

2020

# EPOS ERIC

## 2020 FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

## Summary

<b>1. Financial Statements</b> .....	<b>2</b>
<b>1.1. Balance Sheet</b> .....	<b>2</b>
<b>1.2. Profit and Loss Account</b> .....	<b>3</b>
<b>1.3. Statement of the Cash Flow</b> .....	<b>4</b>
<b>2. Notes to the Financial Statements as at December 31, 2020 (Explanatory Notes)</b> .....	<b>6</b>
<b>2.1. Foreword</b> .....	<b>6</b>
<b>2.2. Accounting Criteria</b> .....	<b>6</b>
<b>2.3. Evaluation Criteria</b> .....	<b>7</b>
<b>2.4. Balance Sheet</b> .....	<b>7</b>
<b>2.5. Assets</b> .....	<b>7</b>
<b>2.6. Liabilities</b> .....	<b>8</b>
<b>2.7. Deferred Incomes and Accrual Expenses</b> .....	<b>8</b>
<b>2.8. Profit and Loss Account</b> .....	<b>8</b>
<b>2.9. Incomes</b> .....	<b>8</b>
<b>2.10. Costs/Expenses</b> .....	<b>8</b>
<b>2.11. In-kind Contributions</b> .....	<b>8</b>
<b>2.12. Assets</b> .....	<b>9</b>
2.12.1. Non-current Assets.....	9
2.12.2. Current Assets .....	9
2.12.3. Cash and Cash Equivalent .....	10
2.12.4. Prepayments and Accrued Income .....	10
<b>2.13. Equity and Liabilities</b> .....	<b>10</b>
2.13.1. Equity .....	10
2.13.2. Non-current Liabilities .....	11
2.13.3. Current Liabilities .....	11
<b>2.14. Profit and Loss</b> .....	<b>13</b>
2.14.1. Revenues.....	13
<b>2.15. Costs</b> .....	<b>14</b>
2.15.1. Operating Costs .....	14
2.15.2. Depreciation (of Tangible and Intangible Assets) .....	17
2.15.3. Financial Income and Expenses.....	17
<b>2.16. Income from Investments</b> .....	<b>17</b>
<b>2.17. Events after reporting date</b> .....	<b>17</b>
<b>2.18. Taxation</b> .....	<b>17</b>

## 1. Financial Statements

### 1.1. Balance Sheet

<b>Balance Sheet - Assets and liabilities at 31.12.2020</b>				
		<b>2020</b>		<b>2019</b>
<b>ASSETS</b>				
<b>Non current assets</b>		-		-
Tangible assets (plant, property and equipment)		-		-
Intangible assets		-		-
Long term credits		-		-
<b>Current assets</b>		<b>4.220.112</b>		<b>1.790.416</b>
Stocks		-		-
Short term credits		42.923		95.760
- credits for members' statutory contribution in cash	-		80.000	
- other current credits and receivables	42.923		15.760	-
Cash and cash equivalents		4.170.367		1.694.656
Prepayments and accrued income		6.822		-
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				-
Capital and other permanent contributions from Members		-		-
Reserves				-
Accumulated profits		-		-
<b>Non-current liabilities</b>		<b>2.663</b>		-
Long-term financial debts and loans		-		-
Other long-term debts and liabilities		-		-
Employee's severance indemnity		2.663		
Long-term provisions		-		-
<b>Current liabilities</b>		<b>4.217.449</b>		<b>1.790.416</b>
Short-term financial debts		993.123		-
Advance payments for externally funded projects		202.943		
Other short-term debts and liabilities		101.670		250.478
Deferred income and accrued expenses		2.919.713		1.539.938
- deferred income for members' statutory contribution in cash (carryover)				
	financial year 2019	1.345.181		1.539.935
	financial year 2020	1.574.532		
- accrued expenses		-	3	-

