

# **Project Implementation and Reporting Young Innovative Companies (NIY)**

Instructions, to use for example in kick-off meetings

# Contents

## [Amount of Funding](#)

[Funding Phases](#)

[Amount of NIY Funding](#)

[Taking Out and Paying Back Loans](#)

[Simultaneous NIY and R&D Funding](#)

## [Eligible Costs](#)

[Monitoring of Costs](#)

[Eligible Costs of NIY Projects](#)

[Ineligible Costs](#)

[Export-Related Activities](#)

[The Act on Public Contracts and Competitive Tendering](#)

## [Reporting and Cost Statements](#)

[Reports and Reporting Schedule](#)

[Content Reports](#)

[Cost Statements](#)

[Costs Declared for Projects](#)

[Differences in Cost Statements between NIY and R&D Projects](#)

[Changes to Projects](#)

## [Evaluation Panel and Moving on to a New Funding Phase](#)

[Evaluation Panel](#)

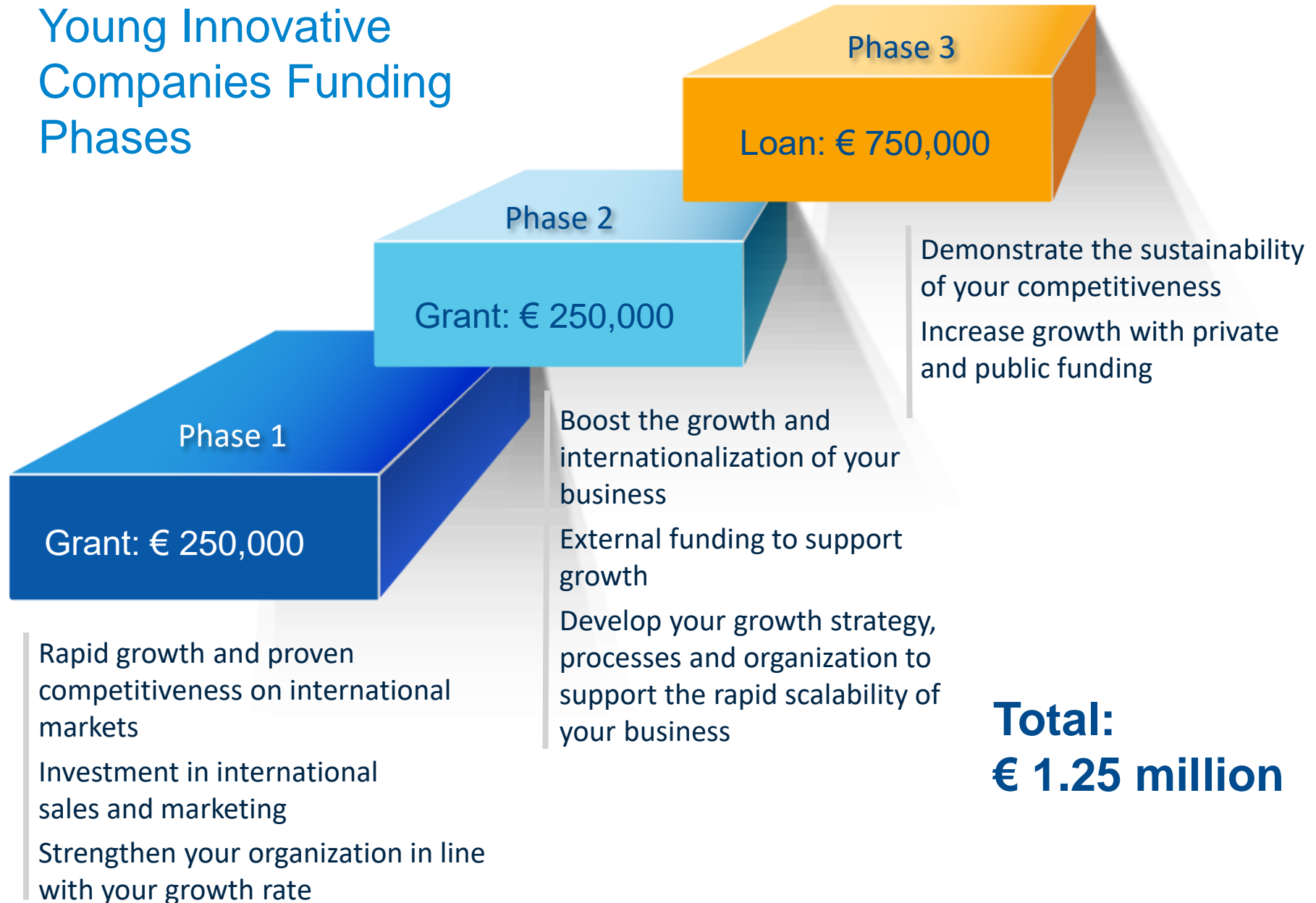
[Moving to the Next Funding Phase](#)

