

Annual Accounts 2016

Final version of 27/06/2017



EUIPO
EUROPEAN UNION
INTELLECTUAL PROPERTY OFFICE

15

DECLARATION OF ASSURANCE

2016 Declaration of Assurance by the Executive Director of the Office

I, the undersigned, António Campinos, Executive Director of the Office, in my capacity as Authorising Officer,

Declare that the information contained in the Final Annual Accounts 2016 give a true and fair view¹ of the financial position of the European Union Intellectual Property Office.

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

Confirm that I am not aware of anything not reported in the annual report which could harm the interests of the European Union Intellectual Property Office.

Alicante, 27 June 2017



António Campinos
Executive Director

2016 Declaration of Assurance by Accounting Officer of the Office

The Final Annual Accounts of the European Union Intellectual Property Office have been prepared in accordance with Title X of the European Union Intellectual Property Office's Financial Regulation as well as the accounting rules and methods adopted by the European Commission's accounting officer.

I acknowledge my responsibility for the preparation and presentation of the annual accounts in accordance with Article 48 of the Office's Financial Regulation.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the Office's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have reasonable assurance that the accounts present a true and fair view of the financial position, the results of the operations and the cash flow of the European Union Intellectual Property Office in all material aspects.

Alicante, 27 June 2017



Peter Rodinger
Accounting Officer

¹ True and fair in this context means a reliable, complete and correct view on the information included in the annual report.

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1. MISSION, VISION AND FUNCTIONING OF THE OFFICE

The Office's mission

The European Union Intellectual Property Office (EUIPO), which was known as OHIM until 23 March 2016, was created as a decentralised agency of the European Union to offer IP rights protection to businesses and innovators across the European Union (EU) and beyond. Since our foundation in 1994 we have been based in Alicante, in Spain, where we manage the registration of the EU trade mark and the registered Community design.

Since the Office's inception, the core business has been the registration of EU trade marks and registered Community designs, which are valid throughout the European Union (EU). However, the Office's work at EU level also extends to the harmonisation of registration practices and the development of common tools, in cooperation with its partners in national and regional IP offices throughout the EU-28, users and other institutional partners. Together, they are the European Trade Mark and Design Network (ETMDN), working together to offer users a similar registration experience, be it at national or at EU level.

Another of the Office's goals is to become a truly paperless office. To achieve this, it has made a firm commitment towards online registration of trade marks and designs: today nearly 99% of all trade mark applications are made online and more than 75,000 users have registered in the Office's website's User Area.

The EUIPO also hosts the European Observatory on Infringements of Intellectual Property Rights. Entrusted to it in June 2012, the Observatory brings public and private stakeholders together in the fight against piracy and counterfeiting. For the EUIPO, this has meant becoming an active participant in the next stage of the intellectual property lifecycle: helping to secure the results of creativity and innovation after trade mark registration.

The regulation establishing the Office was adopted by the Council of the European Union in December 1993 and revised on two occasions, in 2009 and in 2015. It created the European Union trade mark (formerly known as the Community trade mark) as a legal instrument in European Union law and established the EUIPO (formerly known as OHIM) as an EU agency with legal, administrative and financial autonomy.

As a decentralised agency of the European Union, the Office is supervised by the European Commission and the European Parliament. As an international organisation in tune with the latest developments in the IP world, the Office involves the EU national and regional IP offices, user associations and international organisations such as the World Intellectual Property Office (WIPO) in its governing bodies.

The Council of the European Union decides on the appointment of the Office's Executive Director, its Deputy Executive Director, and the President and Chairpersons of the Boards of Appeal. The Executive Director is responsible for the running of the EUIPO. The governance structure of the EUIPO consists of a Management Board and a Budget Committee, each composed of one representative from each Member State, two representatives from the European Commission and one representative from the European Parliament. The EUIPO enjoys legal, administrative and financial autonomy.

The Office's vision for 2020 - User-driven European Intellectual Property Network

The vision of the Office for 2020 is to create a User-driven European Intellectual Property Network built upon the twin principles of a 'Collaborative Organisation' and 'International Cooperation'. The ultimate goal is to deliver higher quality products and services to users and achieve interoperability and complementarity between the members of the European Union Intellectual Property Network. The EUIPO will also work with all stakeholders in order to promote positive change within the international context faced by EU businesses.

2. FINANCIAL STATEMENTS

2.1. BALANCE SHEET

in euro

31-Dec-16

A S S E T S			
	2016	2015	Note
NON CURRENT ASSETS	111,857,281.52	116,760,850.70	
INTANGIBLE ASSETS	24,460,391.58	25,624,978.83	(1)
- Intangible assets	17,371,924.54	18,101,282.64	
- Intangible assets under construction	7,088,467.04	7,523,696.19	
TANGIBLE ASSETS	87,396,889.94	89,637,544.55	(1)
- Land	3,000,000.00	2,750,000.00	
- Buildings	69,581,636.52	72,637,095.55	
- Plant, machinery and tools	5,823,629.18	5,143,285.41	
- Computer hardware	3,413,335.81	5,421,678.21	
- Furniture and vehicles	2,778,429.07	2,917,443.59	
- Tangible fixed assets under construction	2,799,859.36	768,041.79	
LONG TERM RECEIVABLES		1,498,327.32	(2)
CURRENT ASSETS	475,328,748.68	459,175,571.52	
SHORT-TERM PRE-FINANCING	3,194,177.63	4,882,912.51	(3)
SHORT-TERM RECEIVABLES	6,123,594.06	4,712,936.28	
- Current receivables	187,836.45	101,170.98	(4)
- Sundry accounts receivables	170,964.98	545,608.35	(4)
- Accrued income or deferred expenditure	5,764,792.63	4,066,156.95	(4)
CASH AND BANKS	466,010,976.99	449,579,722.73	(5)
TOTAL ASSETS	587,186,030.20	575,936,422.22	

L I A B I L I T I E S			
	2016	2015	Note
CAPITAL	537,268,122.92	519,083,364.92	(6)
RESERVE FUND	230,937,965.16	201,208,415.16	
ACCUMULATED SURPLUS/DEFICIT	288,145,399.76	319,799,337.97	
FINANCIAL PERFORMANCE FOR THE YEAR (PROFIT+/LOSS-)	18,184,758.00	-1,924,388.21	
NON CURRENT LIABILITIES	1,790,296.24	5,751,366.91	
PROVISIONS FOR RISKS AND LIABILITIES	684,000.00	834,000.00	(8)
OTHER LONG-TERM LIABILITIES	1,106,296.24	4,917,366.91	(9)
CURRENT LIABILITIES	48,127,611.04	51,101,690.39	
PROVISIONS	2,262,500.00	2,539,000.00	
- Provision for risks and liabilities	823,500.00	772,000.00	(8)
- Provision for procedural expenditure	1,439,000.00	1,767,000.00	(7)
ACCOUNTS PAYABLE	45,865,111.04	48,562,690.39	
- Advanced payments by customers	28,853,399.80	28,231,173.46	(10)
- Current payables	4,474,318.05	2,223,682.50	(11)
- Sundry payables	8,272.37	29,331.74	(11)
- Other short-term liabilities			(11)
- Accrued expenditure or deferred income	12,529,120.82	18,078,502.69	(11)
TOTAL LIABILITIES	587,186,030.20	575,936,422.22	

2.2. STATEMENT OF FINANCIAL PERFORMANCE

	in euro		31-Dec-16
	2016	2015	Note
OWN REVENUE			
Revenue from TM fees	202,757,592.90	188,691,789.75	(12)
Revenue from RCD fees	25,783,871.50	23,869,252.25	(12)
Other operating revenue	1,314,801.47	2,459,199.73	(12)
ASSIGNED REVENUE			
EU-funded projects	2,832,647.29		(13)
Other assigned revenue			(13)
OPERATING REVENUE	232,688,913.16	215,020,241.73	
Staff expenditure	89,253,359.46	86,446,100.63	(14)
Operating expenditure	68,223,287.38	79,963,063.12	(15)
Publication, promotion, cooperation and Observatory	17,207,331.43	14,633,458.34	(16)
Trade mark and design related expenditure	18,827,720.12	17,764,642.89	(17)
Fixed assets expenses	17,588,763.57	16,322,322.26	(18)
Provision for procedural expenditure		1,466,000.00	(19)
Provision for risks and liabilities			(19)
Other current operating expenditure	14,899.93	260,318.27	(20)
EU-funded projects	2,832,647.29		(21)
OPERATING EXPENDITURE	213,948,009.18	216,855,905.51	
OPERATING REVENUE LESS OPERATING EXPENDITURE	18,740,903.98	-1,835,663.78	
Financial revenue	99,386.05	302,978.98	(22)
Financial expenditure	655,532.03	391,703.41	(23)
FINANCIAL RESULT	-556,145.98	-88,724.43	
RESULT FROM ORDINARY ACTIVITIES	18,184,758.00	-1,924,388.21	
Extraordinary revenue			
Extraordinary expenditure			
EXTRAORDINARY RESULT			
FINANCIAL PERFORMANCE FOR THE YEAR	18,184,758.00	-1,924,388.21	

2.3. CASH-FLOW TABLE

		in euro	
		2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
RESULT FROM OPERATING ACTIVITIES			
		18,740,903.98	-1,835,663.78
	Depreciation intangible fixed assets	9,404,200.01	8,506,077.92
	Depreciation tangible fixed assets	8,184,563.56	7,506,124.54
	Increase/(decrease) in Provisions for risks and liabilities	-98,500.00	-185,875.00
	Increase/(decrease) in Provisions for procedural expenditure	-328,000.00	1,466,000.00
	Increase/(decrease) in Welfare benefits		
	Increase/(decrease) in Value reduction for doubtful debts		
	(Increase)/decrease in Long term Pre-financing		
	(Increase)/decrease in Short Term Pre-financing	1,688,734.88	-4,882,912.51
	(Increase)/decrease in Long term Receivables	1,498,327.32	-562,537.36
	(Increase)/decrease in Short term Receivables	-1,410,657.78	2,233,210.38
	Increase/(decrease) in Other Long term liabilities	-3,811,070.67	2,940,129.79
	Increase/(decrease) in Accounts payable	-2,697,579.35	-5,906,410.01
	(Gains)/losses on sale of property, plant and equipment		
	Extraordinary items		
NET CASH FLOW FROM OPERATING ACTIVITIES	A	31,170,921.95	9,278,143.97
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of tangible and intangible fixed assets (-)	-14,183,521.71	-21,552,396.73
	Income/loss from tangible and intangible fixed assets (+)		310,119.80
	Purchase of investments		
	Income of investments		
	Extraordinary items		
NET CASH FLOW FROM INVESTING ACTIVITIES	B	-14,183,521.71	-21,242,276.93
CASH FLOWS FROM FINANCING ACTIVITIES			
	Increase/(decrease) other financial liabilities		
	Extraordinary items		
	Financial expenditure	-655,532.03	-391,703.41
	Revenue of funds in banks (financial revenue)	99,386.05	302,978.98
NET CASH FLOW FROM FINANCING ACTIVITIES	C	-556,145.98	-88,724.43
VARIATION OF CASH AND BANKS	A + B + C	16,431,254.26	-12,052,857.39
Cash and banks at the beginning of the period		449,579,722.73	461,632,580.12
Cash and banks at the end of the period		466,010,976.99	449,579,722.73

2.4. STATEMENT OF CHANGES IN CAPITAL

in euro 31-Dec-16

Capital	Reserves		Accumulated Surplus / Deficit	Financial performance for the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 31 December N-1		201,208,415.16	319,799,337.97	-1,924,388.21	519,083,364.92
Changes in accounting policies or reclassifications					
Balance as of 31 December N-1 (if restated)					
Other revaluations					
Allocation of the financial performance N-1			-1,924,388.21	1,924,388.21	
Reserve fund		29,729,550.00			29,729,550.00
Financial performance for the year			-29,729,550.00	18,184,748.01	-11,544,801.99
Balance as of 31 December N		230,937,965.16	288,145,399.76	18,184,748.01	537,268,112.93

2.5. SUMMARY OF MAIN ACCOUNTING PRINCIPLES

2.5.1. Activity

The main activities of the European Union Intellectual Property Office (the 'Office') concern the registration of European Union trade marks and designs and the work of the European Observatory on Infringements of Intellectual Property Rights. Its main building is located at Avenida de Europa, 4, Alicante, Spain.

2.5.2. Basis of presentation

a) True and fair view

The accounts have been prepared on the basis of the Office's accounting records and are presented in compliance with the requirements of the Regulation CB-1-15 of the European Union Intellectual Property Office, adopted by the Budget Committee of the Office on 26 November 2015 ("the FR") and Regulation CB-2-15 laying down detailed rules for the implementation of certain provisions of that Regulation adopted by the Budget Committee on 26 November 2015 ("the IR"), both of which entered into force on 23 March 2016.

The financial year begins on 1 January and ends on 31 December.

The accounts are kept in euro. Amounts in national currencies are converted into euro at the monthly rates published in the European Commission's internal document "Infor-Euro".

b) Grouping of accounts

For clarity, the accounts are presented in a summarised form. Where appropriate, an analysis is provided in the relevant note to the accounts.

2.5.3. Accounting policies

a) The going-concern principle

The Office considers that it will continue its activity indefinitely. Consequently, in applying accounting principles, the aim is not to establish the net worth in the event of total or partial transfer nor the realisable value in the event of liquidation.

b) The principle of prudence

The Office has only entered into the accounts those profits realised before the end of the financial year. In contrast, foreseeable risks and contingent liabilities arising in the financial year, or in any other year, are entered into the accounts as soon as they arise; with regard to such items, a distinction is made between those that can be rectified or are contingent and those that have arisen or cannot be rectified.

Consequently, at the end of the financial year, all foreseeable risks and liabilities are entered into the accounts, irrespective of when they arose. Where such risks and losses arise between the end of the financial year and the date on which the annual accounts are drawn up, without prejudice to their inclusion in the

balance sheet and statement of financial performance, every endeavour is made to include the information in the notes on the accounts.

c) Principle of consistency

Having adopted one of the possible options available as a criterion for the application of accounting principles, the Office continues to apply this criterion to asset items with the same characteristics, in so far as they satisfy the grounds for applying this criterion.

The criterion may be deviated from where necessary, but this must be indicated in the notes on the accounts, as must the quantitative and qualitative impact of the deviation on the annual accounts.

d) Principle of comparability of information

The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item for the previous year.

Where the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year is made comparable and reclassified.

Where it is impossible to reclassify items, this is explained in the explanatory notes.

e) The principle of materiality

The Office acknowledges that it does not always strictly comply with certain accounting principles where the relative significance of a deviation, in quantitative terms, is immaterial and consequently does not alter the true and fair view presented by the annual accounts.

f) The gross presentation principle: no-netting principle

The Office does not offset assets against liabilities in the balance sheet nor expenditure against income in the statement of financial performance, as established in the annual accounts models. Each item entered under the asset and liability headings is valued separately.

g) Principle of reality over appearance

The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

h) The entry principle: accrual-based accounting

The Office enters transactions into the accounts as and when the ensuing rights or obligations arise.

The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.

i) The acquisition-cost principle

In general, all goods and rights are entered into the accounts at their acquisition price or at their cost price.

However, the value of non-financial fixed assets and installation expenses shall be written down for depreciation. In addition a write-down may be applied where the value of an asset decreases and an increase in the value of a liability may be covered by a provision.

j) Intangible fixed assets

Items acquired whose purchase price or production cost is €420 or more, with a period of use greater than one year, and which are not consumables, are recorded in the intangible assets accounts.

Intangible fixed assets consist of computer software, licences and trade marks registered under the name of the Office.

Intangible fixed assets are valued at their acquisition price converted into euro at the rate applying when they were purchased, less depreciation and impairment. The exception to this rule are assets acquired free of charge, which are valued at their market value.

Should the software be developed internally, it is recorded at its directly attributable costs of development, the threshold being €0. However, in accordance with international accounting standards, this can only be done if these costs can be measured reliably.

Intangible fixed assets are subject to monthly depreciation based on their useful lives. The depreciation is calculated using the linear method and coefficients of depreciation of 10% for trade marks and 25% for software.

k) Tangible fixed assets

Items acquired whose purchase price or production cost is €420 or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts.