## 1.2. Profit and Loss Account

PROFIT AND LOSS ACCOUNT					
		2020		2019	
<b>Revenues</b>			<b>1.365.642</b>		<b>637.733</b>
	National and international grants and contributions		735.526		392.965
	▪ monetary contribution of EPOS ERIC Members	1.328.000		1.335.000	
	▪ host premium cash contribution	643.806		597.900	
	▪ contribution project externally funded	143.497		-	
	▪ use of carry over of previous years	194.755		-	
	▪ carry over of the year	(1.574.532)		(1.539.935)	
	Contributions in-kind		630.047		244.768
	▪ contributions in kind by hosting country	332.648		244.768	
	▪ contributions in kind by members	297.399			
	Other revenues		69		-
<b>Operating costs</b>			<b>1.359.965</b>		<b>637.726</b>
	Costs for raw materials, supplies and goods	-			232
	Costs for services	363.854			380.645
	Staff costs	58.942			-
	Costs of rents, concessions and royalties for trademarks	2.352			-
	Resources committed in-kind to EPOS from contributors	630.047			244.768
	Contributions	301.775			12.081
	Other operating costs	2.995			-
<b>Ebitda (Earning before Interests, Taxes, Depreciations and Amortizations)</b>			<b>5.677</b>		<b>7</b>
<b>Depreciation</b>			<b>1.043</b>		<b>-</b>
<b>Write-downs for impairment of tangible and intangible assets</b>			<b>-</b>		<b>-</b>
<b>Ebit (Earnings before interests and taxes)</b>			<b>4.634</b>		<b>7</b>
<b>Financial income and expenses</b>			<b>1</b>		<b>(7)</b>
	Financial income		2		-
	Financial charges		(1)		(7)
<b>Income from investments</b>			<b>-</b>		<b>-</b>
<b>Value adjustments to financial assets</b>			<b>-</b>		<b>-</b>
<b>Result before tax</b>			<b>4.635</b>		<b>-</b>
<b>Income tax</b>			<b>4.635</b>		<b>-</b>
<b>Result for the year</b>			<b>-</b>		<b>-</b>

### 1.3. Statement of the Cash Flow

#### Financial Statement - Indirect method

	Amount as at 31/12/2020
<b>A) Financial flow from operations (indirect method)</b>	
Net profit (loss) for the year	-
Income taxes	4.635
Interest expenses/(income)	(1)
(Dividends)	
(Capital gains)/Capital losses resulting from asset disposal	-
<b>1) Profit (loss) for the year before income taxes</b>	<b>4.634</b>
Adjustments for non-monetary elements with no offset in working capital	
Accruals to provisions	2.663
Depreciation of assets	-
Writedowns due to impairment	
Adjustment of value of financial assets and liabilities of derivative financial instruments not involving cash transactions	
Other increasing/(decreasing) adjustments for non-monetary items	-
<b>Total adjustments for non-monetary items with no offset in net working capital</b>	<b>2.663</b>
<b>2) Financial flow before changes to the net working capital</b>	<b>7.297</b>
Changes in net working capital	
Decrease/(Increase) of inventories	
Decrease/(Increase) of credits towards contributors - Members	80.000
Decrease/(Increase) of credits towards other contributors	-
Increase/(Decrease) in payables due to suppliers	(15.645)
Decrease/(Increase) in accrued income and deferred expenses	(6.822)
(Increase)/Decrease in accrued liabilities and deferred income	1.379.775
Other decreases/(Other increases) of net working capital	42.617
<b>Total changes in net working capital</b>	<b>1.479.925</b>
<b>3) Financial flow after changes to the net working capital</b>	<b>1.487.222</b>
Other adjustments	
Interest collected/(paid)	1
(income taxes paid)	(4.635)
Dividends collected	
(Use of provisions)	
Other collections/(payments)	
<b>Total other adjustments</b>	<b>(4.634)</b>
<b>Financial flow from operations (A)</b>	<b>1.482.588</b>

