

# BUSINESS FINLAND

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ACCOUNTING  
INSTRUCTIONS FOR  
PURCHASES FROM  
GROUP OR ASSOCIATED  
COMPANIES

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# What is an associated company?

- Business Finland's definition for an associated company
  - Companies are considered each other's associated companies if at least 20% of one company's share capital or corresponding equity is directly or indirectly owned or controlled by the other company.
  - Business Finland may also consider companies as associated companies if one company has a controlling interest in the other company or can in other ways influence where the other company makes its purchases.
- Such a situation may arise for instance in connection with
  - Board membership,
  - position of responsibility,
  - family member involvement,
  - employee involvement, or
  - position as a funding provider.

# What is a Group company?

- Group companies are associated companies but for Business Finland's funding purposes they are treated differently from other associated companies (for example, in connection with de minimis funding and Young Innovative Companies funding, intra-Group service purchases are acceptable, but purchases from other associated companies are not).
- A Group is formed when an accountable entity has a controlling interest, as specified in the law, in another company. In this situation, the controlling company is the parent and the other company is a subsidiary. The parent and its subsidiaries are also referred to as Group companies.
- A Group relationship referred to in the Accounting Act is also formed if an accountable entity, together with one or more subsidiaries, or the accountable entity's subsidiary, together with one or more subsidiaries, has a controlling interest in another company.

# Purchases from Group and associated companies in the research and development funding cost estimate

- The cost estimate has a separate row for purchases from Group and associated companies.
- A value for the purchased service exclusive of margin has been approved for the cost estimate.
- If the interest connection has not been taken into account in the cost estimate, the customer has to submit an application for a change in the cost estimate.

# The beneficiary

- provides the funding terms and conditions to the Group and associated companies;
- makes sure that the Group and associated company organizes project accounting and working hours recording practices in accordance with the terms; and
- pays the invoice supplied by the Group and associated company.

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- approves the purchased service from a Group or associated company without margin.
  - In order to demonstrate the non-profit nature of the services, the Group or associated company must provide Business Finland with a separate cost statement of the costs arising from the project.
  - In connection with the final report, an auditor's report prepared by an independent auditor must be supplied of the costs recorded by a Group or associated company.
- If there are several Group or associated companies, each company will supply its own cost statement and auditor's report.

# The Group or associated company

- complies with the terms and conditions of funding;
- organizes project accounting and working hours recording practices in accordance with the terms; and
- provides the beneficiary with an invoice of the services purchased
  - The service sold may not include any intra-Group administrative costs or governance fees.
- prepares and sends a cost statement to the beneficiary:
  - salary specification Y4
  - cost statement Y3 and
  - accountable project leader's statement Y5

Cost statement and the accountable project leader's statement are on two separate tabs of the same spreadsheet.

  - The accountable project leader's statement is signed by an authorized signatory of the Group or associated company.
- The Group or associated company submits an auditor's report prepared by an independent auditor as part of the final report.
- Templates for the Group and associated company's cost statements and the auditor's audit report are available on [Business Finland's website](#).

# Eligible costs

- Direct project costs
- Indirect personnel costs; 50% of the salaries allocated to the project
- Overheads are calculated from the total of salaries and indirect personnel costs, using a multiplier based on the number of employees in the Group or associated company
  - 1–19 people: 20%
  - 20–49 people: 30%
  - 50 persons or more: 50%
- Business Finland may also accept purchases from foreign Group and associated companies
  - only direct project costs
    - indirect personnel costs and overheads are not accepted
  - for invoices submitted in a foreign currency, the rate applicable on the payment date is used
  - an independent auditor's report in Finnish, Swedish or English must be submitted for these costs

# How do I submit information to Business Finland?

- The beneficiary prepares its own cost statement in the Online Service and records non-profit services purchased and paid for under “Services purchased within the Group and from associated companies”.
- With its cost statement, the beneficiary attaches cost statements prepared using the Group and associated companies’ forms (e.g. in PDF), and, in connection with final reporting, the auditor’s report of the Group and associated companies’ auditor.



# Purchases from associated companies, de minimis funding

- Services purchased within the same Group will be accepted as invoiced, and no separate cost statement will be required. Similarly, no auditor's report for these purchased services is required.
- Purchased services are described in the interim and final report (what has been purchased and from which company).
- Purchases from other associated companies are not acceptable.