

## **COMMUNITY PLANT VARIETY OFFICE: FINANCIAL ACCOUNTS 2008**

The present document provides the audited financial statements of the Community Plant Variety Office for the year-ended 31 December 2008 and comprises the Balance Sheet as at 31 December 2008, the economic outturn account, the statement of changes in capital, the cashflow statement and a summary of significant accounting policies.

**Balance sheet as of 31 December 2008**

<b>Assets</b>	Note	31/12/2008	31/12/2007
Intangible Fixed Assets	(3)	326 631,58	131 326,20
Tangible Fixed Assets	(4)	3 092 050,49	3 225 372,71
Financial Fixed Assets		2 745,00	5 002 745,00
Fixed assets under construction		1 356 760,64	589 636,70
<b>Total fixed assets</b>		<b>4 778 187,71</b>	<b>8 949 080,61</b>
Short-term Receivables		2 860 575,98	2 451 842,61
TREASURY	(5)	15 485 078,55	11 905 370,34
Assets Adjustments accounts		62 847,76	191 495,97
<b>Total current assets</b>		<b>18 408 502,29</b>	<b>14 548 708,92</b>
<b>Total assets</b>		<b>23 186 690,00</b>	<b>23 497 789,53</b>

<b>Liabilities</b>	Note	31/12/2008	31/12/2007
Cumulated balance		9 247 461,59	9 972 801,56
Adjustements reopening balance 2005		5 400 085,08	5 400 085,08
Profit/Loss carried forward (+/-)		-1 885 815,37	-725 339,97
<b>Capital</b>		<b>12 761 731,30</b>	<b>14 647 546,67</b>
Short-term Liabilities		374 121,12	371 137,56
Liabilities adjustment accounts		10 050 837,58	8 220 338,56
Other Liabilities		0,00	258 766,74
<b>Total current liabilities</b>		<b>10 424 958,70</b>	<b>8 850 242,86</b>
<b>Total Liabilities</b>		<b>23 186 690,00</b>	<b>23 497 789,53</b>

**Economic outturn for the year ended 31 December 2008**

	2008	2007
Income from fees	8 744 319,46	8 982 672,08
Income from the administrative operations	39 720,86	51 283,94
Income from subsidies	171 856,10	335 819,73
<b>Total operational income</b>	<b>8 955 896,42</b>	<b>9 369 775,75</b>
Operational expenses	5 700 673,38	4 813 309,83
Salaries and Social Taxes	4 596 381,63	4 554 434,21
Overheads	1 223 990,86	871 596,64
Depreciation of Assets	271 806,06	184 152,01
Provision for risks and liabilities	0,00	258 766,74
<b>Total operational expenses</b>	<b>11 792 851,93</b>	<b>10 682 259,43</b>
<b>Surplus / (deficit) from operating activities</b>	<b>-2 836 955,51</b>	<b>-1 312 483,68</b>
Financial revenue	701 046,98	601 970,49
Financial expenditure	-8 845,74	-7 846,68
Exceptional income	258 938,90	11,05
Exceptional Expenditure	0,00	-6 991,15
<b>Surplus / (deficit) from non-operating activities</b>	<b>951 140,14</b>	<b>587 143,71</b>
<b>Economic result for the year</b>	<b>-1 885 815,37</b>	<b>-725 339,97</b>

**Cashflow statement for the year-ended 31 December 2008**

	2 008	2 007
<b>Cash Flows from ordinary activities</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>-1 885 815,37</b>	<b>-725 339,97</b>
<b>Operating activities - adjustments</b>		
Amortization (intangible fixed assets) +	101 993,12	22 981,82
Depreciation (tangible fixed assets) +	206 412,74	82 505,02
Increase/(decrease) in Provisions for risks and liabilities	-322 291,26	275 082,54
(Increase)/decrease in Long term Receivables	5 000 000,00	-5 000 000,00
(Increase)/decrease in Short term Receivables	-288 026,89	-1 692 179,22
(Increase)/decrease in Receivables related to consolidated EC entities	7 941,73	-7 941,73
Increase/(decrease) in Accounts payable	1 885 447,27	1 492 957,04
Increase/(decrease) in Liabilities related to consolidated EC entities	11 559,83	-337 074,10
(Gains)/losses on sale of Property, plant and equipment	6 880,20	78 666,53
Extraordinary items		
<b>Net cash Flow from operating activities</b>	<b>4 724 101,37</b>	<b>-5 810 342,07</b>
<b>Cash Flows from investing activities</b>		
Increase of tangible and intangible fixed assets	-1 144 393,16	
Proceeds from tangible and intangible fixed assets		-771 412,43
<b>Net cash flow from investing activities</b>	<b>-1 144 393,16</b>	<b>-771 412,43</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3 579 708,21</b>	<b>-6 581 754,50</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>11 905 370,34</b>	<b>18 487 124,84</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>15 485 078,55</b>	<b>11 905 370,34</b>

**Statement of changes in equity for the year-ended 31 December 2008**

<b>Capital</b>	Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
<b>Balance as of 31 December 2007</b>	15 372 886,64	-725 339,97	14 647 546,67
Allocation of the Economic Result of Previous Year	-725 339,97	725 339,97	
Economic result of the year		-1 885 815,37	-1 885 815,37
<b>Balance as of 31 December 2008</b>	14 647 546,67	-1 885 815,37	12 761 731,30

## 1. SUMMARY OF MAIN ACCOUNTING PRINCIPLES

- 1.1. 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 2008 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 2008 to 31 December 2008.
- 1.2. All amounts are specified in Euro.
- 1.3. Accounting Principles

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

In accordance with Article 124 of the Financial Regulation the CPVO applies the following accounting principles in drawing up the financial statements:

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

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<sup>1</sup> The Financial Statements comprise the balance sheet, the economic outturn account, the cash flow table, the statement of changes in net assets and explanatory notes.