Tangible fixed assets are stated at cost, i.e. purchase value, then converted into euro at the currency rate obtained from "Infor-Euro" published by the European Commission and applied at the time of payment. Improvements, which extend the useful lives of existing assets, are capitalised. Differences in exchange rates, directly related to tangible fixed assets accruing before such assets are brought into use, are also capitalised.

The purchase costs of an item of tangible fixed assets are taken into account as from the moment of bringing it into use. Tangible fixed assets are subject to monthly depreciation based on their estimated useful lives. The depreciation is calculated using the linear method. The coefficients of depreciation used are the following:

Buildings	4%
Smart phones, tablets, laptops	40%
Computer hardware	25%
Plant, machinery and tools	12.5%, 25%
Furniture and vehicles	10%, 12.5%, 25%

The depreciation rates are the coefficients used at the European Commission, except for smart phones, tablets and laptops where the Office considers more convenient a speedier depreciation in line with the rapidly developing technology. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, where appropriate, only when it is probable that future economic benefits associated with the item will flow to the Office and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

When tangible fixed assets are removed, decommissioned or otherwise disposed of, the asset accounts and the depreciation accounts are adjusted accordingly.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on a regular basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of financial performance.

l) Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation and will be tested regularly for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount for an individual asset is the highest amount between either an asset's fair value less costs of selling or the value in use.

m) Transactions and balances denominated in foreign currencies

The open balances of debtors and creditors denominated in foreign currencies at the year-end are converted into euro at the currency rate obtained from "Infor-Euro", published by the European Commission on 31 December.

Purchases of tangible and intangible assets retain their value in euro at the rate that was applicable on the date when they were purchased.

Transactions in foreign currencies are recorded in the statement of financial performance at the exchange rates prevailing at the dates of the transactions. Realised gains, together with realised losses on exchange, are taken into account in the statement of financial performance of the corresponding year.

n) Receivables

Receivables are carried at the original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the Office will not be able to collect all amounts due according to the original terms of receivables.

Receivables which extend beyond one year are considered long term and short term if they are to be settled in a period shorter than one year.

o) Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular pre-financing agreement. The float or advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditure, he has the obligation of returning the pre-financing advance to the Office. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs and amounts returned.

At year-end, outstanding pre-financing amounts are valued at the original amount(s) paid less amounts returned, eligible amounts cleared, estimated eligible amounts not yet cleared at year-end, and value reductions.

Interest on pre-financing is recognised as it is earned in accordance with the provisions of the relevant agreement.

Pre-financing which extends beyond one year is considered long term and short term if it is to be settled in a period shorter than one year.

p) Liabilities

Short-term liabilities are defined as balances with a due date of less than one year and long-term liabilities with a due date over one year.

q) Payables

Short and long-term creditors are stated at the amount they are to be paid. Short-term creditors are defined as balances maintained for a period of less than one year and long-term creditors as over one year.

There are also amounts under this heading corresponding to pre-financing from third parties; these correspond to funds advanced by clients and managed by the Office.

r) Deferrals and accruals

Accrued income or deferred expenditure is prepared and based on accounting information as at 31 December provided by the authorising officers.

s) 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, regardless of when the corresponding collection of payment is made.

In the case of the basic fee for the EUTM, revenue is recorded when the filing date has been assigned. The opposition fee is recorded as revenue when the decision on the opposition has been taken, i.e. when the file is to be closed.

t) Expenditure

Expenditure is entered into the accounts once the service or good has been received by the Office, regardless of when the payment is made.

u) Provision

A provision is 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.

2.6. NOTES TO THE FINANCIAL STATEMENTS

2.6.1. Notes to the balance sheet

1 – FIXED ASSETS

Intangible assets on 31 December are set out in the following table:

	<i>euro</i>				
	<i>Internally generated computer software</i>	<i>Other computer software</i>	<i>Other intangible assets</i>	<i>Intangible assets under construction</i>	<i>Total</i>
PURCHASE VALUE					
Balance on 1/1	36,901,802	11,051,437	23,475	7,523,696	55,500,410
Acquisitions	4,620,587	810,847	0	2,808,178	8,239,613
Disposal	0	0	0	-284,129	-284,129
Reclassifications	2,959,279	0	0	-2,959,279	0
Balance on 31/12	<u>44,481,668</u>	<u>11,862,284</u>	<u>23,475</u>	<u>7,088,467</u>	<u>63,455,894</u>
DEPRECIATION					
Balance on 1/1	20,159,220	9,692,736	23,475	0	29,875,431
Increase	8,461,101	658,971	0	0	9,120,071
Disposal	0	0	0	0	0
Reclassifications	0	0	0	0	0
Balance on 31/12	<u>28,620,320</u>	<u>10,351,707</u>	<u>23,475</u>	<u>0</u>	<u>38,995,502</u>
NET VALUE					
Balance on 1/1	16,742,583	1,358,700	0	7,523,696	25,624,979
Balance on 31/12	<u>15,861,348</u>	<u>1,510,577</u>	<u>0</u>	<u>7,088,467</u>	<u>24,460,392</u>

Capitalisation of software developed internally and expenditure on research

Investment into internally generated computer software and intangible assets under construction amounts to €7,428,765 and concerns the transfers and records module, harmonisation of product indications, improvements and changes to the Office's core-business applications (including an inter-partes module), the document access system, the e-appeal, improvements to the Office's support systems for finance, human resources, incidents management (Remedy) and document management, as well as technical and security improvements in line with the Strategic Plan.

Research costs in relation to software developed internally amounted to €211,580 and were included as an expense.

Tangible assets on 31 December were as follows:

euro

	<i>Land</i>	<i>Buildings</i>	<i>Plant and equipment</i>	<i>Computer hardware</i>	<i>Furniture and vehicles</i>	<i>Other fixtures and fittings</i>	<i>Tangible assets under construction</i>	<i>Total</i>
PURCHASE VALUE								
Balance on 1/1	2,750,000	94,353,262	6,738,689	17,317,319	5,735,535	4,411,285	768,042	132,074,132
Acquisitions	250,000	609,536	863,202	510,092	343,886	567,334	2,799,859	5,943,909
Disposal	0	0	0	-478,826	-144,490	0	0	-623,316
Reclassifications	0	136,947	0	0	0	631,095	-768,042	0
Balance on 31/12	3,000,000	95,099,744	7,601,891	17,348,586	5,934,931	5,609,714	2,799,859	137,394,725
DEPRECIATION								
Balance on 1/1	0	21,716,167	4,141,563	11,895,641	2,818,091	1,865,126	0	42,436,588
Increase	0	3,801,941	806,107	2,518,434	482,901	575,180	0	8,184,564
Disposal	0	0	0	-478,826	-144,490	0	0	-623,316
Reclassifications	0	0	0	0	0	0	0	0
Balance on 31/12	0	25,518,108	4,947,670	13,935,250	3,156,502	2,440,305	0	49,997,835
NET VALUE								
Balance on 1/1	2,750,000	72,637,096	2,597,126	5,421,678	2,917,444	2,546,160	768,042	89,637,545
Balance on 31/12	3,000,000	69,581,637	2,654,220	3,443,336	2,778,429	3,169,409	2,799,859	87,396,890

Totally depreciated fixed assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December, amounted to €32,660,141 (N-1: €27,145,987).

Capitalised exchange rate differences

No exchange rate differences have been capitalised during the year (N-1: €0).

Buildings

The Office's headquarter include the initial building based on a co-operation agreement signed in 1997 for the value of €23,350,000 for the construction and acquisition of the permanent seat of the Office, with Cosoami, a consortium made up of representatives of the Spanish authorities in order to assist with the establishment of the Office in Alicante. The building was finished in June 2000.

The land where the permanent seat of the Office was built was donated by the Spanish authorities (for the symbolic price of one peseta). The contract of donation stipulates that, in the event that the Office changes seat, the real value of the land will be returned to the Spanish authorities.

A refurbishment project of the permanent seat that started in 2009 was finalised in 2013, enlarging the capacity of the building by one third.

In November 2014, the extension of the Office's headquarters was finished. This new building with 38,000 square metres of new construction includes two three-story office blocks on the north flank of the existing headquarters and a 450-seat auditorium in the main entrance to the new complex, taking the total built-up area of Office's headquarters to almost 80,000 square metres. With its completion and the creation of the Office Campus, which integrates all staff on a unified site, all rented premises could be released at the end of April 2015.

Given the steady growth in demand and the possibility of new responsibilities in the future, in 2015, the Office bought a plot of land in front of the Office's headquarters for an amount of €2,750,000. The decision to purchase this particular plot, which measures 12,000 square metres, was based on proximity, a lack of suitable alternative sites that would allow for future growth and the current state of the Spanish property market with very favourable prices.

In July 2016, the Office began the construction on that newly acquired plot of a new building providing 150 workplaces together with meeting and training rooms. The building will be connected to the second phase of the headquarters.

The Office also acquired part of the road Avenida de Europa from the Municipality of Alicante for an amount of €250,000 in order to unify all three buildings in one single campus.

2 – LONG-TERM RECEIVABLES

In 2015, the long-term receivables corresponded to expenses carried out in relation to the EU-funded projects mentioned in note 13 for which at the year-end implementation reports have not been submitted to or been accepted by the European Commission.

Following the entry into force of the Office's Financial Regulation, funds received from the European Commission are included in the Office's budget. They are considered external assigned revenue in compliance with Article 21 of that Regulation. As a consequence, expenditure carried out, for which at the year-end it is not foreseen to have implementation reports submitted to or being accepted by the European Commission, are now shown under accrued income.

3 – SHORT-TERM PRE-FINANCING

The pre-financing corresponds to an advanced payment to the contractor of the third phase of the building mentioned in note 1 for an amount of €2,734,177.63 and short-term pre-financing specifically related to grants:

The Office collaborates with Europol and has signed a Memorandum of Understanding which foresees pre-financing. At the year-end closure, a total amount of €1,000,000, corresponding to the pre-financing for 2015 and 2016 is open. Of this amount, €540,000 correspond to accrued charges.

In 2015, the Office signed grant agreements related to the co-financing, up to a maximum of 80%, of the eligible costs initiatives of raising public awareness about the value, benefits of intellectual property, as well as the damages of infringement in line with the Observatory's activities and plans. Pre-financing payments in relation

to those grants are reported as receivables and cleared after the agreed deliverables and corresponding cost statements are submitted by the beneficiaries to, and accepted and cleared by, the Office. €349,196.60 of pre-financing are totally accrued at the year-end. The implementation reports are expected to be approved and the pre-financings cleared during the year 2017.

The total amount of pre-financings paid but not cleared, accrued as well as open on 31 December are as follows:

Non cleared pre-financing	€4,083,374.23
<u>Accrued charges on pre-financing</u>	<u>- € 889,196.60</u>
Open pre-financing	€3,194,177.63

4 – RECEIVABLES

Current receivables

The current receivables on 31 December were as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Recovery orders pending	187,836.45	101,170.98
TOTAL	<u>187,836.45</u>	<u>101,170.98</u>

The recovery orders pending collection on 31 December were all established in euro. The balance corresponded principally to amounts related to trade mark cases before the European Court of Justice in which the Office was the successful party.

Sundry accounts receivables

Sundry account receivables are principally related to staff transactions. On 31 December they included various advanced payments which can be broken down as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Pay advances	4,546.64	6,550.00
Others	166,418.34	539,058.35
TOTAL	<u>170,964.98</u>	<u>545,608.35</u>

Pay advances: This heading principally includes advance payments on salaries in accordance with the Staff Regulations. It also includes deductions by instalments due to overpayments of salaries. This balance is to be settled in the salary payments during the following year.

Others: This heading includes recovery orders pending concerning staff-related transactions and amounts to be settled with institutions or agencies related to staff mobility (adjustments of salaries due to leave, principally) as well as a smaller amount to be recovered in relation to a member of staff working in Brussels.

In 2015, €440,831 concern the outcome of the 2015 salary adjustments which have been deducted from the salary payments to staff members in 2016.

Accrued income or deferred expenditure

Accrued income or deferred expenditure on 31 December can be broken down as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Accrued income	4,409,144.80	3,049,789.24
Deferred expenditure	1,355,647.83	1,016,367.71
TOTAL	<u>5,764,792.63</u>	<u>4,066,156.95</u>

Accrued income: This heading corresponds principally to accrued income related to the fees from the Madrid Protocol, fees coming from the Hague Agreement (Designs) and bank interest accrued, as well as funds received from the European Commission for EU-funded projects mentioned in note 13 for which implementation reports have not been submitted or accepted by the European Commission (see also note 2), as a consequence of the entry into force of the Office's Financial Regulation on 23 March 2016.

Deferred expenditure: This heading principally includes expenditure to be booked in the following financial year. This figure includes, amongst others, licences and subscriptions paid for in the current year but covering part of the following year.

5 – CASH AND BANKS

The cash and bank balances of the Office on 31 December were as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Short-term deposits	12,000,000.00	96,700,000.00
Current accounts	450,349,045.84	349,155,564.65
Funds for EU technical cooperation projects	3,661,490.29	3,723,963.34
Petty cash	440.86	194.74
TOTAL	<u>466,010,976.99</u>	<u>449,579,722.73</u>

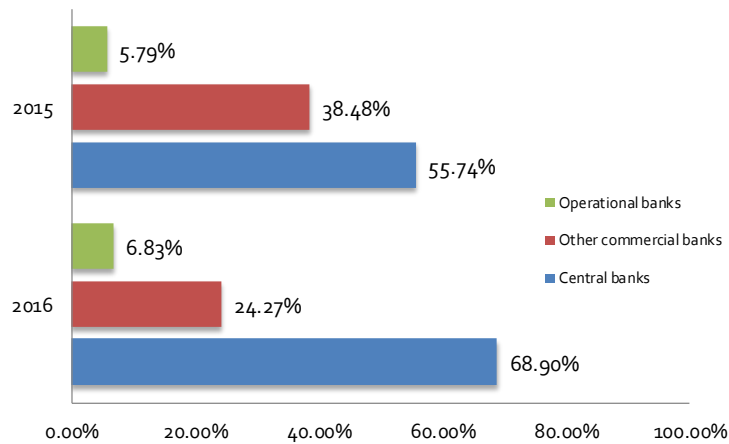
General information about cash and banks

In compliance with the treasury guidelines updated in June 2016, the Office had its treasury surplus distributed between three commercial banks that complied with the minimum rating A from the three credit agencies Fitch, Standard & Poor's and Moody's and three central banks.

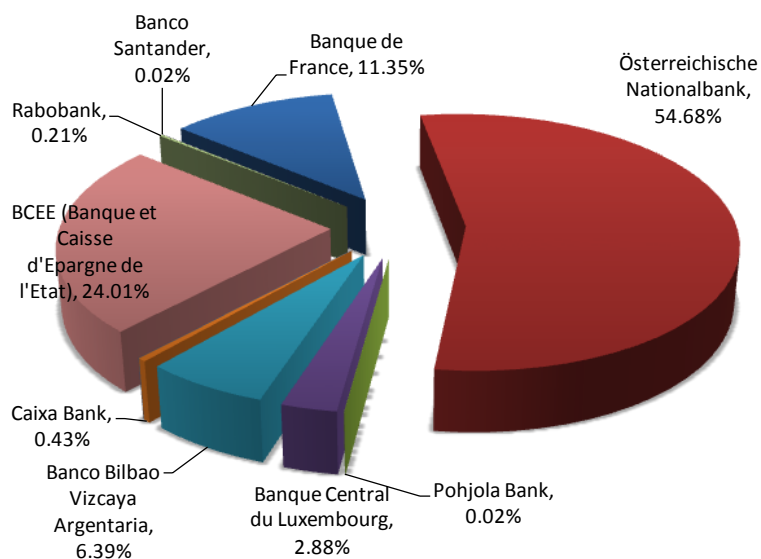
Funds for carrying out daily transactions are with operational banks that comply with a minimum rating of –BBB in accordance with the treasury guidelines mentioned.

At the year-end, all balances in banks were held in euro.

