



2nd BESTPRAC – EARMA virtual two-day meeting

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EQUIPMENT IN HEU

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TYPES OF EQUIPMENT

- Equipment:
 - New equipment bought for the action
 - Equipment bought before the action's start (if not yet fully depreciated)
- Infrastructure
- Other assets (including intangible assets)



ELIGIBLE EQUIPMENT

- Equipment was foreseen in the application.
- If there are any changes regarding to the application, contact coordinator or project officer.
- Equipment can be charged on the project directly as equipment.
- If the Beneficiary's usual practice is to consider durable equipment costs (or some of them) as indirect costs, these cannot be declared as direct costs, but have to be covered by the 25% flat rate for indirect costs.



ELIGIBLE EQUIPMENT COSTS

- The equipment is eligible on the project.
- The best-value-for-money principle (or if appropriate, the lowest price).
- Equipment costs may also include the costs necessary to ensure that the asset is in good condition for its intended use (e.g. site preparation, delivery and handling, installation, etc.).
- Cost including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary is eligible.



AVAILABLE OPTIONS

- Depreciation costs are by default eligible.
- By exception, full costs may be eligible.

AND

- Renting or leasing of equipment, infrastructure or other assets.
- Costs of equipment, infrastructure or other assets contributed in-kind against payment



DEPRECIATION

Depreciation is an accounting method of allocating the cost of a tangible or physical asset over its useful life or life expectancy. Depreciation represents how much of an asset's value has been used up.

The equipment is written off in accordance with the accounting principles of the Beneficiary and international accounting standards.



DEPRECIATION COSTS

- Actually incurred costs.
- Beneficiaries usual accounting practice.
- Portion of depreciation costs that correspond to the rate of actual use are eligible.
- Costs incurred during a project.
- Depreciation costs do not/mustn't exceed purchase costs.
- Costs of renting or leasing equipment are also eligible If they don't exceed usual depreciations costs.



SUPPORTING DOCUMENTATION FOR THE USE OF THE EQUIPMENT

- Equipment usage log (usual practice)
- Time sheets for equipment
- Use of equipment consistent with project staff



FULL COST OPTION

- Purchase of equipment, infrastructure or other assets specifically bought for the action
- Such purchase is recorded as a fixed asset
- Full costs of renting or leasing are also eligible



DEPRECIATION AND FULL COST OPTION

- Combination of first (depreciation) and second (full cost) option
- Depreciation costs primarily foreseen



FULL COST AND DEPRECIATION OPTION

- Combination of second (full cost) and first (depreciation) option
- Full cost option primarily foreseen



PARTIALLY CAPITALISED PURCHASE

- Capitalised portion may be considered within equipment cost category (if full cost option is allowed)
- Expensed portion may be considered within purchase costs (expenditures recognized in acquiring period)
- Can accounting treatment dictate financial reporting ?



SPECIAL FEATURES

- Selling equipment used for the project
- Equipment maintenance costs
- Currently no LRI emphasis and no full capacity filter
- Low-value assets – recorded as costs within beneficiary's business year



THANK YOU FOR YOUR
ATTENTION !
QUESTIONS ?