



LIFE Programme

Q&A for the completion of the Financial Statements for Action Grants

Version: April 2021

Table of contents

1. Who needs to fill in the Financial Statements?	4
2. How do the costs of the affiliated entities (i.e. entities that are recognised in the grant agreement as affiliates) have to be reported?	4
3. When to encode personnel costs under the 'personnel_employees' sheet or 'personnel_non-employees' sheet ?	4
4. How to encode the personnel costs of employees that work based on a fixed percentage and for which the exchange rate option of the date that the cost was incurred is used?	4
5. If a durable good purchased in the frame of my grant is also partly used for another project, how should I report this ?	4
6. Can I include at the mid-term report already the max. amount of depreciated cost of the durable good over the entire project period ?	5
7. How to complete the 'Funding sheet'?	5
8. What to do if the bank account agreed in the grant agreement has changed?	5
9. How do I report budget shifts (that fall within the contractual flexibility of 20%)?	5
10. Why does the coordinating beneficiary has to report also the 'total cost with non-recoverable VAT' in the Cost Summary Sheet?	6
11. When does the coordinating beneficiary need to include the total 'non-additional' salary costs in the Income Summary Sheet?	6
12. When does the coordinating beneficiary needs to provide CINEA/European Commission with the 'funds distribution' sheet?	6
13. How to ensure that the total depreciated costs declared in the financial statement is not more than the maximum allowed following the thresholds of 50% (equipment) and 25 % (infrastructure) – unless I am as beneficiary exempted from these thresholds?	6
14. Where to include the amount of overheads that I would like to declare?	6
15. Where should I report 'notary costs' or 'related taxes' in case of Land purchase/lease of land costs?	7
16. Should I register each travel cost separately?	7
17. Can I declare the VAT paid by staff when their travel costs are reimbursed?	7

18. Can I freely choose to use the standard productive time of 1720 hours instead of the actual time encoded in the time registration system/timesheet? 7

19. How to fill the financial statement form on personnel costs if some of the information to be included is covered under the data protection rules ? 7

1. Who needs to fill in the Financial Statements?

'Financial Statement of the individual beneficiary': each beneficiary + each affiliate (if the affiliate can declare costs, which is only the case if the affiliate was included explicitly in the grant agreement).

'Payment Request and Consolidated Financial Statement': Coordinating beneficiary

2. How do the costs of the affiliated entities (i.e. entities that are recognised in the grant agreement as affiliates) have to be reported?

The affiliated entities have to complete their own individual financial statement. The beneficiary to whom they are related will have to introduce in his own individual financial statement, in each of the cost category sheets, one line per affiliate with the total amount incurred in EUR.

3. When to encode personnel costs under the 'personnel_employees' sheet or 'personnel_non-employees' sheet?

For employees, the salary costs per year are to be included in the 'personnel_employees' sheet - separated between the gross annual salary of the employee and the annual obligatory social charges/other eligible statutory costs.

For non-employees (paid on the basis of an invoice with/without VAT) the hourly/daily rates as mentioned in their contract should be included in the 'personnel_non-employees' sheet – once with and once without VAT.

4. How to encode the personnel costs of employees that work based on a fixed percentage and for which the exchange rate option of the date that the cost was incurred is used?

The total yearly salary cost in national currency should be divided by 1720 to get the hourly rate in national currency, then the rate is re-calculated to the EUR hourly rate with the monthly exchange rate (but we have one hourly rate in national currency per year).

The total hours charged per month should then be calculated in line with the percentage 'X' that the employee works in the LIFE project in accordance with his/her employment contract, i.e. $1720/12 * X\%$

5. If a durable good purchased in the frame of my grant is also partly used for another project, how should I report this?

You should indicate the percentage used for the LIFE project in the comment field (C2) and include only the pro-rata cost as mentioned on the invoice.

6. Can I include at the mid-term report already the maximum amount of depreciated cost of the durable good over the entire project period?

No, you should only charge the depreciated portion related to the period of the mid-term report.

7. How to complete the 'Funding sheet'?

Union Contribution: Include the amount of payment received or to be received from CINEA/Coordinating beneficiary to co-fund the eligible costs that you submitted in the financial statement. In fact the amount should be equal to your declared eligible costs multiplied by the contractual agreed % of Union contribution. Please note that you should use your individual percentage as used in Annex III if different from the contractual percentage, however, the total contribution requested for the entire consortium cannot be higher than the total eligible costs of the consortium multiplied by the percentage of Union Contribution as stipulated in the grant agreement.

Co-financer's Contribution/Direct Income from the project: Include the amount received until now from co-financers as well as the direct income that was already generated from the project.

Own Contribution: Total amount of eligible costs submitted – Co-financer's amount – Direct income of project amount – Union contribution.

In fact, you need to make sure that the total cost and the total income of the project (first sheet of the individual financial statement) are in balance!

8. What to do if the bank account agreed in the grant agreement has changed?

To avoid delays in the payment, please submit your amendment request with the new financial identification form (link is also mentioned on the payment request at the bottom) before the submission of the financial report to CINEA or European Commission + monitoring contractor. This will ensure that the payment is not suspended because of this event.