## [Further Information](#)

# Amount of Funding



## Young Innovative Companies Funding Phases



# Amount of Funding

## The Grant Phases

- The first two NIY funding phases consist of grants of € 250,000 each (75% of the costs)
  - The Funding Agency pays the grant on the basis of approved cost statements
  - 10% of the grant is paid at the end of each phase and following the Final Report

## The Loan Phase

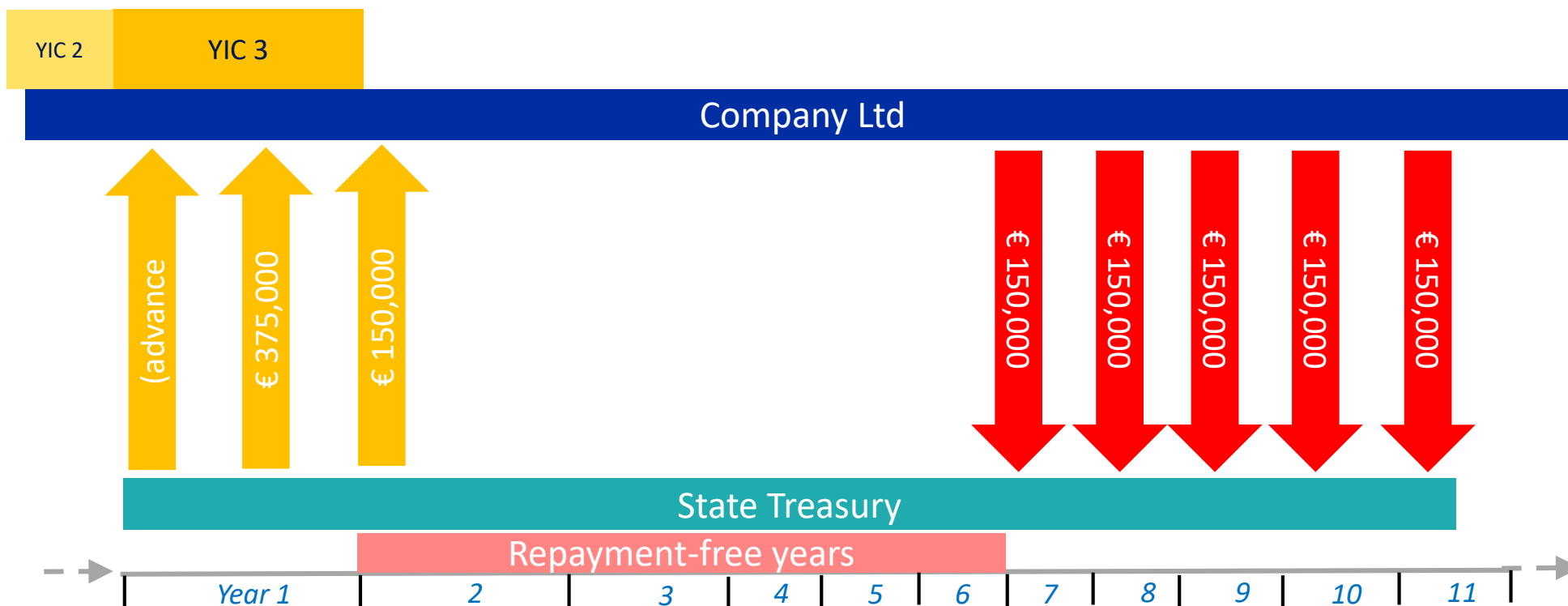
- The third NIY funding phase consists of a loan of up to € 750,000 (75% of the costs)
  - The loan can be divided into two parts
  - Loan funding from the Funding Agency includes interest subsidies. The current interest rate is 1%
  - No security is required for the loan
  - If necessary, a 30% advance on the loan may be paid at the beginning of the loan phase
    - This only applies to the first instalment of the loan
  - The Funding Agency will pay at least 20% of the loan only at the end of the phase
  - The loan term is 10 years, with a maximum of five repayment-free years
    - This maximum is a legal requirement and non-negotiable
    - The loan term is always calculated from the point at which the first instalment of the loan is taken out (see following pages)
  - Repayment of the loan cannot typically\* be waived

