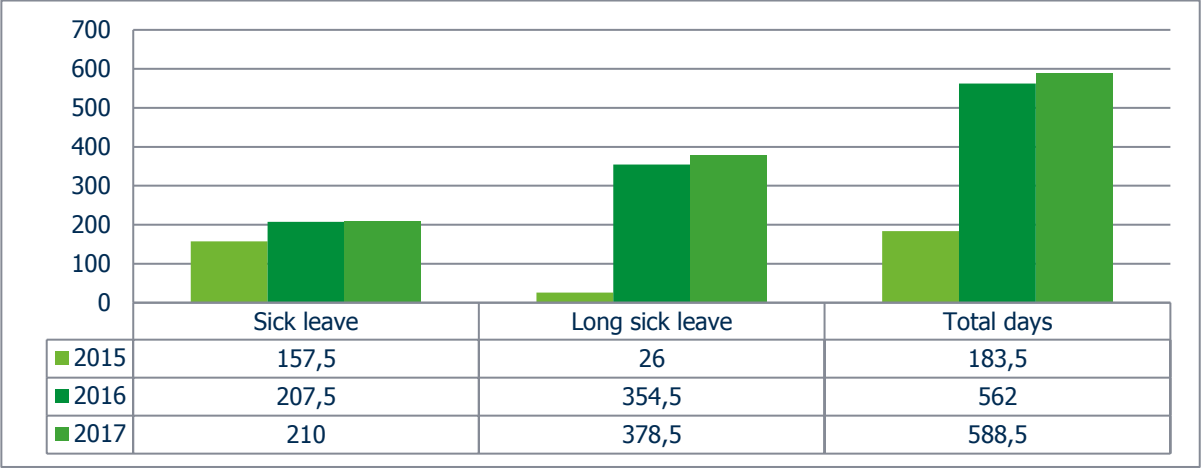
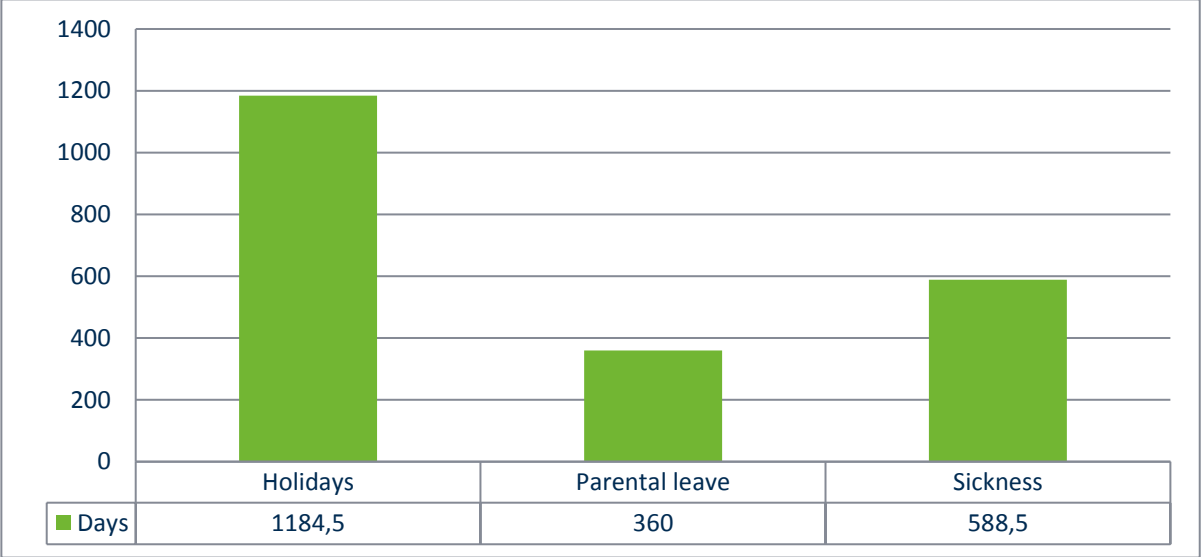


Figure 22 - Total days of absences in 2017





## 2.8. Gender and age balance

The gender balance amongst CPVO staff is 56-44, with the weight towards female staff. It should be noted that almost 50% of the staff of the CPVO is currently in the age range 40 to 49, and 46% is over 50. This situation should be monitored in the medium-long term period to ensure continuity and transfer of knowledge.

Figure 23 - Gender & age balance

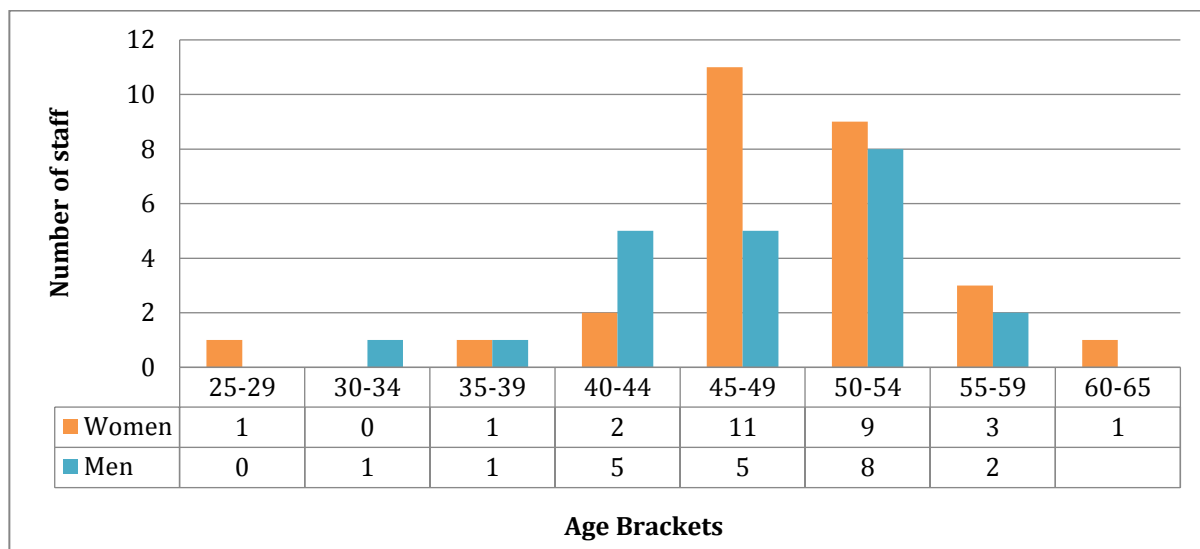
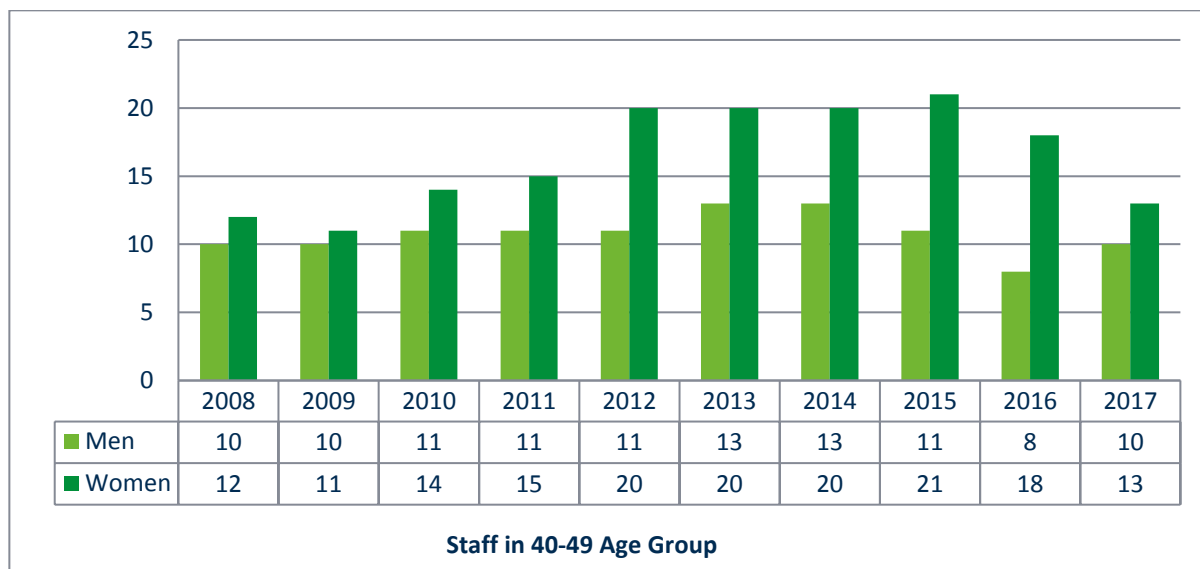


Figure 24 - Age group 40-49 evolution



## **2.9. Trainees**

In January 2009 the President of the CPVO adopted rules governing in-service training at the CPVO. The purpose of the in-service training with the CPVO is to give external people an opportunity to learn about the CPVO and its role within the European Union, to provide them with practical knowledge of the work at the CPVO, to enable them to acquire personal experience by means of the contacts made in the course of their work and put into practice the knowledge they have acquired during their studies or professional careers, to the benefit of the CPVO.

