



2016
FINANCIAL
REPORT



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CHARACTERISTICS OF THE YEAR 2016

In 2016, gross domestic product increased by 1.1% on an annual average, a level equivalent to the previous year (+1.2% in 2015). Activity was curbed by an unfavourable trade balance, linked to the economic slowdown of emerging countries. However, the business climate remained at a level above its long-term average and accelerated its growth at the end of the year.

At the same time, wages continued to grow at a moderate pace, by around +1.5%. For the eighth year in a row, the building sector continued to cut jobs as well as the industry sector. However, in 2016, these reductions were well below the rise in employment in the tertiary and temporary employment sectors. Thus, total employment increased by 212,000 additional jobs, compared to 118,000 in 2015.

At the end of 2016, 3.5 million jobseekers were registered with Pôle emploi as category A jobseekers in mainland France, i.e. a decrease of – 3% over one year. This trend can be explained in part by an increase in employment but also by the plan to create 500,000 training schemes (+24.6% of people registered as category D jobseekers). While the number of people carrying out a reduced activity and registered in category B is more or less stable (+0.0%) compared to the end of 2015, the number of jobseekers registered in category C increased by 8.9%.

The number of jobseekers receiving unemployment benefit (ARE) (2.6 million at the end of December 2016 in France) is more or less stable over one year (+0.3%). This slight increase can be explained in part by the unemployment insurance convention of May 2014 which widened access to benefits by removing thresholds for combining unemployment benefit and salary and by gradually implementing renewable rights and benefits.

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THE COMPARATIVE PROFIT AND LOSS ACCOUNT

(In millions of Euros)	2015	2016	% CHANGE
Main contributions	33,768	34,489	2.1
Specific contributions	690	597	-
Other income	466	450	-
TOTAL TECHNICAL INCOME	34,924	35,536	1.8
Unemployment benefit (ARE)	- 29 029	- 29 672	2.2
Other benefits	- 2,940	- 2,863	-
Redeployment benefits	- 752	- 723	-
Validation of pension points	- 2,043	- 2,043	-
10% Pôle emploi contributions	- 3,242	- 3,301	-
Other expenses	- 765	- 804	-
TOTAL TECHNICAL EXPENSES	- 38,771	- 39,406	1.6
TECHNICAL MANAGEMENT PROFIT OR LOSS	- 3,847	- 3,870	0.6
Administrative management profit or loss	- 29	- 33	-
Financial profit or loss	- 301	- 324	7.5
Extraordinary result	15	25	-
Corporation tax	- 3	- 2	-
NET LOSS	- 4,165	- 4,203	-

Total technical income increased by 1.8% between 2015 and 2016, due to the 2.1% increase in main contributions, following the increase in the affiliate wage bill in 2016. The 1.1% growth in staff numbers in 2016 compared with 0.1% in 2015 contrasts with the stability of the average wage per capita (SMPT) of 1.4% in 2016 compared with 1.5% in 2015.

As the effects of the unemployment insurance convention of May 2014 gain significance, the 1.6% increase in technical management expenses between 2015 and 2016 can be explained essentially by the increase in the number of compensated days, which reflects the slight growth over a year in the average number of jobseekers receiving benefits for the reasons given above in the key events of the year 2016.

The difference between the contributions, the benefits and other technical expenses, excluding the Pôle emploi contribution, is negative by €569 million in 2016, comparable with the 2015 financial year, i.e. €605 million.

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After taking into consideration the unemployment insurance's contribution to the functioning of Pôle emploi (€3.301 billion), the technical management result becomes a deficit of €3.847 billion stable compared with the 2015 deficit, of €3.870 billion. As a result of the – €33 million administrative management loss, the – €324 million financial management loss, the extraordinary result and the tax on property rents, the net accounting result for the year is a –€4.203 billion deficit.

Regarding the funding of the unemployment insurance in 2016, it should be stressed that, in a government order dated 4 February 2016 and as authorised by law, the French Ministry for the Economy and Finance granted the explicit French State guarantee to the bonds issued by Unédic in 2016 within a limit of €5 billion in principal plus interest and costs.

CHANGE IN CASH BALANCE FOR THE FINANCIAL YEAR

The net change in cash balance for the unemployment insurance transactions is negative by €4.084 million and is reflected in the following way:

(In millions of Euros)	31/12/2015	31/12/2016	CHANGE
Bond loans	– 21,800	– 25,300	– 3,500
Commercial papers	– 4,330	– 4,960	– 630
Negotiable medium term notes	– 3,500	– 3,350	150
Overdrafts	0	0	0
Investments	1,570	2,293	723
Bank balances	2,387	1,560	– 827
TOTAL	– 25,673	– 29,757	– 4,084

The change in cash balance of – €4,084 million and the financial year loss of – €4,203 million can be explained as follows:

FROM THE NET RESULT TO THE CHANGE IN CASH BALANCE (In millions of Euros)	
Accounting loss for the 2016 financial year	– 4,203
Transactions with no effect on the cash flow (Allowances net of write-backs of amortisation and provisions)	197
Increase in Working Capital Requirement (Impairs the cash flow)	– 78
2016/2015 CHANGE IN CASH BALANCE	– 4,084

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The net negative equity situation of –€24,922 million at the end of 2015 worsened by –€4,203 million due to the loss in FY 2016, reaching a negative net financial situation of –€29,125 million as at 31 December 2016.

(In millions of Euros)	2015	2016
Retained earnings and Reserves	– 20,757	– 24,922
Loss for the year	– 4,165	– 4,203
NET FINANCIAL SITUATION	– 24,922	– 29,125

The move from the negative net situation of –€29,125 million and the net debt situation of –€29,757 million, less the balance sheet cash assets, is explained as follows:

FROM THE NET FINANCIAL SITUATION AS AT 31/12/2016 TO THE CASH SITUATION AS AT 31/12/2016 (In millions of Euros)	
Net financial situation as at 31/12/2016	– 29,125
Transactions with no effect on the cash flow (Financing capacity represented by the combination of amortisation and provisions as at 31/12/2016)	2,593
Gross fixed assets as at 31/12/2016	– 329
Cash requirement represented by financing the surplus of operating receivables out of the operating debts	– 3,185
Cash resource linked to accrued interest on loans and staggering of deferred financial expenses (issue premiums, accrued interest, etc.)	289
NET CASH SITUATION AS AT 31/12/2016	– 29,757

EVENTS SUBSEQUENT TO CLOSURE

A new agreement negotiated in March 2017 shall come into force on 1st October 2017 for employers and on 1st November for benefit claimants. The government order of 4 May 2017, approving the unemployment insurance convention signed on 14 April 2017 and its associated texts, was published in the Official Journal on 6 May 2017.

2017 OUTLOOK

Unédic regularly updates its expenditure and revenue forecasts by taking into account the changes of the economic situation. The latest financial forecast was drawn up in February 2017, i.e. approximately two months before the signing of the new 2017 unemployment insurance convention (signed on 14 April), and is therefore based under the assumptions the previous unemployment insurance regulation. The financial forecast shall be updated in June 2017 and shall take into account the anticipated effects of the new convention.

February's forecast relies on the Consensus Economics of February, which anticipates a growth of +1.3% and an inflation rate of +1.3% in 2017. According to this forecast:

- ✦ In 2017, the positive effects on employment due to the continued growth and moderate productivity gains should be limited in part by the reduced effect of employment public policies provided by the 2017 finance law. In total, considering the year as a whole, 135,000 jobs should be created. The prospects of low levels of inflation should explain a moderate 1.5% increase in the average wage per capita in 2017. The annual increase in the wage bill

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should be 2.5%. In 2018, there should be fewer job creations affiliated to the unemployment insurance scheme than in 2016 and 2017, due to the absence of accelerated growth (+1.4%).

✦ In 2017, the acceleration of commercial job creations should be compensated by the slowdown in assisted contracts in the non-commercial sector; total employment should then increase at a slightly slower pace than the working population and the unemployment rate should stand at 9.8% at the end of 2017. In 2018, assuming the number of people benefiting from assisted contracts stays at the same level as in 2017, unemployment as defined by the ILO should remain more or less stable.

✦ Unemployment benefit should continue to increase in 2017 (+37,000 benefit claimants) and in 2018 (+ 25,000) following the increase in the number of people registered with Pôle emploi.

The February 2017 forecast foresees a deficit (change in cash balance) of – €3.6 billion in 2017 and – €3.9 billion in 2018. Unemployment insurance net debt should reach – €37.5 billion by the end of 2018. In brief, the February 2017 expenditure and revenue forecasts would be as follows:

In millions of Euros, as at 31/12/2016 (Source: February 2017 financial forecast situation)	2016	2017 FORECAST	2018 FORECAST
Total income	35,146	35,817	36,665
Total expenditure	39,503	39,464	40,641
Change in cash balance	– 4,255	– 3,577	– 3,923
NET BANKING INDEBTEDNESS SITUATION	– 29,985	– 33,562	– 37,485

The effects of the unemployment insurance convention of April 2017 should now be added to this forecast. According to the initial figures of the convention, €900 million would be saved per year at full effect, that is to say from 2022. For 2018, it should reduce the deficit by around €550 million.

In order to cover the financing requirements of the unemployment insurance scheme, the Board of Directors, gathered on 27 June 2016, approved a €6 billion bond issue programme for 2017.

These issues benefit from the State guarantee due to the provisions of Article 213-15 of the French Monetary and Financial Code and paragraph 2 of Article 107 of Amending Finance Law no. 2004-1485 of 30 December 2004. The guarantee was authorised by the Amending Finance Law of 30 December 2016 and granted by Order of the French Ministry for the Economy and Finance on 6 March 2017 for a total of €5 billion in principal, plus interest and costs.