Distribution of treasury per type of bank at year-end



Distribution of treasury per bank at year-end



Current accounts

The balances in current accounts on 31 December stood as follows:

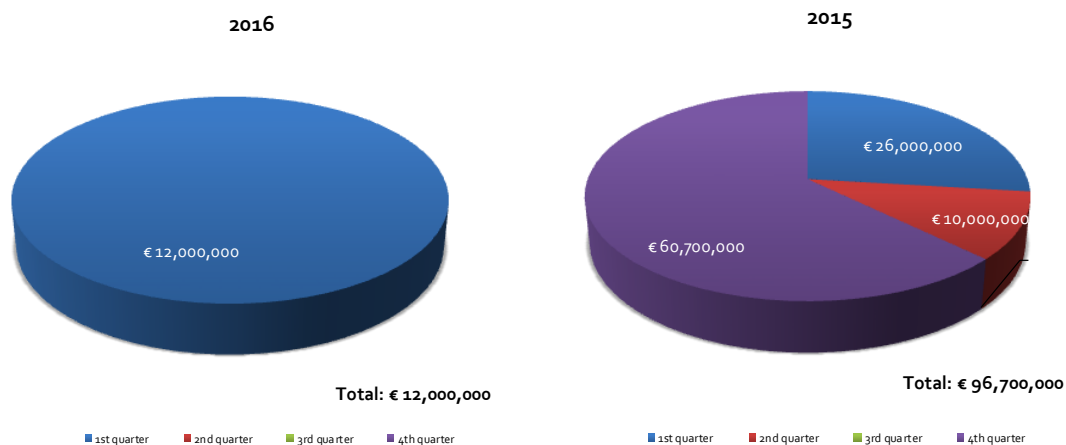
<i>euro</i>		
<i>Current accounts</i>	<i>2016</i>	<i>2015</i>
Central banks	321,094,323.86	240,580,651.09
Other commercial banks	101,105,448.22	86,288,042.04
Operational banks	28,149,273.76	22,286,871.52
TOTAL	450,349,045.84	349,155,564.65

It should be noted that, on 31 December, the bank accounts included €24,080,651 of funds advanced by clients.

Short-term deposits

The Office makes short-term investments in order to make the most profitable use of its financial resources. Following the evolution of interest rates, short-term investments on 31 December were as follows:

Short-term deposits falling due in the following year, quarterly



EU-funded projects

The balances regarding the accounts of the EU-funded projects on 31 December stood as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
ECAP III	1,186,305.83	1,722,068.25
IP Key China	1,325,502.24	1,470,956.96
IPC-EUI India	1,149,682.22	530,938.13
TOTAL	3,661,490.29	3,723,963.34

These amounts correspond to the funds received from the European Commission for the execution of the EU-funded projects less those funds already used in their implementation. For more information about these projects, see also notes 13 and 21.

These funds are considered as a liability towards the European Commission for EU-funded projects and are included under short-term liabilities if the expected moment of approval of the implementation report by the European Commission takes place within the next 12 months, or long term liability if this moment takes place afterwards.

Bank guarantees

The Office requires its suppliers to constitute performance bank guarantees where there are potential risks of non-fulfilment of the contract after its execution period. These guarantees must be established in the name of the Office before they begin to supply services or products to the Office. At 31 December, these guarantee deposits amount to €16,017,302 and will only be executed, and consequently be considered as revenue, if the supplier does not comply with the contract or does not supply the agreed services or products. Therefore, these deposits do not affect the statement of financial performance.

6 – CAPITAL

In 2005, the Budget Committee decided, - as provided for in Article 16 of the Financial Regulation - to create a reserve fund as from 2006, to enable the Office to comply with all legal obligations and to ensure that it would continue to function should there be major changes in the economic context or should any other event with major consequences jeopardise the level of activity of the Office and consequently its financial situation.

The amount assigned to this reserve fund is based on the budgetary surpluses arising from the financial years for which discharge has already been given by the Budget Committee. On 31 December 2015, the accumulated reserve fund stood at €201,208,415.16.

As a consequence of the entry into force of the Regulation (EC) No 207/2009, as amended by Regulation (EU) 2015/2424 (EUTMR), and in particular its Article 139(10), the Office's reserve fund must cover the equivalent of the sum of the appropriations of titles 1, 2 and 3 of the budget of the corresponding year. As a consequence of this legal requirement and considering the existing level of the reserve fund at the end of previous year, a total amount of €29,729,550 had to be allocated to the reserve fund in 2016.

7 – PROVISION FOR PROCEDURAL EXPENDITURE

The Office decided to create a provision in 2001 to cover statutory obligations vis-à-vis applicants for services to be rendered (although there is a legal obligation, this has not yet given rise to any commitment of expenditure), in particular regarding translation.

8 – PROVISION FOR RISKS AND LIABILITIES

Non-current liabilities related to provisions for risks and liabilities on 31 December were as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Appeals to the Courts against Office decisions in the context of EUTMs	684,000.00	804,000.00
Lawsuits related to staff	0.00	30,000.00
TOTAL	<u>684,000.00</u>	<u>834,000.00</u>

Current liabilities related to provisions for risks and liabilities on 31 December were as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Appeals to the Courts against Office decisions in the context of EUTMs	692,500.00	649,000.00
Lawsuits related to staff	67,000.00	60,000.00
Lawsuits related to procurement	64,000.00	63,000.00
TOTAL	<u>823,500.00</u>	<u>772,000.00</u>

This heading is reflected in non-current (long term) and current (short term) liabilities. If an item is foreseen to be settled within 12 months from the closure date of 31 December, it is presented under the heading "Current liabilities" and if it is foreseen that it will be settled more than 12 months after this closure date, it appears under the heading "Non-current liabilities".

9 – OTHER LONG-TERM LIABILITIES

Other long-term liabilities relate to EU-funded projects mentioned in note 13 and 21. They reflect the total amount received for these projects from the European Commission, for which the approval of the implementation reports is still outstanding.

10 – ADVANCED PAYMENTS BY CUSTOMERS

The Office does not have an immediate claim on the amounts corresponding to the payment of fees that are paid into accounts held by the Office as they represent advanced payments from the Office's clients. The Financial Regulation of the Office forbids any automatic registration of such payments as revenue of the Office. Revenue must be registered as such only after the service has been rendered.

The balance of client accounts on 31 December was as follows:

	<i>euro</i>	
	2016	2015
Current accounts according to Decision EX-96-1 of the Executive Director of the Office (amended by EX-06-1)	24,080,651.22	23,240,824.67
Client accounts relating to individual payments	834,767.58	1,190,048.79
Fees for registration via Madrid Protocol	48,900.00	81,650.00
Payments obtained for opposition fees on standby until starting-up of procedure (Rule 18 of Regulation (EC) No 2868/95)	3,889,081.00	3,718,650.00
TOTAL	<u>28,853,399.80</u>	<u>28,231,173.46</u>

11 – PAYABLES

Current payables

On 31 December, this heading includes funds received from the European Commission for EU-funded projects for which the approval of the implementation report by the European Commission is expected to happen during 2017 (see also note 5), as well as guarantee deposits to be settled the following year.

Sundry payables

On 31 December, respectively, it comprised the following:

	<i>euro</i>	
	2016	2015
Contribution owed to the Spanish Government (withholding tax)	5,265.02	7,291.50
Debts to institutions or agencies within the EU	22.02	13,074.12
Others	2,985.33	8,966.12
TOTAL	<u>8,272.37</u>	<u>29,331.74</u>

The heading "Debts to institutions or agencies within the EU" includes the Office's staff-related debts to different agencies and to the European Commission.

Accrued expenditure or deferred income

Accrued expenditure or deferred income on 31 December can be broken down as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Accrued expenditure	12,469,827.64	16,831,497.67
Deffered income	59,293.18	1,247,005.02
TOTAL	<u>12,529,120.82</u>	<u>18,078,502.69</u>

Accrued expenditure: This heading includes expenditure related to goods and services received by the Office but not yet invoiced by the corresponding supplier, i.e. a financial obligation towards third parties. The counter-entry is expenditure. This covers mainly expenses related to cooperation with Member States, expenses related to the contribution to the European School, as well as to IT projects and staff members' annual leave not taken by year-end.

Deffered income: In 2015, this heading corresponded to deferred income related the application of the reduced renewal fee for trade marks. This position has been settled during 2016.

2.6.2. Notes to the statement of financial performance

12 – OWN REVENUE

Revenue from EUTM fees

The revenue from European Union Trade Mark fees as at 31 December is detailed below:

	2016			2015		
	Number of files	Amount in Euro	%	Number of files	Amount in Euro	%
Basic fees	131,926	113,586,277.28	56.02%	125,850	116,079,624.00	61.52%
Fees for additional classes	113,414	19,316,520.85	9.53%	75,196	11,279,308.00	5.98%
Opposition fees	11,596	3,921,800.00	1.93%	10,983	3,844,050.00	2.04%
Renewal fees	49,729	58,785,495.87	28.99%	32,633	50,154,342.00	26.58%
Appeal fees	2,326	1,722,080.00	0.85%	2,480	1,984,000.00	1.05%
Cancellation fees	1,941	1,254,750.00	0.62%	1,990	1,393,000.00	0.74%
Inspection fees	5,238	342,650.00	0.17%	6,971	479,624.00	0.25%
Recordal fees	2,514	503,200.00	0.25%	2,694	538,800.00	0.29%
International applications fees	8,597	2,579,400.00	1.27%	7,920	2,376,000.00	1.26%
Search fees	647	48,305.00	0.02%	787	60,163.00	0.03%
Miscellaneous fees		697,113.90	0.34%		502,878.75	0.27%
TOTAL		202,757,592.90	100.00%		188,691,789.75	100.00%

Revenue is entered in the accounts when the service is rendered.

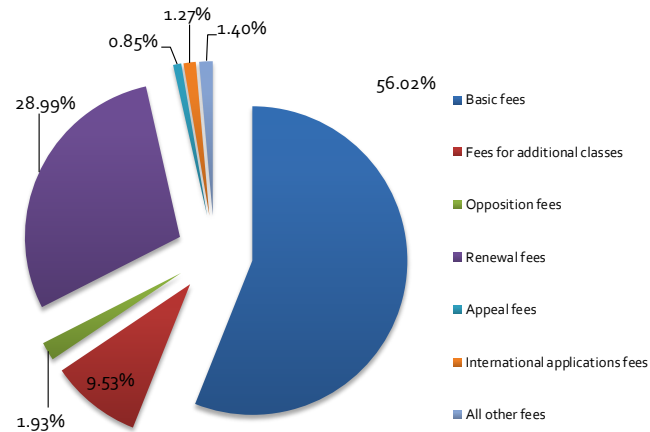
The heading "Basic fees" also includes €15,989,617 representing incoming revenue from WIPO in the framework of the Madrid Protocol. The total revenue coming from WIPO represents around 7.9% of the total fee revenue.

At the end of 2016, another 7,300 files were awaiting transmission from WIPO to the EUIPO. The related fees in the region of EUR 7 million are not included in the above figures.

The heading "International applications fees" corresponds to the filing of an international application based on a EUTM application or registration that the Office forwards to WIPO.

The adjustment related to reduced renewal fees for trade marks mentioned under deferred income are included in the revenue figures for the year 2015.

% of revenue from European Union trade mark fees at year end

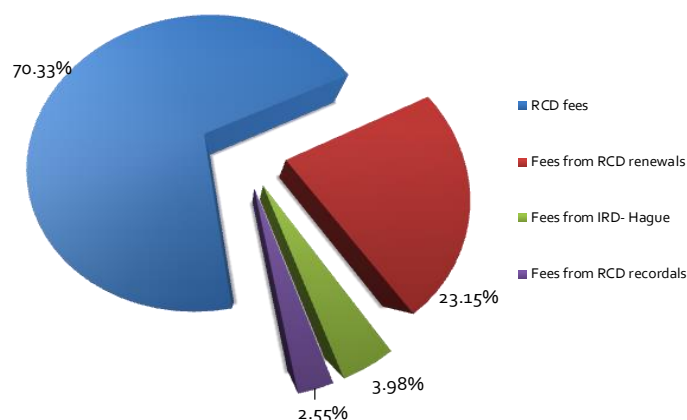


Revenue from RCD fees

The revenue from Registered Community design (RCD) fees as at 31 December is shown in the table below:

	2016			2015		
	Number of files	Amount in Euro	%	Number of files	Amount in Euro	%
RCD fees	89,160	18,132,585.50	70.33%	85,996	16,819,684.25	70.47%
Fees from RCD renewals	59,375	5,968,350.00	23.15%	55,229	5,532,870.00	23.18%
Fees from IRD- Hague	19,629	1,025,736.00	3.98%	17,144	920,698.00	3.86%
Fees from RCD recordals	3,286	657,200.00	2.55%	2,980	596,000.00	2.50%
TOTAL		25,783,871.50	100.00%		23,869,252.25	100.00%

% of revenue from design fees at year end



Other operating revenue

This heading comprises all revenue not included in revenue from fees:

	<i>euro</i>	
	2016	2015
Positive adjustment of provisions (note 7 and 8)	426,500.00	185,875.00
Fee reimbursements not carried out due to the impossibility of contacting the users	6,896.64	26,728.07
Positive exchange rate difference	105,544.71	157,128.69
Other revenue	775,860.12	2,089,467.97
TOTAL	<u>1,314,801.47</u>	<u>2,459,199.73</u>

Other revenue relates principally to recovery orders issued in relation to penalties paid by the contractor regarding the construction of the extension of the Office's headquarters, the recovery of the balance of the Secure Common Communication Network/Common System Interface (DG TAXUD), the final settlement from the European Commission to the technical cooperation project for Russia, as well as cost claims for trade mark and design litigation cases.

13 – ASSIGNED REVENUE

EU-funded projects

The Office takes part in technical cooperation projects with third countries in the area of industrial property on behalf of the European Commission. These projects are funded by the European Commission. The Office performs all budget implementation tasks for the following projects:

- ECAP III: The contract with the European Commission for the ASEAN Project on Intellectual Property Rights (ECAP III) has been signed on 19/10/2012. This action was initially planned to be implemented over a period of three years (2013 – 2016) and extended for one additional year until the end of February 2017 with a total amount of €3,844,751 foreseen.
- IP Key China: The contract with the European Commission for the implementation of the Action “Intellectual property: A key to sustainable competitiveness (IP KEY)” was signed on 19/12/2012. The implementation period of the Agreement began on 01/07/2013 and was originally planned for 36 months, being extended to 48 months, meaning that the end of the project will be at the end of June 2017. The total cost of the Action is €7,500,000.
- IPC-EUI India: The contract with the European Commission for the EU-India Intellectual Property Cooperation project was signed on 15/12/2014. This action will be implemented over a period of 32 months (February 2015 – October 2017) for a total amount of €1,920,000.

Following the entry into force of the Office’s Financial Regulation on 23 March 2016, funds received from the European Commission are included in the Office’s budget. They are considered external assigned revenue in compliance with Article 21 of that Regulation.

The amount of assigned revenue of €2,832,647.29 corresponds to that indicated in note 21 following the application of the accounting rules related to the treatment of assigned revenue.

Internal assigned revenue

During the year no internal assigned revenue has been recorded.

14 – STAFF EXPENDITURE

Staff expenditure on 31 December can be detailed as follows:

	2016		2015	
	euro	%	euro	%
Basic salaries	54,329,105.37	60.87%	51,919,437.63	60.06%
Pension rights for officials and temporary staff	11,607,535.73	13.01%	10,714,376.53	12.39%
Expatriation and foreign residence allowances	6,432,822.60	7.21%	6,190,595.82	7.16%
Family allowances	6,655,857.95	7.46%	6,485,229.69	7.50%
Sickness insurance	2,013,454.58	2.26%	1,876,600.27	2.17%
Annual travel costs to place of origin	1,450,037.13	1.62%	1,390,926.54	1.61%
Contract agents	3,828,921.73	4.29%	2,051,572.11	2.37%
National experts	4,327,990.89	4.85%	4,480,366.28	5.18%
Contribution to the European School	3,130,870.28	3.51%	3,595,140.52	4.16%
Weightings	-6,838,633.45	-7.66%	-4,471,574.01	-5.17%
Others	2,315,396.65	2.59%	2,213,429.25	2.56%
TOTAL	89,253,359.46	100.00%	86,446,100.63	100.00%

Remuneration is established on a yearly basis by the Council of the European Union, based on a proposal made by the European Commission. As the Office is self-financed since 1997, it transfers the employer's contribution to the funding of its staff pensions to the European Commission.