<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.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 BALANCE SHEET

2.1.1. Intangible Assets: Acquired computer software licences are stated at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives, being 4 years. Internally produced intangible assets are currently expensed in the economic outturn account. Costs associated with developing or maintaining computer software programmes are recognized as expenses as incurred, as are scientific research and development costs.

2.1.2. Property, plant and equipment: All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and its cost can be measured reliably. Repairs and maintenance are charged to the economic outturn account during the financial period in which they are incurred.

2.1.3. 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:

2.1.4. Depreciation rates:

<b>Asset type</b>	<b>Depreciation rate</b>
Buildings	4%
Furniture	12.5%
Fixtures and fittings	25%
Vehicles	25%
Computer hardware	33%

2.1.5. Gains and losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset. These are included in the economic outturn account.

2.1.6. 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.

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

2.1.8. 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.

2.1.9. 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.

2.1.10. 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.

2.1.11. 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.

2.1.12. 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.

2.1.13. 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.

2.1.14. 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.

## 2.2 ECONOMIC OUTTURN ACCOUNT

2.2.1. Revenue/ Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods are transferred to the purchaser. In the case of the CPVO, this means the moment when the Agency issues an invoice or recovery order.

2.2.2. Interest income and expense: Interest income and expense are recognized in the economic outturn over the relevant period.

2.2.3. 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.

### 3. INTANGIBLE FIXED ASSETS 2008

2008		Computer Software	Intangible fixed assets under construction	Total
<b>Gross carrying amounts 01.01.2008</b>	+	260 497,45	137 600,00	398 097,45
	+	159 698,50		159 698,50
Disposals	-			
Transfer between headings	+/-	94 120,00	-94 120,00	
Other changes	+/-			
<b>Gross carrying amounts 31.12.2008</b>		<b>514 315,95</b>	<b>43 480,00</b>	<b>557 795,95</b>
<b>Accumulated amortization and impairment 01.01.2008</b>	-	-129 171,25		-129 171,25
Amortization	-	-58 513,12		-58 513,12
Write-back of amortization	+			
Disposals	+			
Impairment	-		-43 480,00	-43 480,00
Write-back of impairment	+			
Other changes	+/-			
<b>Accumulated amortization and impairment 31.12.2008</b>		<b>-187 684,37</b>	<b>-43 480,00</b>	<b>-231 164,37</b>
<b>Net carrying amounts 31.12.2008</b>		<b>326 631,58</b>	<b>-</b>	<b>326 631,58</b>

Intangible assets under construction in 2007 related to the new accounting and budgetary software implementation. Of the total amount deemed under construction in 2007, only € 94 120 was transferred as an asset in 2008 – the balance was written down as impairment. This is due to the significant amount of development to be carried out in 2009 in order to remove all of the bugs from the system and ensure that certain modules are fully implemented (the “immo” module – fixed assets – had not been implemented by year end).

#### 4. TANGIBLE FIXED ASSETS 2008

2008		Land	Buildings	Plant and Equipment	Computer hardware	Tangible Fixed Assets under Construction	Total
<b>Gross carrying amounts 01.01.2008</b>	+	292 220,00	3 489 401,98	290 577,21	282 992,79	452 036,70	4 807 228,68
Additions	+			4 832,37	75 138,35	904 723,94	984 694,66
Disposals	-				-6 880,20		-6 880,20
Transfer between headings	+/-						
Other changes	+/-						
<b>Gross carrying amounts 31.12.2008</b>		292 220,00	3 489 401,98	295 409,58	351 250,94	1 356 760,64	5 785 043,14
<b>Accumulated amortization and impairment 01.01.2008</b>	-		-718 828,22	-193 680,09	-217 310,96		-1 129 819,27
Depreciation	-		-139 414,55	-20 561,71	-53 316,68		-213 292,94
Write-back of depreciation	+				6 880,20		6 880,20
Disposals	+						
Impairment	-						
Write-back of impairment	+						
Transfer between headings	+/-						
Other changes	+/-						
<b>Accumulated amortization and impairment 31.12.2008</b>			-858 242,77	-214 241,80	-263 747,44		-1 336 232,01
<b>Net carrying amounts 31.12.2008</b>		292 220,00	2 631 159,21	81 167,78	87 503,50	1 356 760,64	4 448 811,13

## 5. CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2008

Description	31.12.2008	31.12.2007
<i>Unrestricted cash:</i>	15 485 078,55	11 905 370,34
Treasury and Central Bank accounts	14 137 435,12	10 273 794,17
Current accounts (bank accounts)	1 271 689,84	1 553 811,71
Imprest accounts	75 191,35	77 689,05
Cash in hand ("Caisses")	762,24	75,41
Transfers (Cash in transit) *)	0,00	
Short-term deposits and other cash equivalents		
<i>Restricted cash:</i>	0,00	0,00
Fines		
Other		
<b>Total</b>	<b>15 485 078,55</b>	<b>11 905 370,34</b>

Investments at 31/12/2008	
<b><u>Negotiated deposits</u></b>	
BNP	2 000 000,00
HSBC	2 000 000,00
Barclays	2 015 672,00
Credit Agricole	1 500 000,00
	<u>7 515 672,00</u>
<b><u>Treasury Shares</u></b>	
Purchase of 32 CAAM Trésor Etat Shares	<u>6 621 763,12</u>
Total investments	14 137 435,12