In 2013, the CPVO adopted a procedure for the traineeships within the Office, governed by the decision mentioned above. Traineeships are advertised in April and September (advertisements posted on the CPVO web page and message sent to the AC members). The traineeships are planned to begin in March and September, and last for 6 months at a time. This procedure was followed in 2017 and 4 advertisements were published. Cooperation Agreements are also in place with the University of Alicante (Magister Lvcentinvs) and the University of Strasbourg (CEIPI) to offer the same traineeship possibilities of 6 months renewable. Another agreement to join the Pan-European Seal Project in partnership with the EUIPO and the EPO to offer internships to highly specialized young graduates in the field of Intellectual Property is also in place.

The CPVO also offers the possibility for younger students to do an internship of 2-4 months. These internships are not governed by the decision mentioned above but by a convention signed between the CPVO and the school.

In 2017 the CPVO had eight trainees present for a total of 34,5 months.

## **3. Working Conditions**

### **3.1. Hours worked**

The working week of the CPVO is 40 hours, spread out over the 5 working days (from Monday to Friday), respecting the following core working hours 9:00 to 12:30 and from 14:15 to 16:30 (16:00 on Wednesdays and Fridays).

### **3.2. Security and prevention of occupational hazards**

The CPVO did not experience any accidents, occupational hazards or risks to its security during 2017. However, training courses are organized in these fields in order for the staff members to have knowledge about the actions to take in case anything happens. In 2017, 20 staff members participated in a training course on how to use a fire extinguisher, and 28 staff members participated in a first aid course. Building security is outsourced to a local service company.

### **3.3. Flexi-time and teleworking**

The new implementing rules on working time gives staff members the possibility for flexi-time. This means that if staff works more than the regulatory hours during a month, they can work the corresponding time less in the following month. If the overtime worked exceeds 4 hours, staff can recuperate half a day in the following month, and if the overtime worked exceeds 8 hours they can recuperate a whole day, until a maximum of 2 days in a given month. No more than 20 hours can be carried over from one month to another.

In 2017, 39 staff members worked overtime and took 225 days in total under the flexi-time arrangements.

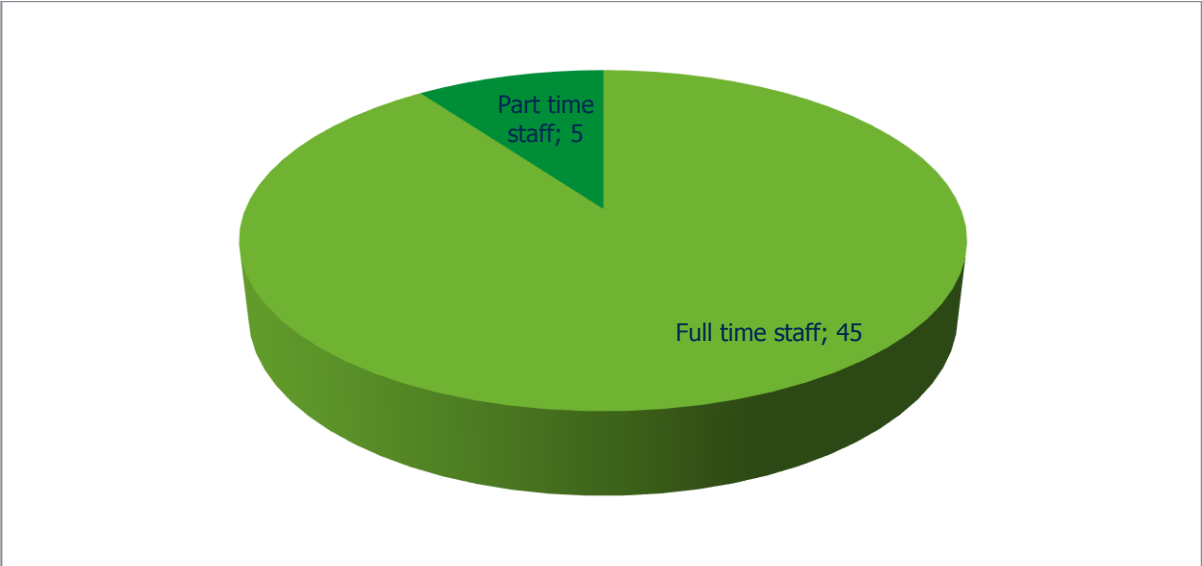
Several staff members have been teleworking during 2017, either on an ad hoc basis (13 staff members) or under a teleworking agreement (7 staff members). The feedback is very positive, both from the staff and management.

### **3.4. Part time**

The Staff Regulations of the European Communities give the right to staff members to work part-time. The CPVO adopted the Commission implementing rules on part-time work by analogy in April 2006, to give effect to these rules. These rules stipulate that staff members have the right to request to work part-time (50, 60,

70, 80 or 90%) under certain conditions. In 2017, five staff members were granted the right to work part-time at 80% or 90% in order to take care of their young children and to better balance private and professional life. They did not all work part-time throughout the entire year.

Figure 25 - Part time in 2017



3.5. Parental leave

Parental leave is also a right established in the Staff Regulations. In 2011, the CPVO adopted the new Commission implementing rules on parental leave by analogy. These rules stipulate that staff members have the right to request parental leave for up to six months per child until the child reaches the age of 12. The leave can be taken immediately after the maternity leave or at any other time. It can be taken all at once (six consecutive months) or be divided into a minimum period of one month at a time. Parental leave can be taken as full-time or half-time.

The New Staff Regulations has introduced a possibility to take an extra 6 months per child with an allowance reduced by 50%. In 2017, thirteen staff members took parental leave for a total period of 12 months.

Figure 26 - Parental leave in 2017



## 4. Training

Training is an integral part of the human resources policy of the CPVO and it serves the interests of the individual as well as of the CPVO. Training should serve to improve individual competencies, professional effectiveness and commitment at the workplace so that each staff member can contribute optimally to the achievement of the CPVO's goals. By developing relevant knowledge, skills and attitudes, training should further help staff members to make desired career moves, both laterally (mobility) and vertically (promotion, including change of category). Learning is both a right and a duty for all persons working in the CPVO.

The CPVO staff has been given free access to the Learning Portal of the EUIPO Academy and can enroll in training courses as they please, under condition that there are places available.

In 2017, a budget of 110 000 € was allocated for training. A total of 75 513,04 € was committed, which represents an execution level of 68.65 % of the budget.

A total of 305 days were spent in training, which gives an average of 6.1 days per post.

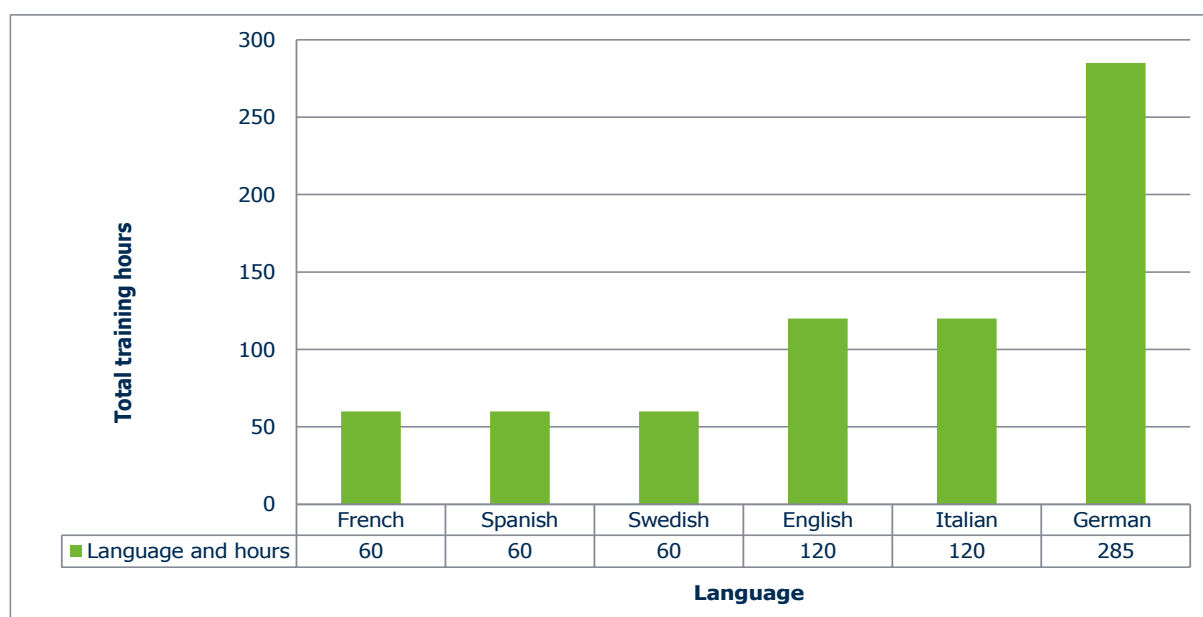
Figure 27 - Evolution of training days over the past five years

YEAR	TOTAL NUMBER OF DAYS	DAYS PER POST
2013	350	7.3
2014	376.5	8.4
2015	317.25	7.1
2016	249	5.7
2017	305	6.1

### 4.1. Language courses

In 2017, 11 staff members followed language courses. A total of 705 hours (=705/8=88,12 days) were spent in these courses, divided in English (120 hours), German (285 hours), Spanish (60 hours), Italian (120 hours), Swedish (60 hours) and French (60 hours). 35 165,20 € was committed, which represents 32.41 % of the training budget. This include BULATS test and French courses for the trainees.