<b>B) Financial flow from investing activities</b>	
Tangible fixed assets	
(Investments)	
Disinvestments	
Intangible fixed assets	
(Investments)	
Disinvestments	
Financial fixed assets	
(Investments)	
Disinvestments	
Financial assets not classified as noncurrent	
(Investments)	
Disinvestments	
(Acquisition of company branches net of cash and cash equivalents)	
Sale of company branches net of cash and cash equivalents	
<b>Cash flow from investing activities (B)</b>	
<b>C) Financial flow from financing activities</b>	
Loan capital	
Increase/(Decrease) in short-term payables due to banks	
New loans (Contribution quotas due to the Partners)	993.123
(Reimbursement of loans)	
Equity	
Increase in paid share capital	
(Capital reimbursement)	
Disposal/(Purchase) of treasury shares	
<b>Cash flow from financing activities (C)</b>	993.123
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	2.475.711
Effect of exchange rates on cash and cash equivalents	
Cash and cash equivalents at the beginning of the year	
bank deposits	1.694.656
cheques	
Cash and equivalents on hand	-
<b>Total cash and cash equivalents at the beginning of the year</b>	1.694.656
Of which, not freely usable	
Cash and cash equivalents at the year end	
bank deposits	4.170.367
cheques	
Cash and equivalents on hand	-
<b>Total cash and cash equivalents at the end of the year</b>	4.170.367
Of which, not freely usable	
Balance difference	-

## 2. Notes to the Financial Statements as at December 31, 2020 (Explanatory Notes)

### 2.1. Foreword

On October, 30<sup>th</sup> 2018 EPOS ERIC was granted by the European Commission.

Further information about the Entity are included in the 2020 Activity Report including the Management Report, that are also relevant for this document.

### 2.2. Accounting Criteria

These annual Financial Statements have been compiled in conformity with the IPSAS (International Public Sector Accounting Standards), international accounting standards issued by the International Public Sector Accounting Standard Board (IPSASB), and in process of being adopted by the European Commission within the meaning of Council Directive No 2011/85/EU of 8 November 2011, on requirements for budgetary frameworks of the Member States.

The decision voluntarily to adopt an accounting system that can be connected to international principles is consistent with the process of harmonization started some time ago by the EU Commission, but not yet completed. For this purpose, it is relevant to recall the *“Report from the Commission to the Council and the European Parliament towards implementing harmonised public sector accounting standards in Member States. The suitability of IPSAS for the Member States”*, published in March 2013.

The IPSAS can in general function as a basis for a harmonised accrual-basis accounting standard passing through its transformation into EPSAS (European Public Sector Accounting Standards). The aforementioned EU Directive states that “by 14 December 2018 the Commission shall make public a review of the sustainability of the Directive (see art.16).

EPOS ERIC is set up as an international organization with scopes of general interest typical of an entity referable to the public sector. EPOS ERIC should therefore be able to relate to its Members in different countries in a common language. This should be adopted in all matters and at all levels, and thus also in the model of presentation of economic-financial topics that support annual accounts and budgets.

The use of international accounting standards referable to the public sector, taking into account the specific character and scopes of EPOS ERIC, adequately conformed to the legal characteristics of the Entity and to its functions and scope, allows the development of well-defined best practices, the impact of which on the financial aspects is measurable and effective. The use of international accounting standards, in fact, allows information on the Financial Statements to be presented in a common way for users/stakeholders of different nationalities.

It is possible in this way to ensure that:

- the information is relevant, reliable, comparable and understandable;
- the terminology used is common, appropriate and explanatory among Members and for similar international organizations outside Europe;
- the Financial Statements are auditable by the International Standard of Audit by auditors from different nations;
- a host country change - and thus any site change - is not relevant for the comparability of information and models, books and records of the accounting system;
- the accounting system is able to present the in-kind contribution model, and to provide analytical accounting for projects and separate accounting for economic activities.

The aim of the annual Financial Statements is to provide information on the assets and liabilities, the profit or loss and changes in the financial structure of the Consortium, useful to a wide range of users.

The Financial Statements are prepared within a general-purpose framework.