\* Please see [funding terms and conditions](#)



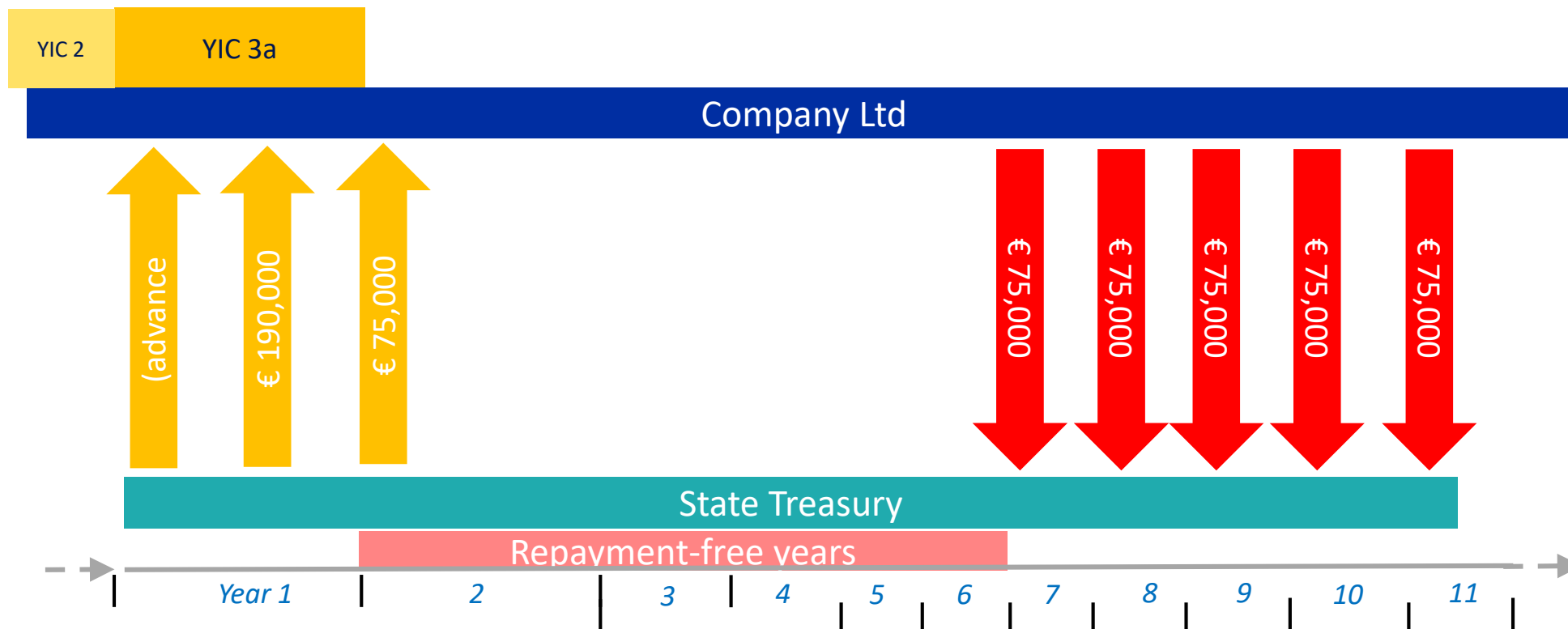
# Taking Out and Paying Back Loans (Example 1)