Figure 28 - Language courses in 2017



#### **4.2. IT Training**

17 staff members followed IT training courses (Linux, Drupal, social medias, Adobe, Windev), which amounted to a total of 256 hours (=32 days). 18 223,14 € was committed, which represents 16.57% of the training budget. The use of e-learning has increased significantly.

#### **4.3. Finances**

4 staff members participated trainings on finances (expenditure life cycle, public procurement), which amounted in a total of 72 hours (=9 days). 3 653 € was committed which represents 3,32% of the training budget.

#### **4.4. Communication/Management**

37 staff members participated in trainings on communication/management (change management, certification, project management, writing for social media). A total of 204 hours (25,5 days) were spent on those trainings and 7 343,70€ was committed, which represent 7,43% of the training budget.

#### **4.5. Human Resources**

15 staff members participated in trainings in relation to Human Resources (confidential counselors, ethics & integrity, administrative inquiries & disciplinary proceedings, how to prepare your pension). A total of 232 hours (=29 days) were spent on these trainings and 4 794 € were committed, which represents 4,36% of the training budget.

#### **4.6. Technical & Legal expertise**

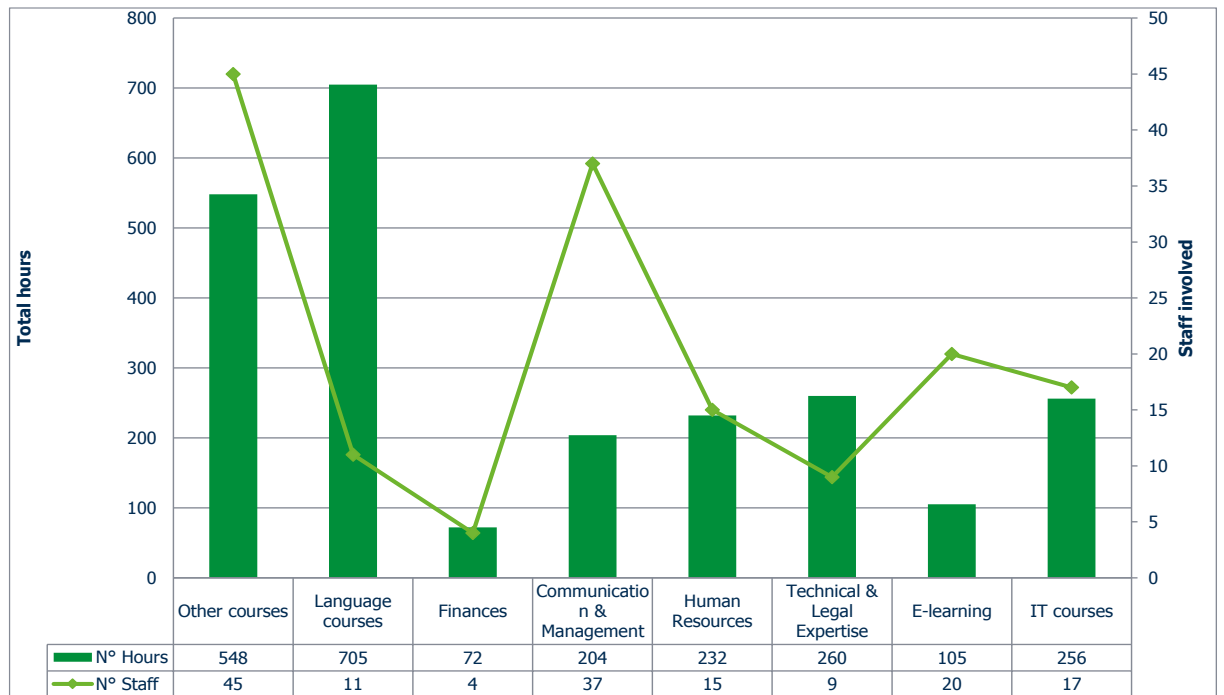
9 staff members followed trainings in technical or legal expertise (UPOV distance learning, DNA techniques, seminar on IP protection). A total of 260 hours (=32,5 days) were spent and 1 144 € committed, which represents 1,04% of the total training budget.

#### **4.7. Other training**

45 staff members followed other training courses (fraud prevention and detection, first aid, and the utilization of fire extinguishers) which amounted to a total of 548 hours (=68,5 days). 4 700 € was committed, which represents 4,27% of the training budget.

20 staff members followed e-learning courses in various fields (IT, communication, management, personal skills,...) and spent 104.75 hours (=13.1 days). 8 010 € was committed for licences which represents 7,28% of the training budget.

Figure 29 - Total training in 2017



## **5. Professional relations**

### **5.1. Staff Committee**

The role of the Staff Committee is to be a means of communication between the staff and the management team of the Office. Once every other month, the Staff Committee and the management team meet to discuss issues which have been brought forward by staff members, and which are deemed to be of concern for everybody. The Staff Committee seeks explanations and solutions to questions and problems experienced by staff members.

The Staff Committee also participates actively in the work of adopting internal staff related decisions of the CPVO. Its opinion and agreement is sought before adopting any such decision. The Staff Committee also plays a role in designating members of various internal committees of the Office.

Finally, the Staff Committee has a social role to play within the CPVO. It organizes a social day per year, which is the occasion for the staff members to meet outside the Office in an environment which changes from year to year (castles, museums, expeditions, etc.). The Staff Committee also organizes a Christmas party where the children and spouses of the staff members are invited. Apart from these main events, the staff committee also organizes a common coffee break once a month, which is a good occasion for staff to meet together. All these events help to create bonds between staff members and they are highly appreciated.

## **6. Conclusions**

The recruitment of contract agents will make the working conditions better for staff members who were under heavy workloads. Part-time possibilities are well taken up and allow a more flexible work organization and better reconciliation of work and family life. The flexi-time arrangements and the teleworking possibilities, offering the possibility to work from home, improves the balance between work and family life of staff members.

The increase in the average age of staff is an aspect which will require the attention of management team and possible actions in the near future.

## Annex IV. Report of the Court of Auditors

### REPORT

#### on the annual accounts of the Community Plant Variety Office for the financial year 2016, together with the Office's reply

(2017/C 417/08)

### INTRODUCTION

1. The Community Plant Variety Office (hereinafter 'the Office', aka 'CPVO'), which is located in Angers, was created by Council Regulation (EC) No 2100/94 [\(4\)](#). Its main task is to register and examine applications for the grant of Union industrial property rights for plant varieties and to ensure that the necessary technical examinations are carried out by the competent offices in the Member States.
2. The *Table* presents key figures for the Office [\(5\)](#).

*Table*

**Key figures for the Office**

	2015	2016
Budget (million euro)	14,7	16,1
Total staff as at 31 December <a href="#">(6)</a>	46	44

### INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

3. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Office's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors (where relevant) and an analysis of management representations.

### OPINION

4. We have audited:

- (a) the accounts of the Office which comprise the financial statements [\(4\)](#) and the reports on the implementation of the budget [\(5\)](#) for the financial year ended 31 December 2016; and
- (b) the legality and regularity of the transactions underlying those accounts;

as required by Article 287 of the Treaty on the Functioning of the European Union (TFEU).

#### *Reliability of the accounts*



### ***Opinion on the reliability of the accounts***

5. In our opinion, the accounts of the Office for the year ended 31 December 2016 present fairly, in all material respects, the financial position of the Office at 31 December 2016, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

### ***Legality and regularity of the transactions underlying the accounts***

#### **Revenue**

### ***Opinion on the legality and regularity of revenue underlying the accounts***

6. In our opinion, revenue underlying the accounts for the year ended 31 December 2016 is legal and regular in all material respects.

#### **Payments**

### ***Opinion on the legality and regularity of payments underlying the accounts***

7. In our opinion, payments underlying the accounts for the year ended 31 December 2016 are legal and regular in all material respects.

### ***Responsibilities of management and those charged with governance***

8. In accordance with Articles 310 to 325 of the TFEU and the Office's Financial Regulation, management is responsible for the preparation and presentation of the accounts on the basis of internationally accepted accounting standards for the public sector and for the legality and regularity of the transactions underlying them. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them. The Office's management bears the ultimate responsibility for the legality and regularity of the transactions underlying the accounts.
9. In preparing the accounts, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.
10. Those charged with governance are responsible for overseeing the entity's financial reporting process.