The Financial Statements have been compiled in accordance with the principles of clarity and transparency and provide a correct and exhaustive framework of information on property relations, as well as economic and financial

relations implemented by the Consortium in carrying out its activities.

It has been compiled taking into account international accounting standards for public sector (IPSAS) and integrated in order to be consistent with the legal and effective structure of EPOS and its scopes.

Of the various options allowed by IPSAS 1, the Consortium has chosen to present the layout of the balance sheet distinguishing between current and non-current items, and the layout of the profit and loss account classifying the expenses by nature, adding some information on destination, when relevant, better detailed in the “Management report”.

**In its drawing-up, the following principles have been observed:**

The items have been evaluated prudently, taking into account the perspective of the continuity of the activities, as well as the economic function of an asset or liability. Only incomes and expenditures related to the financial year have been accounted, independently of the day of encashment or payment.

The risks and losses related to the financial year have been accounted for, even if known after the end of the financial year.

These Notes have been compiled with the aim of clarifying, completing and analysing the information contained in the balance sheet and in the profit and loss account, in addition to providing information on the applied evaluation criteria, on movements that have taken place, and changes in various assets and liabilities.

These explanatory notes are an integral part of the following financial documents, to present these Financial Statements and provide descriptive and schematic information, with particular reference to property aspects, as well as economic and financial aspects of the overall management.

**The Financial Statements comprise the following parts:**

- Balance sheet;
- Profit and loss account;
- Cash flow statement;
- Explanatory notes;
- Management Report

In the “Management Report” the Executive Director illustrates the link of the cash carry-over 2019 and 2020 with the costs of the resources budgeted in 2021 to strengthen the EPOS structure, with reference to its administration and operation and its technical/ scientific organization.

**2.3. Evaluation Criteria**

The Financial Statements have been compiled in accordance with the principles of clarity and transparency and provide a correct and exhaustive framework of information on property relations, as well as economic and financial relations implemented by the Consortium in carrying out its activities. They have been compiled taking into account international accounting standards for public sector (IPSAS), applied coherently with the legal nature of an ERIC and with its scopes.

**2.4. Balance Sheet**

Items in the balance sheet are classified into/distinguished as current/non-current.

**2.5. Assets**

Assets have been classified as current assets when:

- they have been realized during the normal operating cycle of the institution;
- they are cash or equivalent complement not restricted in its use;
- collection is due within 12 months from the balance sheet date.

Assets realizable within the operating cycle have been classified as current.

Non-current assets shall include tangible assets and intangible assets (in general all assets not related to the operating cycle and realizable after 12 months from the balance sheet date).

## 2.6. Liabilities

Liabilities have been considered current liabilities when:

- a) they are extinct in the course of the normal operating cycle of the institution;
- b) extinction is due within 12 months from the balance sheet date.

Other liabilities, i.e., those not related to the operating cycle and all other institutional liabilities, are classified as current if their extinction is due within 12 months from the balance sheet date. Otherwise, they are recognized as non-current liabilities.

## 2.7. Deferred Incomes and Accrual Expenses

This item includes the amount of funds received during the year and not yet fully used by 31.12 for the purposes for which they were intended. They will therefore continue to produce utility in coming years, for the same purposes. This item represents the carry-over for balances of the subsequent year to that under review. In this regard, the Consortium is obliged to operate in future years in fulfilment of the mandate assigned by the Member States (when they commit themselves to contribute the Consortium with their Membership fees), and by the Italian Ministry of Education, University and Scientific Research, who assigned the financial funds (FOE) under which some EPOS activities were carried out in 2020, through the Italian Representing Entity (INGV).

## 2.8. Profit and Loss Account

The drawing-up of the profit and loss account is regulated by the IPSAS, integrated and conformed to be consistent with the characteristics and scopes of EPOS ERIC.

## 2.9. Incomes

Incomes are increases of benefits connected to the administrative year.

## 2.10. Costs/Expenses

Costs/expenses are decreases of economic benefits of the administrative year. The analysis of costs has been explained in the overview of profit and loss account using a classification based on their nature.

