



FUEL CELLS AND HYDROGEN
JOINT UNDERTAKING

FCH 2 JU
Financial Workshop

Other Direct Costs

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Other Direct Costs (ODC)

Article 6.2.D



Financial Statement Column “D”

D. Other direct costs		
D.1 Travel	[D.4 Costs of large research infrastructure]	D.5 Costs of internally invoiced goods and services
D.2 Equipment		
D.3 Other goods and services		
Actual	Actual	Unit

- 5 cost categories (but 3 reporting sub-columns)
- 2 forms of costs
- GA option needed for 1 cost category (article.6.2.D.4)

Form of Costs	GA option NOT needed	GA option needed
Actual	D.1 Travel D.2 Equipment D.3 Other goods and services	D.4 Large research infrastructure
Unit	D.5 Internally invoiced goods and services	



Other Direct Costs (ODC)

D.1 Travel



What: travel costs and related subsistence allowances e.g. tickets, accommodation etc related to action task

When: during project period

Who: personnel of beneficiary or external experts participating on ad hoc basis (e.g. attending specific meetings, speakers, etc)

How: no specific calculation method; the costs must correspond to the eligible costs actually incurred and in line with beneficiary's usual practices on travel

Where: no distinction between travelling in- or outside of Europe



Other Direct Costs (ODC)

D.1 Travel – Time for Quiz! (1)



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Project starts 01/01/2018, the kick-off meeting is planned for 15/01/2018 but the air fare was bought on 15/12/2017 (out of the project duration). Is the air fare cost eligible?

A

No, the cost was booked in the accounts out of the project duration (before)

B

Yes, if it isn't business class ticket

C

Yes, the action task is the relevant meeting itself and be held during the project period



Other Direct Costs (ODC)

D.1 Travel – Time for Quiz! (2)



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No travelling documentation kept (e.g. boarding pass and hotel invoice). Is this cost eligible?

A

No, however 150 € will be paid to cover part of the travelling expenses

B

No, the costs must be recorded and be verifiable/auditable

C

Yes, if witnessed



Other Direct Costs (ODC)

D.1 Travel – Time for Quiz! (3)



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Beneficiary claimed the cost of a business class airplane ticket. Is it eligible?

A

No, only big industrial companies are allowed to travel first/business class and the beneficiary is an SME

B

Yes, if the purpose of travelling is to disseminate the project

C

Yes, if in line with the beneficiary's usual practices on travel



Other Direct Costs (ODC)

D.1 Travel – Time for Quiz! (4)



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Beneficiary reimburses travel costs as a lump sum/per diem payment. This might differ from the actual costs. What is eligible?

A

The actual prices paid by the person receiving the lump sum or per diem.

B

The lump sum/per diem paid by the beneficiary to the traveler

C

Whatever is lower



Other Direct Costs (ODC)

D.1 Travel – Time for Quiz! (5)



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Are entertainment and hospitality expenses (e.g. gifts, special meals) eligible?

A

No, the costs must comply with the principle of sound financial management in particular regarding economy and efficiency

B

Yes, if all consortium partners are present

C

Whatever is lower



Other Direct Costs (ODC)

D.1 Travel – Time for Quiz! (6)



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Beneficiary flies from Paris to Helsinki for a project meeting. After the meeting, instead of flying back to Paris, she/he flies directly to New York to participate in an event not related to the action or on personal trip. What can be charged?

A

All costs are ineligible, combination with travels for other purposes is NOT allowed

B

Ticket from Paris to Helsinki

C

B + the part of the flight back from NY to Paris up to the cost that it would have incurred for a flight back from Helsinki after the project meeting.



Other Direct Costs (ODC)

D.1 Travel – Time for Quiz! (7)



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Is there any ceiling amount for travelling costs?

- A Yes, up to 2.000 € travelling in Europe and 5.000 € out of Europe
- B No ceiling if meeting takes place in EU Member State. 2.000 € ceiling if meeting not in EU Member State
- C No, however they must comply with the principle of sound financial management



Other Direct Costs (ODC)

D.2 Equipment Costs



What:

- either depreciation costs of equipment, infrastructure or other assets
- or costs of renting or leasing of equipment, infrastructure or other assets
- or costs of equipment, infrastructure or other assets contributed in-kind against payment.