### ***Auditor's responsibilities for the audit of the accounts and underlying transactions***

11. Our objectives are to obtain reasonable assurance about whether the accounts of the Office are free from material misstatement and the transactions underlying them are legal and regular and to provide, on the basis of our audit, the European Parliament and the Council or other respective discharge authorities with

a statement of assurance as to the reliability of the accounts and the legality and regularity of the transactions underlying them. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit will always detect a material misstatement or non-compliance when it exists. These can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

12. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and the regularity of the transactions underlying them. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the accounts and of material non-compliance of the underlying transactions with the requirements of the legal framework of the European Union, whether due to fraud or error. In making those risk assessments, internal controls relevant to the preparation and fair presentation of the accounts and legality and regularity of underlying transactions, are considered in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the accounts.
13. For revenue, we assess the Office's procedures for collecting fees and other income, if any.
14. For expenditure, we examine payment transactions when expenditure has been incurred, recorded and accepted. Advance payments are examined when the recipient of funds provides justification for their proper use and the Office accepts the justification by clearing the advance payment, whether in the same year or later.

#### **Other matter**

15. Without calling into question its opinion, the Court draws attention to the fact that the United Kingdom (UK) notified the European Council on 29 March 2017 of its decision to withdraw from the European Union. An agreement setting out the arrangements for its withdrawal will be negotiated. The Office's budget is fully self-financed, mainly by revenue from applicants for and holders of Community Plant Variety Rights. However, as only some 4 % of its revenue originates from clients located in the UK, the Office considers that it is unlikely that the departure of the UK will cause a significant risk to its revenue. The Office also considers that measures can be taken to ensure that suitable facilities are available for species examinations presently carried out in the UK; without notable risk to the Office's business continuity.
16. The comments which follow do not call the Court's opinion into question.

#### **Comments on budgetary management**

17. The level of committed appropriations carried over was high for Title II (administrative expenditure) at 788 540 euro, i.e. 40 % (2015: 395 882 euro, i.e. 28 %). This can mainly be attributed to ongoing building renovations (284 423 euro), IT projects (253 483 euro) and costs of audits and evaluations (137 098 euro) for which services will partly be delivered or invoices will only be received in 2017.
18. The cancellation rate of 2015 payment appropriations carried over to 2016 was also high for Title II at 17 % (2015: 20 %), pointing to a need to improve budget planning.

## Other comments

19. The Office's founding Regulation does not require periodic external performance evaluations. Although the Office or the Commission carried out evaluations of specific topics on an ad-hoc basis, the Office should, together with the Commission, consider commissioning comprehensive external performance evaluations at least every 5 years, as is the case for most other Agencies. Any future revision of the founding Regulation should introduce such a requirement.

## FOLLOW-UP OF PREVIOUS YEARS' COMMENTS

20. An overview of the corrective action taken in response to the Court's comments from previous years is provided in the *Annex*.

This Report was adopted by Chamber IV, headed by Mr Baudilio TOMÉ MUGURUZA, Member of the Court of Auditors, in Luxembourg at its meeting of 19 September 2017.

*For the Court of Auditors*

Klaus-Heiner LEHNE

*President*

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<sup>(1)</sup> [OJ L 227, 1.9.1994, p. 1.](#)

<sup>(2)</sup> More information on the Office's competences and activities is available on its website: [www.cpvo.europa.eu](http://www.cpvo.europa.eu)

<sup>(3)</sup> Staff includes officials, temporary and contract staff and seconded national experts.

*Source:* data provided by the Office.

<sup>(4)</sup> The financial statements comprise the balance sheet, the statement of financial performance, the cash-flow statement, the statement of changes in net assets and a summary of significant accounting policies and other explanatory notes.

<sup>(5)</sup> The reports on implementation of the budget comprise the reports which aggregate all budgetary operations and the explanatory notes.

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## ANNEX

### Follow-up of previous years' comments

Year	Court's comments	Status of corrective action (Completed/Ongoing/Outstanding/N/A)
2014	The Office uses electronic banking for most of its payments. The Accounting Officer or her two deputies can sign the payments electronically. No signature of a second person is required, which represents a financial risk for the Office.	Outstanding
2014	Although the Office became operational in 1995, there is still no seat agreement signed with its host Member State that would clarify the conditions under which the Office can operate and that it can offer to its staff.	Ongoing
2015	The level of committed appropriations carried over was high for Title II (administrative expenditure) at 395 882 euro, i.e. 28 % (2014: 394 599 euro, i.e. 30 %). They mainly relate to IT projects (134 030 euro), mission costs (96 368 euro) and costs related to internal audit (82 070 euro) for which services will only be delivered or invoices received in 2016.	N/A
2015	The rate of cancelled 2014 carry-overs was high for Title II at 20 % (2014: 26 %) and indicates weaknesses in their planning.	Ongoing
2015	The expenditure for procedures associated with appeals was in principle to be covered by appeal fees <sup>(1)</sup> . However, these fees cover only a small part of the actual costs incurred. In 2015, the income derived from appeal fees totalled 11 000 euro (2014: 12 500 euro) whilst the costs of the board of appeal members amounted to some 62 037 euro (2014: 80 114 euro).	N/A
2015	As at 31 December 2015, the fees unpaid for more than 90 days (mostly annual fees) amounted to 240 766 euro. The Office did not use all options provided for in its Financial Regulation to recover unpaid fees, such as enforced recovery <sup>(2)</sup> .	Ongoing

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<sup>(1)</sup> Recitals of Commission Regulation (EC) No 1238/95 ([OJ L 121, 1.6.1995, p. 31](#)).

<sup>(2)</sup> Article 53 of the Financial Regulation of the Office.

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## **THE OFFICE'S REPLY**

The Office takes note of the Court's comments.

17. The high level of carry-overs in 2016 related in large part to an ongoing building renovation and IT development project. The implementation of these projects, for operational reasons cannot be aligned with the calendar year.

## **Annex V. Declaration of Assurance**



**CPVO**

Community Plant Variety Office

**Mr Klaus-Heiner Lehne  
President of the  
European Court of Auditors  
12, rue Alcide de Gasperi  
L-1615 LUXEMBOURG**

**To the attention of the President of the Court of Auditors**

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**Subject: Provisional annual accounts for the financial year 2017 for the CPVO**

**Date: 7 February 2018**

**Dear Mr. Klaus-Heiner Lehne,**

This representation letter is provided in connection with your audit of the "provisional accounts of the Community Plant Variety Office hereafter the CPVO consisting of the "financial statements"<sup>1</sup> and the "reports on the implementation of the budget" for the financial year ended 31 December 2017 for the purpose of expressing an opinion as to whether these present fairly, in all material respects, the financial position of the CPVO as of 31 December 2017 and of the results of its operations, its cash flows, and the changes in net assets for the year then ended.

In accordance with the Financial Regulation of the CPVO, the "financial statements" for the financial year 2017 are prepared on the basis of accounting rules adopted by the European Commission which adapt accruals based accounting principles to the specific environment of the European Union<sup>2</sup>, while the "reports on the implementation of the budget" continue to be primarily based on movements of cash.

In line with Article 48 of the Financial Regulation of the CPVO, the accounting systems laid down by the Accounting Officer and where appropriate systems laid down by the Authorising Officer and his delegates to supply and justify accounting information have been validated.

All the information necessary for the production of the provisional accounts of the CPVO which give a true and fair view of the assets and liabilities and of the budgetary implementation has been obtained from the Authorising Officer and his delegates.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, the following representations:

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<sup>1</sup> The "financial statements" comprise the balance sheet, the statement of financial performance, the cash flow statement, the statement of changes in net assets and the notes to the financial statements.

<sup>2</sup> The accounting rules adopted are based on International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, in their absence, International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

## Financial Accounts

1. The "Provisional annual accounts of the CPVO" for the financial year ended 31 December 2017 referred to above are presented in accordance with its Financial Regulation, its implementing rules and the accounting rules and methods established by the European Commission on the basis of internationally accepted accounting standards for the public sector.
2. No issues having a sufficiently material impact requiring a reservation have been brought to our attention.
3. Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the accounting rules.
5. All events subsequent to the date of the financial statements and for which the accounting rules require adjustment or disclosure have been adjusted or disclosed.
6. There are no uncorrected misstatements that are material, both individually and in the aggregate, to the financial statements as a whole.
7. There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements. The carrying value of receivables and recoverables which are potentially irrecoverable has been corrected, where necessary.
8. The CPVO has satisfactory title to all assets and there are no liens or encumbrances on the assets.
9. All liabilities, both actual and contingent, have been recorded or disclosed, as appropriate, and all guarantees that have been given to third parties have been disclosed in the notes to the financial statements.
10. All claims against the CPVO are reflected in the financial statements as a provision or, where relevant, as a contingent liability.
11. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. There are no lines of credit arrangements.

## Information Provided

With regard to the information provided and the representations 12-17 below, I highlight that I have provided you with such information for the CPVO.

12. We have provided you with:
  - Access to all information of which I am aware that is relevant to the preparation of the accounts such as records, documentation and other matters;
  - Additional information that you have requested for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
13. All transactions have been recorded in the accounting records and are reflected in the accounts.





14. We have disclosed to you the results of my assessment of the risk that the accounts may be materially misstated as a result of fraud.

15. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the agency's accounts that I have been informed of by management, current or previous employees or other relevant services, including the European Anti-Fraud Office (OLAF).

16. We have disclosed to you the identity of the agency's related parties and all the related party relationships and transactions of which we are aware, in accordance with the EU accounting rule 15.

17. We have disclosed to you all instances of non-compliance and of suspected non-compliance with laws and regulations that we are aware of and whose effects should be considered when preparing the accounts.