- The loan is granted in full at a time: NIY 3: € 750,000, 12 months
  - The loan term is 10 years, of which five are repayment-free, starting from the taking out of the first instalment
  - Repayments are once a year
  - Please note that interest payments have not been taken into account in the diagram



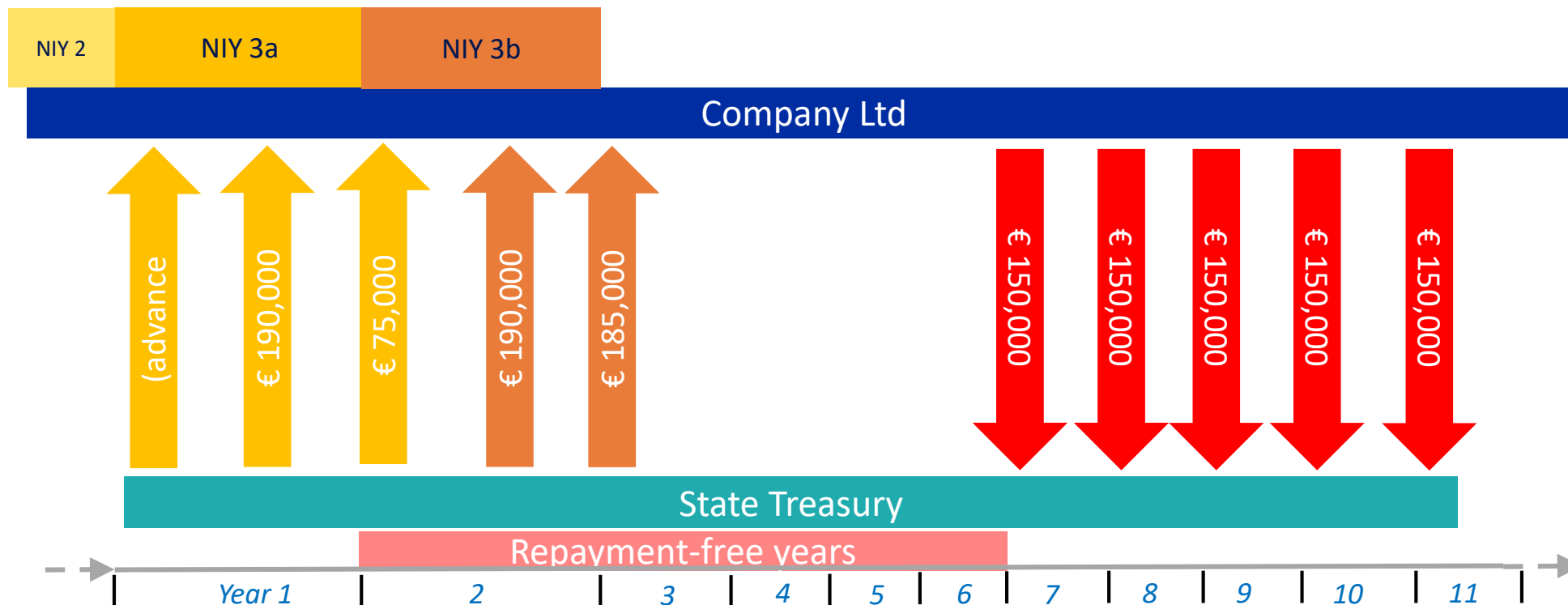
## Taking Out and Paying Back Loans (Example 2)

- The loan is divided into part, but the second part is not granted:
  - NIY 3a: € 375,000, 12 months (+ NIY 3b: € 0)
  - The loan term is 10 years, of which five are repayment-free, starting from the taking out of the first instalment
  - Repayments are once a year
  - Please note that interest payments have not been taken into account in the diagram



## Taking Out and Paying Back Loans (Example 3)

- The loan is granted in parts: NIY 3a: € 375,000, 12 months + NIY 3b: € 375,000, 12 months
  - The loan term is 10 years, of which five are repayment-free
  - The loan term is calculated from the taking out of the first instalment
  - Repayments are once a year
  - Please note that interest payments have not been taken into account in the diagram





## Simultaneous NIY and R&D Funding

- The Funding Agency can grant R&D funding to a company receiving NIY funding, if the R&D funding supports the attainment of the goals of the NIY project
  - Any potential R&D funding needs should be discussed before the application is submitted
  - 50% of the R&D funding is granted as a loan
- Other than R&D funding (e.g. de-minimis funding) cannot be granted during the NIY project.