The funding strategy for 2017 was adapted to the financial decisions of the Board of Directors' meeting of 31 January 2017:

- ✦ The upper limit of the (EMTN) bond issue programme was increased to €37 billion and its maximum authorised maturity was extended to 15 years;
- ✦ The upper limit of the NEU MTN programme (formerly BMTN) was increased to €8 billion and its maximum authorised maturity was extended to 7 years;
- ✦ The pursuit of the NEU CP (commercial papers) programme with a maximum outstanding amount €10 billion.

On 20 April 2017, Unédic completed most of its 2017 bond issue programme for €5 billion (€3.75 billion issued). Unédic issued two new bonds: €2 billion 10-year issue (2027), €1.75 billion 15-year issue (2032). Unédic also issued €1.45 billion of NEU MTN (€1.25 billion maturing in 2022, €100 million with maturing at the end of 2018 and €100 million with maturing at the end of 2020).

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BALANCE SHEET - UNÉDIC ASSOCIATION

ASSETS (In millions of Euros)	2016		2015	
FIXED ASSETS		101.4		128.1
Intangible fixed assets	0.5		0.7	
Tangible fixed assets	78.6		103.8	
Financial fixed assets	22.3		23.7	
CURRENT ASSETS		9,552.6		9,620.7
Receivables:	5,240.4		5,176.0	
Benefit receivables	3 69.1		348.6	
Affiliated receivables	4,871.3		4,827.4	
Other receivables	456.8		485.5	
Marketable securities	2,292.7		1,569.9	
Available capital	1,560.5		2,386.6	
Prepaid expenses	2.2		2.7	
Deferred expenses		28.3		25.2
Bond redemption premiums		90.7		70.9
TOTAL ASSETS		9,773.0		9,844.9

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LIABILITIES (In millions of Euros)	2016		2015	
NET FINANCIAL SITUATION		-29,124.8		-24,921.7
Reserves		0.8		0.8
Retained earnings		-24,922.5		-20,757.2
Profit or loss		-4,203.1		-4,165.3
Provisions for contingencies and expenses		95.6		80.0
DEBTS		38,625.4		34,518.9
Loans and financial debts		33,841.6		29,857.2
Bond loans	25,521.8		22,012.2	
Other loans and financing	8,311.7		7,832.0	
Outstanding bank overdrafts	0.0		0.0	
Other financial debts	8.1		13.0	
Other debts		4,783.8		4,661.7
Affiliated debts	165.5		195.7	
Benefit debts	2,895.7		2,878.2	
Tax and social security debts	69.8		62.4	
Supplier debts	8.0		8.0	
State debts	0.0		0.0	
Other debts	1,644.8		1,517.4	
Accrual accounts		176.8		167.7
TOTAL LIABILITIES		9,773.0		9,844.9

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INCOME STATEMENT - UNÉDIC ASSOCIATION

INCOME STATEMENT (In millions of Euros)	2016		2015	
TECHNICAL MANAGEMENT				
Income		35,535.7		34,923.6
Contributions	35,085.9		34,458.3	
Other income	117.2		123.9	
Write-back of provisions	48.4		2.6	
Transfers of expenses	284.2		338.8	
Expenses		39,405.5		38,771.3
Unemployment benefits	29,671.5		29,029.4	
Other benefits	2,862.7		2,940.2	
Redeployment benefits	723.3		752.0	
Validation of pension points	2,043.3		2,042.7	
Other expenses	3,807.9		3,675.8	
Provisions	296.8		331.2	
TECHNICAL RESULT		- 3,869.8		- 3,847.7
ADMINISTRATIVE MANAGEMENT				
Income		65.0		73.8
Provision of services	46.3		45.9	
Other income	18.7		27.9	
Expenses		98.1		102.4
Purchases	0.7		0.8	
External services	47.4		51.2	
Taxes and levies	5.9		6.1	
Wages and social security costs	27.9		28.2	
Other expenses	0.0		0.0	
Amortisation and provisions	16.2		16.1	
ADMINISTRATIVE MANAGEMENT RESULT		- 33.1		- 28.6
FINANCIAL MANAGEMENT				
Financial income		61.5		45.4
Financial expenses		385.2		346.4
FINANCIAL RESULT		- 323.7		- 301.0
EXTRAORDINARY TRANSACTIONS				
Technical management		0.0		0.0
Administrative management		25.3		14.6
EXTRAORDINARY RESULT		25.3		14.6
Corporation tax and similar levies		- 1.8		- 2.6
PROFIT OR LOSS		- 4,203.1		- 4,165.3



Following the suspension of the negotiation which began in spring 2016, the convention of 14 May 2014 on unemployment benefit, which sets out the principles laid down by the national interprofessional agreement (ANI) of 22 March 2014, remained in force in 2016. The new agreement negotiated in March 2017 shall come into force on 1st October 2017 for employers and on 1st November for benefit claimants. The government order of 4 May 2017 approving the unemployment insurance convention signed on 14 April 2017 and its associated texts, was published in the Official Journal on 6 May 2017.

1.1 NEW REGULATORY MEASURES FOR 2016

1.1.1 Appendices VIII and X deriving from the agreement of 28 April 2016 and decree no. 2016-961 of 13 July 2016 amended by the decree of 16 December 2016

Following the negotiations between employers and employees organisations, representing the whole entertainment industry, committed within the legal framework established by Article L.5424-22 of the French Labour Code, launching a negotiation of specific rules for artists and technicians of the entertainment industry, new appendices VIII and X, deriving from the agreement of 28 April 2016 transposed by decree of 13 July 2016 amended by decree of 16 December 2016, have been applicable since 1st August 2016 (termination of contracts of employment as of 1st August 2016). Given the significant developments of Pôle emploi's information system, some of the new rules were operational only as of December 2016, leading to legal adjustments and final notifications.

The main changes are:

- ✦ The implementation of a rights review on the anniversary date, with a 12 month payment period calculated from date to date;
- ✦ The review of applicable deferred payments (establishment of a paid holidays allowance);
- ✦ The new rules for determining affiliation (1 artist fee = 12 hours) and, in particular, the payment for the affiliation of certain periods outside employment contracts (maternity leave paid for by State insurance, sick leave under a long-term health condition);
- ✦ The change in the parameters for calculating the daily allowance;
- ✦ The introduction of a claw-back provision when the temporary show business worker does not fulfil the condition for minimum affiliation (507 hours) but has worked for at least 338 hours;
- ✦ The increase in rates of contribution; broadening of the tax base (payments taken into consideration before tax relief).

Finally, by letter dated 16 June 2016, the French Labour Ministry made a commitment to guarantee any potential difference between the balance of these new appendices and the objective set by the framework document transmitted by the interprofessional social partners.

1.1.2. Mayotte – New agreement

Pending the entry into force of a new agreement, a statement of conclusions dated 18 December 2015 extended the national interprofessional agreement (ANI) of 26 October 2012 on unemployment benefit in Mayotte. The provisions of this Mayotte ANI remain in force until 30 April 2016.

A new agreement was signed on 24 March 2016 and came into force on 1st May 2016. From now on, it is necessary to have worked 182 days or 1,014 hours to be entitled to rights: the duration of such rights depends on the duration of affiliation, according to the principle «1 day of affiliation equals 1 day of benefit entitlement», up to the limit of 365 days for employees under 50 at the end of their employment contract and 730 days for those 50 or over.

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The benefit, calculated on the last 6 months wages, is equal to 70% of the daily reference wage for the first 3 months and 50% for the following months.

Upper limits and rates of contribution are being gradually increased between 2016 and 2018 (respectively €2,102 as at 1st May 2016 and 3.30% as at 1st July 2016).

The existing rules on combining rights and benefits in mainland France are transposed; only the principle of renewable rights and benefits has not been adopted: the old rules of readmission are still in force with equity comparison and choice of the highest daily benefit.

The calculation of deferred payments and the qualifying period is replicated from the convention of 14 May 2014.

1.2 FINANCIAL RELATIONS BETWEEN PÔLE EMPLOI AND UNÉDIC

The 2015-2018 tripartite agreement signed between the State, Unédic and Pôle emploi on 18 December 2014 sets out the objectives of Pôle emploi's service offer and action as well as the resources made at its disposal.

It is a continuation of the guidelines initiated by the previous agreement, but it also marks a new stage by setting out 3 major strategic objectives:

- ✦ To strengthen the personalised support provided to jobseekers in order to improve prospects for returning to work;
- ✦ To offer employers a range of services that meets their needs and enables them to make jobseekers' access to employment easier;
- ✦ To improve the quality of the relationship with jobseekers and companies.

Every year, financial relations associated with the implementation of this agreement are the subject of a treasury agreement between Unédic and Pôle emploi which specifies the 10% contribution to be paid by Unédic, as well as the terms and conditions for payment. This agreement produces a technical management expense of €3,301 million in 2016.

On behalf of Unédic, Pôle emploi ensures the payment of benefits to recipients of unemployment insurance and recovers contributions for certain categories of employees. The income (contributions) was €1,125.3 million and the expenses (benefits and subsidies) were €31,981.9 million in 2016.

An agreement between Unédic and Pôle emploi organises the implementation of this service delegation and operational cooperation.

Furthermore, the implementation of specific arrangements is entrusted to Pôle emploi by entering into an agreement for the financing of support for those who are signed up to the Improved Job Security Contract which followed on from the Personal Redeployment Agreement (CRP) and Career Transition Contract (CTP) arrangements, with a recorded expense of €63.4 million in 2016.