18. Apart from the above, we confirm that:

- the accounts disclose adequately the provisional nature of those operations which are subject to future clearance of accounts or closure procedures;
- for all "probable" but not yet definitive receivables an adequate disclosure, including when possible an estimate of the amounts involved, is given in the notes to the accounts;
- the accounts include all the recovery orders issued by the Authorising Officers concerning the operations giving rise to reimbursement;
- Authorising Officers have not informed me of delays or other problems in the establishment of recovery orders.



07/02/2018

**Anne-Marie Fernandez**

The Accounting Officer of the Community Plant Variety Office



07/02/2018

**Martin Ekvad**

The President of Community Plant Variety Office



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## Annex VI. Mission Summary

<b>Units</b>	<b>Date</b>	<b>Town</b>	<b>Mission category</b>	<b>Mission desc.</b>	<b>Staff</b>
<b>Presidency</b>	17/1 - 19/1/2017	Paris - Eindhoven	Technical - R&D	IMODDUS Paris+ Advisory board meeting Eindhoven	ME
	23/1 - 24/1/2017	Essen	External - Other seminars	IPM Fair	ME
	27/1 - 27/1/2017	Beaucouzé	EO Visits	Bilateral Meeting with GEVES	ME
	23/2 - 24/2/2017	Brussels	Technical - Breeders	bilateral meeting with ESA - Brussels	ME
	28/2 - 1/2/2017	Brussels	EU Network meetings	Heads of Administration & Heads of Agencies	ME
	8/3 - 9/3/2017	Hannover	EO Visits	Bilateral meeting with BSA	ME
	29/3 - 30/3/2017	Munich	External - Other seminars	Bilateral seminar EPO-CPVO Munich	ME
	5/4 - 7/4/2017	Geneva	UPOV	UPOV - Geneva	ME
	9/4 - 14/4/2017	Beijing	UPOV	Seminar UPOV 91 - Beijing	ME
	24/4 - 30/4/2017	Ottawa	Technical - Breeders	CIOPORA AGM 2017 - Ottawa and Toronto	ME
	3/5 - 4/5/2017	Brussels	European Parliament	Meeting & Workshop on Oversight and resources of self-financed agencies	ME
	10/5 - 12/5/2017	Milan	Technical - Monitoring DUS	Visit of CREA-SCS + testing stations in the surroundings	ME
	19/5 - 19/5/2017	Paris	Technical - Breeders	Meeting with Ms CSÖRGO ESA	ME
	1/6 - 2/6/2017	Brussels	EUIPO	IP KEY/EUIPO + DG sante meeting	ME
	5/6 - 8/6/2017	Tystofte + Svalov	EO Visits	Visit of Examination offices (DK + SW)	ME
	11/6 - 13/6/2017	Cambridge	EO Visits	EO's visit to Cambridge	ME
	13/6 - 14/6/2017	Luxembourg	Legal - Other	Appeal T-445/16 SCHNIGA	ME
	26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit to GEVES	LD
	4/7 - 6/7/2017	Einbeck	Technical - Other	KWS Workshop Einbeck	ME
	6/7 - 7/7/2017	Parma	EU Network meetings	Heads of Administration & Heads of Agencies	ME
	23/8 - 24/8/2017	Roelofarendsveen	EO Visits	Visit of a Mexican delegation to the Netherlands	ME
	4/9 - 5/9/2017	Roelofarendsveen	EO Visits	bilateral meeting NAKT CPVO (NL)	ME
	13/9 - 15/9/2017	Vilnius	EU Network meetings	EU Agency Editor's workshop	LD
	20/9 - 21/9/2017	Brussels	EU Commission	Meeting with DG SANTE and DG SANCO	LD
				Meeting with DG SANTE and DG TRADE	ME
	27/9 - 29/9/2017	Brussels	Technical - Other	Modern Biotechnologies in Agriculture	ME
	3/10 - 5/10/2017	Brussels	Administrative Council Meetings	Administrative Council Meeting - October 2017	LD
					ME
	8/10 - 11/10/2017	RIGA	Technical - Breeders	ESA-annual meeting - Riga	ME
	12/10 - 13/10/2017	Brussels	UPOV	UPOV meeting - Brussels	ME
	16/10 - 16/10/2017	Paris	Technical - Other	Meeting call SFS-29-2018 Paris	ME
	16/10 - 19/10/2017	PARMA	EU Network meetings	HCIN Meeting (Communication and Websites)	LD

**VP**

**Technical  
Unit**

18/10 - 19/10/2017	Brussels	External - Other seminars	Conference Seeds as commons	ME
23/10 - 27/10/2017	Geneva	UPOV	UPOV - Geneva	ME
6/11 - 8/11/2017	LA ROCHELLE	Technical - R&D	Working group on biochemical and molecular techniques	ME
11/11 - 18/11/2017	Beijing	External - Other seminars	International seminar on agricultural intellectual property	ME
28/11 - 29/11/2017	Brussels	External - Other seminars	Public Conference EPO CPVO	ME
29/11 - 1/11/2017	AMSTERDAM	External - Other seminars	IP Protection for Plant Innovation 2017	ME
13/12 - 15/12/2017	Geneva	UPOV	Convention - Maximizing benefits for farmers through the UPOV Act	ME
17/1 - 17/1/2017	Paris	Technical - R&D	Imoddis	CG
23/1 - 24/1/2017	Essen	Technical - Breeders	Bilateral meeting with CIOPORA + IPM Visit	CG
27/1 - 27/1/2017	Beaucouzé	EO Visits	Bilateral Meeting with GEVES	CG
23/2 - 24/2/2017	Brussels	Technical - Breeders	Bilateral meeting with ESA	CG
26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit to GEVES	CA
3/10 - 5/10/2017	Brussels	Administrative Council Meetings	Administrative Council Meeting - October 2017	CA
16/1 - 17/1/2017	Paris	Technical - R&D	Imoddis	AW
17/1 - 17/1/2017	Paris	Technical - R&D	Imoddis	DT
				JM
23/1 - 28/1/2017	Essen	External - Other seminars	IPM Fair	JW
23/1 - 23/1/2017	Essen	Technical - Breeders	CIOPORA meeting	DT
23/1 - 27/1/2017	Essen	External - Other seminars	CPVO stand at the IPM	JW
23/1 - 26/1/2017	Essen	External - Other seminars	IPM Fair	JM
24/1 - 26/1/2017	Essen	External - Other seminars	IPM Fair	DT
25/1 - 27/1/2017	Düsseldorf	External - Other seminars	IPM Fair	LT
20/2 - 21/2/2017	Brussels	Technical - Expert Groups	Standing Committee on Seeds	DT
23/2 - 24/2/2017	Brussels	Technical - Breeders	Meeting with ESA	DT
1/3 - 3/3/2017	Bellegarde	Technical - Monitoring DUS	Participation to the EUFRIN Working Group 'Apple & Pear Variety & Rootstock Testing'	JM
6/3 - 9/3/2017	Huelva	Technical - Expert Groups	Fruit expert meeting & strawberry ring test	AN
				JM
				JW
				UB
8/3 - 9/3/2017	Hannover	EO Visits	Bilateral meeting with BSA	DT
	MAdrid	External - Other seminars	Conference on CPVR for Spanish examiners and researchers. (P.S. transport and subsistence costs are being paid by INIA, the conference organiser)	SFS
12/3 - 14/3/2017	Quedlinburg, Hannover	Technical - Monitoring DUS	2nd Symposium "Breeding of Ornamentals"; trial monitoring	JW

19/3 - 20/3/2017	Brussels	IT Meetings	Meeting of the Working group CPVO - Commission on the Common Catalogue	CB DT
19/3 - 21/3/2017	Brussels	IT Meetings	CPVO/Commission variety database working group	JM
23/3 - 24/3/2017	Brussels	UPOV	Council WP PBR UPOV coordination	DT
29/3 - 31/3/2017	Brussels	EU Network meetings	AASC (Staff Committee's) meeting	AN
	Munich	External - Other seminars	EPO - CPVO Bilateral Seminar	AW
				BL
				JM
				JW
				SFS
				UB
		Legal - Other	EPO - CPVO Bilateral Seminar	LDE
		Technical - Other	EPO - CPVO Bilateral Seminar	DT
2/4 - 6/4/2017	Geneva	UPOV	UPOV TC meeting	DT
5/4 - 7/4/2017	Geneva	UPOV	UPOV meetings on denomination and Electronic Application Form	JM
6/4 - 7/4/2017	Geneva	UPOV	UPOV meetings on denomination and Electronic Application Form	BL
19/4 - 21/4/2017	Brussels	UPOV	PAFF standing committee meeting	JM
26/4 - 28/4/2017	Cavaillon + le luc en provence	Technical - Monitoring DUS	Monitoring visite cavaillon + visite Meilland	LDE
7/5 - 10/5/2017	Roelofarendsveen	Technical - Other	DNA workshop	AW
10/5 - 12/5/2017	Milan	Technical - Monitoring DUS	Visit of CREA-SCS + testing stations in the surroundings	DT
14/5 - 19/5/2017	Geneva	UPOV	UPOV - Train the trainer course	DT
18/5 - 19/5/2017	Beaucouzé	Technical - R&D	R&D Harmores 3 annual meeting	SFS
29/5 - 1/5/2017	Zaragoza, Sevilla	Technical - Monitoring DUS	DUS testing monitoring Citrus in Valencia	JW
29/5 - 30/5/2017	Brussels	Technical - Expert Groups	Working group on common names of vegetable varieties	SFS
29/5 - 31/5/2017	Lisbon	Technical - R&D	R&D Strawberry ring test	JM
				UB
31/5 - 1/5/2017	Luxembourg	Legal - Other	Attendance hearing at General Court of Justice (sugarbeet variety)	AW
2/6 - 2/6/2017	Brussels	EU Commission	CPVO meeting with Commission on Brexit	SFS
6/6 - 7/6/2017	Tydtotte and Lund	Technical - Monitoring DUS	Monitoring visit GEVES - Brion	AW
7/6 - 8/6/2017	Brussels	EU Commission	Standing committee on Plants	DT
11/6 - 13/6/2017	Cambridge	EO Visits	Meeting between CPVO and UK examination offices	SFS
			Visit to the examination offices in UK: NIAB and APHA	DT
13/6 - 14/6/2017	Luxembourg	Legal - Other	Court Case 'Gala Schnico'	UB
	Paris	Technical - Other	Working group on variety denominations	BL
14/6 - 14/6/2017	Paris	Technical - Other	Working group on variety denominations	DT
				JM
				RC