Other Direct Costs (ODC)

D.2 Depreciation costs of equipment, infrastructure or other assets



Principles:

- Eligibility criteria are met
- Best Value for Money principle (or if appropriate, the lowest price) is respected and absence of Conflict of Interest
- Written off in accordance with the accounting principle of beneficiary and international accounting standards



Other Direct Costs (ODC)

BVfM and Col



How we ensure BVfM and Col:

- **Competitive selection procedures**
 - if no request of several offers, you must demonstrate how BVfM is ensured.
 - price is an essential aspect but not automatically necessary to select the offer with the lowest price.
- **Pre-existing framework contracts if awarded on BVfM and Col**
- **National law on public procurement (for “contracting authorities/entities”)**

Purchases between beneficiaries:

- **In principle not accepted.**
- **If X needs supplies from Z, it is Z that should charge the costs to the action.**
- **Purchases between beneficiaries will only be accepted in exceptional and properly justified cases (e.g. Z is the usual supplier of beneficiary X for a generic consumable)**



Other Direct Costs (ODC)

D.2 Depreciation costs of equipment, infrastructure or other assets



Calculation:

$$\text{Depreciation} = A/B \times C \times D$$

A = the period in months during which the durable equipment is used for the project after invoicing

B = the depreciation period for the durable equipment

C = the actual cost of the durable equipment

D = the percentage of usage of the durable equipment for the project



Other Direct Costs (ODC)

D.2 Depreciation costs of equipment, infrastructure or other assets



Specific case: Building prototype or pilot plant instead of purchasing

Full construction costs may exceptionally be eligible as 'equipment costs', if all of the following apply:

- building the prototype or pilot plant is part of the action tasks (i.e. described in Annex 1 of the GA)
- the costs are foreseen in the estimated budget (Annex 2 of the GA)
- the general eligibility conditions of are met (in particular, recorded in the beneficiary's accounts in accordance with the national accounting standards and with the beneficiary's usual cost accounting practices)



Other Direct Costs (ODC)

D.2 Costs of renting or leasing of equipment, infrastructure or other assets



Principles:

- General eligibility criteria are met
- Not exceed the depreciation costs of similar equipment, infrastructure or assets
- Not include any financing fees

Calculation:

If finance leasing: the depreciated costs excluding interest on loans and finance charges cannot exceed the costs that would have been incurred if the equipment had been purchased and depreciated under normal accounting practices

If operational leasing: there is no depreciation involved, the rental or lease costs are eligible, if they follow the beneficiary's usual practices and do not exceed the costs of purchasing the equipment



Other Direct Costs (ODC)

D.2 Costs of equipment, infrastructure or other assets contributed in-kind against payment



Principles:

- General eligibility criteria are met
- Not exceed the depreciation costs of similar equipment, infrastructure or assets
- Not include any financing fees
- Fulfill the conditions on in-kind contributors

Calculation:

The costs must correspond to the amount paid by the beneficiary and must not exceed the depreciation cost of the third party.



Other Direct Costs (ODC)

D.2 Equipment costs – Time for Quiz! (8)



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Can depreciation costs for equipment used for the project but bought before the start of the project be eligible?

- A Yes if not yet fully depreciated**
- B Yes but only if the equipment is used 100% in the project**
- C No because the purchase incurred before the start date**



Other Direct Costs (ODC)

D.2 Equipment costs – Time for Quiz! (9)



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Beneficiary respected all the rules related to depreciation, however 100% of the costs were rejected. Why?

A The FCH JU didn't like the color of the equipment

B The FCH JU and EU logos were missing

C Both A and B



Other Direct Costs (ODC)

D.2 Equipment costs – Time for Quiz! (10)



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Equipment is used in FCH JU project but also in several other activities. The usage in FCH JU hasn't been measured but estimated. Are the depreciated costs eligible?

A No, the % of usage must be actual

B Yes if it is the final period

C Yes because the only estimates which are allowed are for usage of equipment



Other Direct Costs (ODC)

D.2 Equipment costs – Time for Quiz! (11)



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According to beneficiary`s accounting policy, any equipment of value under 5.000 € is not subject to depreciation and it is not recorded as an asset but as an expenditure . This is also below the low-value ceiling as defined under national law. The equipment used 50% in the project. How much is the depreciated costs?

- A 0 € as the equipment is not subject to depreciation based on the beneficiary`s depreciation policy
- B 2.500 €
- C 5.000 €



Other Direct Costs (ODC)

D.3 Other goods and services



What: Consumables, supplies, dissemination (including open access), protection of results, CFS, translations, publications, IPR, etc

When: Used during the project duration

Who: purchased by beneficiary in accordance with Article 10.1.1 (best value for money and conflict of interest) or provided by contributor in kind against payment and in accordance with Article 11.1 (e.g. set out in DoA, reimbursement of costs and not market price)

How: There is no specific calculation method. The costs must correspond to the eligible costs actually incurred



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (12)



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Beneficiary bought consumables amounting 3.000 € (VAT included). Is VAT eligible cost?