Concerning the operating budgets of both organisations, it is important to stress that the invoicing of rents and expenses paid by Pôle emploi for occupying real estate sites belonging to Unédic amounts for around €8 million.

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Demand for adjustment of benefits paid in error by Pôle emploi, with regard to former employees of public sector self-insurance employers, increased over the financial year. At the end of 2014, the aggregate amount of the loss for the unemployment insurance scheme was valued at €67 million. This amount was composed of €61 million of benefits and €6 million of supplementary pension.

Unédic asked Pôle emploi to implement a corrective plan of action in order to recover the debt from public sector employers and ensure that all measures are taken to stop these undue benefit payments.

Pôle emploi has put corrective measures in place to avoid repeating this type of error. However, Pôle emploi's recovery action with regard to public sector employers hasn't been realised yet.

As of 31 December 2016, the recorded provision was maintained.

The net amount appearing in the assets is now €5.94 million (including €0.54 million of pension) and corresponds to the amount of errors made by Pôle emploi after the implementation of the corrective measures, i.e. the assessment of the benefits wrongly paid for the first half of 2015.

Unédic-Pôle emploi agreement of 21 December 2012

The bipartite State-Unédic agreement, signed on 21 December 2012, specifies the conditions for exercising the missions delegated by Unédic to Pôle emploi, i.e. the benefits and assistance service financed by unemployment insurance for jobseekers.

The conditions for exercising these delegations were drawn up with concern for complementarity between Unédic and Pôle emploi, in order to respect the roles and responsibilities of their respective decision-making bodies.

The text faithfully respects the objectives of the multi-annual agreement between the State, Unédic and Pôle emploi. It stresses the need for monitoring by performance, adapted to the objectives of social partners, for the purpose of proposing a quality service to jobseekers.

The bipartite agreement presents the conditions for tracking objective monitoring indicators, such as the rate of decisions made within less than 15 days, the rate of first payments within deadlines, the quality rate of processing benefits requests and the proportion of unrecovered undue payments.

1.3 STATE-UNÉDIC JOINT ARRANGEMENTS

In 2016, the amount incurred by Unédic for partial activity was €67 million.

The financial agreement between the State and Unédic was signed on 1st November 2014.

The partial activity benefit is paid by the Services and payment agency (ASP). The Unédic-ASP agreement of 24 February 2015, related to the conditions of financing by Unédic and its participation in the partial activity arrangement, provides for Unédic covering part of the partial activity benefit in an amount of €2.90 per hour of unemployment covered.

In 2016, the improved job security contract (CSP) made the State contribute an amount of approximately €0.9 million to Pole Emploi in order to finance the improved job security

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benefits for recipients providing evidence of 12 to 24 months of seniority in the company at the time of signing up to the arrangement.

Within the framework of the 26 January 2015 agreement on the CSP, the State covers the cost of the improved job security benefit for recipients with 12 to 24 months of seniority at the time of their dismissal, for the portion greater than the back-to-work assistance (ARE) and less 80% of the contributions owed by the employers in the event that their employees are members of the scheme.

The convention of the 30 November 2015 between the State and the social partners, on the implementation of the Improved job security contract, determines the conditions for organising the process back to employment for the CSP recipients and the implementation, the monitoring and the assessment of the measures linked to the scheme.

1.4. FINANCIAL RELATIONS WITH THE RECOVERY OPERATORS

Unédic has several operators recovering its contributions: Central Agency of Social Security Organisations (ACOSS), Central Fund for the Agricultural Mutual Insurance Scheme (CCMSA), Pôle emploi, National social security compensation fund for sales representatives with more than one employer (CCVRP), Central Social Security Funds of Monaco, and the Social Providence Funds of St-Pierre and Miquelon.

The contributions collected in 2016 came to approximately €34.8 billion taking into account all operators. The amount collected for the unemployment insurance scheme for 2016 by ACOSS on our behalf came to approximately €32.3 billion.

The financial relationship between ACOSS and Unédic originates in the Unédic-Pôle emploi-ACOSS-Association for the management of the employee debt guarantee scheme (AGS) agreement of 17 December 2010 on recovery of contributions payable by employers.

The CCMSA is the second biggest recovery operator with Pôle emploi with an amount of around €1.2 billion recovered.

1.5. INCREASE IN UNEMPLOYMENT INSURANCE BENEFITS

There had been no increase in back-to-work assistance (ARE) as at 1st July 2016.

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1.6. FINANCING THE UNEMPLOYMENT INSURANCE SCHEME

1.6.1 2016 Financing transactions

At the end of the 2016 financial year, the net financial situation of outstanding loans was **€29.758 billion**, i.e.:

NET FINANCIAL SITUATION OF OUTSTANDING LOANS (In billions of Euros)	
TOTAL OUTSTANDING LOANS	33.610
Bond loans	25.300
Commercial papers	4.960
Negotiable medium term notes	3.350
TOTAL POSITIVE CASH FLOW	3.852
Investments	2.292
Bank balances	0.259
Treasury account	1.301

N.B.: the aggregate net debt includes the sums payable to Pôle emploi for the 10% contribution that were not yet paid (€506 million), and therefore amounts to €30.264 billion.

1.6.1.1 Bond and bank loans

The EMTN (Euro Medium Term Notes) programme's upper limit was increased to €31 billion following the decision of the Board of Directors of 27 June 2014 and the maximum maturity extended to 10 years. The maximum maturity was once again extended to 12 years following the decision of the Board of Directors of 26 June 2015, to prevent a possible increase in interest rates and control the refinancing risk by limiting the annual repayments.

In 2016, Unédic raised a total of €5 billion on the bond market: €2 billion with maturity 2026 (10 years), €1.750 billion with maturity 2023 (7 years), to which is added €0.750 billion with maturity respectively 2027 (11 years) and 2022 (6 years).

All these issues benefited from the rating attributed to Unédic by Fitch (AA) and Moody's (Aa2) rating agencies.

The Board of Directors' meeting of 27 June 2016 decided for 2017 to issue one or more new bonds for a maximum amount of €6 billion. Given the restrictions imposed by Article 213-15 of the Monetary and Financial Code that rules bond issues by the associations on financial markets, Unédic applied for a State guarantee. The guarantee was authorised by the Amending Finance Law of 30 December 2016 and granted by Order of the French Ministry for the Economy and Finance on 6 March 2017 for a total of €5 billion in principal, plus interest and costs.

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1.6.1.2 NEU MTN (formerly Negotiable Medium Term Notes)

The implementation of a €3 billion NMTN (Negotiable Medium Term Notes) programme was authorised by the decision of the Board of Directors of 27 June 2014 in order to reduce the commercial paper outstanding liability and to extend the average term of the unemployment insurance scheme's debt. The maximum outstanding of the programme was increased to €6 billion following the decisions of the Board of Directors of 28 January 2016.

On its creation, the programme benefited from a rating attributed by Fitch (AA) and Moody's (Aa1, then Aa2 following the fall in the French sovereign debt rating in 2016).

Unédic benefited from the reform of the negotiable debt securities market to create NEU MTN documentation (new name for NMTN) in accordance with the provisions of the «Prospectus» directive. The development of this documentary innovation allows NEU MTN securities to be listed on Euronext.

In the 2016 financial year, Unédic raised €0.500 billion (4 years) on the NEU MTN programme.

1.6.1.3 Commercial papers

The use of this funding method by associations was authorised under certain conditions in Article 37 of law no. 2003-706 of 1st August 2003. The initial amount of €1.2 billion in 2004 was gradually increased to reach an upper limit of €12 billion authorised by the Board of Directors in June 2012. This upper limit was reduced to €10 billion following the decisions of the Board of Directors of January 2016. The total outstanding amount of the programme as at 31 December 2016 is €4.96 billion. These commercial papers are drawn according to need.

At the request of the rating agencies, syndicated and confirmed lines of credit were initially put in place to ensure coverage of this programme and thereby mitigate any imbalances in the European money market.

Since July 2012, these lines of credit have been replaced by a reserve of liquid assets for a minimum of €2 billion. Its level varies according to the use of the commercial papers programme and the amount of provisional withdrawals of the following 15 days.

1.6.1.4 Traditional bank financing arrangements

Very short-term funding requirements are covered in the form of bank overdrafts negotiated by mutual agreement with Unédic's banking partners (around €1 billion negotiated). None of these overdrafts were used at the end of the 2016 financial year.

1.6.1.5 Investments

Given a commercial paper outstanding liability of €4.96 billion as at 31 December 2016, the reserve of liquid assets mentioned above amounts to €3.852 billion. None of these overdrafts was used at the end of the 2016 financial year.

1.

KEY EVENTS

1.6.2 Financing of the year 2017

The funding strategy for 2017 defined by the Board of Directors' meeting of 27 June 2016 and adapted by the Board of Directors' meeting of 31 January 2017 is ongoing.

Unédic's institutional framework and, to a certain extent, the work carried out with rating agencies, enabled Unédic to continue to benefit from a rating equivalent to the one assigned to the French State, thus enabling it to raise the necessary resources under the best conditions.

The EMTN programme, whose upper limit and maximum authorised maturity were respectively increased to €37 billion and 15 years following the decisions of the Board of Directors' meeting of 31 January 2017, shall enable Unédic to maintain the responsiveness necessary to its future bond issues. On 20 April 2017, Unédic ended most of its 2017 programme of issues (€5 billion). Unédic created two new bond issues: €2 billion maturing at 10 years (2027), €1.750 billion maturing at 15 years (2032).

The upper limit of the NEU MTN programme approved by the Board of Directors' meeting of 27 June 2014 was increased to €8 billion and the maximum authorised maturity to 7 years by decision of the Board of Directors of 31 January 2017.