15 – OPERATING EXPENDITURE

Operating expenditure on 31 December is distributed in the following manner:

	2016		2015	
	euro	%	euro	%
IT maintenance, service staff, licences, analysis and programming	22,681,589.29	33.25%	35,911,120.05	44.91%
Consultancy (non IT)	11,944,711.10	17.51%	10,553,122.38	13.20%
Administrative translations / Interpretation	6,719,053.33	9.85%	5,178,570.12	6.48%
Facilities management expenditure (cleaning, maintenance, supplies, security, etc.)	6,409,518.70	9.39%	6,937,628.76	8.68%
Agency Staff	2,123,801.81	3.11%	3,192,035.32	3.99%
Telecom and postal charges	1,802,373.15	2.64%	2,857,587.51	3.57%
Building project related expenditure	4,093,045.95	6.00%	4,114,173.61	5.15%
Rent	300,610.70	0.44%	903,883.06	1.13%
Furniture, technical and electronic office equipment	1,362,439.44	2.00%	1,522,345.55	1.90%
Missions	974,427.91	1.43%	1,084,491.26	1.36%
Training	490,848.41	0.72%	358,832.06	0.45%
Meetings and conferences	4,974,964.13	7.29%	3,255,511.53	4.07%
Stationary and office supplies	417,776.59	0.61%	433,439.25	0.54%
Trainees	942,746.84	1.38%	666,093.20	0.83%
Recruitment expenses	537,448.04	0.79%	94,192.66	0.12%
Others	2,447,931.99	3.59%	2,900,036.80	3.63%
TOTAL	68,223,287.38	100.00%	79,963,063.12	100.00%

16 – PUBLICATION, PROMOTION, COOPERATION AND OBSERVATORY

Expenditure at 31 December includes the following:

	2016		2015	
	euro	%	euro	%
EU Cooperation	13,555,117.35	78.78%	0.00	0.00%
General publications	772,447.17	4.49%	440,425.20	3.01%
Expenditure on promotion of the Office, the EUTM and CD	1,452,475.44	8.44%	8,465,106.57	57.85%
Cooperation Fund	125,135.46	0.73%	1,990,343.30	13.60%
Support for the work of the Observatory	1,814,031.90	10.54%	3,095,418.44	21.15%
Convergence Programme	-511,875.89	-2.97%	642,164.83	4.39%
TOTAL	17,207,331.43	100.00%	14,633,458.34	100.00%

The heading “EU Cooperation” includes the expenditure related to the cooperation activities with National and Regional offices in order to promote the convergence of practices and tools as laid down in Article 123 c of the EUTMR.

The heading “Expenditure on promotion of the Office, the EUTM and CD” principally includes the expenditure of the bilateral cooperation agreements with EU Member States. The “Cooperation Fund” and “Convergence Programme” headings include expenses that enabled the creation of the European Trade Mark and Designs Network.

The heading “Support for the work of the Observatory” includes essentially expenses related to public awareness raising.

Regarding the Convergence Programme expenditure, the estimate for accrued expenses in 2015 was based on an expected 60% implementation rate in line with past execution rates. However, real expenses in 2016 only reached 44%. The reversal of the excess of accrued expenses in 2015 leads to a negative amount of expenditure in 2016.

17 – TRADE MARK AND DESIGN RELATED EXPENDITURE

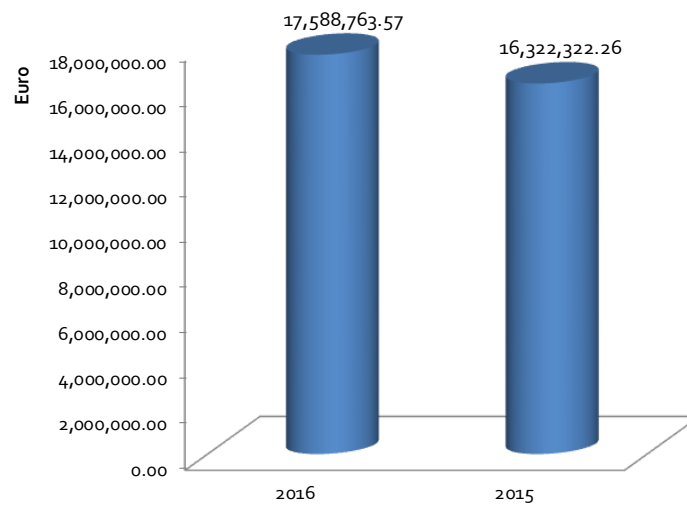
Expenditure regarding the EUTM (European Union Trade Mark) and RCD (Registered Community Design) registration procedures can be detailed as follows on 31 December:

	2016		2015	
	euro	%	euro	%
Translations of EUTM and RCD applications	16,791,778.20	89.19%	16,333,103.07	91.94%
Search reports	73,712.00	0.39%	78,880.00	0.44%
Expenditure on external services related to EUTM & RCD	1,638,207.32	8.70%	1,208,887.03	6.81%
Expenditure on litigation relating to EUTM & RCD	324,022.60	1.72%	143,772.79	0.81%
TOTAL	<u>18,827,720.12</u>	<u>100.00%</u>	<u>17,764,642.89</u>	<u>100.00%</u>

18 – FIXED ASSETS EXPENSES

Under the heading “Fixed assets expenses”, as at 31 December, the amount corresponds to the depreciation (see table above to note 1).

Fixed assets expenses



19 – PROVISION FOR RISKS AND LIABILITIES

This heading includes increases of the provisions in comparison to the previous year’s figures (see note 7 and 8).

20 – OTHER CURRENT OPERATING EXPENDITURE

This heading includes exchange rate expenditure.

21 – EU-FUNDED PROJECTS

This heading corresponds to the expenditure the Office has made regarding EU-funded projects and which correspond to the funds received from the European Commission for the execution of technical cooperation projects with third countries in the area of industrial property.

During the year, the Office has executed payments for an amount of €2,832,647.29. This amount corresponds to the following projects:

- € 557,955.86 for ECAP III Phase II
- € 1,910,763.17 for IP Key China
- € 363,928.26 for IPC-EUI – INDE

22 – FINANCIAL REVENUE

This heading includes interest from bank accounts. The details of this heading at 31 December were as follows:

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Current account interest	39,745.24	99,676.33
Short term deposit interest	59,640.81	203,302.65
TOTAL	99,386.05	302,978.98

The policy of the Office has been to benefit from financial instruments while at the same time exercising prudence. The decrease in revenue from interest in the year is due to a decrease in the average monthly Euribor on the capital market and the prudent treasury policy when it comes to the portfolio of financial entities.

As a consequence of the European Central Bank's policy that set the deposit facility rate at – 0.4%, some Central Banks applied negative interests which have been booked under financial expenditure.

23 – FINANCIAL EXPENDITURE

This heading includes bank charges as well as an amount of €381,524 corresponding to negative interests paid during the year.

2.6.3. Off balance sheet information

24– COOPERATION PROGRAMMES

Cooperation programmes with the National Trade Mark and Design Offices

Expenditure related to payments done or accrued towards National Trade Mark and Design Offices for cooperation programmes are detailed below:

		<i>euro</i>	
		<i>2016</i>	<i>2015</i>
AT	Österreichisches Patentamt	336,459.30	323,357.08
BG	Patent Office of the Republic of Bulgaria	218,180.52	214,046.58
BX	Office Benelux de la Propriété Intellectuelle	517,781.36	554,115.02
CY	Department of the Registrar of Companies and Official Receiver of the Republic of Cyprus	219,522.32	380,743.52
CZ	Industrial Property Office of the Czech Republic	374,660.73	291,044.53
DE	Deutsches Patent- und Markenamt	218,251.05	244,677.27
DK	Danish Patent and Trademark Office	447,146.70	462,770.67
EE	The Estonian Patent Office	228,522.66	708,570.85
ES	Oficina Española de Patentes y Marcas	428,071.11	429,670.63
FI	National Board of Patents and Registration of Finland	266,426.18	258,134.29
FR	Institut National de la Propriété Industrielle	374,090.69	419,201.35
GR	Greek Offices	265,180.20	235,759.76
HU	Hungarian Patent Office	206,849.89	382,730.74
HR	State Intellectual Property Office of the Republic of Croatia	251,136.71	286,865.41
IE	Patents Office	296,306.30	385,272.35
IT	Ufficio Italiano Brevetti e Marchi	383,142.28	418,502.43
LT	State patent Bureau of the Republic of Lithuania	281,073.20	385,334.21
LV	Patent Office of the Republic of Latvia	365,500.73	434,072.44
MT	Industrial Property of Malta	238,959.94	266,919.95
PL	Patent Office of the Republic of Poland	279,489.58	355,738.28
PT	Instituto Nacional da Propriedade Industrial	389,872.63	596,342.49
RO	State Office for Inventions and Trademarks	201,438.91	350,617.32
SE	Patent-och Registreringsverket	465,899.60	558,630.28
SK	Industrial Property Office of the Slovak Republic	348,114.72	267,463.42
SL	Slovenian Intellectual Property Office	272,159.55	249,611.67
UK	UK Intellectual Property Office	393,634.37	488,141.76
TOTAL		8,267,871.23	9,948,334.30

Approximately two thirds of this amount corresponds to the TMview and Designview running costs, one quarter to bilateral cooperation agreements and the rest to Convergence Program expenses and European Cooperation projects.

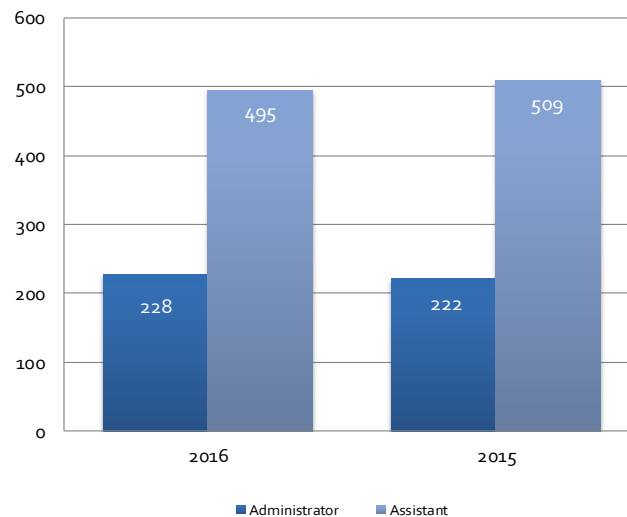
These expenses are one of the concepts that contribute to the cooperation activities foreseen under Article 123 c EUTMR (see also chapter 4.2)

25 – STAFF

The distribution of staff (officials, temporary agents) by category on 31 December was as follows:

	Number of staff (officials, temporary agents)	
	2016	2015
Administrator	228	222
Assistant	495	509
TOTAL	<u>723</u>	<u>731</u>

Number of officials and temporary agents



Furthermore, in addition to the staff included above, the Office employs contract agents, agency staff, seconded national experts, trainees and special advisors.

A detailed breakdown of the Office's overall staff, on 31 December, is given in the following table:

N° of staff in place

<i>Officials</i>	<i>Temporary agents</i>	<i>Contract agents</i>	<i>Agency staff (*)</i>	<i>Seconded national experts</i>	<i>Trainees</i>	<i>Special advisors</i>	<i>Total</i>
468	255	125	40	62	81	6	1,037
	848						

* Agency staff is mainly employed at the Office replacing officials who are absent, e.g. on sickness or maternity leave. Most of the posts they occupy are therefore already reflected under the "Officials" or "Temporary agents" heading.

26 – RELATED PARTIES

As at 31 December, no related parties were identified and the key management personnel forming part of the Office's Management Committee is shown below:

<i>Grade</i>	<i>No of persons</i>
AD 16	1
AD 15	1
AD 14	4
AD 13	6
AD 12	1
AD 11	0
AD 10	3
AD 9	1
TOTAL	17

Of the members of the Management and Advisory Committee included in the above table, five are not authorising officers or authorising officers by delegation. Their remuneration is in accordance with the Staff Regulations of the Officials of the European Communities. As at 31 December, there was a total of one authorising officer and 35 authorising officers by delegation or sub-delegation in the Office.

27 – THE MANAGEMENT BOARD AND THE BUDGET COMMITTEE

The Members of the Management Board and the Budget Committee do not receive any payment for their duties, except the reimbursement of travelling expenses.

28 – CONTINGENT LIABILITIES/ASSETS

As at 31 December, contingent liabilities amounted to €1,023,000.

Contingent assets amount to €16,017,302 and correspond to guarantee deposits (see note 5 - subheading "Bank guarantees").

29 – POST BALANCE SHEET EVENTS

Regarding the uncertainties related to the consequences of the exit of the United Kingdom from the European Union, the Office has set up a working group composed of representatives of the different departments. This working group will follow-up of the evolution of the negotiations and the concrete terms of the exit itself as well as assess the possible impact on the trade mark, design and other activities. However, no concrete results are available due to the fact that the concrete terms of the exit have not yet been decided on. The possible impacts on the revenue of the Office are still unknown.

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

30 – OPERATING LEASE

As at 31 December the operating lease of the Office was the following:

	<i>Charges paid during the year</i>	<i>Charges still to be paid</i>		<i>Total charges to be paid</i>
		<i><1 yr</i>	<i>1-5 yrs</i>	
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D=B+C</i>
IT materials and other equipments	104,262.08	26,065.52	0.00	26,065.52
Buildings	300,610.70	289,104.00	235,356.00	524,460.00
TOTAL	<u>404,872.78</u>	<u>315,169.52</u>	<u>235,356.00</u>	<u>550,525.52</u>

3. REPORT ON THE BUDGET IMPLEMENTATION

3.1. BUDGETARY PRINCIPLES (summary based on the Financial Regulation)

a) 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.

b) 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.

c) Principle of equilibrium

The Office's budget revenue and expenditure must be in balance.

d) 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 "Infor-Euro". Open balances at year-end in foreign currencies are evaluated at the year-end rate.

e) Principle of universality

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

f) 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.

g) 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.

h) Principle of transparency

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

The budget and the amending budgets, as finally adopted, shall be published in the Official Journal of the European Union Intellectual Property Office within two months of their adoption.

3.1.1. Types of appropriations

The Office makes use of non-differentiated appropriations for its budget.

The Office makes use of automatic carryovers of appropriations.

Furthermore, the Office makes use of assigned revenue which can come from refunds where the amounts allocated on the budget line which incurred the initial expenditure may be carried over for one year only or from earmarked revenue to finance EU-funded projects where the Office performs all budget implementation tasks.