18/6 - 22/6/2017	Hannover	UPOV	UPOV TWA	DT
18/6 - 25/6/2017	Hannover	UPOV	UPOV-TWA	AW
22/6 - 22/6/2017	Beaucouzé	Technical - Monitoring DUS	Monitoring of the conduct of technical examinations pursuant to Art. 25(a) of Commission regulation 874/2009; preparation Hydrangea Open Day	JW
	Nantes	EO Visits	Salon du végétal Nantes	LDE
26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit of a Chinese delegation to Geves	RC
			Visit to GEVES	AN
				DE
				FR
				MSJ
				NG
28/6 - 28/6/2017	Beaucouzé	Technical - Expert Groups	Ornamental Experts Meeting and Hydrangea Open Day	JW
				LDE
				LT
				UB
2/7 - 7/7/2017	Leiden + Roelofarendsveen	Technical - Other	Hydrangea open day	JM
		UPOV	51st UPOV Technical Working Party for Vegetables (TWV/51)	SFS
3/7 - 5/7/2017	Rome	Technical - Other	Work on the Pistachio TG; monitoring DUS testing for fruit crops	UB
10/7 - 11/7/2017	Hannover	Technical - Monitoring DUS	Monitoring visit BSA	LDE
13/7 - 13/7/2017	Beaucouzé	Technical - Monitoring DUS	Geves Brion, monitoring trials	JM
	brion	Technical - Monitoring DUS	monitoring visit	LDE
19/7 - 20/7/2017	Montfavet	Technical - Monitoring DUS	Monitoring of the conduct of technical examinations pursuant to Art. 25(a) of Commission regulation 874/2009: peach trials	JW
24/7 - 24/7/2017	Beaucouzé	Technical - Monitoring DUS	Visit of apple trials with applicant (RED MOON / KIKU / BRAUN company)	JM
24/7 - 26/7/2017	Cambridge	Technical - Monitoring DUS	DUS testing monitoring Citrus in Valencia	JW
6/8 - 7/8/2017	Budapest / Tordas	Technical - Monitoring DUS	Monitoring CPVO sunflower trials + others	SFS
21/8 - 22/8/2017	Roelofarendsveen	Technical - Monitoring DUS	Monitoring of the conduct of technical examinations pursuant to Art. 25(a) of Commission Regulation 874/2004	JW
23/8 - 23/8/2017	Beaucouzé	Technical - Monitoring DUS	Apple DUS trial Beaucouzé, CTPS field meeting	JM
29/8 - 31/8/2017	Teagasc and Donegal	Technical - Monitoring DUS	Monitoring visit sweet potato and potato	AW
1/9 - 17/9/2017	Victoria, BC	UPOV	UPOV TWO meeting	JW
4/9 - 5/9/2017	Roelofarendsveen	EO Visits	Bilateral meeting with Naktuinbouw	DT

4/9 - 6/9/2017	Roelofarendsveen	EO Visits	Tri-lateral shallot trials & visit to Dutch breeder (05/09) + Monitoring visit CPVO vegetable DUS trials (06/09)	SFS
9/9 - 18/9/2017	Victoria	UPOV	TWO	LDE
9/9 - 14/9/2017	Edinburgh	Technical - Expert Groups	Vegetable Experts meeting & Vegetable Open Day	LT
10/9 - 14/9/2017	Edinburgh	External - Other seminars	CPVO Vegetable Open Day + CPVO Vegetable Expert Meeting	SFS
11/9 - 14/9/2017	Edinburgh	Technical - Expert Groups	Vegetable Experts meeting & Vegetable Open Day	DT
16/9 - 23/9/2017	Kelowna	UPOV	UPOV TWF	JM
16/9 - 24/9/2017	Kelowna	UPOV	UPOV TWF	UB
20/9 - 21/9/2017	Brussels	EU Commission	Meeting with EU commission	DT
26/9 - 26/9/2017	Beaucouzé	External - Other seminars	Conférence Agrocampus	LDE
27/9 - 28/9/2017	Brussels	External - Other seminars	Conference on modern biotechnologies in agriculture	DT
3/10 - 5/10/2017	Brussels	Administrative Council Meetings	Administrative Council Meeting - October 2017	DT
15/10 - 19/10/2017	Madrid	External - Other seminars	CIOPORA Academy + International Fair "Fruit Attraction"	UB
16/10 - 16/10/2017	Paris	Technical - R&D	Horizon 2020 meeting	AW
16/10 - 18/10/2017	Brussels	Technical - Other	WORKING GROUP ON EQUIVALENCE OF PROPAGATING MATERIAL AND FRUIT PLANTS FROM THIRD COUNTRIES	JM
22/10 - 26/10/2017	Geneva	UPOV	UPOV - Geneva	DT
23/10 - 23/10/2017	Beaucouzé	Legal - Other	geves - inspection Royal Braeburn - with Mr Ghijsen Rapporteur	AG
26/10 - 28/10/2017	Geneva	UPOV	UPOV meetings on denomination and Electronic Application Form	JM
26/10 - 27/10/2017	Geneva	UPOV	UPOV meetings on denomination and Electronic Application Form	BL
6/11 - 10/11/2017	La Rochelle	UPOV	UPOV BMT	CC
			UPOV BMT meeting	AW
7/11 - 8/11/2017	La Rochelle	UPOV	UPOV BMT	JM
8/11 - 10/11/2017	Alicante	EUIPO	EUIPO - Provision of support on assessment of VD's (MOU - Addendum n°2)	BL
8/11 - 12/11/2017	Alicante	EUIPO	Presentation Variety Finder - Alicante	CB
24/11 - 24/11/2017	Paris	External - Other seminars	Reunion preparation congrès IHC 2022	LDE
28/11 - 29/11/2017	Brussels	EU Commission	Meeting with Commission on unique IT system + Joint conference EPO/CPVO	DT
		External - Other seminars	CPVO-EPO Conference: Supporting innovation in the plant sector	SFS
28/11 - 30/11/2017	Brussels	External - Other seminars	Joint Conference EPO and CPVO	JM
30/11 - 30/11/2017	Beaucouzé	External - Other seminars	Preparatory meeting on SIVAL	LDE
7/12 - 7/12/2017	Anjouere	Technical - R&D	RD meeting in anjouere	LDE

