

Guidelines for completing the Project Account Report for Innovation Projects for the Industrial Sector

These guidelines apply for Innovation Projects for the Industrial Sector and other application types that have similar requirements and do not have specific templates for project account reports

The project account report is to show the total costs incurred by the project during the relevant accounting period. The project accounts should only include actual costs that are directly related to performance of the project as stipulated in the contract documents. The project account report is also to show how the reported costs have been financed. The framework for the project's budget and costs is set out in the contract documents.

Unless otherwise specified in the contract documents, a project account report is to be completed by 31 December of each year and submitted to the Research Council **at the latest by 20 January** of the following year.

Failure to submit a project account report is considered to represent a material breach of contract, and gives grounds to cancel the R&D contract. Please see the General Terms and Conditions for R&D Projects issued by the Research Council of Norway.

The designated forms must be used for submission of project account reports for your project

The forms to be used will be made available to project contact persons on “*My RCN Web*”. Here you will find the *Template for the Project Account Report* and the *Specification of Costs* attachment form. Use of these templates is mandatory. It is not necessary to submit any other attachments unless this has been stipulated in the contract or specified in some other way.

Each project account report must be accompanied by specification of the various items in the report. To do this, you must complete the *Specification of Costs* form. Please note that the totals for each section in the cost specification form are transferred automatically to the *Project Account Report* form.

The following points are important to remember when you fill in the project account report:

- The totals listed under “Actual costs” and “Actual funding” in the *Project Account Report* must be identical. In other words, “Total actual costs” must be identical to “Total actual funding”.
- Only costs that have been entered into the ordinary accounts of the Project Owner or relevant project partners during the reporting period are to be entered as project costs in the project account report.
- All costs must be directly related to the project and necessary for its implementation.
- The name of the partner bearing the costs must be provided for all costs entered under all cost categories in the *Specification of Costs* form.
- The amount to be entered under “Previously disbursed in relevant reporting period” is

found on “*My RCN Web*” – *Projects/Reports*.

- Current rates for fellowship grants can be found here: www.forskningsradet.no > Apply for funding > Application information > Project budgets > Rates for fellowship grants. For a list of the previous rates for fellowship grants for projects with start-up in 2009 or later, see www.forskningsradet.no > Apply for funding > Contract and reporting > Project reporting.

The Project Owner is under obligation to produce all necessary documentation and any other evidence related to costs entered in the project account report at the request of the Research Council or the Office of the Auditor General. All reported project costs must be based on costs entered into the ordinary accounts of the Project Owner or relevant project partners. Under normal circumstances, the project account report does not need to be formally certified by an accountant. Any requirements to this effect will be specified in Article 8 of the R&D Project Agreement Document.

The report will be assessed in relation to the approved budget for the reporting period. If the cost framework deviates significantly from the approved budget, the Research Council will review the reason for the deviation to determine whether it is acceptable. Notification of all significant deviations must be provided immediately via “*My RCN Web*”, see “[Change requests](#)”.

The Project Account Report must be signed by the project administrator and submitted in pdf-format via the eRappport online reporting system.

Value added tax (VAT)

Value added tax (VAT, listed as “mva” in Norway) is only to be entered in those cases where it constitutes an actual cost for partners in the project, and the amount is to be entered in the designated column in the *Specification of Costs* form. Entities that are liable for value added tax, or that are entitled to refunds of VAT pursuant to the Act relating to VAT compensation, are not to enter VAT as project costs.

The Project Owner is responsible for ensuring that VAT is entered correctly into the Project Account Report. If VAT has been entered as a project cost for a partner, the Project Owner must confirm that this partner is neither liable for value added tax, nor encompassed by the provisions of the Act relating to VAT compensation. This is done by filling the declaration at the bottom of the *Specification of Costs* form.

State aid

In projects where the Research Council’s allocation is used to cover a portion of the costs of companies (the Project Owner and/or company partners), the support from the Research Council to these companies constitutes state aid. In such projects, support will be allotted based on the planned distribution of project costs between the main activities and between the companies receiving support. If there are significant changes to the planned cost distribution during the implementation of the project, this must be reported to the Research Council as a deviation. This applies to changes in the main activities and changes in the cost distribution between partners. All deviations/changes in a project may mean that the support awarded is no longer in compliance with the state aid rules.

Guidelines relating to cost categories and specifications in the report

1. ACTUAL COSTS

1.1. Payroll and indirect expenses

Here you are to enter payroll and indirect expenses for R&D personnel, i.e. the project manager, and any scientific and technical staff, provided that they carry out R&D tasks in the project. Both the Project Owner and any task-performing project partners from Norwegian trade and industry will enter such costs under Item 1.1.

The costs for each staff member are to be specified using an hourly rate. This rate is to cover salary costs with an added overhead for social security costs related to the salary and indirect expenses related to R&D personnel's performance of activities in the project. The added overhead for indirect expenses must be verifiable on the basis of costs entered into the entity's accounts. An average rate may be used for groups of project personnel at an individual partner when this has been agreed on beforehand with the Research Council.