# Eligible Costs



# Monitoring of Costs

## Project Accounts

- Project costs must be entered into the company's accounts accompanied by a cost center or project number, for example
- Project documents and other materials necessary for auditing must be kept for at least 10 years from the payment of the last instalment of the funding

## Working Time Monitoring

- In NIY projects, hourly working time records are only required if the company is simultaneously running another project funded by the Funding Agency



## Eligible Costs of NIY Projects

- Project costs are based on the plan presented to the Funding Agency
- NIY funding can be used extensively in the development of the company's international business operations, including sales and marketing
- Funding can only be granted to operations carried out within the first eight years of the company's being in the Trade Register



## Ineligible Costs

- Purchases from associated companies (except where special conditions apply to group or other companies)
- Voluntary insurance policies, financing costs, donations and awards
- Contributions to projects implemented by research organizations
- Hire purchase or leasing costs, funding, management, insurance, repair and other similar expenses
- Costs that do not comply with the project plan or that are otherwise unnecessary and unreasonable
- Export-related activities (see next page)



# Export-Related Activities

- Running costs related directly to export volumes, the setting up and operation of a distribution network or any other export activities

## WHAT IS NOT PERMITTED

- Direct support towards export volumes
- Support towards warehousing, logistics facilities and distribution hubs
- Support for other distribution-related direct investments and operations funding

## WHAT IS PERMITTED

- The establishment of a subsidiary, hiring sales personnel
- Conducting contract negotiations related to distribution and the selection of distribution partners



# The Act on Public Contracts and Competitive Tendering

- If the total value of a contract amounts to € 60,000 or more excluding VAT, it must be put out to tender pursuant to the Act on Public Contracts
  - Otherwise, 50% of the contract in question is paid as a grant
  - The competitive tendering threshold for contracts closed before 1 January 2017 is € 30,000
- Responsibility for competitive tendering lies with the beneficiary
- A copy of the HILMA notice must be appended to the cost statement
- Single contracts cannot be split between several suppliers or a chain of suppliers
- Entering a new NIY phase does not cut off the monitoring of a contract
- Instructions on purchases relating to projects funded by the Funding Agency are available on Business Finland's website
- Advice on public tendering: [hankinnat@kuntaliitto.fi](mailto:hankinnat@kuntaliitto.fi)

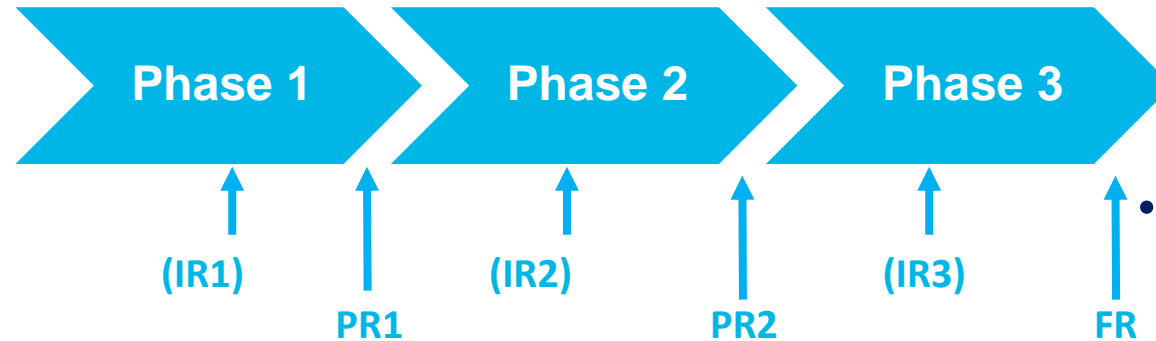


# Reporting and Cost Statements





# Reports and Reporting Schedule



- Reporting approximately every six months
  - Interim Reports (IR) – if necessary
  - Phase Reports (PR) – at the end of each phase
  - Final Report (FR) – at the end of the project