**Legal Unit**

13/12 - 13/12/2017	Beaucouzé	Technical - Other	Commission technique Fruits à Pépins du Comité Technique Permanent de la Sélection, section Arbres Fruitiers	JM
14/12 - 15/12/2017	Paris	Technical - R&D	Horizon 2020 meeting	AW
14/12 - 14/12/2017	Beaucouzé	Technical - Monitoring DUS	Apple DUS testing	CC
11/1 - 12/1/2017	Luxembourg	Legal - Other	Hearing case T-767/14 - General court	JM
			Hearing case T-767/14 OKSANA General Court	MGM
23/1 - 24/1/2017	Luxembourg	EU Network meetings	3rd Translation Contact Network meeting	FM
24/1 - 26/1/2017	Alicante	EUIPO	Case-law collection and Analysis Project EUIPO / Meeting on international cooperation EUIPO	MVD M
15/3 - 16/3/2017	Brussels	External - Other seminars	EIPIN Programme kick-off meeting	FM
29/3 - 31/3/2017	Munich	External - Other seminars	2nd CPVO-EPO Workshop	FM
				MGM
26/4 - 29/4/2017	Parma	EU Network meetings	Inter-Agency Legal Network	FM
				MGM
2/5 - 5/5/2017	Alicante	External - Other seminars	Observatory working group	MGM
13/5 - 16/5/2017	Alicante	External - Other seminars	EIPIN IS: selection of ESRs	FM
31/5 - 1/5/2017	Luxembourg	Legal - Other	Hearing case T-140/15 M02205	FM
9/6 - 9/6/2017	Brussels	External - Other seminars	ALTIUS SEMINAR ON AGRI FOOD LAW	MGM
	Madrid	External - Other seminars	Seminar Madrid 'IP Perspectives III'	FM
14/6 - 14/6/2017	Paris	Technical - Other	WG Revision VD Guidelines	AS
			WG VD Guidelines meeting	FM
				MGM
26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit to GEVES	AS
				MGM
9/9 - 14/9/2017	Nay Pyi Taw	External - Other seminars	Presentation at the 10th East Asia Plant Variety Protection Forum Meeting	FM
20/9 - 22/9/2017	Padova	External - Other seminars	FLORMART 2017 Forum Internazionale - Horticultural experiences	MGM
20/9 - 21/9/2017	Brussels	EU Commission	Meeting with DG Sante and DG Trade	FM
25/9 - 28/9/2017	Alicante	EUIPO	EUIPO Observatory Working Group	MGM
27/9 - 30/9/2017	Parma	EU Network meetings	NAPO meeting	VD
27/9 - 28/9/2017	Brussels	External - Other seminars	EU Commission High Level Conference on 'Modern Biotechnologies in Agriculture'	FM
3/10 - 6/10/2017	1. Brussels 2. Maastricht	Administrative Council Meetings	Administrative Council Meeting - October 2017 & EIPIN 'Get-to-know-eachother Day'	FM
3/10 - 5/10/2017	Brussels	Administrative Council Meetings	Administrative Council Meeting - October 2017	VD
4/10 - 4/10/2017	La Rochelle	External - Other seminars	pre-visite Aquarium La Rochelle	JA
8/10 - 11/10/2017	Riga	Technical - Breeders	ESA Annual Meeting	FM



**Admin Unit**
**QAS**

22/10 - 24/10/2017	Geneva	UPOV	UPOV - Geneva	FM
7/11 - 10/11/2017	Alicante	EUIPO	Magister Lucentinus - meeting EUIPO	FM
14/11 - 16/11/2017	Parma	EU Network meetings	Inter-Agency Legal Network	FM MGM
18/11 - 25/11/2017	Lilongwe	External - Other seminars	Administrative Council and Council of Ministers of ARIPO	FM
28/11 - 2/11/2017	Brussels	External - Other seminars	EPO-CPVO Public Conference (29/11)IP Conference Amsterdam (30/11-01/12) Intellectual Property Protection for Plant Innovation 2017	MGM
28/11 - 30/11/2017	Brussels	External - Other seminars	EPO-CPVO Conference  Observatory Working Groups meeting	FM
29/1 - 30/1/2017	Brussels	IT Meetings	SYSPER (HR Software) Meeting	JMO
27/2 - 1/2/2017	Brussels	EU Network meetings	Heads of Administration & Heads of Agencies	JMO
23/3 - 25/3/2017	Brussels	IT Meetings	SYSPER (HR Software) Meeting	JMO
29/3 - 1/3/2017	Parma	EU Network meetings	PDN (Performance Development Network) meeting	RF
3/5 - 4/5/2017	Brussels	European Parliament	Meeting & Workshop on Oversight and resources of self-financed agencies	JMO
26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit to GEVES	CY PS
4/7 - 6/7/2017	Parma	EU Network meetings	Heads of Administration & Heads of Agencies	JMO
4/7 - 7/7/2017	Parma	EU Network meetings	Heads of Administration & Heads of Agencies	JMO
20/9 - 21/9/2017	Brussels	EU Commission	Meeting DG SANTE (Brussels) - DocuSign (Paris)	JMO
3/10 - 5/10/2017	Brussels	Administrative Council Meetings	Administrative Council Meeting - October 2017	JMO
4/10 - 6/10/2017	Parma	EU Network meetings	Inter-Agency Accounting Officers' Network	AMF
9/4 - 14/4/2017	Beijing	External - Other seminars	IP Key and follow-up cooperation SFA/MOA and CPVO	GS
9/5 - 12/5/2017	Kosice, Belusa, Spisske Vlasy	QAS Audit	Entrustment Audit SK 2017	GS
16/5 - 19/5/2017	Sofia and Ruse	QAS Audit	Entrustment audit BG 2017	GS
25/6 - 28/6/2017	Brno	QAS Audit	Entrustment audit CZ 2017	GS
9/7 - 11/7/2017	Tallinn	QAS Audit	Entrustment audit EE 2017	GS
11/7 - 13/7/2017	Slagelse	QAS Audit	Entrustment audit DK 2017	GS
17/7 - 19/7/2017	Lisbon	QAS Audit	Entrustment audit PT 2017	GS