## 2.11. In-kind Contributions

Contributions in-kind will be included in the Financial Statements on the basis of specific detailed reports produced by the Entity who provided them.

In-kind, non-monetary, contributions will be distinguished (when realized) between:

- 1) Those strictly related to the cost of the production factors (exhausting their utilities during the ordinary cycle).
- 2) Those strictly related to covering investments (in intangible and tangible assets), if any.

Anyway, for in-kind contribution accounting procedures and valorisation, IPSAS Principle n. 23 was applied.

## 2.12. Assets

### 2.12.1. Non-current Assets

Total non-current assets:

Balance as at 31/12/2019	Balance as at 31/12/2020	Difference
-	-	-

#### 2.12.1.1. Tangible Assets

Balance as at 31/12/2019	Balance as at 31/12/2020	Difference
-	-	-

The composition is as follows:

Description	Initial cost	Investment /disinvest.	Final cost	Amortization/D epreciation	Amortization/D epreciation fund	Residual value
<b>Tangible Assets</b>						
Office furniture	-	1.043	1.043	1.043	1.043	-
<b>Total</b>	-	<b>1.043</b>	<b>1.043</b>	<b>1.043</b>	<b>1.043</b>	-

#### 2.12.1.2. Intangible Assets

No values are entered for these items.

#### 2.12.1.3. Long terms credits

No values are entered for these items.

### 2.12.2. Current Assets

Balance as at 31/12/2019	Balance as at 31/12/2020	Difference
1.790.416	4.220.111	2.429.695

#### 2.12.2.1. Stocks

No values are entered for these items.

#### 2.12.2.2. Short-term Credits

The balance is divided according to the deadlines of the credits:

Balance at 31/12/2019	Balance at 31/12/2020	Difference
95.760	42.923	(52.837)

The composition of the amount as at 31/12/2020 is as follows:

Description	Within 12 months	Over 12 months	Over 5 years	Total
Advances to TCS contribution	42.611			42.611
Advances to suppliers	312			312
<b>TOTAL</b>	<b>42.923</b>	-	-	<b>42.923</b>

The balance sheet item "Advances to TCS contribution" represents the pre-financing to the University of Bergen for the coordination of the TCS-ICS interaction (Total euro 93.910) relating to activities that will be implemented in the next financial year.

The balance sheet item "Advances to suppliers" represents the part of the expenses prepaid to suppliers.

### 2.12.3. Cash and Cash Equivalent

The balance represents cash at the bank at the end of the financial year. It represents liquid assets, cash equivalents and prepaid cards at the end of the year.

Description	Balance at 31/12/2019	Balance at 31/12/2020	Difference
Bank deposit (Intesa San Paolo)	1.693.195	4.168.916	2.475.721
Prepaid credit cards	1.461	1.451	(10)
<b>TOTAL</b>	<b>1.694.656</b>	<b>4.170.367</b>	<b>2.475.711</b>

### 2.12.4. Prepayments and Accrued Income

Balance at 31/12/2019	Balance at 31/12/2020	Difference
-	6.822	6.822

The item represents prepaid expenses whose utility is postponed to the next year, referred to:

- Fee for the data protection specialist (euro 3.750)
- Google Suite Business services (euro 2.482)
- Other minor services (euro 589)

## 2.13. Equity and Liabilities

### 2.13.1. Equity

#### 2.13.1.1. Capital and Other Permanent Contributions from Members

No values are entered for these items.

#### 2.13.1.2. Reserves

No values are entered for these items.

#### 2.13.1.3. Accumulated Profits

No values are entered for these items.

**2.13.2. Non-current Liabilities**

Balance at 31/12/2019	Balance at 31/12/2020	Difference
-	2.663	2.663

**2.13.2.1. Long-term financial debts and loans**

No values are entered for these items.

**2.13.2.2. Other Long-term Debts and Liabilities**

No values are entered for these items.