- Reports consist of two parts:
  1. Content report describing the progress of the project
  2. Statement of costs allocated to the project
- Content reports and cost statements are created via the Online Service
- They are always processed simultaneously



# Content Reports

- Content reports are submitted via the Online Service by answering the questions in the reporting section
- Particular attention should be paid to the following:
  - The situation report and future plans on a general level
  - The attainment of the goals set for the phase
  - Any changes needed with regard to the:
    - project content
    - budget
    - schedule (deadlines can be extended by up to four months)



# Cost Statements

- Costs are declared via the Online Service
- Cost statements should be accompanied by the following:
  - The general ledger, itemized declaration of expenses
    - clear narratives, the supplier and order content
    - alternatively or as a supplement, the [Itemized Statement N6](#) form (in Finnish)
  - [Salary specification Y4](#)
  - [An auditor's report](#) in connection with every end-of-phase cost statement (Phase Reports and Final Report)



# Costs Declared for Projects

## 1. Salary costs

- The share of salary costs allocated to the project is calculated; all monetary salaries subject to withholding tax can be included
- Performance and other bonuses, etc. may be included under performance-based salaries

## 2. Indirect personnel costs

- 30% of social security expenses are approved as a deferred percentage for those falling within the scope of the Finnish social security system

## **All other costs arising from the project are declared as purchases:**

## 3. Purchases from the European Single Market OR

## 4. Other purchases (from outside the European Single Market)

- Subcontracting
- Travel expenses (in accordance with the guidelines issued by the Finnish Tax Administration)
- Equipment acquisitions and depreciation, the polluter pays principle
- Materials and supplies
- Obligatory overheads
- Purchases from group companies only if mentioned in the funding decision
  - PLEASE NOTE: group companies must invoice the company and provide their own separate statements



# Differences in Cost Statements between NIY and R&D Projects

## Funding for Young Innovative Companies

- Hourly working time monitoring only if another project funded by the Funding Agency is running simultaneously
- The total salary from which the share allocated to the project is calculated = all monetary salaries subject to tax
- No overhead percentage, can be declared as direct expenses
- Itemized statements
- Competitive tendering, where applicable
- A wider range of costs accepted than in R&D projects

## R&D Funding

- Hourly working time monitoring
- The total salary from which the share allocated to the project is calculated = monetary salaries subject to tax, excluding holiday bonuses
- Overhead costs are based on a percentage
- No itemized statements
- No competitive tendering (if the grant covers less than 50%)
- Eligible costs are based on cost estimates



# Changes to Projects: Reassignment, IPR, Business Restructuring

- A funding decision cannot be transferred to a third party
- The company must inform the Funding Agency in advance of any changes, including the following:
  - Mergers, acquisitions and divestitures
  - The sale of IPR created during the project
  - Other significant changes in business operations or restructuring
  - Any loans granted by the Funding Agency are usually paid back in connection with mergers, acquisitions or divestitures
- Changes must be reported
  - during the project
  - for a period of five years from the payment of the last instalment of the funding
  - before the loan is repaid in full
- The Funding Agency's consent must be sought for measures that
  - are taken outside the European Single Market
  - compromise the desired impacts of the project
  - impede the paying back of the loan

