

15th set of Questions and answers call for proposals
29/G/ENT/CIP/12/N05S00 - Promotion of electric vehicles technologies.

Question 35:

In the guide for submission page 14, it says “this report shall certify the accounts for the last year available and provide the possibility for an assessment of the financial viability of the applicant. The report must state the opinion of the auditor and must be qualified”.

Could you please tell me exactly to which documents the report must refer (Balance sheet? P&L?)

- **Reply: See page 13 of the guide for submission.**

Could you please precise exactly the contents of the report (opinion of the auditor)?

- **Reply: The principal objective of the audit of accounts is to verify the regularity and integrity of the accounts of the organisation audited and confirm that they present a true and fair view of the situation.**

Content of reports

The conclusions of the audit exercise are set out in an audit report signed and dated by the auditor responsible and clearly showing the financial year concerned. The report is an opportunity for the auditor to **express an impartial opinion on the financial statements audited**. The professional terminology used in the reports usually refers to the organisation’s accounts giving “a true and fair view”, in accordance with generally accepted (or other specified) accounting principles. The exact expressions to be used and the conclusions/verifications to be presented in the audit report are determined by the conventions and laws of the country, but the overall objective of the audit of the accounts remains the same.

The audit reports on an organisation’s financial accounts may be divided into **four categories**, depending on whether they contain an unqualified opinion, a qualified opinion, an adverse opinion or a disclaimer of opinion.

- unqualified opinion

An unqualified opinion means that the auditor has carried out the task in accordance with generally accepted auditing standards and without restriction as to the scope of the work necessary to express his opinion, that the financial statements audited were drawn up in accordance with appropriate or generally accepted accounting principles, and that they give a true and fair view of the organisation’s financial situation and the results of its operations.

The report may, if necessary, contain one or two observations, for example highlighting certain operations that have been carried out or are planned, but these

should not be confused with genuine reservations. Any observations are usually mentioned in a separate paragraph so as not to cause confusion.

- qualified opinion

A qualified opinion confirms that the financial statements give a true and fair view, but at the same time excludes or attaches conditions to the effects of the matter or matters covered by the reservation. A qualified opinion may be expressed for several reasons, for example:

- the auditor has not obtained sufficient evidence or has been restricted in his work, making it impossible for him to issue an unqualified opinion;
- the auditor has detected a breach of certain accounting rules or disagrees with particular accounting practices which have an impact on the presentation of the financial statements that is serious enough to warrant a reservation (but not to distort the picture presented by the financial statements as a whole);
- the auditor is confronted by an element or elements of uncertainty that might affect the presentation of the financial statements but will be resolved only by subsequent events and whose impact on the financial statements is difficult to assess. For example, uncertainty about the capacity of an organisation to continue in operation (e.g. because of recurrent operating losses, funding requirements that have not been met or difficulties in complying with the terms of its loan agreements) would be grounds for a reservation.

- adverse opinion

The auditor will issue an adverse opinion when he considers that the financial statements do not give a true and fair view of the organisation audited, because of the failure to comply with generally accepted accounting principles, because the auditor disagrees with the accounting practices adopted or because the information provided by the financial statements is not sufficient to give a true and fair picture or to satisfy the legal obligations that apply. The reasons or circumstances distorting the presentation of the financial statements must be sufficiently serious and fundamental as to render them unreliable or incomplete and thus justify an adverse opinion by the auditor.

- disclaimer of opinion

A disclaimer of opinion means that the auditor declares himself unable to express an opinion on the financial statements. This is usually because of a major restriction on the extent of his audit work or, exceptionally, uncertainties (for example about the ability of the audited organisation to continue in operation). It also covers cases where financial statements have not been verified, i.e. the audit procedures have not been sufficient to formulate an opinion (for example if only a limited review has been carried out).

What do you mean by qualified?

- **Reply: See reply above.**

Question 36

1. Since the general objective of the Call refers to raising social awareness about the high performance of electric vehicles and the benefits of their utilisation, and Lot 1 refers to the construction of an electric car, we were wondering about the eligible types of activities for Lot 1. Are the eligible types of activities for Lot 1 limited to construction-related activities only, or would attention-grabbing activities that help achieve the general objective of the call (such as 3D animations of the car/car parts, interactive simulations aimed at potential users, serious games, etc.) be welcomed as well?