**2.13.2.3. Employee's severance indemnity**

Balance at 31/12/2019	Balance at 31/12/2020	Difference
-	2.663	2.663

This item represents the actual debt of EPOS-ERIC at 31/12/2020, to employees in force at that date (n. 2 employees) and it is made up as follows:

Description	
Initial value	-
Severance accrued during the year	2.663
Severance paid during the year	-
Tax	-
End value	<b>2.663</b>

At 31/12/2020 advances have not been required by employees.

**2.13.2.4. Long-term provisions**

No values are entered for these items.

**2.13.3. Current Liabilities**

Balance at 31/12/2019	Balance at 31/12/2020	Difference
1.790.416	4.217.449	2.427.033

**2.13.3.1. Short-term financial debts**

Balance at 31/12/2019	Balance at 31/12/2020	Difference
-	993.123	993.123

This item includes the contribution quotas due to the Partners for their participation to EPOS SP Project of which EPOS is coordinator.

**2.13.3.2. Advance payments for externally funded projects**

Balance at 31/12/2019	Balance at 31/12/2020	Difference
-	202.943	202.943

This item includes the residual prepayment (after reduction for the cost claimed for the period) received from EU for participation to EPOS SP project and referred to EPOS' quota contribution.

**2.13.3.3. Other Short-term debts and liabilities**

Balance at 31/12/2019	Balance at 31/12/2020	Difference
250.478	101.670	(148.808)

Debts are valued at their nominal value.

The composition of the aforementioned amounts is as follows:

Description	Balance at 31/12/2019	Balance at 31/12/2020	Difference
Debts to providers and collaborators	78.324	57.212	(21.112)
Debts to INGV	130.880	-	(130.880)
Debts to Director	39.120	-	(39.120)
Debts to social security institutions	-	3.390	3.390
Tax liabilities	2.154	8.373	6.219
Contribution to be paid	-	24.498	24.498
Payables to employees	-	8.197	8.197
<b>TOTAL</b>	<b>250.478</b>	<b>101.670</b>	<b>(148.808)</b>

The item "Debts to providers and collaborators" includes debts to third parties, mainly related to services received, accrued but not paid as at the end of the year.

The item "Debts to social security institutions" includes the amount of social security contributions related to employees, accrued but not paid as at the end of the year.

The item "Tax liabilities" includes debts for VAT (INTRA-12), withheld taxes for employees and collaborators and the debt for IRAP (Italian direct tax on personnel).

The item "Contribution to be paid" includes debts to entities involved in the TCS start-up activity.

The item "Payables to employees" includes the remuneration of the month of December and deferred remuneration for holidays and work permits.

**2.13.3.4. Deferred Income and Accrued Expenses**

Balance at 31/12/2019	Balance at 31/12/2020	Difference
1.539.938	2.919.713	1.379.775

The item breaks down as follows:

Description	Balance at 31/12/2019	Balance at 31/12/2020	Difference
<b>Deferred income</b>	<b>1.539.935</b>	<b>2.919.713</b>	<b>1.379.778</b>
- related to start up activities	1.344.435	2.918.968	1.574.533
- related to EPOS IP transitional activities	195.500	745	(194.755)
<b>Accrued expenses</b>	<b>3</b>	<b>-</b>	<b>(3)</b>
<b>TOTAL</b>	<b>3.079.873</b>	<b>2.919.713</b>	<b>1.379.775</b>

The balance sheet item "Deferred income" measures the portion of the contribution funded by the Members for the activities of the EPOS, deferred to next years concerning start-up costs and other activities, better detailed in the "Management report".