3.2. BUDGETARY RESULT

in euro 31-Dec-16

R E V E N U E		
	2016	2015
OWN REVENUE	228,599,602.57	215,674,777.97
Revenue from fees	227,625,446.40	212,608,315.00
Other revenue	974,156.17	3,066,462.97
INTEREST	119,019.79	396,641.16
ASSIGNED REVENUE	2,739,086.73	0.00
EU-funded projects	2,739,086.73	0.00
Other assigned revenue	0.00	0.00
TOTAL	231,457,709.09	216,071,419.13

E X P E N D I T U R E		
	2016	2015
STAFF EXPENDITURE (TITLE 1)	95,627,824.69	92,918,677.09
Expenditure paid during the financial year	94,864,473.05	92,265,610.88
Carryover of expenditure	763,351.64	653,066.21
OPERATING EXPENDITURE (TITLE 2)	71,710,044.25	96,900,217.35
Expenditure paid during the financial year	61,087,725.68	81,074,966.98
Carryover of expenditure	10,622,318.57	15,825,250.37
SPECIFIC EXPENDITURE (TITLE 3)	38,431,216.58	36,270,537.14
Expenditure paid during the financial year	29,633,130.46	23,302,715.86
Carryover of expenditure	8,798,086.12	12,967,821.28
OFFSETTING TO MEMBER STATES (TITLE 5)	0.00	0.00
Expenditure paid during the financial year	0.00	0.00
Carryover of expenditure	0.00	0.00
EU-FUNDED PROJECTS (TITLE 4)	6,484,291.45	0.00
Expenditure paid during the financial year	2,832,647.29	0.00
Carryover of expenditure	3,651,644.16	0.00
OTHER ASSIGNED REVENUE	0.00	0.00
Expenditure paid during the financial year	0.00	0.00
Carryover of expenditure	0.00	0.00
TOTAL	212,253,376.97	226,089,431.58

Result before carry over not used	19,204,332.12	-10,018,012.45
Carryover not used related to:		
Staff, operating and specific expenditure	3,707,831.34	5,143,659.35
Assigned revenue and offsetting	0.00	0.00
Adjustment of assigned revenue carried over	3,745,204.72	0.00
Exchange rate differences for the year (gain+/loss-)	54,763.69	353,819.58
RESULT OF THE YEAR	26,712,131.87	-4,520,533.52
Balance from the previous year	185,248,386.63	189,768,920.15
Allocation to reserve fund	29,729,550.00	0.00
Adjustment of accumulated provision	0.00	0.00
RESULT TO CARRY OVER	155,518,836.63	189,768,920.15
Extraordinary result	0.00	0.00
CARRYOVER OF RESULT	182,230,968.50	185,248,386.63

The carryover of result corresponds to the accumulated budgetary surplus and does not include the reserve fund of € 230,937,965.16

3.3. RECONCILIATION OF BUDGETARY RESULT AND STATEMENT OF FINANCIAL PERFORMANCE

OUTTURN OF ADJUSTMENTS

in euro

31-Dec-16

	2016	2015
POSITIVE ADJUSTMENTS		
Purchases of assets with appropriations N , received and paid in N	14,183,521.71	21,552,396.73
Variation of provisions	426,500.00	
Cancellation of carried over appropriations N / N+1	20,183,756.33	29,446,137.86
Adjustment of revenue of interest accrued in year N	2,960.83	22,594.57
Adjustments of expenditure reversed from restated N-1	9,729,620.27	19,208,495.24
Adjustments of own revenue N	5,753,942.74	2,196,676.86
New pre-financing paid in the year and remaining open		4,700,000.00
Withdrawal from reserve fund		
TOTAL POSITIVE ADJUSTMENTS A	50,280,301.88	77,126,301.26
NEGATIVE ADJUSTMENTS		
Allocations to depreciations	-17,588,763.57	-16,322,322.26
Variation of provisions		-1,280,125.00
Carried over appropriation N-1 / N used in N	-25,738,306.52	-34,783,436.61
Expenditure related to sale of assets		
Carried over appropriations N-1 not used	-3,707,831.34	-5,143,659.35
Balance from previous year N-1	-125,789,286.63	-189,768,920.15
Allocation to reserve fund	-29,729,550.00	
Adjustment of revenue of interest reversed from restated N-1	-22,594.57	-116,256.75
Adjustments of expenditure N	-9,553,502.89	-13,269,954.19
Adjustments of own revenue reversed from restated N-1	-2,196,676.86	-3,614,401.79
TOTAL NEGATIVE ADJUSTMENTS B	-214,326,512.38	-264,299,076.10
RESULT OF ADJUSTMENTS IN THE FINANCIAL YEAR A + B	-164,046,210.50	-187,172,774.84

FINANCIAL PERFORMANCE

in euro

	2016	2015
BUDGETARY RESULT	182,230,968.50	185,248,386.63
RESULT OF ADJUSTMENTS IN THE FINANCIAL YEAR	-164,046,210.50	-187,172,774.84
FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR	18,184,758.00	-1,924,388.21

4. REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT

4.1. BUDGETARY EXECUTION – REVENUE

The budgetary execution of revenue on 31 December was as follows:

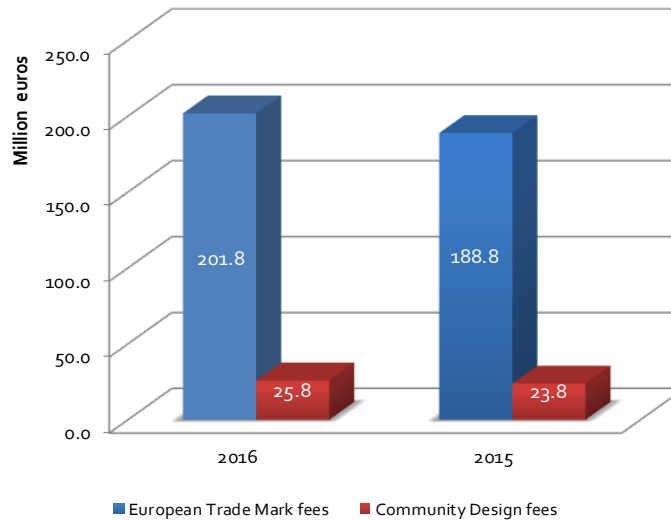
	euro (million)				
	2016				
	Adopted budget (A)	Transfers (B)	Final budget (C=A+B)	Executed budget (D)	% E=D/C
European Trade Mark fees	207.5	0.0	207.5	201.8	97.25%
Community Design fees	24.2	0.0	24.2	25.8	106.61%
Interests	0.2	0.0	0.2	0.1	50.00%
Other income	0.4	0.0	0.4	1.0	242.50%
Total operational revenue	232.3	0.0	232.3	228.7	98.44%
EU-funded projects	3.8	0.0	3.8	2.7	n/a
Other assigned revenue	0.0	0.0	0.0	0.0	n/a
Total assigned revenue	3.8	0.0	3.8	2.7	n/a
<i>Balance from previous financial year</i>	<i>185.2</i>	<i>0.0</i>	<i>185.2</i>	<i>0.0</i>	<i>n/a</i>
Total revenue	<u>421.3</u>	<u>0.0</u>	<u>421.3</u>	<u>231.4</u>	

Comments regarding operational revenue:

The EUTM fees collected during the year were below the initial estimates (- EUR 5.7 million) which includes EUTM application fees (- EUR 7.3 million) and renewal fees (+ EUR 2.0 million). Other EUTM fees amounted to (- EUR 0.5 million).

The total volume of fees collected relating to Designs was higher than the initial estimates (+ EUR 1.6 million), mainly due to a higher number of applications received.

Revenue from fees as per executed budget



Other revenue includes extraordinary revenue received such as the reimbursement of a warranty related to the contract for the construction of the new building and a reimbursement related to the Memorandum of Understanding signed with DG TAXUD (+ EUR 1.0 million).

Revenue from interest was lower than the budget forecast (- EUR 0.1 million).

The balance from the previous year corresponds to the annual result of last year and the accumulated budgetary result (after the deduction of the amount allocated to the reserve fund).

Comments regarding assigned revenue:

During the year assigned revenue was received in relation to the EU-funded projects. These funds correspond to the IP Key China and the IPC-EUI – INDE project as can be seen in the closure tables of the budget included in the annex.

4.2. BUDGETARY EXECUTION – EXPENDITURE

As at 31 December, the execution of the budget including all the payments made against the year's appropriations as well as the carryover of appropriations, which cover outstanding commitments, was as follows:

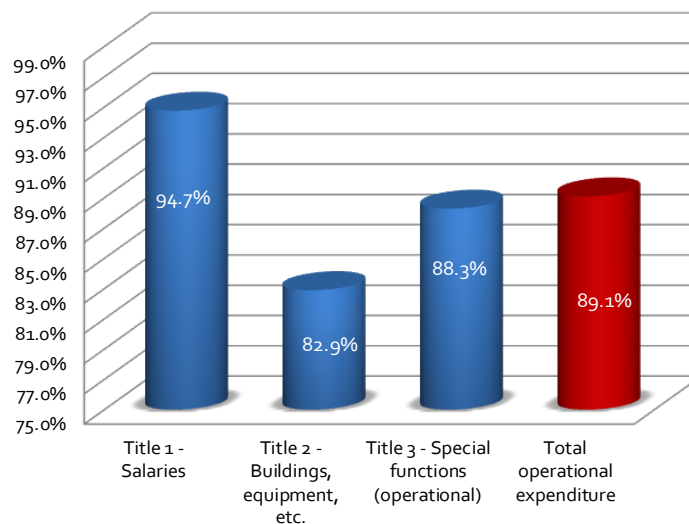
euro (million)

	2016				
	Adopted budget (A)	Transfers (B)	Final budget (C=A+B)	Executed budget (D)	% E=D/C
Title 1 - Salaries	100.5	0.4	100.9	95.6	94.7%
Title 2 - Buildings, equipment, etc.	86.8	-0.3	86.5	71.7	82.9%
Title 3 - Special functions (operational)	43.6	-0.1	43.5	38.4	88.3%
Total operational expenditure	230.9	0.0	230.9	205.7	89.1%
EU-funded projects	3.8	0.0	3.8	6.5	171.1%
Other assigned revenue	0.0	0.0	0.0	0.0	n/a
Total expenditure related to assigned revenue	3.8	0.0	3.8	6.5	171.1%
Offsetting to Member States	0.0	0.0	0.0	0.0	n/a
<i>Title 10 - Expenditure for unforeseen events</i>	<i>186.6</i>	<i>0.0</i>	<i>186.6</i>	<i>0.0</i>	<i>n/a</i>
Total expenditure	<u>421.3</u>	<u>0.0</u>	<u>421.3</u>	<u>212.2</u>	

The heading "Final Budget" above corresponds to the final appropriations (i.e. after budgetary transfers). Total operational expenditure reached EUR 205.7 million, which represents 89.1% of the available appropriations in the Budget.

Comments regarding operational expenditure:

Budget execution per title and overall



The execution rate of staff expenditure (Title 1) was higher than last year (94.7% versus 92.3%) taking into account final appropriations. When compared to the initial appropriations, the execution rate was 95.1%.

Staff related expenditure as compared to the initial appropriations was less than foreseen (- EUR 4.9 million) due to: a delay in the recruitment process of statutory staff which resulted in fewer agents on the payroll than budgeted (- EUR 1.8 million), less expenditure on staff exchanges as requests for experts were lower than the initial estimation (- EUR 0.7 million), and fewer agency staff due to the internalization process and a more strict usage of the existing contract (- EUR 1.3 million). The remainder of the difference in Title 1 (- EUR 1.1 million) is due to less expenditure on other items.

Operating expenditure (Title 2) showed a lower execution rate compared with last year (82.9% versus 94.4%). When compared to the initial appropriations, the execution rate was 82.6%. The lower execution was mainly due to the delay in payments related to the Strategic Plan 2020 projects which were partially included in Budget 2017 (- EUR 7.6 million), the lower execution than foreseen of the Legislative Reform implementation (- EUR 0.9 million) and less operational expenditure (- EUR 6.5 million) mainly related to IT management (- EUR 2.1 million), the Observatory activities (- EUR 2.4 million) International cooperation and institutional relations (- EUR 0.5 million), general communication (- EUR 0.3 million), and other miscellaneous items (- EUR 1.2 million).

The execution rate of specific expenditure (Title 3) was lower than last year (88.3% versus 91.0%). When compared to the initial appropriations, the execution rate was 88.2%. The lower execution was mainly due to a lower consumption of the European Cooperation projects (- EUR 1.6 million) and less operational expenditure (- EUR 3.0 million), mainly related to the Observatory activities (- EUR 2.4 million). The remaining amount (- EUR 0.6 million) is the result of a decrease in expenditure on other miscellaneous items related to the implementation of the Legislative Reform and Strategic Plan 2020 projects.

In relation to the cooperation activities, as laid down in Article 123c EUTMR, the total expenditure amounts to EUR 22.3 million¹. This amount covers the payments referred to under the chapter 2.6.3 as well as other expenditure related to IT, consultancy, Office staff and missions. It is below the limit of 15 % of the yearly budgeted revenue of the Office.

Appropriations foreseen under Title 10 in the budget are never implemented directly in this title, but are allocated to the corresponding budget items where they are required, in accordance with the provisions of the Financial Regulation. The amount executed under Title 10 is therefore zero. The initial figure budgeted in Title 10 amounted to EUR 186.6 million.

Comments regarding expenditure related to assigned revenue:

Expenditure related to assigned revenue amounts to EUR 6.5 million and corresponds to the EU-funded projects. It is composed of EUR 2.8 million of payments made during the year and EUR 3.7 million of appropriations and open commitments carried over to the following year.

These EUR 6.5 million can be broken down by projects as follows:

- EUR 1.7 million. for ECAP III Phase II
- EUR 3.3 million. for IP Key China
- EUR 1.5 million. for IPC-EUI – INDE

¹ This amount also includes the cooperation concepts pertaining to the first half of the year 2016 preceding the approval of the projects under Article 123c EUTMR.

The percentage of execution of assigned revenue related to EU-funded projects is due to the fact that during the year additional funds have been received by the Office amounting to EUR 2.7 million.

More details are available in the closure tables of the budget included in the annex.

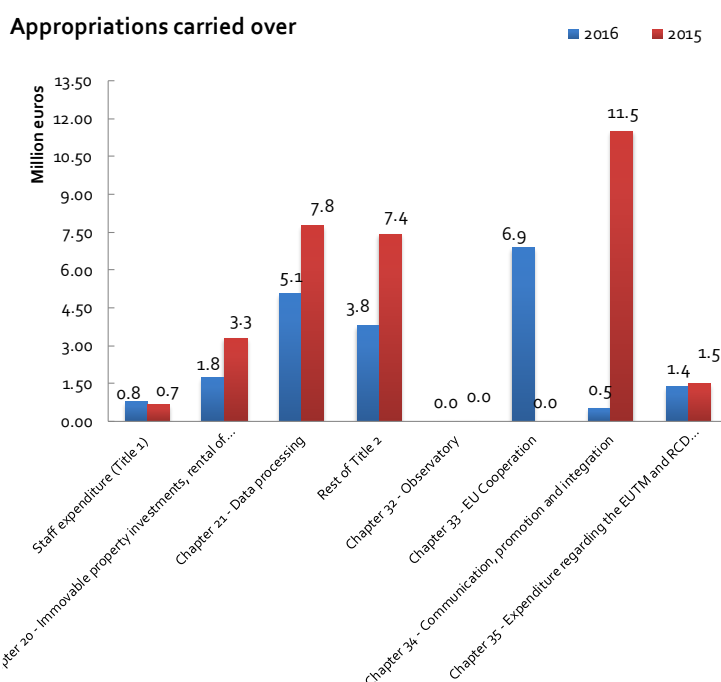
4.3. BUDGETARY EXECUTION – CARRYOVER

1 – APPROPRIATIONS REGARDING OPERATIONAL EXPENDITURE CARRIED OVER

Appropriations carried over on 31 December were as follows:

	<i>euro</i>	
	2016	2015
Staff expenditure (Title 1)	763,351.64	653,066.21
Operating expenditure (Title 2)	10,622,318.57	15,825,250.37
Chapter 20 - Immovable property investments, rental of buildings and associated costs	1,756,929.12	3,277,799.88
Chapter 21 - Data processing	5,069,465.82	7,761,982.62
Rest of Title 2	3,795,923.63	7,410,923.94
Specific expenditure (Title 3)	8,798,086.12	12,967,821.28
Chapter 32 - Observatory	0.00	0.00
Chapter 33 - EU Cooperation	6,893,403.05	0.00
Chapter 34 - Communication, promotion and integration	537,293.82	11,480,078.87
Chapter 35 - Expenditure regarding the EUTM and RCD registration procedure	1,367,389.25	1,487,742.41
TOTAL	<u>20,183,756.33</u>	<u>29,446,137.86</u>

The rate of appropriations carried over was lower than the previous year (9.8% versus 13.2%). The general decrease of the level of the carryover is the direct result of the additional measures implemented by Office which involved the revision of procedures, increase of the payment period and internal enforcement.



2 – APPROPRIATIONS REGARDING ASSIGNED REVENUE AND OFFSETTING CARRIED OVER

	<i>euro</i>	
	<i>2016</i>	<i>2015</i>
Assigned revenue	3,651,644.16	0.00
EU-funded projects	3,651,644.16	0.00
Other assigned revenue	0.00	0.00
Offsetting to Member States	0.00	0.00
TOTAL	3,651,644.16	0.00

Following the entry into force of the Office's Financial Regulation on 23 March 2016, funds received from the European Commission for the implementation of technical cooperation projects with third countries in the area of industrial property (EU-funded projects) are included in the Office's budget as assigned revenue.

