

Annex II

Reporting and Reimbursement of Costs within EURON Research projects

This document is based on the financial guidelines issued by the European Commission.
It has been prepared in order to explain the reporting process of the costs incurred by the
EURON Research Projects' contractors.

TABLE OF CONTENT

1. EURON FINANCIAL CONTRIBUTION

2. PAYMENTS

3. REPORTING

4. JUSTIFICATION OF COSTS

5. ELIGIBLE COSTS

6. NON-ELIGIBLE COSTS

7. DIRECT COSTS

7.1. PERSONNEL

7.2. TRAVEL AND SUBSISTENCE

7.3. CONSUMABLES

7.4. OTHER COSTS SPECIFIC FOR THE PROJECT

8. INDIRECT COSTS

8.1. OVERHEADS

1. EURON FINANCIAL CONTRIBUTION

EURON financial contribution to the *Research Project* is based:

- on the budget specified in Annex 1 to *the Research Contract* and approved by *EURON Board* and may not exceed that amount
- on the reimbursement of eligible costs claimed by the *parties* in the financial statements that are justified by the audit certificates

EURON financial contribution cannot give rise to any profit for *the parties*. *The Research Project Coordinator* must report any interest or equivalent yielded by the pre-financing of the project.

2. PAYMENTS

EURON Coordinator will transfer the funds to the *Research Project Coordinator* according to Article 4 of the *Research Contract*. The final payment can only be made after approval of the financial statements and audit certificates by *EURON Coordinator*.

3. REPORTING

All reports and deliverables shall be submitted within 45 days following the end of the project. Each party has to send the required documents to *the Research Project Coordinator* who has to gather them and forward to *the EURON Coordinator*.

The *Research Project Coordinator* shall submit the following reports to *EURON Coordinator*:

- ***the Activity Report*** describing the work, objectives, results and conclusions of the *Research Project*
- ***the Cost Statements*** provided by each *party* reporting the eligible costs incurred during the duration of the project. There is no requirement to send the receipts justifying the costs together with this Cost statement. The Cost statement model that should be used is enclosed to *the Research Contract*.
- ***the Audit Certificate (AC)*** (see Article II.26 in Annex II to *EURON Contract*) following each cost statement and certifying that the costs incurred during the duration of *the Research Project* meet the conditions required by the *Research Contract*. The certificate should expressly state the amounts that were subject to verification.

It is strongly advised to use the template provided by the EC in Annex 7 to the FP6 Financial Guidelines. The template is also enclosed to this *Research Contract*. The cost of the AC is an eligible cost that can be charged to the project. But, please, note that the 20% overhead cannot be claimed on this cost.

4. JUSTIFICATION OF COSTS

Eligible costs shall be reimbursed where they are justified by the *party* and approved by *EURON Coordinator*.

To this end, the party shall maintain, on a regular basis and in accordance with the normal accounting conventions of the State in which it is established, the accounts for the project and appropriate documentation to support and justify in particular the costs and time reported in the cost statement. This documentation must be precise, complete and effective. The documentation must be kept for five years after the end of *the Research project*.

5. ELIGIBLE COSTS

Eligible costs are the direct and indirect costs defined in paragraph 6 and 7 of this Annex. They must be actual, economic and necessary for the project, incurred during its duration, be determined in accordance with the accounting principles based on historic costs and consistent with the usual internal rules of the party. They must be recorded in the accounts of the party no later than by the contract completion date and exclude any profit margin. They should in principal only include costs that are directly related to this *Research project*.

The party may not commit itself to any costs before the date of entry into force of *the Research Contract* signed with *EURON Coordinator*.

Eligible costs shall be presented in the Cost statement under the headings listed below, and each cost shall only be charged to one of the cost categories:

• **Direct Costs**

1. Personnel
2. Travel and subsistence
3. Consumables
4. Other costs specific for the project

• **Indirect Costs**

5. Overheads

6. NON -ELIGIBLE COSTS

The following non-eligible costs may not be charged to the *project* :

- any identifiable indirect taxes, including VAT* or duties;
- interest owed;
- provisions for possible future losses or charges;
- exchange losses;

- costs declared, incurred or reimbursed in respect of another *Community* project;
- costs related to return on capital;
- debt and debt service charges;
- excessive or reckless expenditure;
- resources made available to the party free of charge
- entertainment or hospitality expenses except such reasonable expenses as are wholly and exclusively necessary for carrying out the work under this contract
- leasing costs (or part thereof) where the leasing arrangement has the effect of unnecessarily increasing the charge made to the project (e.g. where the cost without interest of the leased equipment is higher than if purchased).

*VAT is not an eligible cost. Contractors should refer to national legislation.

7. DIRECT COSTS

7.1. Personnel

With regard to personnel costs, only the costs of the actual hours worked by the persons directly carrying out the work under the project may be charged to *the Research Contract*.

Such persons must:

- be directly employed by the contractor in accordance with his national legislation,
 - be under the sole technical supervision of the latter,
- and
- be remunerated in accordance with the normal practices of the contractor, provided that these are regarded as acceptable by *the EURON Coordinator*.

All the working time charged to the contract must be recorded throughout the duration of the project.

Personnel costs shall be limited to the actual costs of the personnel employed on the project (gross remuneration and related charges).

7.2. Travel and subsistence

Actual travel and related subsistence costs for personnel working on *the Research Project* may be charged to this contract. These costs shall be established on the basis of the usual rules of the party. Such costs may include:

- travel and subsistence costs relating to visits to other parties in *the Research project*

- meetings organized with all or some parties

- short-term exchanges of personnel between parties

- meetings with experts invited by the *Research Project Coordinator*

7.3. Consumables

Consumables shall relate to the purchase, fabrication, repair or use of any materials, goods or equipment and software which:

- . • Does not have a life expectancy greater than the duration of the work under this contract;
- . • Are not placed in the inventory of durable equipment of the party;
- . • Are not treated as capital expenditure in accordance with the accounting conventions and policies of the contractor.

This category of costs covers access rights or licenses for software but does NOT include office supplies, mailing, utilities, etc. which are covered in the overheads category. No direct charge shall be made for consumables where it is the usual practice of the contractor to include these costs in actual overheads.

7.4. Other costs specific for the project

All other specific project costs, which cannot be included under the previous classifications of direct costs, may only be charged either with the prior written approval of the *EURON Coordinator* or alternatively, if these costs were foreseen in the Technical Annex to this contract.

8. INDIRECT COSTS

8.1. Overheads

To recover indirect costs, contractors may charge a flat-rate amount of 20% of the eligible direct costs charged for personnel, travel and subsistence, consumables and other specific project costs.