## 2.14. Profit and Loss

### 2.14.1. Revenues

Balance at 31/12/2019	Balance at 31/12/2020	Difference
637.733	1.365.642	727.909

The item breaks down as follows:

Description	Balance at 31/12/2019	Balance at 31/12/2020	Difference
Membership Fee	1.335.000	1.328.000	(7.000)
Host premium cash contribution	597.900	643.806	45.906
Contribution project externally funded	-	143.497	143.497
use of carry over of previous years	-	194.755	194.755
- carry over of the year	(1.539.935)	(1.574.532)	(34.597)
<b>National and international grants and contributions accrued in financial year</b>	<b>392.965</b>	<b>735.526</b>	<b>342.561</b>
<b>Contribution in kind</b>	<b>244.768</b>	<b>630.047</b>	<b>385.279</b>
<b>Other revenues</b>	<b>-</b>	<b>69</b>	<b>69</b>
<b>TOTAL</b>	<b>637.733</b>	<b>1.365.642</b>	<b>727.909</b>

"National and international grants and contributions" item identify:

- the cash contribution for the financial year allocated by the Members for the Consortium's and attributable to 2020 on accrual basis principles;
- the cash contribution from INGV attributable to the financial year on accrual basis principles
- the cash contribution from UE regarding the activities carried on EPOS SP project attributable to the financial year in proportion to the costs incurred by EPOS;

- the use of carry over represents the portion of the carry over allocated in the previous year and used to cover costs incurred in 2020; it regards the implementation of ICS-C components necessary to allow the hosting to transfer the results achieved during the EPOS IP project.

“Contribution in kind” item identifies:

- the 2020 in kind contribution for cost of staff made available by INGV according to the Italian bid to host the legal seat. This contribution has been calculated with reference to the costs of personnel assigned to EPOS by INGV, which is described more in detail in the “Management report”;
- the 2020 in kind contribution made available by hosting organizations of IICA 2019-2020 (BRGM-BGS-GEUS).

“Other revenues” item refers to minor costs of previous years and small rounding.

## 2.15. Costs

The Consortium, in the context of purchases realized, and within the limits following the Statute, may use VAT exemptions granted on the basis of Article 143(1)(g) and Article 151(1)(b) of Council Directive 2006/112/EC, and in accordance with Articles 50 and 51 of Implementing Regulation (EU) No. 282/2011 of the Council, and on the basis of Article 12 of Directive 2008/118 /EC.

When it was not possible to call for the exemption, the cost of VAT is included in the cost to which it refers.

### 2.15.1. Operating Costs

#### 2.15.1.1. Costs for Raw Materials, Supplies, Consumables and Goods

This category includes costs incurred for the supply of consumables and office stationery.

Balance at 31/12/2019	Balance at 31/12/2020	Difference
232	-	(232)

**2.15.1.2. Costs for Services**

It has been decided to detail the item service costs, to facilitate the clarity of these Financial Statements, into the following categories of expenses:

Description	Balance at 31/12/2019	Balance at 31/12/2020	Difference
Executive Director assigned by INGV	130.880	143.131	12.251
Executive Director (remuneration and social security contribution directly by EPOS)	39.120	26.922	(12.198)
Expenses for meetings	110.967	27.709	(83.258)
Intranet network		17.000	17.000
Travel costs for employees, collaborators, and bodies	29.947	5.551	(24.396)
Legal, fiscal, labour consultancy and accountant services	36.657	89.831	53.174
Advertising and communication	15.000	15.971	971
Support to international activities		17.016	17.016
Other administrative collaborations	12.500	3.931	(8.569)
Auditor fees	2.800	10.550	7.750
Telephone and communication utilities	3	2.178	2.175
Workshops, seminars and publications	480	82	(398)
Prepaid meals	1.389	1.803	414
Bank charges	810	1.893	1.083
Postal charges	93	286	193
<b>TOTAL</b>	<b>380.645</b>	<b>363.854</b>	<b>(16.791)</b>

**2.15.1.3. Staff Costs**

This item includes the cost of staff directly employed in EPOS-ERIC.

At 31/12/2020 EPOS has n. 2 people hired with the status of employee.

Staff costs includes:

Description	31.12.2019	31.12.2020
Salaries		43.497
Social security charges		12.782
Severance indemnities		2.663
Other personnel costs		
<b>TOTAL</b>		<b>58.942</b>

**2.15.1.4. Costs of rents, concessions and royalties for trademarks**

This item represents the cost for software licences.