Hourly rates may be calculated on the basis of the nominal annual salary of the individual multiplied by a calculation factor determined by the amount of the social security costs and indirect expenses for the relevant project partner. The calculation factor can be **maximum** .0012 of the nominal annual salary, and normally lies between .0008 and .0012. The **maximum** hourly rate is set at NOK 1 100/hour.

Nominal annual salary is the yearly salary paid to an employee that forms the basis for ongoing salary payments (not including overtime, bonuses or other extras). For part-time employees, the annual salary is calculated by converting the employment fraction in the contract to a full-time equivalent.

Social security costs are the employer's extra costs related to the individual employee's nominal annual salary, such as holiday pay, employers' social insurance contributions, mandatory occupational pensions and occupational injury insurance.

Indirect expenses are actual costs incurred by an entity that are necessary to support the implementation of the project, but cannot be directly linked to the performance of specific project activities (such as rent, office supplies and general administrative support).

Each project partner must determine the calculation factor that reflects its actual indirect costs. A project partner with low indirect expenses will need to use a lower calculation factor than a partner with high indirect expenses.

The names of all project personnel must be provided, along with the names of their employers, i.e. the name of the entity where the individual is employed (in other words, the name of the Project Owner or partner entity).

The number of project-relevant hours must be listed for each individual, limited to work time on the project activities set out in the contract. An individual project participant may report a maximum of 1 850 hours per year combined for all projects funded by the Research Council.

1.2. Procurement of R&D services

Here you are to enter the cost of invoiced procurement of R&D services from universities, university colleges and research institutes, including costs related to any fellowships at these institutions.

Specification must be provided regarding the entity that has invoiced for these costs, to which project partner, and the applicable invoice number.

Projects whose grant applications were submitted prior to the introduction of the revised project budgeting rules on 1 February 2015, for which the procurement of R&D services from partners outside Norway is an approved project cost, should enter those costs under “Other operating expenses” (see 1.4).

1.3. Equipment

Here you are to enter the costs for equipment/infrastructure relating to the amount of its use for, and the period for which it is used in, the project. Use of equipment must be verifiable, and must therefore be carefully documented.

If the project budget submitted with the grant application does not include costs for equipment, and if such costs have not been incorporated in the contract, then an explanation must be provided for any equipment costs reported in the project accounts.

For further details regarding the definition of equipment, see www.forskningsradet.no > Apply for funding > Application information > Project budgets > Equipment and research infrastructure.

As a starting point, equipment is to be entered into the accounts as depreciation costs related to the amount of time the equipment is being used in the project. The depreciation schedule is to follow the rules employed by the individual partner in its ordinary accounting procedures. The depreciation costs must be calculated for each reporting period. If the equipment is being used for multiple purposes, the depreciation costs are to be distributed proportionately so that only the share of costs for the percentage of the equipment capacity used during the reporting period is entered for the project. Each item must be specified.

Depreciation costs for equipment/infrastructure that is funded through other allocations from the Research Council or other external sources (e.g. the EU) is not an approved cost for this project and is not to be entered in the report.

Laboratory rental and other similar rental costs are also to be entered here. These costs are entered according to the same principle as equipment costs, i.e. for the amount of use for, and the period for which they are used in, the project.

1.4. Other operating expenses

Here you are to enter all costs that are necessary for the execution of the project but that do not belong under the cost categories above. These will include costs for project-related travel and accommodation as well as project-specific dissemination activities, including costs associated with making research data from the project available.

Costs for materials that are not connected to use of equipment are also entered here.

Costs accrued by task-performing project partners from outside Norway should be entered here as well.

All costs must be specified. If the same type of cost has accrued multiple times during the reporting period, these items can be added together and specified on a single line. As an example, accrued travel costs can be added up per project partner.

Projects whose grant applications were submitted prior to the introduction of the revised project budgeting rules on 1 February 2015, and whose contracts include the procurement or rental of equipment as approved equipment costs, should enter those costs here.

2. ACTUAL FUNDING

2.1. Own financing

Here you are to enter cash financing and in-kind resources provided by the Project Owner and other task-performing project partners from Norwegian trade and industry. In-kind resources may encompass personnel, research infrastructure, materials, and other resources that are used in the implementation of the project and are included in the reported project costs.

2.2. Other public funding

Here you are to enter funding from the public sector and contributions from other public sources for the performance of the project. This may comprise direct support from government ministries, grants from Innovation Norway, regional support schemes, funding under agricultural or fisheries agreements, etc., and contributions or cash financing from publicly funded partners (e.g. in the university and university college sector).

2.3. Other private funding

Here you are to enter cash contributions that are allocated to the project from private partners who are not performing project-related tasks. This may include financing from companies, industrial organisations, private funds, etc.

2.4. International funding

Here you are to enter project funds from international sources (such as from the EU's research programmes or cash financing from partners outside Norway).

2.5 From the Research Council

Here you are to enter the share of the costs that is to be funded by the Research Council for the relevant reporting period, as specified in the contract documents. This amount is not to exceed the total amount allocated by the Research Council of Norway. Please refer to the R&D Project Agreement Document for information about this.

Previously disbursed in relevant reporting period

Here you are to enter the amount that the project has received from the Research Council for the current reporting period. This amount may be found at "*My RCN Web*" under Projects/Reports>View/change project.