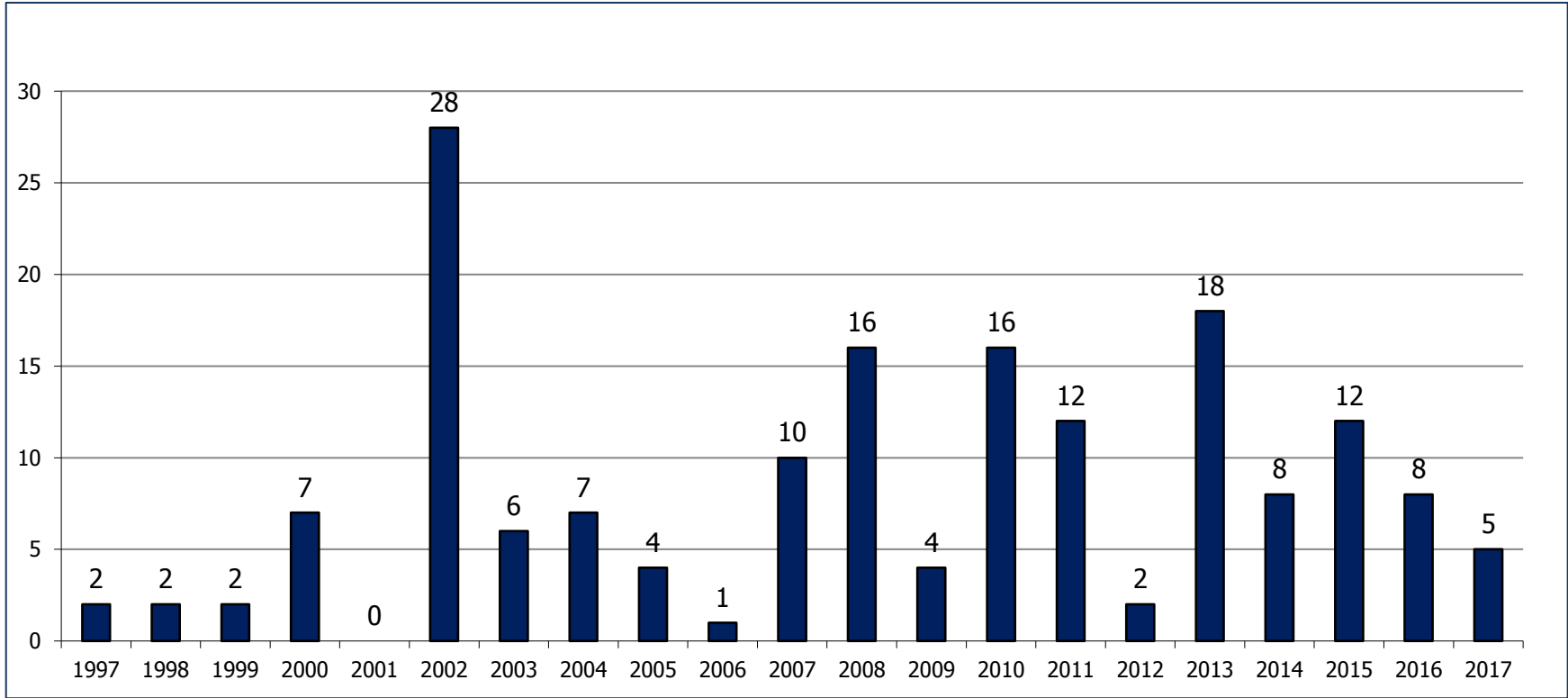


<b>Human Resources</b>	19/9 – 21/9/2017	Madrid, Valencia and other	QAS Audit	Entrustment audit ES 2017	GS
	5/9 - 7/9/2017	Ghent	QAS Audit	Entrustment audit BE 2017	GS
	25/9 - 29/9/2017	Dakar	External - Other seminars	OAPI Séminaire Dakar	GS
	4/10 - 4/10/2017	Brussels	Administrative Council Meetings	Administrative Council Meeting - October 2017	GS
	11/10 - 13/10/2017	London	Legal - DPO	DPO meeting	GS
	11/11 - 18/11/2017	Beijing	Legal - Other	Signing Administrative Arrangements PRC	GS
	12/12-13/12/2017	Roelofarendsveen	QAS Audit	Extension audit NL 2017	GS
	16/1 - 16/1/2017	Brussels	IT Meetings	SYSPER (HR Software) Meeting	DK
		St Sylvain d'Anjou	External - Other seminars	SIVAL (installation du stand)	FS
	19/1 - 19/1/2017	St Sylvain d'Anjou	External - Other seminars	SIVAL (tenue du stand)	FS
	30/1 - 30/1/2017	Brussels	IT Meetings	SYSPER (HR Software) Meeting	AV
	27/2 - 28/2/2017	Brussels	EU Network meetings	Meeting with DG HR and Heads of Administration meeting	AV
	23/3 - 24/3/2017	Brussels	IT Meetings	SYSPER (HR Software) Meeting	AV
					DK
	27/3 - 29/3/2017	PARMA	EU Network meetings	HCIN Meeting (Communication and Websites)	FS
<b>IT Service</b>	22/6 - 22/6/2017	Nantes	EO Visits	Salon du végétal 2017 avec GEVES	FS
	26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit to GEVES	FS
	17/10 - 19/10/2017	Parma	EU Network meetings	HCIN Meeting (Communication and Websites)	FS
	30/11 - 30/11/2017	Beaucouzé	External - Other seminars	Préparation SIVAL 2018 avec le GEVES	FS
	2/3 - 2/3/2017	Beaucouzé	IT Meetings	Radiance.com - l'événement sur les communications unifiées à Angers	SB
	5/4 - 7/4/2017	Parma	EU Network meetings	29th ICTAC meeting	SB
	26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit to GEVES	LN
					MR
					SB
					YL
<b>Procurement / Logistics</b>	1/10 - 3/10/2017	Luxembourg	EU Network meetings	ICTAC 30	SB
	26/6 - 26/6/2017	Beaucouzé	EO Visits	Visit to GEVES	AC
					IL
	4/10 - 4/10/2017	LA ROCHELLE	External - Other seminars	Pré-visite de l'aquarium de La Rochelle en vue du cockatil du BMT le 7/11/2017	IL

**Annex VII. Board of Appeal Statistics**

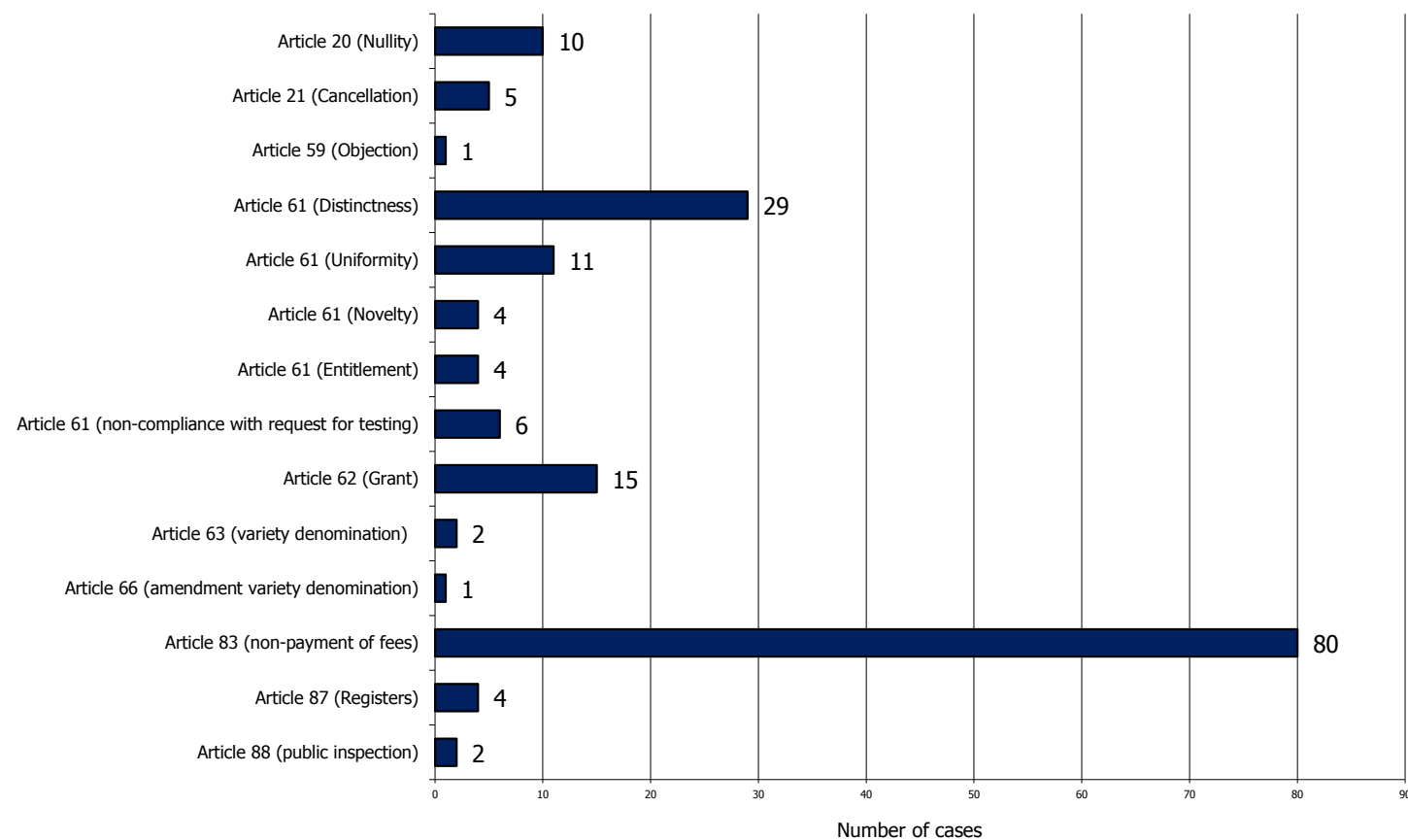
Some 174 appeals have been lodged with the CPVO since the opening of the Office. These are distributed as shown in Graph 16.

**Graph 16: Number of appeal cases lodged per year with the CPVO between 1996 and 2017**



Legal basis of the appeals lodged since 1996 (with reference to Council Regulation (EC) No 2100/94)

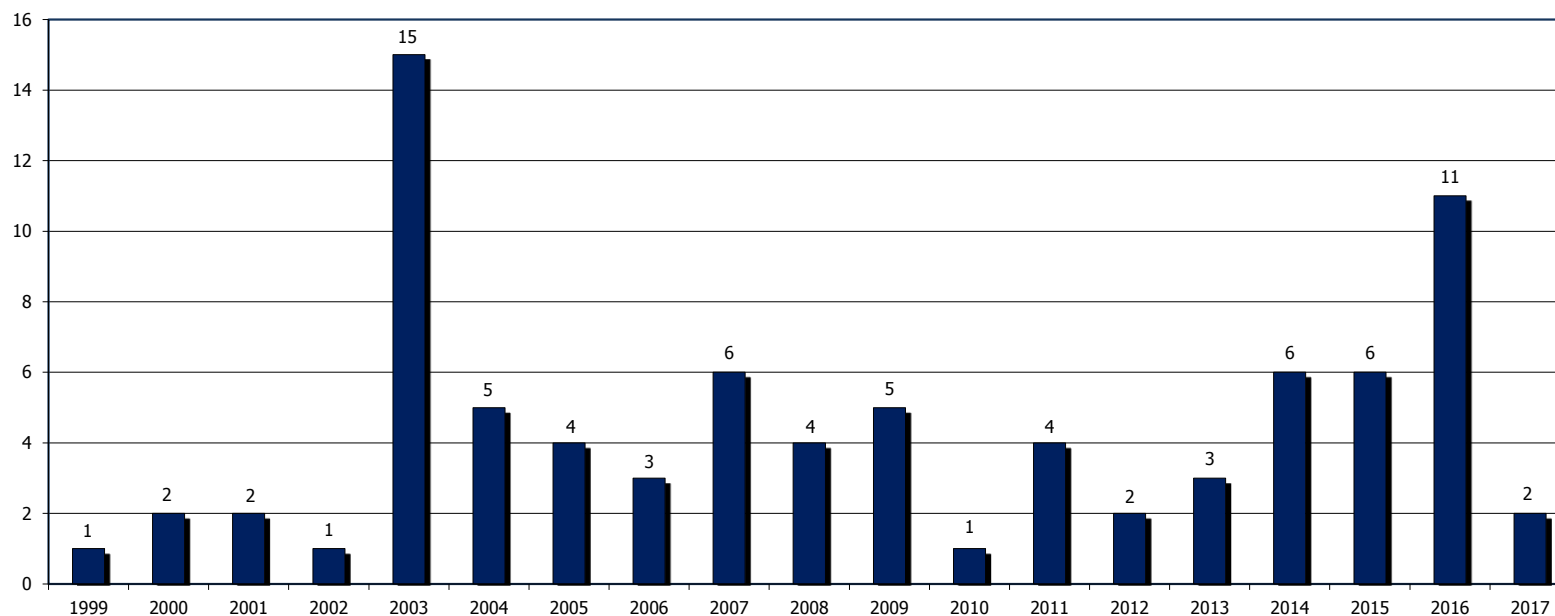
**Graph 17: Legal basis of the appeal cases lodged with the CPVO since 1996**



Decisions of the Board of Appeal per year

A total of 83 decisions were taken by the Board of Appeal of the CPVO between 1996 and 2017, distributed as detailed in Graph 18.

**Graph 18: Number of decisions reached by the Board of Appeal per year since 1996**



Outcome of the 83 decisions of the Board of Appeal 1996-2017