If this is already too late, then include the amendment request and the financial identification form with the payment request.

9. How do I report budget shifts (that fall within the contractual flexibility of 20%)?

The coordinating beneficiary has to encode the contractual budget, the final budget (as beneficiaries want it after the budget shift) and the declared costs into the Cost Summary sheet that is attached to the payment request.

This sheet will check if the budget shift is acceptable or if changes are needed.

Please make sure that the contractual budget per beneficiary is the budget of the initial grant agreement (or as amended by official 'amendment' – not through e-mail

confirmation). The total amount of the final budget for the entire project should be equal to the total amount of the initial budget (or as amended).

10. Why does the coordinating beneficiary has to report also the 'total cost with non-recoverable VAT' in the Cost Summary Sheet?

This is needed to demonstrate that the total cost incurred (not only the eligible), is covered by the total co-funding. The latter is especially important for the calculation of the 2% rule, where the amount of own co-funding used to cover ineligible costs (like e.g. non-depreciated part of durable goods or the part that cannot be declared further to the thresholds) needs to be considered as well.

11. When does the coordinating beneficiary need to include the total 'non-additional' salary costs in the Income Summary Sheet?

The total amount of 'non-additional' salary costs needs to be included for all public entities (please check the related A-forms to see if your beneficiaries are 'public' or not). The compliance with the 2% rule will be calculated for all public entities as a whole (so not per public entity).

Please note that this requirement is not valid for Capacity Building projects since they can only claim 'additional' salary costs as eligible cost.

12. When does the coordinating beneficiary needs to provide CINEA/European Commission with the 'funds distribution' sheet?

With the submission of every financial report for what concerns pre-financing payments or interim payments.

Within the 2 months after the final payment with the final funds distribution between the different beneficiaries.

13. How to ensure that the total depreciated costs declared in the financial statement is not more than the maximum allowed following the thresholds of 50% (equipment) and 25 % (infrastructure) – unless I am as beneficiary exempted from these thresholds?

Make sure that the number of months of depreciation falling within the reporting period is below the threshold. E.g. if depreciation of the equipment is over 36 months, then only 18 months should be charged in the financial statement (idem for infrastructure).

14. Where to include the amount of overheads that I would like to declare?

Except for Capacity Building projects, the overheads are to be introduced by each beneficiary (affiliate) in the first page of the individual financial statement. Please note that the percentage to be used cannot exceed 7% of the direct costs (excluding

LAND PURCHASE/LEASE/ONE-OFF COMPENSATION costs) of the beneficiary concerned and should be in line with the percentage agreed in the grant agreement (see corresponding F-form) which may have changed further to the budget shift introduced with the final payment request.

15. Where should I report 'notary costs' or 'related taxes' in case of Land purchase/lease of land costs?

They should be reported in the same sheet as 'land purchase'/'lease of land'.

16. Should I register each travel cost separately?

Since travel costs may include a high number of low value transactions, it is allowed to group costs e.g. per travel (including transport, daily allowance, hotel,...). If travel costs are included in a registry that offers the same type of detail as requested in the financial statement then it is acceptable to register the subtotals with the appropriate reference in the financial report (e.g. log books of cars).

17. Can I declare the VAT paid by staff when their travel costs are reimbursed?

Yes, since the beneficiary can no longer reclaim the VAT.

18. Can I freely choose to use the standard productive time of 1720 hours instead of the actual time encoded in the time registration system/timesheet?

The 1720 hours are normally only to be used when timesheets are not mandatory (e.g. working in average less than 2 days per month on the project, working a contractually fixed percentage of time on the project...). Please see the guidance in your call for proposal documents.

19. How to fill the financial statement form on personnel costs if some of the information to be included is covered under the data protection rules?

Some of the information can be anonymised, i.e. the name of the staff can be replaced by an identification number (eg. employment number). The link between identification number and staff name should however, be provided to CINEA/European Commission and its monitoring contractor upon request (this can be done through an e-mail, USB stick, document under a closed envelop etc... with a clear specification that the content contains confidential information)'.

Please note that we are only interested in the personal data that is really needed for our verifications of the 'eligible costs', the personal data that is not needed can of course be blacked out from the supporting documents that may be requested by CINEA/European Commission or the monitoring contractor.

20. What should be the period covered by the financial statement?

The period to be covered is:

- The period of the mid-term financial report should cover the same period as the mid-term technical report.
- The period of the final financial report, should cover the same period as the final technical report.

When the period covered by the financial statement is different from the technical reporting however, it falls within the period of the technical reporting period, then the financial statement can be accepted. If the financial statement covers a period and costs beyond the technical reporting period, then the financial statement will not be considered admissible and will not be accepted as such.

Exceptions:

In case of suspensions of the grant agreement, costs related to the period of the suspension should not be included (this should be clearly stated).

In case of termination of a beneficiary or the grant agreement, then only costs for the period up to the termination can be covered.