- **Reply:** The call for proposals sets out that "the outcome of lot 1 shall be the design and construction of a concept car powered by an electric power train, specifically conceived for a racing event. To this respect, the objective is to build a vehicle which performance is as close as possible to a car of similar characteristics, running on a conventional fuel". Therefore, the eligible activities under lot 1 are related to the different stages of construction of a car; complementary activities as the ones proposed in your question, seem to be more suitable for lot 2.

2. It has become an unwritten rule in projects funded by the Commission that consortia with an added European dimension are desired (i.e. consortia involving partners from several EU Member States). Although the Call 29/G/ENT/CIP/12/C/N05S00 does not explicitly state it, is a consortium involving several Member States desired over a single applicant, or over consortia of partners all registered in only one eligible country?

- **Reply:** Please see page 11 of the Call for proposals , Section 5: Eligibility. No mention is made to a European dimension of the Consortium.

Question 37

I have a question about eligible costs :

- confirm section "consumables" of B1 (B.1.2c Consumables) includes purchase of commercial goods and outside manufacturing of parts designed in house

- **Reply:** See page 28 of the guide for submission, Section VI.12 How to fill in form B/1.2c Consumables.

Question 38

If the contribution of one partner company in a consortium is the supply and installation of a car part that the company usually sells (e.g. car brakes) to other automotive companies, would the supply of the part be considered in-kind contribution or would it be considered as co-financing? Supplying the car part would of course constitute a cost for the partner company (beneficiary). If the supply of the car part is not considered in-kind contribution, should the expense entered in the budget reflect the usual selling price of the part?

- **Reply:** The supply would be considered as own resources co-financing. The manufacturing costs and extra-costs (handling, etc) should be entered in the budget. An in-kind contribution is a contribution provided by a third party (not

involved in the implementation of the action and thus not a beneficiary of the DEC grant) for which the beneficiarie(s) bear no cost.

No contribution in kind will be accepted for lot 1.

2. May equipment be procured from a consortium partner that usually constructs and sells this equipment on the market and how is this treated: as subcontracting or co-financing?

- **Reply: it will be treated as co-financing. Subcontracting relates to acquisition of goods or services to a third party not involved in the implementation of the grant.**

Question 39

Please be so kind as to answer the following questions regarding the eligible costs of the project:

1. The text of the Call for Proposal (pg. 9) states that eligible costs for capitalised expenses may be either: a) depreciation of the capitalised expenses, or b) the expenses themselves. The Guide for Submission (p.g. 26) states that only depreciation of the expenses (e.g. equipment) is eligible. Does that mean that if we purchase a car part (e.g. the car doors, the wheels or tyres), only the four-month depreciation of this equipment (and in fact not its full paid value) is considered an eligible cost?

- **Reply: Yes, see also explanations in 4.1 of the call text.**

2. If we have a car part in our inventory that was bought before the start of the project(e.g. a set of brakes or a set of wheels) and would want to use it for building the electric car within this project, would that be considered in-kind contribution? If this is treated as in-kind contribution, does it mean that absolutely every part of the car must be new (purchased or constructed during the duration of the project)? If not, the cost of depreciation of said equipment (car part) that we already own would be incurred during the project, so does that mean that the four-month depreciation of this equipment is considered an eligible cost?

- **Reply: No contribution in kind will be accepted for lot 1.**

Question 40

I have an urgent question regarding the capitalized expenses. A very simple question:

If a car part is bought during the course of the project (say chassis) and is used to build the car for the purposes of this project, is the complete expense of the car part an eligible expense, or is it just

its depreciation?

- **Reply: just the depreciation, see also explanations in 4.1 of the call text.**

Question 41

I have one question on the proposal 29/G/ENT/CIP/12/C/N05S00.

Is it possible to apply as a single partner? We are public non profit rearsch organisation and would like to apply as a single applicant.

- **Reply: Please see page 11 of the Call for proposals , Section 5: Eligibility.**

Question 42

We are a society of students at the technical university of Graz. Since 3 years we are developing an electric formula car for a race series called "Formula Student". Every year we are developing another car for this race series.

In this series there are teams from several universitys competeing against each other with cars with different powertrains.

Our project is 100% finaced by sponsors and our university.

I just found your loan programm and read the summary. Caused by the fact, that our product developement loop is minimal (1 year) we have a very strict time schedule I want to ask you if a boost of our project is within the aim of your project?

- **Reply: The call for proposals states clearly what the expected outcomes for each lot are. In this respect, any project which is not able to achieve the objectives of the call in the established timeline shall not be considered as eligible.**