The NEU CP programme, whose upper limit was reduced to €10 billion (instead of €12 billion) by the Board of Directors' meeting of 28 January 2016, continues to enable Unédic to raise the additional short-term resources needed under the best conditions. The reduction in the upper limit of the commercial papers programme was made possible by NEU MTN issues since 2014 to restructure the short to medium-term debt.

The latest financial forecast for 2017, drawn up in February 2017, relies on the January Consensus Economics that anticipated a growth of +1.3% in 2017 and an inflation rate of +1.3%.

In 2017, there should be fewer job creations affiliated to the unemployment insurance scheme, in line with growth, a slowdown in the effects of the emergency plan («SME recruitment subsidy») and public policies reducing costs to companies (Tax Credit for Competitiveness and Employment, Accountability Pact). However, job creations should be boosted by low levels of labour productivity. Thus, for 2017, 135,000 affiliated jobs should be created.

Given the rise in inflation, the average wage per capita (SMPT) should increase by 1.5% in 2017. Following the changes in employment and the average wage per capita (SMPT), the wage bill should go up by 2.5% in 2017.

In 2017, the rise in employment should hardly be sufficient to compensate for the increase in the working population. As a consequence, unemployment should slightly continue to increase. On the Pôle emploi's lists, this would lead to 47,000 additional registrations in category A over the year.

The number of unemployed persons receiving unemployment benefits (ARE) should increase slightly in 2017: +37,000 people over the year.

The change in the unemployment insurance scheme's cash balance would then show a deficit of –€3.6 billion in 2017, bringing the aggregate debt to –€33.6 billion at the end of the year.

Thus, the funding instruments implemented will enable Unédic to cover the 2017 deficit estimated at €3.6 billion in the financial situation of the unemployment insurance scheme published in February 2017.

2. ACCOUNTING PRINCIPLES, RULES AND METHODS

2.1 GENERAL PRINCIPLES

Unédic's annual accounts for the financial year ended 31 December 2016, drawn up in Euros, including the balance sheet, the income statement and the appendix, were established in accordance with the unemployment insurance organisations' chart of accounts approved by the National Accounting Council (CNC) dated 9 January 1995 (notice of compliance no. 79).

They take into account the specific features linked to the declaratory nature of unemployment insurance and the consequences that arise therefrom, with regard to both the declarations of affiliates and the payments to benefit claimants.

The signatory organisations of the unemployment insurance convention of 14 May 2014, in view of Article L. 5422-9 of the French Labour Code on the method of financing benefits paid under this scheme, certify that unemployment insurance is a specific "pay-as-you-go" scheme.

The Unédic Association's accounts include the accounts of the following establishments: Unédic, Délégation Unédic AGS.

Unédic's annual accounts were drawn up on the basis of financial information produced by the following operators: ACOSS, CCMSA, CCVRP, Pôle emploi, Central Social Security Funds of Monaco (CCSS), Social Providence Funds (CPS) of St Pierre and Miquelon, and are summarised in synthesis documents showing the transactions completed on behalf of the unemployment insurance scheme.

2.2 UNEMPLOYMENT BENEFITS

2.2.1 Expenses

The regulatory provisions stipulate that jobseekers register first and then provide Pôle emploi with evidence of their situation on a monthly basis to avoid the reconsideration of their rights. This process enables the benefits to be accounted on a monthly basis under technical management expenses. In addition to the December benefits paid in January of the following year, payment adjustments that may take place in the following months are estimated in order to be counted in the expenditure of the financial year.

For people exempt from checking, the accounting is also carried out on a monthly basis.

2.2.2 Benefit debts

Under the item "Benefit debts" is the amount of benefits considered as owed for the current financial year, according to the above-mentioned principles, and which are calculated using the benefits paid in January, February and March owed for the current financial year.

2.2.3 Benefit claimant receivables

The accounts receivable of benefit claimants (overpayments and advances) are subject to a provision set aside according to the age of the debts. The method for calculating provisions for depreciation of the benefit claimants' overpayments is based on a statistical law measuring the probability of recovering them. Overpayments for fraud were subject to a provision of 100% of their amount.

2.

ACCOUNTING PRINCIPLES, RULES AND METHODS

2.3 CONTRIBUTIONS OF AFFILIATES

2.3.1 Income

The income from technical management corresponds to general and specific contributions that employers are required to pay for the year, according to mandatory periodic declarations that they make to Social Security and Family Allowance Contribution Collection Agencies (URSSAF), CGSS, CMSA and regional departments of Pôle emploi. The forms received in January of the following financial year are deemed to concern the current financial year. For those received in February of the following financial year, the reference on the form for the previous year and preceding years makes it possible to register amounts declared in deferred income.

When the forms are not received within the prescribed time limits, an estimate of the contributions due is carried out per affiliate.

2.3.2 Affiliate receivables

Contributions yet to be received for the year are calculated according to the income recorded in January and February of the following financial year, relating to the previous and preceding financial years.

A provision is recorded at the end of the year on affiliates' debts that appear doubtful. It is calculated according to the age of the debts and the forecasts of the companies' ability to pay according to their characteristics.

2.3.3 Creditor affiliates

Funds paid by affiliates and collected by the various operators recovering on behalf of Unédic and which could not be assigned to an identified debt are shown under balance sheet liabilities.

2.4 OTHER ITEMS

2.4.1 Fixed assets

The intangible and tangible fixed assets are recorded in the accounts according to the provisions of ARC (Accounting Regulatory Committee) regulation no. 2002-10 on the amortisation and depreciation of assets and ARC regulation no. 2004-06 on the definition, accounting and evaluation of assets. Amortisation is calculated according to the straight-line method over the following durations:

DURATION OF AMORTISATION	
Software	5 years
Buildings and structures	10 to 40 years
Fixtures and fittings	10 to 20 years
IT installations and equipment	3 to 6 years
Office furniture	10 years
Office equipment	5 years
Other	4 to 10 years

2.

ACCOUNTING PRINCIPLES, RULES AND METHODS

2.4.2 Corporate commitments

Given the provisions of the National collective agreement (CCN) for unemployment insurance scheme personnel, Unédic is required to pay retirement indemnities calculated as a monthly wage by number of years of service.

Furthermore, bonuses are to be paid under long-term service awards (médailles du travail).

Commitments are calculated using the following information:

- ✦ New CCN provisions: amendment of 10 February 2011;
- ✦ Use of personal information: age, sex, salary, length of service;
- ✦ Determination of internal actuarial assumptions: staff turnover rate (0% to 3% according to the employee's age), age and conditions of retirement (60 to 65 according to the year of birth) with retirement at the initiative of the employee, a 3% wage increase rate including inflation;
- ✦ Use of a discount rate for the commitment corresponding to the Bloomberg reference rate, i.e. 1.3% for the 2016 financial year.

Using this data, the amount of commitments is calculated individually for each present employee, considering that for the long-term service awards, commitments must be calculated for bonuses, which can be paid for the entire period of work, i.e. a maximum of four bonus levels.

The amounts thus obtained are recorded in the accounts as provisions for contingencies and expenses, and the change in these provisions is recorded in the result for the period including the impacts of assumption changes.

Added to this from 2010 is the amount of commitments due under the defined benefits pension plan for the senior executives of the unemployment insurance scheme present as at 1st January 2001, providing evidence of 8 years in this role and having ended their career in an unemployment insurance institution.

2.4.3 Extraordinary result

The extraordinary result includes:

- ✦ Technical management transactions which do not derive from ordinary activity and related to benefit claimant or recovery domains;
- ✦ Items related to administrative management, that is to say the items provided by the general chart of accounts and, in particular, the capital gains or losses on disposals of tangible and intangible fixed assets.

The capital gains or losses on disposals of financial fixed assets are, by way of derogation, recorded in the financial transactions.

2.

ACCOUNTING PRINCIPLES, RULES AND METHODS

2.5 FINANCIAL RELATIONS WITH THIRD PARTIES

2.5.1 The management mandate on behalf of the AGS

In an agreement dated 18 December 1993, the AGS entrusted Unédic with managing the recovery of its contributions and with putting in place a national delegation and six regional delegations to manage the salary guarantee scheme.

As part of the reform of the organisation of the public employment service, on 1st January 2011 Unédic transferred to ACOSS the recovery of the unemployment insurance contributions and the AGS contributions, but with the recording still being carried out by Unédic given the results disclosed.

2.5.2 Benefit claimants' contribution to the financing of supplementary pensions

The regional departments of Pôle emploi collect and record the benefit claimants' contribution to the financing of supplementary pensions. This advance levy, subsequently taken over by Unédic, reduces the expenditure associated with the validation of pension points, as these points are calculated pursuant to the agreements signed with the General association of pension institutions for managerial staff (AGIRC) - the Association for supplementary pension schemes for employees (ARRCO), Supplementary retirement pensions institution for non-certified state employees and employees of public administrations (IRCANTEC), the French barristers pension fund (CNBF) and the Pension fund for flight personnel (CRPN).

2.5.3 EU-wide coordination of unemployment insurance schemes

Regulation EC 883/2004 stipulates the conditions for refunding unemployment benefits paid to a resident claiming benefits for paid work carried out in another EU country or who has signed up to this arrangement.

The expenses comprising the benefit refunds to be sent to the jobseeker's country and the income representing the refunds to be collected are recorded in the accounts as of receipt of the benefits refund application from the third-party State or despatch of the benefits refund application to the third-party State.

2.5.4 Management agreements

Pursuant to Article L.5424-2 of the French Labour Code, Unédic has signed management agreements with companies and public institutions which are not affiliated to the unemployment insurance scheme. These agreements stipulate that employees falling within the scope of these agreements receive benefits from Pôle emploi while the signatory organisations pay a fixed amount to Unédic.