Carryovers related to assigned revenue of these projects amount to EUR 3.7 million and are composed of EUR 1.8 million of unused appropriations and EUR 1.9 million of open commitments. More details are available in the closure tables of the budget included in the annex.

3 – CARRYOVER REGARDING OPERATIONAL EXPENDITURE NOT USED

Unused carryover for the previous to current year was as follows:

	<i>euro</i>		
	<i>Carryover 2015/2016</i>	<i>Used</i>	<i>Unused (cancelled)</i>
Carryover of staff expenditure (Title 1)	653,066.21	543,121.99	109,944.22
Carryover of operating expenditure (Title 2)	15,825,250.37	14,694,749.08	1,130,501.29
Carryover of specific expenditure (Title 3)	12,967,821.28	10,500,435.45	2,467,385.83
TOTAL	<u>29,446,137.86</u>	<u>25,738,306.52</u>	<u>3,707,831.34</u>

A detailed breakdown of this expenditure by heading is attached (see closure of the budget).

The rate of carryovers of appropriations from 2015/2016 which were cancelled was lower than last year, amounting to 12.6% or EUR 3.7 million, of which EUR 2.0 million were related to Cooperation activities with EU Member States (Cooperation Fund, Convergence, bilateral technical agreements).

4 – CARRYOVER REGARDING ASSIGNED REVENUE AND OFFSETTING NOT USED

	<i>euro</i>		
	<i>Carryover 2015/2016</i>	<i>Used</i>	<i>Unused (cancelled)</i>
Carryover of EU-funded projects	0.00	0.00	0.00
Carryover of other assigned revenue	0.00	0.00	0.00
Carryover of offsetting to Member States	0.00	0.00	0.00
TOTAL	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Following the entry into force of the Office Financial Regulation on March 23rd, assigned revenue is included in the Office's budget only from the year 2016 onwards. Therefore, there is no carryover from 2015.

4.4. CARRYOVER OF RESULT

The result of the year is EUR 26.7 million.

This is the result of the total revenue coming from fees, interest, other revenue and income from assigned revenue amounting to EUR 231.4 million, the total expenditure covering Titles 1, 2 and 3, as well as expenditure related to EU-funded projects (expenditure related to assigned revenue) amounting to EUR 212.2 million, the carry-over not used amounting to EUR 3.7 million, and the adjustment for assigned revenue carried over.

In accordance with Article 139(10) of Regulation (EC) No 207/2009, as amended by Regulation (EU) 2015/2424 (EUTMR), together with the Articles 89, 90 and 96 of the Office's Financial Regulation, the allocation to or the withdrawal from the reserve fund must be reflected in the carryover of result. During the year, and in accordance with the approved budget, EUR 29.7 million were allocated to the reserve fund.

The budget result of the year, together with the balance from the previous year amounting to EUR 185.2 million and taking into account the allocation to or withdrawal from the reserve fund produced a carryover of result of EUR 182.2 million.

According to the Office's Financial Regulation, the result of the year less the allocation to or plus the withdrawals from the reserve fund have to be considered when determining the 5% offsetting of costs borne by Member States. Deducting the allocation to the reserve fund (EUR 29.7 million) from result of the year (EUR 26.7 million) lead to a negative amount of EUR 3.0 million. This is EUR 14.4 million below the necessary positive amount of EUR 11.4 million needed for allowing the triggering the 5% offsetting.

More details are available in chapter 3.2 of the Annual Accounts referring to the budgetary result.

4.5. TRANSFERS

The following table includes the overall volume of transfers implemented during the year between the Titles 1, 2, 3 and 10 of the budget. The detailed amounts per chapter and per budget item can be found in the annex – closure of the budget.

	<i>euro</i>		
	<i>Total appropriation</i> <i>A</i>	<i>Transfers</i> <i>B</i>	<i>Final appropriation</i> <i>C = A + B</i>
Title 1 - Staff expenditure	100,523,268.00	423,497.31	100,946,765.31
Title 2 - Operating expenditure	86,819,135.00	-355,722.31	86,463,412.69
Title 3 - Specific expenditure	43,595,563.00	-67,775.00	43,527,788.00
Title 10 - Expenditure for unforeseen events	186,588,852.00	0.00	186,588,852.00
TOTAL	<u>417,526,818.00</u>	<u>0.00</u>	<u>417,526,818.00</u>

4.6. ANNEX – CLOSURE OF THE BUDGET

CLOSURE FOR THE BUDGET FOR 2016

OVERVIEW

Item	Heading	Initial appropriation A	Amending budget B	Total appropriation C = A + B	Transfers D	Final appropriation E = C + D	% of total	Commitments F	Payments G	% Payments / Final Appropriations H = G / E	Appropriations lapsing I = E - F - G	Carryovers J	Budget execution K = H + J	% Execution / Final appropriations L = K / E
	TOTAL TITLE 1	102,593,000.00	-2,069,732.00	100,523,268.00	423,497.31	100,946,765.31	24.18%	95,627,824.69	94,864,473.05	93.97%	5,318,940.62	763,351.64	95,627,824.69	94.73%
	Chapter 11	95,786,000.00	-2,072,622.00	93,713,378.00	-14,502.69	93,698,875.31	22.44%	89,190,548.76	88,714,972.21	94.68%	4,508,326.55	475,576.55	89,190,548.76	95.19%
	Chapter 13	1,334,000.00	2,890.00	1,336,890.00	200,000.00	1,536,890.00	0.37%	1,010,688.62	840,480.25	54.69%	526,201.38	170,208.37	1,010,688.62	65.76%
	Chapter 14	318,000.00	0.00	318,000.00	13,000.00	331,000.00	0.08%	318,253.66	258,956.81	78.23%	12,746.34	59,296.85	318,253.66	96.15%
	Chapter 15	1,116,000.00	0.00	1,116,000.00	0.00	1,116,000.00	0.27%	985,000.00	942,547.09	84.46%	131,000.00	42,452.91	985,000.00	88.26%
	Chapter 16	4,000,000.00	0.00	4,000,000.00	225,000.00	4,225,000.00	1.01%	4,106,083.65	4,093,433.60	96.89%	118,916.35	12,650.05	4,106,083.65	97.19%
	Chapter 17	39,000.00	0.00	39,000.00	0.00	39,000.00	0.01%	17,250.00	14,083.09	36.11%	21,750.00	3,166.91	17,250.00	44.23%
	TOTAL TITLE 2	95,654,000.00	-8,834,865.00	86,819,135.00	-355,722.31	86,463,412.69	20.71%	71,710,044.25	61,087,725.68	70.65%	14,753,368.44	10,622,318.57	71,710,044.25	82.94%
	Chapter 20	16,368,000.00	-2,598,919.00	13,769,081.00	1,166,855.50	14,935,936.50	3.58%	12,166,891.05	10,409,961.93	69.70%	2,769,045.45	1,756,929.12	12,166,891.05	81.46%
	Chapter 21	41,652,000.00	-6,255,050.00	35,396,950.00	-645,000.00	34,751,950.00	8.32%	30,011,840.71	24,942,374.89	71.77%	4,740,109.29	5,069,465.82	30,011,840.71	86.36%
	Chapter 22	2,526,000.00	-500.00	2,525,500.00	-87,000.00	2,438,500.00	0.58%	2,286,539.74	1,830,150.17	75.05%	151,960.26	456,389.57	2,286,539.74	93.77%
	Chapter 23	11,786,000.00	694,860.00	12,480,860.00	229,000.00	12,709,860.00	3.04%	9,789,714.03	8,410,900.52	66.18%	2,920,145.97	1,278,813.51	9,789,714.03	77.02%
	Chapter 24	2,535,000.00	0.00	2,535,000.00	-100,000.00	2,435,000.00	0.58%	1,744,350.89	1,527,385.80	62.73%	690,649.11	216,965.09	1,744,350.89	71.64%
	Chapter 25	5,748,000.00	284,600.00	6,032,600.00	-598,000.00	5,434,600.00	1.30%	5,044,026.46	4,674,049.38	86.01%	390,573.54	369,977.08	5,044,026.46	92.81%
	Chapter 26	15,039,000.00	-959,856.00	14,079,144.00	-321,577.81	13,757,566.19	3.30%	10,666,681.37	9,292,902.99	67.55%	3,090,884.82	1,373,778.38	10,666,681.37	77.53%
	TOTAL TITLE 3	39,909,000.00	3,686,563.00	43,595,563.00	-67,775.00	43,527,788.00	10.43%	38,431,216.58	29,633,130.46	68.08%	5,096,571.42	8,798,086.12	38,431,216.58	88.29%
	Chapter 32	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	Chapter 33	0.00	17,333,197.00	17,333,197.00	-67,775.00	17,265,422.00	4.14%	15,860,940.99	8,967,537.94	0.52	1,404,481.01	6,893,403.05	15,860,940.99	91.87%
	Chapter 34	19,254,000.00	-11,927,134.00	7,326,866.00	-250,000.00	7,076,866.00	1.69%	3,770,998.65	3,233,704.83	45.69%	3,305,867.35	537,293.82	3,770,998.65	53.29%
	Chapter 35	20,655,000.00	-1,719,500.00	18,935,500.00	250,000.00	19,185,500.00	4.60%	18,799,276.94	17,431,887.69	90.86%	386,223.06	1,367,389.25	18,799,276.94	97.99%
	TOTAL TITLE 5	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	Chapter 50	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
	TOTAL TITLE 10	159,887,067.00	26,701,785.00	186,588,852.00	0.00	186,588,852.00	44.69%	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
	Chapter 10	159,887,067.00	26,701,785.00	186,588,852.00	0.00	186,588,852.00	44.69%	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
	TOTAL expenditure	398,043,067.00	19,483,751.00	417,526,818.00	0.00	417,526,818.00	100.00%	205,769,085.52	185,585,329.19	44.45%	25,168,880.48	20,183,756.33	205,769,085.52	49.28%
	TOTAL expenditure - Title 10	238,156,000.00	-7,218,034.00	230,937,966.00	0.00	230,937,966.00	55.31%	205,769,085.52	185,585,329.19	80.36%	25,168,880.48	20,183,756.33	205,769,085.52	89.10%

Heading	Initial appropriation A	Amending budget (Variations) B	Total budget A + B = C	Revenue established	Revenue established and recorded
Revenue accruing from European Union trademark related fees received by the Office.	210,049,781.00	-2,565,965.00	207,483,816.00	201,810,848.90	201,810,848.90
Revenue accruing from fees received by the Office relating to Community designs.	24,599,847.00	-405,232.00	24,194,615.00	25,814,597.50	25,814,597.50
Revenue from deposited funds (bank interest and other income from the accounts of the Office).	1,574,000.00	-1,374,000.00	200,000.00	119,019.79	119,019.79
Revenue accruing from administrative charges imposed for insufficient funds in current accounts.	200,000.00	0.00	200,000.00	58,827.50	58,827.50
Miscellaneous revenues	200,000.00	0.00	200,000.00	1,077,780.33	915,328.67
Balance from previous financial year and withdrawals from the Reserve Fund	161,419,439.00	23,828,948.00	185,248,387.00	0.00	0.00
Total	398,043,067.00	19,483,751.00	417,526,818.00	228,881,074.02	228,718,622.36

EXPENDITURE

Item	Heading	Initial appropriation	Amending budget	Total appropriation	Transfers	Final appropriation	% of total	Commitments	Payments	% Payments /Final Appropriations	Appropriations lapsing	Carryovers	Budget execution	% Execution /Final appropriations
		A	B	C = A + B	D	E = C + D		F	G	H = G / E	I = E - F - G	J	K = H + J	L = K / E
1100	Basic salaries	55,073,000.00	-620.00	55,072,380.00	-561,007.36	54,511,372.64	13.06%	54,328,114.51	54,328,114.51	99.66%	183,258.13	0.00	54,328,114.51	99.66%
1102	Family allowances	7,022,000.00	-272.00	7,021,728.00		7,021,728.00	1.68%	6,673,026.62	6,673,026.62	95.03%	348,701.08	0.00	6,673,026.62	95.03%
1102	Expatriation and foreign residence allowances	6,306,000.00	-212.00	6,305,788.00	150,000.00	6,455,788.00	1.55%	6,448,821.68	6,448,821.68	99.89%	6,966.32	0.00	6,448,821.68	99.89%
1103	Fixed allowance	303,000.00	-102.00	302,898.00		302,898.00	0.07%	214,689.03	214,689.03	70.88%	88,208.97	0.00	214,689.03	70.88%
1113	Special advisers	224,000.00	0.00	224,000.00		224,000.00	0.05%	98,861.04	98,861.04	44.13%	125,138.96	0.00	98,861.04	44.13%
1115	Contract agents	3,289,000.00	596,977.00	3,885,977.00	335,351.86	4,221,328.86	1.01%	3,828,921.73	3,828,921.73	90.70%	392,407.13	0.00	3,828,921.73	90.70%
1120	Further training for the staff	800,000.00	10,038.00	810,038.00		810,038.00	0.19%	683,680.04	462,343.63	57.08%	126,357.96	221,336.41	683,680.04	84.40%
1130	Insurance against sickness	1,983,000.00	-394.00	1,982,606.00	100,000.00	2,082,606.00	0.50%	2,018,337.05	2,018,337.05	96.91%	64,268.95	0.00	2,018,337.05	96.91%
1133	Insurance against accidents and occupational disease	303,000.00	-102.00	302,898.00		302,898.00	0.07%	297,426.82	297,426.82	98.19%	5,471.18	0.00	297,426.82	98.19%
1132	Unemployment insurance for temporary and contract staff	222,000.00	2,042.00	224,042.00	40,000.00	264,042.00	0.06%	260,290.79	260,290.79	98.58%	3,751.21	0.00	260,290.79	98.58%
1133	Establishment or maintenance of pension rights for officials and other staff	12,372,000.00	127,172.00	12,499,172.00		12,499,172.00	2.99%	11,638,938.12	11,638,938.12	93.12%	860,233.88	0.00	11,638,938.12	93.12%
1144	Annual travel costs from the place of employment to the place of origin	1,563,000.00	0.00	1,563,000.00		1,563,000.00	0.37%	1,453,877.15	1,453,877.15	93.02%	109,122.85	0.00	1,453,877.15	93.02%
1147	Allowances for shiftwork or standby duty at the official's place of work and/or at home	260,000.00	-296.00	259,704.00		259,704.00	0.06%	216,380.92	216,380.92	83.32%	43,323.08	0.00	216,380.92	83.32%
1148	Exigencies of the service	139,000.00	-491.00	138,509.00	-109,000.00	29,509.00	0.01%	6,783.79	6,783.79	22.99%	22,725.21	0.00	6,783.79	22.99%
1149	Other allowances and repayments	253,000.00	-886.00	252,114.00		252,114.00	0.06%	121,060.47	121,060.47	48.02%	131,053.53	0.00	121,060.47	48.02%
1150	Overtime	42,000.00	0.00	42,000.00		42,000.00	0.01%	31,388.28	31,388.28	74.73%	10,611.72	0.00	31,388.28	74.73%
1160	Staff Exchanges	5,006,000.00	-500.00	5,005,500.00	-456,000.00	4,549,500.00	1.09%	4,327,990.89	4,327,990.89	95.13%	221,509.11	0.00	4,327,990.89	95.13%
1175	Agency staff	3,447,000.00	39,880.00	3,486,880.00	-259,847.19	3,227,032.81	0.77%	2,201,526.88	1,990,206.63	61.67%	1,025,505.93	211,320.25	2,201,526.88	68.22%
1180	Miscellaneous expenditure arising from recruitment procedures	237,000.00	-34.50	236,655.00	336,000.00	572,655.00	0.14%	548,120.46	524,832.57	91.65%	24,534.54	23,287.89	548,120.46	95.72%
1181	Travel expenses (including members of the family)	50,000.00	0.00	50,000.00	40,000.00	90,000.00	0.02%	39,868.53	39,868.53	44.30%	50,131.47	0.00	39,868.53	44.30%
1182	Installation and resettlement allowances	210,000.00	-361.00	209,639.00	200,000.00	409,639.00	0.10%	318,316.55	318,316.55	77.71%	91,322.45	0.00	318,316.55	77.71%
1183	Removal expenses	145,000.00	0.00	145,000.00		145,000.00	0.03%	56,800.28	37,168.28	25.63%	88,199.72	19,632.00	56,800.28	39.17%
1184	Temporary daily subsistence allowances	121,000.00	-493.00	120,507.00	170,000.00	290,507.00	0.07%	222,585.10	222,585.10	76.62%	67,921.90	0.00	222,585.10	76.62%
1190	Weightings	-3,794,000.00	-2,839,061.00	-6,633,061.00		-6,633,061.00	-1.59%	-6,845,258.27	-6,845,258.27	103.20%	212,197.27	0.00	-6,845,258.27	103.20%
1191	Provisional appropriation	210,000.00	-4,596.00	205,404.00		205,404.00	0.05%	0.00	0.00	0.00%	205,404.00	0.00	0.00	
1300	Mission expenses, travel expenses and incidental expenditure	1,334,000.00	2,890.00	1,336,890.00	200,000.00	1,536,890.00	0.37%	1,010,688.62	840,480.25	54.69%	526,201.38	170,208.37	1,010,688.62	65.76%
1400	Running costs and replacement of equipment of restaurants and canteens	p.m.	0.00	p.m.	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	
1410	Medical service	318,000.00	0.00	318,000.00	13,000.00	331,000.00	0.08%	318,253.66	258,956.81	78.23%	12,746.34	59,296.85	318,253.66	96.15%
1500	Organization expenses for traineeships in the Office services	1,116,000.00	0.00	1,116,000.00		1,116,000.00	0.27%	985,000.00	942,547.09	84.46%	131,000.00	42,452.91	985,000.00	88.26%
1600	European school Alicante	3,500,000.00	0.00	3,500,000.00	188,000.00	3,688,000.00	0.88%	3,687,655.82	3,687,655.82	99.99%	344.18	0.00	3,687,655.82	99.99%
1610	Social contacts between staff	56,000.00	0.00	56,000.00		56,000.00	0.01%	20,562.30	20,562.30	36.72%	35,437.70	0.00	20,562.30	36.72%
1620	Other welfare expenditure	163,000.00	0.00	163,000.00	50,000.00	213,000.00	0.05%	184,035.27	175,535.27	82.41%	28,964.73	8,500.00	184,035.27	86.40%
1630	Early Childhood Centre and other crèches	281,000.00	0.00	281,000.00	-13,000.00	268,000.00	0.06%	213,830.26	209,680.21	78.24%	54,169.74	4,150.05	213,830.26	79.79%
1700	Entertainment and representation expenses	39,000.00	0.00	39,000.00		39,000.00	0.01%	17,250.00	14,083.09	36.11%	21,750.00	3,166.91	17,250.00	44.23%