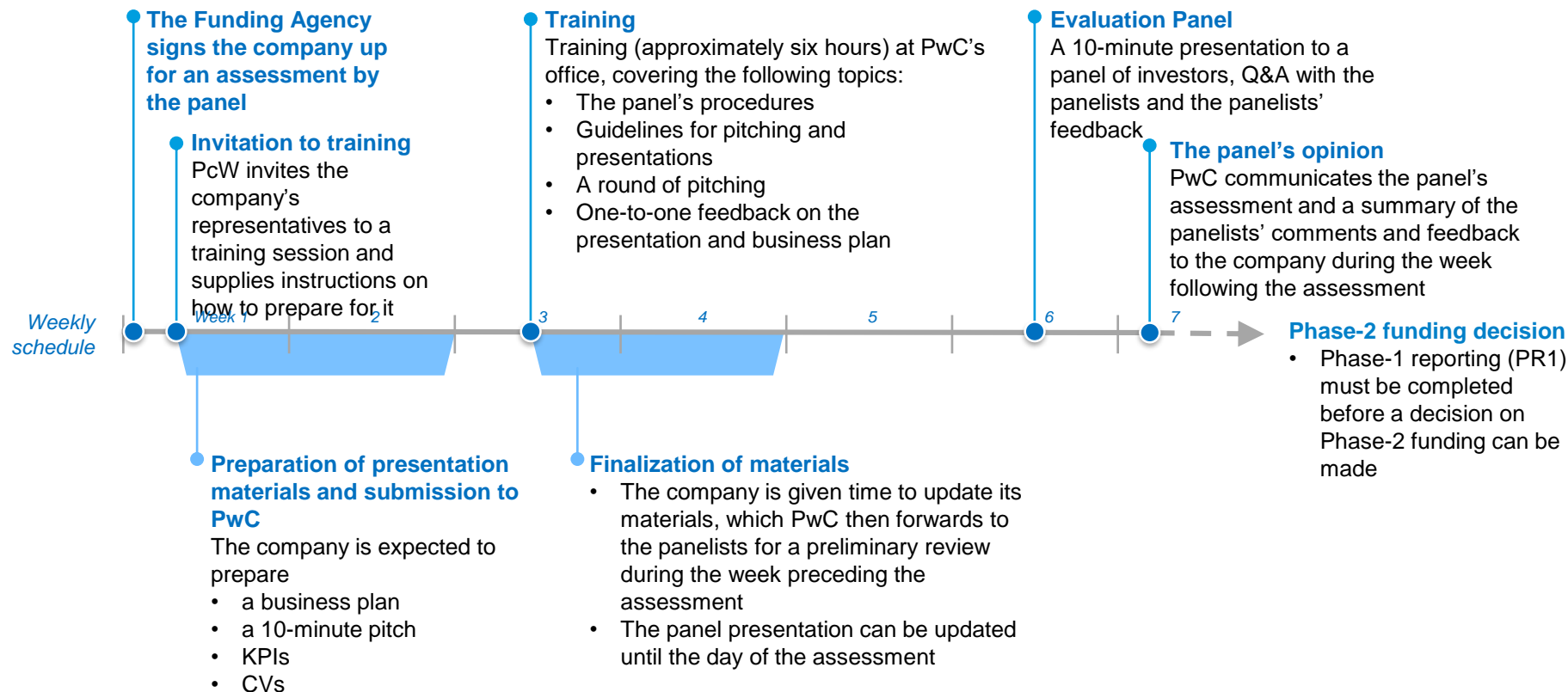


# **Evaluation Panel and Moving on to a New Funding Phase**



# Evaluation Panel

- Companies undergo an assessment by a panel of investors during the first phase of YIC funding
- The coordinator of the panel (PwC) arranges a training day for the company's representatives before the assessment
- The role of the panel is advisory. The Funding Agency takes the investors' assessment into consideration when deciding on the next phase





# Moving to the Next Funding Phase

## Applying for the next phase in connection with the submission of Phase Reports

- No new application is required, but the following documents must be submitted with the Phase Report (within one month of the submission of the report):
  - Plan for the next phase
  - A recent accounts ledger (income statement and balance sheet)
  - A cash flow forecast for at least the next 12 months; a template is available on [Business Finland's website](#)
  - A list of shareholders (if changes have taken place during the previous phase)
  - Any other additional information
- Funding for the next phase can be granted if
  - the goals for the previous phase have been achieved for the most part
  - the company still has a credible plan for rapid growth
  - the company's financial standing allows for the implementation of the growth plan



# Websites

Funding for Young Innovative Companies

[www.businessfinland.fi/en/niy](http://www.businessfinland.fi/en/niy)

Online Service

<https://www.businessfinland.fi/en/for-finnish-customers/online-services/>

Reporting Guidelines

<https://www.businessfinland.fi/en/for-finnish-customers/services/funding/guidelines-terms-and-forms/reporting/>