Management agreements signed before 19 December 2008 have been managed by Pôle emploi since the creation of this organisation. Pôle emploi manages, on its behalf, new agreements entered into since 19 December 2008.

Agreements prior to 19 December 2008 are in the process of being taken over by Pôle emploi as of 2016.

3.

BALANCE SHEET ANALYSIS

3.1 ANALYSIS OF BALANCE SHEET ASSETS

3.1.1 Fixed assets

3.1.1.1 Tangible and intangible fixed assets

Forty-one real estate sites were sold during the financial year.

The operations recorded with regard to the fixed assets and the amortisation during the 2016 financial year are presented below:

CHANGES IN GROSS FIXED ASSETS IN 2016 (In millions of Euros)	(1) Gross value at the start of the financial year	(2) Acquisitions and creations	(3) Sales or decommissioning	(4) Transfers	(5) = (1) + (2) + (3) + (4) Gross value at the end of the financial year
Total intangible fixed assets (A)	1.8	0.1	0.0	0.0	1.9
Total tangible fixed assets (B)	384.1	1.7	81.4	0.0	304.5
Property: land, buildings and fittings	380.4	1.4	81.2	0.5	301.0
Other tangible fixed assets	3.2	0.1	0.2	0.0	3.1
Current tangible fixed assets	0.5	0.3	0.0	-0.5	0.3
TOTAL (A + B)	385.9	1.8	81.4	0.0	306.4

CHANGES IN AMORTISATION AND DEPRECIATION OF FIXED ASSETS IN 2016 (In millions of Euros)	(1) Amortisation at the start of the financial year	(2) Appropriation increases	(3) Reductions in sales and decommissioning	(4) Transfers	(5) = (1) + (2) + (3) + (4) Gross value at the end of the financial year
Total intangible fixed assets (A)	1.1	0.3	0.0	0.0	1.4
Total tangible fixed assets (B)	277.6	7.1	60.8	0.0	223.9
Property: buildings and fittings	274.9	6.9	60.6	0.0	221.2
Other tangible fixed assets	2.7	0.2	0.2	0.0	2.7
TOTAL (A + B)	278.7	7.4	60.8	0.0	225.3

A provision for the depreciation of properties and developments amounting to €1.98 million is recorded as part of the planned disposal of certain sites for which a proposed purchase in lieu of the sale price estimate is lower than the net book value.

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BALANCE SHEET ANALYSIS

3.1.1.2 Financial fixed assets

This item, amounting to €22.3 million, essentially comprises the loans for their original amount within the framework of the construction subsidy for €22.2 million and the deposits and securities paid amounting to €0.1 million.

3.1.2 Current assets

3.1.2.1 Receivables

a) Benefit claimant debtors

The gross value of this item is up by 24.19% compared with the previous financial year: €990.9 million compared with €797.89 million. 95.38% of this item is made up of unemployment insurance overpayments to benefit claimants, i.e. €945.1 million.

Operations relating to unemployment insurance overpayments are presented in the table below:

(In millions of Euros)	2016	2015	CHANGE 2016/2015 IN %
Advances and overpayments on account at the opening of the financial year (A)	798.3	664.6	20.12
Detection of overpayments during the financial year (B)	1,304.5	1,101.6	18.42
Reimbursement and recoveries of overpayments (C)	977.2	894.7	9.23
Debt write-offs and losses on overpayments (D)	134.1	73.5	82.36
Advances and payments on account (E)	8.9	9.5	- 6.21
Recovered advances and payments on account (F)	8.8	9.2	- 4.02
Benefit claimant debtors at the end of the financial year (including the advances and payments on account) (G) = (A) + (B) - (C) - (D) + (E) - (F)	990.9	798.3	24.12
Provision set aside for bad debts (H)	- 621.80	- 449.63	38.29
Provisioning rate (H) / (G)	62.75 %	56.32 %	11.42
NET BOOK VALUE (I) = (G) - (H)	369.14	348.7	5.86

The risk of not recovering overpayments is covered by the implementation of a provision equal to 62.75% of the debt, which has increased in comparison to the 2015 financial year.

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BALANCE SHEET ANALYSIS

b) Affiliates

The gross contributions yet to be recovered as at 31 December 2016 amount to €6,433.7 million, of which €6,196.9 million for unemployment insurance.

This amount is broken down into:

- ✦ Main contributions: €5,521.2 million or 89.1% of the total;
- ✦ Specific contributions: €503.0 million or 8.1% of the total;
- ✦ Additional contributions: €172.7 million or 2.8% of the total.

These contributions are also broken down into uncontested contributions to be received which were recovered in January or February 2017 for an amount of €4,280.3 million (including AGS for €145 million) and contentious contributions to be received for an amount of €2,153.4 million (including AGS for €91.9 million).

After analysis of the recovery proceedings stage or the characteristics of the company, this last category is the subject of a provision for risk of non-recovery of an amount of €1,562.4 million (including AGS for €66.9 million).

The provision is calculated by each of the operators responsible for recovering unemployment insurance contributions, according to the review of the results of recovering disputed debts over previous years.

3.1.2.2 State

This item, amounting to €8.96 million, represents the balance due by the State to Unédic as at 31/12/2016 for its financial interest relating to the deferred payment (Appendices VIII and X).

3.1.2.3 Current account

An amount of €0.5 million corresponding to the current account of French Guiana's non-merged Association for employment in industry and trade (ASSEDIC).

3.1.2.4 Other debts

This item, amounting to €447.3 million net of provisions for depreciation, **principally comprises:**

- ✦ Accrued income under repayment by Member States to France of allowances paid to French cross-border workers of €285.4 million net of provisions for depreciation of old debts;
- ✦ A claim against the Services and payment agency for €7.2 million;
- ✦ Accrued income of Pôle emploi with regard to public sector employers for €5.94 million net of provisions;
- ✦ A claim against establishments under management agreements amounting to €20.5 million;
- ✦ A claim against Monaco of €8.4 million relating to current operations in the contributions recovery domain;
- ✦ A claim against ACOSS for €55.5 million corresponding to the balance of contributions paid by employers in December to be repaid to Unédic;
- ✦ A claim against Saint Pierre and Miquelon for €0.8 million relating to current operations in the contribution recovery domain;
- ✦ A claim against CCMSA for €6.2 million relating to current operations in the contribution recovery domain;
- ✦ A claim against the State concerning the exemption of ship-owners for €0.1 million relating to current operations of the contribution recovery domain;
- ✦ A claim against the State concerning the exemption of apprentices for €46.5 million relating to current operations of the contribution recovery domain;

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BALANCE SHEET ANALYSIS

- ✦ A claim against AGS for €11.1 million in respect of management costs re invoiced to AGS;
- ✦ AGS' share of affiliates not broken down concerning ACOSS for an amount of €5.8 million.

3.1.2.5 Marketable securities

This item, amounting to €2,293 million, corresponds to money market funds dedicated to the coverage of commercial paper issues in the event of market failure.

(In millions of Euros)	
Marketable securities inventory as at 01/01/2016	1,570
Acquisitions in 2016	58,689
Sales in 2016	57,966
Marketable securities inventory as at 31/12/2016	2,293

3.1.2.6 Bank balances

This item, amounting to €1,560 million, mainly corresponds to paid passbook deposits.

3.1.3 Deferred expenses

This item, amounting to €28.3 million, concerns the costs of bond and NTMN issues that are distributed in a linear manner over the term of the loans.

Summary of deferred expenses:

(In millions of Euros)	Deferred fees and costs	Prior amortisation	2016 amortisation	Aggregate amortisation as at 31/12/2016	Bond fee amortisation balance as at 31/12/2016
Issue date					
2012	8.0	6.3	0.9	7.2	0.8
2013	7.0	3.1	0.9	4.0	3.0
2014	11.0	1.9	1.4	3.3	7.7
2015	11.2	0.7	1.4	2.1	9.1
2016	8.4	-	0.7	0.7	7.7
TOTAL DEFERRED EXPENSES	45.6	12.0	5.3	17.3	28.3

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3.1.4 Redemption premiums

Bonds issued by Unédic include a bond premium, corresponding to the difference between the nominal value of bonds and the issue value. These premiums are amortised over the term of the loan.

(In millions of Euros)	Bond premium amount	Prior amortisation	2016 amortisation	Aggregate amortisation as at 31/12/2016	Bond premium balance as at 31/12/2016
Issue date					
2012	11.9	8.3	1.9	10.2	1.7
2013	11.6	6.2	1.5	7.7	3.9
2014	19.2	3.0	2.3	5.3	13.9
2015	48.7	3.1	4.7	7.8	40.9
2016	33.2	-	2.9	2.9	30.3
TOTAL BOND PREMIUM	124.6	20.6	13.3	33.9	90.7

3.2 ANALYSIS OF BALANCE SHEET LIABILITIES

3.2.1 Net financial situation

The net financial situation, at the end of the 2016 financial year is negative by €29,124.8 million and is changing as follows:

- Net financial situation as at 31 December 2015: – €24,921.7 million.
- Negative result for the 2016 financial year: – €4,203.1 million.
- Net financial situation as at 31 December 2016: – €29,124.8 million.

3.2.2 Provisions for contingencies and expenses

This item, amounting to €95.6 million, predominantly comprises the following provisions:

- The unemployment insurance contributions paid in error by certain public sector employers and to be repaid for €15.3 million;
- The provision for disputes pursuant to affiliates for €55.4 million;
- The provision for risks of disputes over benefit claimant and recovery domains flagged up by the regional departments of Pôle emploi for €6.8 million;
- Provisions for corporate commitments:
 - provision for retirement indemnities (IDR) for the sum of €16.1 million,
 - provision for long-term service awards for €2 million.