EXPENDITURE

Item	Heading	Initial appropriation	Amending budget	Total appropriation	Transfers	Final appropriation	% of total	Commitments	Payments	% Payments /Final Appropriations	Appropriations lapsing	Carryovers	Budget execution	% Execution /Final appropriations
		A	B	C = A + B	D	E = C + D		F	G	H = G / E	I = E - F - G	J	K = H + J	L = K / E
2000	Rent	298,000.00	0.00	298,000.00	3,000.00	301,000.00	0.07%	300,610.70	300,610.70	99.87%	389.30	0.00	300,610.70	99.87%
2010	Insurance	101,000.00	0.00	101,000.00	-6,000.00	95,000.00	0.02%	94,369.76	94,369.76	99.34%	630.24	0.00	94,369.76	99.34%
2020	Water, gas, electricity, heating and other miscellaneous expenditure	1,970,000.00	0.00	1,970,000.00	-492,000.00	1,478,000.00	0.35%	1,207,776.96	1,010,284.01	68.35%	270,223.04	197,492.95	1,207,776.96	81.72%
2030	Cleaning and maintenance	3,834,000.00	0.00	3,834,000.00	3,834,000.00	3,834,000.00	0.92%	3,775,468.40	3,625,079.28	94.55%	58,531.60	150,389.12	3,775,468.40	98.47%
2040	Fitting-out of premises	1,400,000.00	-500,000.00	900,000.00	1,191,000.00	2,091,000.00	0.50%	2,070,451.28	1,537,677.44	73.54%	20,548.72	532,773.84	2,070,451.28	99.02%
2050	Security and surveillance of premises	1,749,000.00	-280,091.00	1,468,909.00	105,000.00	1,573,909.00	0.38%	1,458,295.87	1,100,919.65	69.95%	115,613.13	357,376.22	1,458,295.87	92.65%
2060	Acquisition of immovable property	500,000.00	264,000.00	764,000.00	764,000.00	764,000.00	0.18%	254,000.00	252,839.48	33.09%	510,000.00	1,160.52	254,000.00	33.25%
2070	Construction of buildings	4,000,000.00	-1,990,000.00	2,010,000.00	2,010,000.00	2,010,000.00	0.48%	345,000.00	142,590.44	7.09%	1,665,000.00	202,409.56	345,000.00	17.16%
2080	Studies and technical assistance in connection with building projects	2,516,000.00	-92,828.00	2,423,172.00	365,855.50	2,789,027.50	0.67%	2,660,918.08	2,345,591.17	84.10%	128,109.42	315,326.91	2,660,918.08	95.41%
2100	Computer centre operations - Licences and maintenance - Central software	4,316,000.00	176,803.00	4,492,803.00	700,000.00	5,192,803.00	1.24%	4,658,657.98	4,496,766.36	86.60%	534,145.02	161,891.62	4,658,657.98	89.71%
2102	Computer centre operations - Acquisitions and maintenance - Central hardware	1,891,000.00	32,000.00	1,923,000.00	-200,000.00	1,723,000.00	0.41%	1,538,879.20	863,887.37	50.14%	184,120.80	674,991.82	1,538,879.20	89.31%
2120	IT Infrastructure and Operation	7,765,000.00	-789,767.00	6,975,233.00	500,000.00	7,475,233.00	1.79%	7,131,570.25	6,523,446.86	87.27%	343,662.75	608,123.39	7,131,570.25	95.40%
2125	Services of computer operations staff - Miscellaneous	1,148,000.00	-44,112.00	1,103,888.00	1,103,888.00	1,103,888.00	0.26%	776,356.83	503,680.79	45.63%	327,531.17	272,676.04	776,356.83	70.33%
2140	Analysis, programming, preliminary analysis - Maintenance of applications	13,088,000.00	-174,572.00	12,913,428.00	-2,345,000.00	10,568,428.00	2.53%	7,977,311.11	5,315,744.36	50.30%	2,591,116.89	2,661,566.75	7,977,311.11	75.48%
2142	Analysis, programming, preliminary analysis - Support, Resource Management and others	3,375,000.00	-407,552.00	2,967,448.00	700,000.00	3,667,448.00	0.88%	3,610,874.11	3,243,373.93	88.44%	56,573.89	367,500.18	3,610,874.11	98.46%
2143	Analysis, programming and others - Cooperation	8,222,000.00	-5,259,300.00	2,962,700.00	2,962,700.00	2,962,700.00	0.71%	2,935,451.17	2,747,798.71	92.75%	27,248.83	187,652.46	2,935,451.17	99.08%
2144	Analysis, programming and others - Observatory	1,847,000.00	211,450.00	2,058,450.00	2,058,450.00	2,058,450.00	0.49%	1,382,740.06	1,247,676.50	60.61%	675,709.94	135,063.56	1,382,740.06	67.17%
2200	New purchases, replacement, hire, maintenance, use and repair of technical equipment and installations	698,000.00	-500.00	697,500.00	697,500.00	697,500.00	0.17%	658,916.04	537,795.56	77.10%	38,583.96	121,120.48	658,916.04	94.47%
2204	Electronic office equipment	1,100,000.00	0.00	1,100,000.00	1,100,000.00	1,100,000.00	0.26%	1,055,104.31	746,320.00	67.85%	44,895.69	308,784.31	1,055,104.31	95.92%
2210	New purchases, replacement, hire, maintenance, use and repair of furniture	165,000.00	0.00	165,000.00	-64,000.00	101,000.00	0.02%	100,446.68	92,067.95	91.16%	553.32	8,378.73	100,446.68	99.45%
2230	New purchases, replacement, hire, maintenance, use and repair of vehicles	262,000.00	0.00	262,000.00	-23,000.00	239,000.00	0.06%	221,607.50	212,580.21	88.95%	17,392.50	9,027.29	221,607.50	92.72%
2250	Documentation and library expenditure	301,000.00	0.00	301,000.00	301,000.00	301,000.00	0.07%	250,465.21	241,386.45	80.19%	50,534.79	9,078.76	250,465.21	83.21%
2300	Stationery and office supplies	557,000.00	0.00	557,000.00	-107,000.00	450,000.00	0.11%	415,000.00	391,448.11	86.99%	35,000.00	23,551.89	415,000.00	92.22%
2320	Bank charges and other financial charges	400,000.00	460,000.00	860,000.00	100,000.00	960,000.00	0.23%	662,700.00	608,779.19	63.41%	297,300.00	53,920.81	662,700.00	69.03%
2330	Legal expenses and damages	380,000.00	0.00	380,000.00	390,000.00	770,000.00	0.18%	473,226.00	364,072.68	47.28%	296,774.00	109,153.32	473,226.00	61.46%
2350	Miscellaneous insurance	16,000.00	0.00	16,000.00	16,000.00	16,000.00	0.00%	12,051.68	12,001.68	75.01%	3,948.32	50.00	12,051.68	75.32%
2353	Departmental removals and associated handling	90,000.00	0.00	90,000.00	90,000.00	90,000.00	0.02%	79,714.78	65,412.72	72.68%	10,285.22	14,302.06	79,714.78	88.57%
2359	Other services and operating expenditure	1,764,000.00	-221,000.00	1,543,000.00	-154,000.00	1,389,000.00	0.33%	1,356,824.57	1,209,026.13	87.04%	32,175.43	147,798.44	1,356,824.57	97.68%
2392	Services rendered by interpreters	508,000.00	0.00	508,000.00	508,000.00	508,000.00	0.12%	448,000.00	347,021.99	68.31%	60,000.00	100,978.01	448,000.00	88.19%
2400	Administrative Linguistic Services	8,071,000.00	455,860.00	8,526,860.00	8,526,860.00	8,526,860.00	2.04%	6,342,197.00	5,413,138.02	63.48%	2,184,663.00	929,058.98	6,342,197.00	74.38%
2400	Postal and delivery charges	335,000.00	0.00	335,000.00	335,000.00	335,000.00	0.08%	252,616.18	214,025.90	63.89%	82,383.82	38,590.28	252,616.18	75.41%
2410	Telecommunications	2,200,000.00	0.00	2,200,000.00	-100,000.00	2,100,000.00	0.50%	1,491,734.71	1,313,359.90	62.54%	608,265.29	178,374.81	1,491,734.71	71.03%
2500	Conferences, congresses and meetings in general	5,748,000.00	284,600.00	6,032,600.00	-598,000.00	5,434,600.00	1.30%	5,044,026.46	4,674,049.38	86.01%	390,573.54	369,977.08	5,044,026.46	92.81%
2600	Limited consultations, studies and surveys	15,039,000.00	-959,856.00	14,079,144.00	-321,577.81	13,757,566.19	3.30%	10,666,681.37	9,292,902.99	67.55%	3,090,884.82	1,373,778.38	10,666,681.37	77.53%

EXPENDITURE

Item	Heading	Initial appropriation	Amending budget	Total appropriation	Transfers	Final appropriation	% of total	Commitments	Payments	% Payments /Final Appropriations	Appropriations lapsing	Carryovers	Budget execution	% Execution /Final appropriations
		A	B	C = A + B	D	E = C + D		F	G	H = G / E	I = E - F - G	J	K = H + J	L = K / E
3201	Public Awareness	p.m.	0.00	p.m.	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	
3202	Enforcement	p.m.	0.00	p.m.	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	
3203	Legal and International	p.m.	0.00	p.m.	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	
3204	IP in the Digital World	p.m.	0.00	p.m.	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	
3205	Economics & Statistics	p.m.	0.00	p.m.	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	
3206	Statutory Meetings	p.m.	0.00	p.m.	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	
3301	EU Cooperation - ECP1	0.00	1,120,600.00	1,120,600.00		1,120,600.00	0.27%	995,463.90	267,200.75	23.84%	125,136.10	728,263.15	995,463.90	88.83%
3302	EU Cooperation - ECP2	0.00	1,177,300.00	1,177,300.00		1,177,300.00	0.28%	957,044.07	571,664.21	48.56%	220,255.93	385,379.86	957,044.07	81.29%
3303	EU Cooperation - ECP3	0.00	530,369.00	530,369.00	-16,775.00	513,594.00	0.12%	490,981.39	225,401.09	43.89%	22,612.61	265,580.30	490,981.39	95.60%
3304	EU Cooperation - ECP4	0.00	1,062,810.00	1,062,810.00	-16,775.00	1,046,035.00	0.25%	873,683.21	353,937.65	33.84%	172,351.79	519,745.56	873,683.21	83.52%
3305	EU Cooperation - ECP5	0.00	13,442,118.00	13,442,118.00	-34,225.00	13,407,893.00	3.21%	12,543,768.42	7,549,334.24	56.31%	864,124.58	4,994,434.18	12,543,768.42	93.56%
3410	Communication, promotion and events	1,620,000.00	-532,040.00	1,087,960.00		1,087,960.00	0.26%	823,459.51	715,398.97	65.76%	264,500.49	108,060.54	823,459.51	75.69%
3411	Expenditure on promotion of the Office, the European Union trade mark and the Community design	572,000.00	-332,000.00	240,000.00		240,000.00	0.06%	89,907.59	55,150.13	22.98%	150,092.41	34,757.46	89,907.59	37.46%
3420	Expenditure on cooperation activities with the EU Member States	9,461,000.00	-8,467,000.00	994,000.00		994,000.00	0.24%	928,613.21	928,613.18	93.42%	65,386.79	0.03	928,613.21	93.42%
3421	Expenditure on cooperation activities with third countries	1,079,000.00	-195,000.00	884,000.00		884,000.00	0.21%	356,747.28	299,745.66	33.91%	527,252.72	57,001.62	356,747.28	40.36%
3422	Cooperation Fund	2,183,000.00	-1,836,071.00	346,929.00		346,929.00	0.08%	150,419.51	143,449.42	41.35%	196,509.49	6,970.09	150,419.51	43.36%
3423	Support for the work of the Observatory	3,989,000.00	-250,000.00	3,739,000.00	-250,000.00	3,489,000.00	0.84%	1,386,874.68	1,056,370.60	30.28%	2,102,125.32	330,504.08	1,386,874.68	39.75%
3424	Convergence Programme	350,000.00	-315,023.00	34,977.00		34,977.00	0.01%	34,976.87	34,976.87	100.00%	0.13	0.00	34,976.87	100.00%
3500	Search reports	115,000.00	0.00	115,000.00		115,000.00	0.03%	65,760.00	46,384.00	40.33%	49,240.00	19,376.00	65,760.00	57.18%
3521	IP Rights Linguistic Services	18,650,000.00	-1,850,000.00	16,800,000.00	250,000.00	17,050,000.00	4.08%	16,747,808.50	15,580,394.26	91.38%	302,191.50	1,167,414.24	16,747,808.50	98.23%
3570	Expenditure on external services relating to European Union Trade Mark and Community Design proceedings	1,525,000.00	130,500.00	1,655,500.00		1,655,500.00	0.40%	1,652,685.84	1,490,521.33	90.03%	2,814.16	162,164.51	1,652,685.84	99.83%
3591	Expenditure on litigation relating to European Union Trade Mark and Community Designs proceedings	365,000.00	0.00	365,000.00		365,000.00	0.09%	333,022.60	314,588.10	86.19%	31,977.40	18,434.50	333,022.60	91.24%
10100	Provision for unforeseen events	159,887,067.00	-3,027,765.00	156,859,302.00		156,859,302.00	37.57%	0.00	0.00	0.00	0.00	0.00	0.00	
10200	Allocation to the Reserve Fund	0.00	29,729,550.00	29,729,550.00		29,729,550.00	7.12%	0.00	0.00	0.00	0.00	0.00	0.00	
10300	Funds reserved for offsetting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL		398,043,067.00	19,483,751.00	417,526,818.00	0.00	417,526,818.00	100.00%	205,769,085.52	185,585,329.19	80.36%	25,168,880.48	20,183,756.33	205,769,085.52	89.10%