**2.15.1.5. Resources committed in-kind to EPOS by contributors**

Description	Balance at 31/12/2019	Balance at 31/12/2020	Difference
INGV - Istituto Nazionale di Geofisica e Vulcanologia - Staff cost	222.375	332.648	110.273
INGV - Istituto Nazionale di Geofisica e Vulcanologia - Other costs	22.393	-	22.393
BRGM - IICA 2019/2020		91.020	91.020
BGS - IICA 2019/2020		120.392	120.392
GEUS - IICA 2019/2020		85.987	85.987
<b>TOTAL</b>	<b>244.768</b>	<b>630.047</b>	<b>385.279</b>

Details about the nature and the destination of these costs can be found in the management report. Contributions have been accounted on the basis of International Public Sector Accounting Standard No. 23. This accounting standard is focused on contributions from non-exchange transactions, which have the following characteristics:

- are non-reciprocal transfers;
- are transfers of non-monetary nature to or from entities acting on the basis of a specific agreement;
- are made or received on a voluntary basis and valorised following a cost basis criterion;
- in particular for services contributed in-kind, these are accounted even in the costs and in the revenues of the receiving Entity, depending on the fact that it is possible and objective to give a proper valorisation to them.

**2.15.1.6. Contributions**

The item “Contributions” concerns:

Description	Balance at 31/12/2020
GNSS TCS Governance and Coordination	31.885
TCS-ICS Interactions	13.754
TCS Seismology	44.623
TCS Multi-scale Labs	2.550
AH TCS Governance and Coordination	14.208
<b>TOTAL TCS</b>	<b>107.020</b>
IICA 2019/2020 (BGS+BRGM+GEUS)	194.755
<b>TOTAL ICS</b>	<b>194.755</b>
<b>TOTAL</b>	<b>301.775</b>

**2.15.1.7. Other Operating Costs**

This item concerns stationery and other small administrative expenses.

### 2.15.2. Depreciation (of Tangible and Intangible Assets)

Depreciation is calculated on the basis of the useful life of the asset and its use in production.

The assets purchased in 2020 were fully depreciated.

Description		Depreciation
<b>Tangible Assets</b>		
Office equipment - furniture	100,00%	1.043
<b>Total tangible assets</b>		<b>1.043</b>

### 2.15.3. Financial Income and Expenses

Description	Balance at 31/12/2019	Balance at 31/12/2020	Difference
Financial income	-	2	2
Financial charges	(7)	(1)	6
<b>TOTAL</b>	<b>(7)</b>	<b>1</b>	<b>8</b>

The item “Financial charges” includes exchange rate costs.

### 2.16. Income from Investments

No values are entered for these items.

### 2.17. Events after reporting date

Following IPSAS 14, this paragraph reports about events that have been occurred between the reporting date (December 31st 2020) and the date when these Financial Statements have been approved by the Executive Director and thus are authorized for delivery.

The only relevant event occurred has to be referred to the prosecution of worldwide emergency caused by the COVID-19 pandemics.

It is relevant to state that this event, as the previous year, can be classified among the “non- adjusting events after the reporting date “and that it does not influence the assessing of the appropriate assumption of the ongoing concern of EPOS-ERIC.

The remaining information complementing the Notes to the 2020 Financial Statements is described more in detail in the Management Report included in the 2020 Activity Report.

### 2.18. Taxation

In 2020 EPOS carried on only non-commercial activities, but, since is subject to Italian fiscal legislation, it has to calculate IRAP.

About this tax, EPOS adopts the "remuneration system" (art.10 of Legislative Decree 446/1997); this system provides that the tax base is determined from the sums paid for salaries of the employees, for incomes assimilated and for remuneration paid for coordinated and continuous collaborations or for activities of self-employment not practiced professionally.

IRAP calculated for the current year amounts to Euro 4.635.

Rome, 20 April 2021