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BALANCE SHEET ANALYSIS

The change in provisions for contingencies and expenses during the 2016 financial year is presented in the table below.

(In millions of Euros)	Opening balance	Provision	Used write-back provision	Unused write-back provision	Closing balance
ACOSS	33.5	21.9	-	-	55.4
Retirement indemnities (IDR)	15.4	1.4	-	0.7	16.1
Long-term service awards	1.9	0.1	-	-	2.0
Public sector employer reimbursement	22.6	-	-	7.3	15.3
Other	6.5	0.6	-	0.3	6.8
TOTAL	79.9	24.0	-	8.3	95.6

3.2.3 Loans and financial debts

The change in financing during 2016 is as follows:

Financing in millions of Euros	Opening balance	Of which accrued interest	Additional financing	Repayment of financing	Closing balance	Of which accrued interest
Bond loans	22,012	212	5,000	1,500	25,522	222
Negotiable medium term notes	3,502	2	500	650	3,352	2
Credit/financing establishment loans	4,330	-	15,145	14,515	4,960	-
of which commercial papers	4,330	-	15,145	14,515	4,960	-
of which other loans	-	-	-	-	-	-
Outstanding bank overdrafts	0	-	0	0	0	-
TOTAL	29,844	214	20,645	16,665	33,834	224

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BALANCE SHEET ANALYSIS

3.2.3.1 Bond loans

Bond debt amounts to €25,300 million at the end of the 2016 financial year.

BOND DEBT (In millions of Euros)	Amount in Euros	Issue date	Maturity	Coupon rate in %
Issue				
5.1	1,000,000,000	29/02/2012	25/04/2019	3,000
5.2	300 000 000	25/04/2012		
5.3	300 000 000	17/09/2013		
5.4	500 000 000	23/09/2014		
6.1	1,000,000,000	26/04/2012	26/04/2017	2,125
6.2	300 000 000	10/12/2012		
6.3	100 000 000	16/09/2013		
6.4	100 000 000	20/02/2014		
7.1	1,000,000,000	01/06/2012	01/06/2018	2.125
7.2	100,000,000	16/10/2012		
7.3	100,000,000	26/10/2012		
7.4	100,000,000	21/08/2013		
7.5	100,000,000	25/02/2014		
7.6	150,000,000	01/03/2014		
8.1	1,500,000,000	05/04/2013	05/04/2023	2.250
8.2	500,000,000	22/05/2014		
10.1	1,500,000,000	29/05/2013	29/05/2020	1.250
11.1	2,500,000,000	20/02/2014	25/05/2024	2.375
12.1	1,500,000,000	16/04/2014	16/04/2021	1.500
12.2	150,000,000	30/10/2014		
12.3	500,000,000	14/12/2015		
13.1	1,500,000,000	05/09/2014	25/10/2022	0.875
13.2	250,000,000	01/10/2015		
13.3	500,000,000	04/05/2016		
14.1	3,000,000,000	17/02/2015	17/02/2025	0.625
15.1	1,250,000,000	21/10/2015	21/10/2027	1.250
15.2	750,000,000	04/05/2016		
16.1	1,000,000,000	04/11/2015	04/11/2021	0.300
17.1	2,000,000,000	03/03/2016	03/03/2026	0.625
18.1	1,750,000,000	31/03/2016	24/11/2023	0.250

Added to this is an amount of €222 million corresponding to accrued coupons at the end of the financial year.

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BALANCE SHEET ANALYSIS

3.2.3.2 Loans from various credit and finance institutions

The total amount of this item comes to €4,960 million, corresponding to the commercial papers issued by Unédic.

The transactions concerning the commercial papers were as follows in 2016:

(In millions of Euros)	Inventory as at 01/01/2016	Issues in 2016	Repayments in 2016	Inventory as at 31/12/2016
Transactions concerning the commercial papers	4,330	15,145	14,515	4,960

The due dates of these commercial papers are as follows:

(In millions of Euros)	During the 1st quarter 2017	During the 2nd quarter 2017	During the 3rd quarter 2017	During the 4th quarter 2017	Total
Due date of the commercial papers	3,530	500	150	780	4,960

3.2.3.3 Negotiable medium term notes (NMTN)

At the end of 2016, Unédic had outstanding NMTN of €3,350 million.

NMTN ISSUES	Amount in millions of Euros	Issue date	Maturity	Coupon rate in %
5	100	24/11/2014	24/05/2017	0.120
6	1,250	05/03/2015	05/03/2020	0.125
7	1,500	16/04/2015	25/05/2019	0.040
8	500	04/10/2016	25/11/2020	0.000

At the end of December, the accrued interest represented €2 million. In short:

(In millions of Euros)	Loans, NMTN, and commercial papers maturities	Maturity in less than 1 year	Maturity between 1 and 5 years	Maturity in more than 5 years
Summary at the end of December 2016	33,610	6,590	11,550	15,500

3.2.3.4 Outstanding bank overdrafts

None.

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BALANCE SHEET ANALYSIS

3.2.4 Other debts

3.2.4.1 Affiliated debts

This item, amounting to €165.5 million, corresponds to the amount received from employers that could not be assigned to debts at the end of the financial year.

3.2.4.2 Benefit claimant debts and other receivables

This item amounting to €2,895.7 million corresponds essentially to the benefits to be paid:

- ✦ From the month of December 2016 paid in January 2017, i.e. €2,867.9 million and €42.5 million for the redeployment benefits to be paid to benefit claimants;
- ✦ For 2016 paid in February and March 2017, for an amount of €101.7 million;
- ✦ Less the advance retirement levy, for an amount of €123.3 million.

3.2.4.3 Tax and social security debts

This item, amounting to €70 million, principally comprises:

- ✦ Provision for paid leave and holidays and 13th month bonuses of up to €3.1 million;
- ✦ The benefit claimant advance levies yet to be paid, i.e. €53.3 million corresponding to the benefits paid in December 2016;
- ✦ Partial activity for €6.9 million;
- ✦ Other tax and social security debts for €3.2 million.

3.2.4.4 Trade debts

The amount of €8 million, representing the invoices yet to be paid as at 31 December 2016, is divided into two sections:

- ✦ Suppliers of goods and services: €7.4 million;
- ✦ Suppliers of fixed assets: €0.6 million.

3.2.4.5 Other debts

The main items of this section, amounting to €1,644.8 million, primarily concern:

The cost to be paid as at 31 December 2016 to various pension funds, for the validation of the benefit claimants' additional pension points is as follows.

- ✦ €694.6 million due to ARRCO which is broken down into:
 - €597.2 million corresponding to the contributions yet to be paid for 2016;
 - €89.8 million pursuant to the semi-final 2016 situation;
 - €7.6 million due by ARRCO pursuant to the 2015 adjustment.
- ✦ €242.8 million due to AGIRC which is principally broken down into:
 - €274.5 million corresponding to the contributions yet to be paid for 2016;
 - – €4.5 million pursuant to the semi-definitive 2016 situation;
 - – €27.2 million due by AGIRC pursuant to the 2015 adjustment;
- ✦ €42.6 million due to the other supplementary pension organisations, including IRCANTEC (€38.2 million).

3.

BALANCE SHEET ANALYSIS

The reciprocal accounts with Pôle emploi for a total of €481.6 million including that relating to the financing of Pôle emploi through the 10% contribution for the sum of €506.7 million.

The affiliated debts payable to the AGS for a gross amount of €236.8 million less a provision of €67 million.

3.2.5 Accrual accounts

Deferred income, i.e. €176.8 million, concerns:

- ✦ The payments made by public companies and establishments which are not affiliated to the unemployment insurance scheme, but which have signed a management agreement with Unédic. The payments are made for benefit claimants registered as unemployed and whose acquired rights may be spread over several financial years according to their age. This represents an amount of €16 million;
- ✦ The opportunity costs on bond loans representing €155.4 million. These costs are amortised over the term of the loan;

OPPORTUNITY COSTS (In millions of Euros)	Financial income amount	Prior amortisation	2016 amortisation	Aggregate amortisation as at 31/12/2016	Deferred income balance 31/12/2016
2012	42.5	32.0	5.9	37.9	4.6
2013	28.7	12.9	5.6	18.5	10.2
2014	109.8	29.2	20.3	49.5	60.3
2015	36.2	0,3	5.9	6.2	30.0
2016	54.6	-	4.3	4.3	50.3
TOTAL DEFERRED INCOME	271.8	74.4	42.1	116.5	155.4

- ✦ Other income amounting to €5 million relates to deferred income on commercial paper interest.

4. INCOME STATEMENT ANALYSIS

4.1 TECHNICAL MANAGEMENT

4.1.1 Income

4.1.1.1 Contributions

The income from contributions for the 2016 financial year is up by 1.82% compared with 2015:

(In millions of Euros)	2016	2015	CHANGE 2016/2015 IN %
Main contributions	34,488.60	33,768.10	2.13
Specific contributions	597.40	690.20	- 13.45
TOTAL	35,086.00	34,458.30	1.82

After correcting new items and transfers of contributions pursuant to financial years prior to 2016, the increase in income from main contributions excluding the apprenticeship arrangement came to +2.13% in 2016.

This is primarily explained by the 2.4% increase in the wage bill:

- ✦ The change in the wage bill should be compared to the increase in the average salary per capita (SMPT) of 1.3%;
- ✦ The increase in staff numbers of 1.1%.

Specific contributions saw a 13.45% decrease in relation to the decrease in the number of company failures.