- A** Yes, if the goods/services are for research laboratory
- B** Yes, if non-recoverable
- C** No, regardless if recoverable or not



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (13)



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Beneficiary's budget for Open Research Data is 10.000 €. However the actual purchased price was 12.000 €

- A The claim must be 10.000 €. This is what we have agreed**
- B The beneficiary might claim 12.000 € on condition that other cost is reduced by 2.000 €**
- C Actual costs are eligible costs, thus 12.000 € to be claimed**



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (14)



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Beneficiary will operate an electrolyser. Can the electricity costs be claimed as other direct costs?

A Yes, if they can be measured

B Yes, because it is for equipment necessary and used in the project

C No, these are overheads and covered by the Indirect Costs 25% flat rate



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (15)



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Beneficiary bought a necessary consumable not initially indicated in the DoA. Can it be still claimed?

- A No, it is too late now**
- B No, unless the DoA is amended**
- C Yes, if marked as “not indicated” and explained in the UoR**



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (16)



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Can CFS costs be claimed even if incurred after the end of the project?

- A** Yes, costs related to the preparation and submission of Report (CFS included) are eligible if incurred within 60 days after the end date
- B** No, this is a cost incurred out of the project duration
- C** Yes, if is the CFS of the Coordinator



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (17)



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Services are supplied during the action duration but the costs are invoiced or paid after the end date

A

They are eligible only if the debt existed already during the action duration (supported by documentary evidence) and final cost is known

B

They are ineligible, payment must be executed during the action duration

C

Yes, if initially included in the budget



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (18)



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The accounting system considers maintenance, communication costs and postage as indirect costs. Can I charge these costs under other direct costs?

A

Yes, if indicated in the DoA and budgeted under other direct costs

B

Yes, if measured

C

No, because this is not in accordance with the accounting system of the beneficiary



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (19)



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Supplies and consumables had bought and been already in the stock of beneficiary before the starting date. Are they eligible?

A

No, all supplies and consumables need to be bought during the project period

B

Yes, if they are used for the action

C

No, if the purchased price is the lowest compared to today's price



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (20)



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Royalties paid for IPR access rights are normally eligible if all eligibility conditions are met. What from the following is NOT correct?

A

Exclusive license is eligible no matter if exclusivity is necessary for the action

B

Access rights between partners are on a royalty-free basis. However, they are eligible only if explicitly agreed by all partners before GA signature

C

License already in force before starting date; only the part of the fee that can be linked to the action is eligible



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (21)



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Self-produced consumables with an accounting value in the inventory of beneficiary. Can these consumables be claimed and how much?

A

No claim at all, the consumables must be bought not be manufactured

B

Yes, they can be charged and the commercial price can be claimed

C

Yes, they can be charged and the direct costs of production can be claimed



Other Direct Costs (ODC)

D.3 Other goods and services – Time for Quiz! (22)



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A temporary work agency provided staff to Beneficiary to assist in administrative tasks related to the project. What is correct?

A

The costs of this staff provided by the temporary work agency are personnel costs

B

There is no direct labour contract between the beneficiary and this staff, thus no eligible

C

The tasks to be performed aren't core action tasks but minor ones, thus they can be claimed as ODC and not as subcontracting



Other Direct Costs (ODC)

D.4 Large Research Infrastructure (LRI)



What:

Capitalised costs and operating costs of research infrastructure* used for the action.

*** Value of 20.000.00 € representing at least the 75% of the fixed assets**

Requirements for claiming LRI costs:

- **Used in the action**
- **Methodology already and positively assessed by the European Commission**



Other Direct Costs (ODC)

D.5 Internally invoiced goods and services - definition



What: The costs for goods and services which the beneficiary itself produced or provided for the action.

- use of specific research devices or research facilities (e.g. test platform, electronic microscope)
- self-produced consumables (e.g. chemicals, bi-polar plates)
- hosting services for visiting researchers participating in the action (e.g. housing, canteen)

What not: goods and services not directly used for the action (e.g. supporting services like cleaning, general accountancy, administrative support, etc.).

When: During the project duration

How: Must be declared as unit costs



Other Direct Costs (ODC)

D.5 Internally invoiced goods and services – methodology



Important elements to be considered while calculating the unit costs:

An internal cost per unit invoiced to other departments of the same entity, not prices charged in the context of commercial sales!

It must be the usual practice of the beneficiary to calculate a unit cost for that good or service and it must be applied in a consistent manner (e.g. a new unit cost which applies only to H2020 actions is not ineligible)

The calculation must use the actual costs recorded in the accounts, excluding any ineligible costs* or costs already included in other cost categories.

***Cost elements that are ineligible under the Grant Agreement (even if they are part of the beneficiary's usual methodology for determining the unit cost for its internal invoices)**





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