CARRYOVER

Item	Heading	Carry over	Payments	Carry over unused (lapsing)
		A	B	C = A - B
1100	Basic salaries	0.00	0.00	0.00
1101	Family allowances	0.00	0.00	0.00
1102	Expatriation and foreign residence allowances	0.00	0.00	0.00
1103	Fixed allowance	0.00	0.00	0.00
1110	Auxiliary and local staff	0.00	0.00	0.00
1113	Special advisers	3,569.48	1,123.34	2,446.14
1115	Contract agents	0.00	0.00	0.00
1120	Further training for the staff	85,643.49	46,197.80	39,445.69
1130	Insurance against sickness	0.00	0.00	0.00
1131	Insurance against accidents and occupational disease	0.00	0.00	0.00
1132	Unemployment insurance for temporary staff	0.00	0.00	0.00
1133	Establishment or maintenance of pension rights for temporary staff	0.00	0.00	0.00
1141	Annual travel costs from place of employment to the place of origin	0.00	0.00	0.00
1147	Allowances for shiftwork or standby duty at the official's place of work and/or at home	0.00	0.00	0.00
1149	Other allowances and repayments	0.00	0.00	0.00
1150	Overtime	0.00	0.00	0.00
1160	Staff Exchanges	0.00	0.00	0.00
1171	Freelance interpreters	0.00	0.00	0.00
1175	Agency staff	270,268.64	259,106.64	11,162.00
1177	Other support services	0.00	0.00	0.00
1180	Miscellaneous expenditure arising from recruitment procedures	13,725.58	12,483.92	1,241.66
1181	Travel expenses (including members of the family)	0.00	0.00	0.00
1182	Installation and resettlement allowances	0.00	0.00	0.00
1183	Removal expenses	65,647.31	65,054.45	592.86
1184	Temporary daily subsistence allowances	0.00	0.00	0.00
1190	Weightings	0.00	0.00	0.00
1191	Provisional appropriation	0.00	0.00	0.00
1300	Mission expenses, travel expenses and incidental expenditure	134,849.39	116,575.82	18,273.57
1400	Running costs and replacement of equipment of restaurants and canteens	4,265.83	4,265.83	0.00
1410	Medical service	42,148.46	21,929.66	20,218.80
1500	Organization expenses for traineeships in the Office services	5,000.00	199.75	4,800.25
1610	Social contacts between staff	4,351.00	3,961.00	390.00
1620	Other welfare expenditure	17,504.90	11,517.93	5,986.97

CARRYOVER

Item	Heading	Carry over	Payments	Carry over unused (lapsing)
		A	B	C = A - B
1630	Early Childhood Centre and other crèches	1,000.00	365.15	634.85
1700	Entertainment and representation expenses	5,092.13	340.70	4,751.43
2000	Rent	0.00	0.00	0.00
2010	Insurance	0.00	0.00	0.00
2020	Water, gas, electricity, heating and other miscellaneous expenditure	313,025.21	203,487.03	109,538.18
2030	Cleaning and maintenance	179,777.96	149,518.08	30,259.88
2040	TOTAL expenditure - Title 10	2,145,936.03	2,043,795.55	102,140.48
2050	Security and surveillance of premises	380,224.89	219,971.02	160,253.87
2060	Acquisition of immovable property	0.00	0.00	0.00
2070	Construction of buildings	0.00	0.00	0.00
2080	Studies and technical assistance in connection with building projects	258,835.79	230,716.40	28,119.39
2101	Computer centre operations - Licences and maintenance - Central software	518,134.34	518,134.33	0.01
2102	Computer centre operations - Acquisitions and maintenance - Central hardware	452,664.49	428,830.14	23,834.35
2122	IT Infrastructure and Operation	1,013,308.84	1,013,154.24	154.60
2125	Services of computer operations staff - Miscellaneous	247,208.07	209,305.38	37,902.69
2140	Analysis, programming, preliminary analysis and special projects	0.00	0.00	0.00
2141	Analysis, programming, preliminary analysis - Maintenance of applications	2,830,542.29	2,679,864.38	150,677.91
2142	Analysis, programming, preliminary analysis - Support, Resource Management and others	945,132.11	936,434.11	8,698.00
2143	Analysis, programming and others - Cooperation Fund	1,240,617.59	1,235,685.48	4,932.11
2144	Analysis, programming and others - Observatory	514,374.89	512,485.22	1,889.67
2200	New purchases, replacement, hire, maintenance, use and repair of technical equipment and installations	434,832.09	412,176.83	22,655.26
2204	Electronic office equipment	29,258.94	22,229.33	7,029.61
2210	New purchases, replacement, hire, maintenance, use and repair of furniture	288,108.11	287,608.08	500.03
2230	New purchases, replacement, hire, maintenance, use and repair of vehicles	7,197.72	4,838.40	2,359.32

CARRYOVER

Item	Heading	Carry over A	Payments B	Carry over unused (lapsing) C = A - B
2250	Documentation and library expenditure	7,298.74	1,122.75	6,175.99
2300	Stationery and office supplies	6,742.09	6,742.09	0.00
2320	Bank charges and other financial charges	57,345.00	50,385.66	6,959.34
2330	Legal expenses and damages	87,616.21	30,805.05	56,811.16
2350	Miscellaneous insurance	895.08	0.00	895.08
2351	Uniforms and working clothes	0.00	0.00	0.00
2353	Departmental removals and associated handling	14,500.16	14,319.47	180.69
2359	Other services and operating expenditure	118,497.68	77,559.90	40,937.78
2391	Services rendered by interpreters	23,245.72	21,697.42	1,548.30
2392	Translation	675,000.00	604,379.44	70,620.56
2400	Postal and delivery charges	43,664.11	31,226.63	12,437.48
2410	Telecommunications	180,205.99	171,694.87	8,511.12
2500	Conferences, congresses and meetings in general	344,757.01	238,181.70	106,575.31
2600	Limited consultations, studies and surveys	2,466,303.22	2,338,400.10	127,903.12
3410	Communication, promotion and events	66,459.41	62,429.21	4,030.20
3411	Expenditure on promotion of the Office, the Community trade mark and the Community design	0.00	0.00	0.00
3420	Expenditure on cooperation activities with the EU Member States	7,575,974.62	6,397,409.19	1,178,565.43
3421	Expenditure on cooperation activities with third countries	81,705.85	62,657.42	19,048.43
3422	Cooperation Fund	1,530,614.62	1,401,412.31	129,202.31
3423	Support for the work of the Observatory	1,102,628.84	1,007,226.29	95,402.55
3424	Convergence Programme	1,122,695.53	416,505.79	706,189.74
3500	Search reports	30,400.00	24,576.00	5,824.00
3521	Translation of IP rights	1,276,389.42	970,627.82	305,761.60
3570	Expenditure on external services relating to Community Trade Mark and Design proceedings	180,952.99	157,591.42	23,361.57
3591	Expenditure on litigation relating to Community Trade Mark and Designs proceedings	0.00	0.00	0.00
10100	Provision for unforeseen events	0.00	0.00	0.00
10200	Provision for Cooperation Fund	0.00	0.00	0.00
	TOTAL	29,446,137.86	25,738,306.52	3,707,831.34

CARRYOVER

Item	Heading	Carry over A	Payments B	Carry over unused (lapsing) C = A - B
	TOTAL TITLE 1	653,066.21	543,121.99	109,944.22
	Chapter 11	438,854.50	383,966.15	54,888.35
	Chapter 13	134,849.39	116,575.82	18,273.57
	Chapter 14	46,414.29	26,195.49	20,218.80
	Chapter 15	5,000.00	199.75	4,800.25
	Chapter 16	22,855.90	15,844.08	7,011.82
	Chapter 17	5,092.13	340.70	4,751.43
	TOTAL TITLE 2	15,825,250.37	14,694,749.08	1,130,501.29
	Chapter 20	3,277,799.88	2,847,488.08	430,311.80
	Chapter 21	7,761,982.62	7,533,893.28	228,089.34
	Chapter 22	766,695.60	727,975.39	38,720.21
	Chapter 23	983,841.94	805,889.03	177,952.91
	Chapter 24	223,870.10	202,921.50	20,948.60
	Chapter 25	344,757.01	238,181.70	106,575.31
	Chapter 26	2,466,303.22	2,338,400.10	127,903.12
	TOTAL TITLE 3	12,967,821.28	10,500,435.45	2,467,385.83
	Chapter 34	11,480,078.87	9,347,640.21	2,132,438.66
	Chapter 35	1,487,742.41	1,152,795.24	334,947.17
	TOTAL TITLE 10	0.00	0.00	0.00
	Chapter 10	0.00	0.00	0.00
	TOTAL	29,446,137.86	25,738,306.52	3,707,831.34

REVENUE

Heading	Budget forecast	Amending budget	Total budget	Revenue established	Revenue established and recorded
	A	B	A + B = C		
FEES AND ADDITIONAL FEES	<u>210,049,781</u>	<u>-2,565,965</u>	<u>207,483,816</u>	<u>201,810,848.90</u>	<u>201,810,848.90</u>
Basic fee for the application for an individual mark or a collective mark	97,261,790	3,841,360	101,103,150	97,550,110.00	97,550,110.00
Fee for application for each class of goods and services exceeding one for an individual or collective mark	8,797,500	7,101,200	15,898,700	17,595,800.00	17,595,800.00
Opposition fees net of refunds (5):	3,986,500	-127,500	3,859,000	3,921,800.00	3,921,800.00
Basic fee for the registration of an individual or collective mark	0	0	0	0.00	0.00
Fee for registration for each class of goods and services exceeding one for an individual or collective mark	0	0	0	0.00	0.00
	320,000	0	320,000	339,800.00	339,800.00
Fee for the recording of the whole or partial transfer of an application of a European Union trade mark	0	0	0	200.00	200.00
Fee for the recording of the whole or partial transfer of a registered European Union trade mark	0	0	0	0.00	0.00
Basic fee for the renewal for an individual or collective mark	56,748,500	-15,108,500	41,640,000	51,324,350.00	51,324,350.00
Fee for application for each class of goods and services exceeding one for an individual or collective mark	9,528,000	-805,200	8,722,800	0.00	0.00
Fees for declarations of division of a registered EUTM (Art. 48a.4), or an application for EUTM (Art. 44a.4)	20,000	0	20,000	22,500.00	22,500.00
Appeal fee	2,296,000	-266,560	2,029,440	1,720,640.00	1,720,640.00
Additional fee for the late payment of the registration fee	0	0	0	0.00	0.00
Additional fee for the late payment of the renewal fee or the late submission of the request for renewal	766,875	71,931	838,806	608,697.15	608,697.15
Additional fee for late payment reception	15,116	0	15,116	13,016.75	13,016.75
Fee for the alteration of a registered European Union trade mark	10,000	0	10,000	1,000.00	1,000.00
Fee for the alteration of the representation of a European Union trade mark	0	0	0	0.00	0.00
Fee for the conversion of a mark into a national trade mark application	96,000	0	96,000	65,800.00	65,800.00
Fee for <i>intitutio in integrum</i>	36,000	0	36,000	7,400.00	7,400.00
Fee for the application for revocation or for a declaration of invalidity	1,244,600	-32,200	1,212,400	1,254,750.00	1,254,750.00
Fee for the cancellation of the registration of a licence or other right	90,000	0	90,000	96,000.00	96,000.00
Fees for continuation of proceedings (Art. 78a(1))	24,000	0	24,000	22,000.00	22,000.00
Fee for the review of the determination of the procedural costs to be refunded	2,200	0	2,200	600.00	600.00
Fee for the issue of a copy of the application for a European Union trade mark, a copy of the certificate of registration, or an extract from the register	675,000	-75,109	599,891	328,120.00	328,120.00
Fee for the inspection of the files	0	0	0	180.00	180.00
Fee for the issue of copies of file documents	0	10,000	10,000	14,185.00	14,185.00
Fee for the communication of information in a file	1,800	0	1,800	165.00	165.00
Fee for optional Search reports	50,400	6,513	56,913	46,500.00	46,500.00

REVENUE

Heading	Budget forecast	Amending budget	Total budget	Revenue established	Revenue established and recorded
	A	B	A + B = C		
<u>FEES RECEIVED RELATED TO MADRID PROTOCOL EUTM</u>					
Basic fees for Madrid Protocol TMS	17,460,900	2,598,400	20,059,300	16,178,526.00	16,178,526.00
Fee for each class of goods and services received through Madrid Protocol exceeding one	2,568,600	587,900	3,156,500	1,639,582.00	1,639,582.00
Fees for trade mark registration received through Madrid Protocol (M-007):	0	0	0	22,900.00	22,900.00
Transmittal fee of an international application	2,250,000	286,800	2,536,800	2,579,100.00	2,579,100.00
Basic fees for the renewal of a trade mark via Madrid Protocol	5,800,000	-655,000	5,145,000	6,457,127.00	6,457,127.00
<u>FEES RECEIVED RELATING TO COMMUNITY DESIGNS</u>	24,599,847	-405,232	24,194,615	25,814,597.50	25,814,597.50
Registration fees	11,501,335	-746,371	10,754,964	11,544,995.00	11,544,995.00
Fee for the deferment of publication	5,651,396	-13,196	5,638,200	6,094,170.00	6,094,170.00
Fee for the publication after deferment	223,290	-14,510	208,780	259,690.00	259,690.00
Miscellaneous fees	707,424	-24	707,400	888,215.50	888,215.50
Registration fees (IR)	710,272	162,502	872,774	883,414.00	883,414.00
Basic fee for the renewal	5,806,130	206,367	6,012,497	6,147,113.00	6,147,113.00
<u>ADMINISTRATIVE CHARGES:</u>	200,000	0	200,000	58,827.50	58,827.50
For insufficient funds in the current account	200,000	0	200,000	58,827.50	58,827.50
<u>MISCELLANEOUS SERVICES</u>	200,000	0	200,000	1,077,780.33	915,328.67
Miscellaneous services	200,000	0	200,000	1,077,780.33	915,328.67
<u>SALES OF PUBLICATION</u>	0	0	0	0.00	0.00
EUTM Download	0	0	0	0.00	0.00
Other publications	0	0	0	0.00	0.00
<u>UNION SUBSIDY</u>	0	0	0	0.00	0.00
Subsidy from the E.U.	0	0	0	0.00	0.00
<u>INTEREST</u>	1,574,000	-1,374,000	200,000	119,019.79	119,019.79
Bank interests	1,574,000	-1,374,000	200,000	119,019.79	119,019.79
<u>BALANCE FROM THE PREVIOUS FINANCIAL YEAR</u>	161,419,439	23,828,948	185,248,387	0.00	0.00
Balance from the previous financial year and withdrawals from the Reserve Fund	161,419,439	23,828,948	185,248,387	0.00	0.00
TOTAL REVENUE	398,043,067	19,483,751	417,526,818	228,881,074.02	228,718,622

EXPENSES FOR EU FUNDED PROJECTS

Item	Heading	Appropriations			Commitments		Payments				Amounts to carry over to following year	
		Total appropriation	Carried over from previous year	In the year	Carried over from previous year	In the year	Previous year	In the year	Total	%	Appropriations	Commitments
		A	B	C	D	E	F	G	H = F + G	I = H / A	J = B + C - E	K = D + E - G
4001	ECAP III Phase II	3,308,760.05	1,183,398.90	0.00	550,254.52	310,135.47	1,575,106.63	557,955.86	2,133,062.49	64.5%	873,263.43	302,434.13
4002	IP Key China	5,865,551.92	218,079.67	1,753,825.00	1,261,187.60	1,942,422.45	2,632,459.65	1,910,763.17	4,543,222.82	77.5%	29,482.22	1,292,846.88
4003	IPC-EUI - INDE	1,555,261.73	336,980.80	985,261.73	195,303.23	478,442.31	37,715.97	363,928.26	401,644.23	25.8%	843,800.22	309,817.28
	TOTAL	10,729,573.70	1,738,459.37	2,739,086.73	2,006,745.35	2,731,000.23	4,245,282.25	2,832,647.29	7,077,929.54	66.0%	1,746,545.87	1,905,098.29