4.1.1.2 Other income

This item amounting to €117.2 million predominantly comprises income pursuant to management agreements, i.e. €51.2 million, in addition to the surcharges for delay and penalties for €62.6 million.

4.1.1.3 Net write-back of provisions

The total amount of decreases or write-backs of provisions is €48.4 million and is related to:

- ✦ Doubtful debts of affiliates for €40.3 million;
- ✦ The write-back of the provision for Pôle emploi contingencies and expenses of €0.3 million;
- ✦ The write-back of the provision for detected overpayments of €0.3 million;
- ✦ The write-back of the provision for management agreements of €0.1 million;
- ✦ The write-back of the EEC provision of €0.1 million;
- ✦ The write-back of the National Conservatory of Arts and Crafts (CNAM) provision of €7.3 million.

4.

INCOME STATEMENT ANALYSIS

4.1.1.4 Transfer of expenses

This item, for the sum of €284.2 million, predominantly comprises:

- ✦ The reimbursements of benefits by the affiliates amounting to €20.4 million;
- ✦ The full reimbursement of benefits paid to the National Youth Employment Programme (EJEN) for the sum of €0.1 million;
- ✦ The reimbursement of benefits between EU countries for €183.7 million;
- ✦ The partial payment of Improved job security contract (CSP) benefits by the State for €0.9 million;
- ✦ The reimbursement of the deferred unemployment benefit scheme's contribution for €79.1 million.

4.1.2 Expenses

The technical management expenses total increased by 1.64% in 2016 as a result of a continuous decline in the economic situation over the financial year.

The benefit expenses, the other technical management expenses (benefit claimants and affiliates debt write-offs) and the cost of validating benefit claimants' pension points were the most affected by this decline. However, the amount of assistance payments reduced by 3.82% with a drop in payments linked to the Assistance for the takeover or creation of a company (ARCE).

4.1.2.1 Benefits

The overall cost of benefits increased by 1.77% in 2016, with the following breakdown:

(In millions of Euros)	2016	2015	CHANGE 2016/2015 IN %
Unemployment benefit (ARE)	29,671.50	29,029.40	2.21
Other benefits	2,862.70	2,940.20	- 2.64
Training unemployment benefit (ARE)	1,385.00	1,108.30	24.97
Specific redeployment benefit (ASR)/Improved job security benefit (ASP)	1,464.90	1,818.80	- 19.46
Other	12.80	13.10	- 2.29
TOTAL	32,534.20	31,969.60	1.77

The expenses per benefit take into account:

- ✦ Payments to benefit claimants made during the financial year;
- ✦ The reduction in expenses associated with the detection of overpayments;
- ✦ The provision resumption recorded in 2016 for benefits to be paid for the previous financial year;
- ✦ The supplementary expenses represented by the provision recorded for the benefits paid at the start of 2017 for periods from 2016 or previous years.

4.

INCOME STATEMENT ANALYSIS

(In millions of Euros)	Benefits paid in 2016 (+)	Overpayments detected 2016 (-)	2016 benefits paid in 2017 (+)	Write-back of 2015 benefits paid in 2016 (-)	Financial year expenses (-)
ARE	30,893.0	1,246.1	2,652.3	2,667.7	29,631.5
ARE CSP/CTP/EJEN	41.9	1.0	2.9	3.8	40.0
TOTAL ARE	30,934.9	1,247.1	2,655.2	2,671.5	29,671.5
Training ARE	1,357.9	32.2	196.00	136.2	1,385.5
ASR/ASP	1,511.8	21.1	117.2	143.4	1,464.5
Various others	13.0	0.2	1.2	1.3	12.7
Other benefits	2,882.7	53.5	314.4	280.9	2,862.7
TOTAL	33,817.6	1,300.6	2,969.6	2,952.4	32,534.2

Improved job security benefit (ASP) 2011 has taken over from the Specific redeployment benefit (ASR) and the Career transition benefit (ATP) for those who signed up to this support arrangement as of 1st September 2011 until 31 January 2015. The improved job security benefit was implemented on 1st February 2015.

The main changes in terms of payment of benefits are as follows:

- ✦ ARE payments represented an amount of €30.89 billion in 2016 compared with €29.97 billion in 2015, i.e. a 3.07% increase explained by a 1.04% increase in the average amount of the daily benefit, and a 2.02% increase in the number of compensated days;
- ✦ Training ARE payments (excluding social contributions of €93 million) represented an amount of €1.265 billion in 2016 compared with €1.060 billion in 2015, i.e. a 19.33% increase which is explained by a 5.39% increase in the average amount of the daily benefit, and a 13.28% increase in the number of compensated days;
- ✦ ASR and ASP payments (excluding CSP premium) represented the amount of €1.511 billion in 2016 compared with €1.871 billion in 2015, i.e. a 19.24% decrease, which is explained by a 1.78% decrease in the average amount of the daily benefit, and a 17.46% decrease in the number of compensated days.

4.

INCOME STATEMENT ANALYSIS

4.1.2.2 *Redeployment benefits*

Redeployment benefits amounted to €723.3 million in 2016, compared with €752 million in 2015, and are broken down in the following manner:

(In millions of Euros)	2016	2015	CHANGE 2016/2015 IN %
IIDR-ASP differential redeployment indemnity	16.7	31.0	- 46.13
ADR-Compensatory allowance upon redeployment	5.0	23.9	- 79.08
ARCE-Assistance for the takeover or creation of a company	509.7	611.5	- 16.65
IDR-CRP differential redeployment indemnity	0.0	0.0	-
Improved job security contract bonuses	167.4	57.6	190.63
Other benefits	24.4	28.0	- 12.86
TOTAL	723.3	752.0	- 4.00

Assistance for the takeover or creation of a company (ARCE) represents the main benefit amounting to €509.7 million or 70.5% of all allowances. Its amount decreased by 16.65% in 2016.

The Compensatory allowance upon redeployment (ADR) has been removed during the course of 2015.

The introduction of the 2015 Improved job security contract was accompanied by the creation of the Improved job security contract bonus.

4.

INCOME STATEMENT ANALYSIS

4.1.2.3 Validation of pension points

This item corresponds to the cost of the validation of benefit claimants' supplementary pension points for the sum of €2,043.4 million in 2016, compared with €2,042.7 million in 2015. This increase is explained by the increase in benefit claimant expenditure and expenditure adjustments recorded in 2016.

The breakdown by pension scheme is as follows:

(In millions of Euros)	TOTAL
ARRCO	2,592.10
AGIRC	665.90
Other funds (IRCANTEC - CRPNPAC)	136.10
TOTAL PENSION FUNDS	3,394.10
Contribution of benefit claimants	-1,350.70
VALIDATION OF PENSION POINTS	2,043.40

4.1.2.4 Other technical management expenses

This item amounting to €3,807.9 million is up by 3.6% compared with 2015.

The main expenses comprise:

- ✦ The debt write-offs and cancellations of affiliate debts for €234.5 million;
- ✦ The debt write-offs and cancellations of benefit claimant debts for €134.2 million;
- ✦ The 10% contribution due by Unédic to Pôle emploi for €3,301.1 million;
- ✦ Unédic's contribution to the Improved job security contract (CSP) costs for €63.4 million;
- ✦ Unédic's contribution to the financing of partial activity for the sum of €66.6 million.

4.1.2.5 Provisions

Provisions total €296.7 million and are broken down as follows:

- ✦ Depreciation of receivables against affiliates for €86.1 million;
- ✦ Depreciation of overpayments to benefit claimants for €188.1 million;
- ✦ Provision for contingencies and expenses up to €22.4 million which primarily concerns the provision for ACOSS disputes for €21.86 million and the provision for Pôle emploi contingencies and expenses of €0.5 million;
- ✦ Depreciation for management agreements for €0.1 million.

4.

INCOME STATEMENT ANALYSIS

4.2 ADMINISTRATIVE MANAGEMENT

4.2.1 Income

4.2.1.1 Provision of services

This item amounting to €46.3 million is essentially made up of income from third parties within the framework of management agreements:

(In millions of Euros)	2016	2015
AGS	44.4	43.3
Pôle emploi	1.1	1.9
Other agreements with third parties	0.0	0.0
Other provisions of services	0.8	0.7
TOTAL	46.3	45.9

4.2.1.2 Other income

This item, amounting to €6.9 million, mainly represents the rent paid by Pôle emploi for the use of the unemployment insurance scheme's real estate assets.

4.2.2 Expenses

Expenses came to €98.1 million in 2016. Thus, expenses decreased by 4.3% compared with 2015.

The amortisation of the building inventory, its maintenance and management constitute a significant administrative management expense. There were 193 sites left at the end of 2016.

4.2.2.1 Purchases

This item represents 0.7% of the administrative management expenses, i.e. €0.7 million, i.e. a slight decrease of €0.1 million compared with 2015 (0.8 in 2015).

4.

INCOME STATEMENT ANALYSIS

4.2.2.2 External services

This item represents 48.3% of administrative management expenses.

(In millions of Euros)	2016	2015
Works and services provided by third parties	4.8	6.9
Other external services	4.8	4.4
Rents	3.2	3.3
Transportation and travel	1.2	1.1
Postal and telecommunications costs	0.4	0.5
Notarial fees and costs (including financing expenses for trade unions and employers' organisations)	20.1	19.4
Bank and postal costs	8.7	11.6
Miscellaneous	4.2	4.0
TOTAL	47.4	51.2

The "Other external services" item includes, inter alia, the expenses related to the financing of trade unions and employers' organisations within the framework of the unemployment insurance scheme management, i.e. €3.8 million in 2016.

4.2.2.3 Taxes and levies

This item represents 5.9% of the administrative management expenses and is broken down as follows:

(In millions of Euros)	2016	2015
Payroll tax	2.2	2.2
Other taxes and levies	3.7	3.9
TOTAL	5.9	6.1

4.2.2.4 Wages and social security costs

This item represents 28.3% of administrative management expenses. It is broken down into:

(In millions of Euros)	2016	2015
Wages	18.8	19.0
Social security costs	9.1	9.1
TOTAL	27.9	28.1

4.

INCOME STATEMENT ANALYSIS

4.2.2.5 Amortisation and provisions

This item represents 16.5% of the administrative management expenses, i.e. €16.2 million, compared with €16.1 million in 2015. This slight change is explained by the decrease in amortisations due to the sale of assets, and by the increase in staff-related provisions for contingencies and expenses (retirement indemnities and long-term service awards).

4.3 FINANCIAL MANAGEMENT

The financial result is negative:

- ✦ – €301 million in 2015;
- ✦ – €324 million in 2016.

The 2016 expenses came to €385.2 million and correspond mainly to:

- ✦ Structured financing expenses for €371.8 million of which €370.8 million for bond loans and the bridging facility;
- ✦ Amortisation of bond redemption premiums for €13.3 million.

The average financing rate for 2016 came to 1.121%.

4.4 EXTRAORDINARY RESULT

The income from extraordinary transactions is profitable (+€25.4 million) and essentially concerns capital gains on disposals of fixed assets.

4.5 CORPORATION TAX

Unédic is liable for corporation tax for the profit or loss on property revenue and income from movable property. The tax due came to €1.9 million for 2016 (2016 tax net of an expected tax refund for the 2015 financial year).

4.6 RESULT FOR THE FINANCIAL YEAR

This item represents the net result for the 2016 financial year for the unemployment insurance scheme. The result is negative by €4,203.1 million.

5.

ADDITIONAL INFORMATION

5.1 ESTIMATE OF THE BENEFITS TO BE PAID TO BENEFIT CLAIMANTS RECEIVING BENEFITS AT THE END OF THE FINANCIAL YEAR USING UNDERLYING ASSUMPTIONS

The distribution system implies that certain technical provisions, which might be set aside within the framework of an insurance or welfare activity, are not set aside within the specific framework of the unemployment insurance scheme. However, they constitute potential forecast expenditures calculated at the end of the financial year, which might only be called into question in the future by the financial break-even point of the unemployment insurance scheme or a change in regulation.

With a view to ensuring that third parties are better informed, we present to you below the estimates that we consider the most important as well as the corresponding methods of calculation.

More extensive information on expenditure and income forecasts can be found in the management report in the “2017 Outlook” section, in accordance with works regularly conducted by the unemployment insurance scheme on the benefits/contributions equilibrium and the coverage of its financing needs.

5.1.1 Estimate of the benefits yet to be paid by the unemployment insurance scheme to the benefit claimants compensated at the end of the financial year

The amount of benefits to be paid over the average duration of unemployment yet to run as of 31 December 2016 to benefit claimants registered on this date was assessed by Unédic’s Studies and Analyses Department at €26,086 million. This amount does not take into account the benefits to be paid to recipients of allowances extended until their retirement.

The means and procedures used to calculate this estimate are as follows:

- ❖ Calculation of benefits paid in 2016 to current benefit claimants as at 31 December 2015 (2,599,740 benefit claimants), i.e. €16,447 million;
- ❖ Calculation of benefits yet to be paid to this population after 31 December 2016, i.e. €8,971 million. This population represents 28.60% of benefit claimants as at 31 December 2015;
- ❖ For this 2015 population, the total amount of benefits yet to be paid by the unemployment insurance scheme is €25,418 million.
- ❖ This amount has been updated considering into account a 2.63% increase in benefit claimants as at 31 December 2016 compared with 31 December 2015; the estimate of the benefits yet to be paid to the benefit claimants compensated at the end of the 2016 financial year is €26,086 million.

5.1.2 Estimate of the benefits yet to be paid by the unemployment insurance scheme to benefit claimants receiving an extension of an allowance

These benefits concern benefit claimants who are jobseekers and may, under certain conditions, collect their indemnities up to retirement age.

The amount of benefits yet to be paid to these benefit claimants registered at the end of the financial year was assessed by Unédic’s Studies and Analyses Department at €475 million. The calculation is made by extending the compensation rate used as at 31 December 2016 until the day before the retirement date, with the maximum age being 65.

5.

ADDITIONAL INFORMATION

5.2 NUMBER OF UNEMPLOYMENT INSURANCE STAFF

The number of Unédic staff as at 31 December 2016 is 340 Unédic employees, 233 of whom are assigned to the Unédic/AGS Delegation.

5.3 TRANSACTIONS COMPLETED ON BEHALF OF THIRD PARTIES

The Association for the management of the employee debt guarantee scheme (AGS), an employers' organisation financed by companies, created at the start of 1974, guarantees payment of debts arising from employment contracts in the event of receivership or court-ordered liquidation of the company. A management agreement has been signed between the Association and Unédic, which is responsible for managing the recovery of contributions, making the necessary funds available to court-appointed receivers and agents, recovering sums advanced and keeping records of these transactions. Unédic itself entered into an agreement with Pôle emploi, signed on 19 November 2008, for the recovery of unemployment insurance contributions and AGS contributions (via the regional departments and Pôle emploi Service).

The transfer of recovery to ACOSS resulted in accounting and financial flows as of 2010 within the framework of two pilot phases. An agreement signed on 17 December 2010 by Unédic, AGS, ACOSS and Pôle emploi lays down the conditions for extending the recovery of contributions by ACOSS and its network.

The contribution rate went down from 0.30% to 0.25% at January 2016. This remained constant at 0.25% in 2016. It was set at 0.20% from 1st January 2017 by the AGS Board of Directors' meeting of December 2016.



**AUDITORS' REPORT
ON THE ANNUAL
ACCOUNTS**
FINANCIAL YEAR ENDED
31 DECEMBER 2016

To the members of the Board of Directors.

In fulfilment of the assignment entrusted to us by your Board of Directors, we hereby present to you our report on the financial year ended 31 December 2016, on:

- the auditing of the annual accounts of the Unédic association, as enclosed with this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual accounts have been approved by the Managing Director of Unédic. Our role is to express an opinion on these accounts based on our audit.

I. OPINION ON THE ANNUAL ACCOUNTS

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes verifying, using sampling techniques or other methods of selection, evidence supporting the amounts and information provided in the annual accounts. An audit also includes assessing the accounting principles used, any significant estimates made and the overall presentation of the accounts. We believe that the information we have collected provides a reasonable basis for our opinion.

We certify that the annual accounts are, in accordance with French accounting rules and principles, regular and sincere and give a true and fair view of the result of the transactions over the past year and of the financial situation and assets and liabilities of the association at the end of that financial year.

Although not wishing to undermine the opinion expressed above, we draw your attention to the point detailed in note 1.6.2 “Financing of the year 2017” of the appendix relating to the measures taken to ensure the financing of the unemployment insurance scheme given the economic context and its impact on the technical equilibrium forecasts.

II. JUSTIFICATION OF THE ASSESSMENTS

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that the assessments we have carried out concern the appropriate nature of the accounting principles applied and, where necessary, the reasonable nature of the significant estimates used and the overview of the accounts. To this regard:

- ❖ The note in the appendix referring to the accounting principles, rules and methods specifies that the unemployment insurance scheme is a specific “pay-as-you-go” scheme, and that the accounts were drawn up in accordance with the chart of accounts of the unemployment insurance organisations approved by the National Accounting Council. In order to draw up the annual accounts, the specific declaration-based nature of the unemployment insurance scheme and the consequences arising from it are taken into account, pursuant to both declarations of affiliates and payments to benefit claimants.
- ❖ Furthermore, accounts for the financial year were approved with the aim to pursue unemployment insurance activities, given the structuring hypothesis mentioned in the note 1.6.2 of the “Financing of the year 2017” appendix which sets out Unédic’s ability to have access to the necessary financing.

AUDITORS' REPORT

As part of our assessment of the accounting rules and principles used, we verified the appropriate nature of the accounting methods specified above and of the information provided in the notes of the appendix.

❖ Note 2.1 of the appendix specifies that the unemployment insurance scheme's accounts were drawn up on the basis of financial information produced by third parties, primarily by Pôle emploi and ACOSS, with regard to the transactions carried out by these entities on behalf of the unemployment insurance scheme.

- We have familiarised ourselves with the "Auditors' Report on the accounting statements of Pôle emploi linked to the management on behalf of Unédic of specific contributions from certain affiliates and payments to benefit claimants", drawn up on 25 April 2017, and which gives a favourable opinion.
- We have familiarised ourselves with the "Certification of accounts of the general Social Security scheme for the 2016 financial year" adopted by the French Audit Court on 30 May 2017, and which gives reasonable assurance as to the cash flows both in terms of income and collections.
- We verified the correct transcription of these accounting statements in the unemployment insurance scheme's accounts.
- We were aware of the work carried out by the Pôle emploi Auditors and by the French Audit Court and we supplemented it with specific requests concerning both the internal audit and the audit of the accounts. Our work consisted in examining the relevance and sufficient nature of the information obtained.

The assessments thus made were carried out in the context of our audit of the annual accounts, taken as a whole, and therefore contributed to the formation of our opinion expressed in the first section of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report regarding the fair presentation and conformity with the annual accounts of the information given in the Managing Director's management report and in the documents sent to the members of the Board of Directors on the financial situation and the annual accounts.

Paris and Neuilly-sur-Seine, 13 June 2017
THE AUDITORS

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Laure Silvestre-Siaz



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See also



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of Unemployment
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