

**Guidelines on approved expenditure and co-funding for projects funded by KK-stiftelsen (The Knowledge Foundation)**

*To be applied from January 1<sup>st</sup> 2014*

These guidelines are designed to provide support in drafting a budget when applying for project funding from the Knowledge Foundation (hereafter referred to as the Foundation). It also provides a framework to indicate how such funding may be utilized for an approved project. Budget and financial control should be conducted in cooperation with an economist at the university.

## **1. Approved expenditure**

### **1.1 Salaries**

Salary costs are costs incurred for staff involved directly in the project, such as research staff, training staff, technicians and other personnel. These costs are considered as a direct expense in the project. If the costs of administrative staff and support functions are included, the budget shall clearly state their operational role within the project.

Salary costs are calculated on the basis of gross salary plus an incremental charge of 50 % to cover payroll tax, holiday pay, insurances and assessed rental value.

### **1.2 Working premises**

The cost of premises used for the project is treated as a direct expense in the project.

Premises used by staff providing general administrative support for the project constitute an indirect expense.

### **1.3 Travel**

Travel costs are entered in compliance with the travel regulations applied by the respective institution.

### **1.4 Materials**

Materials considered necessary for the project may be entered as material costs.

Everyday consumables and office supplies are not entered as material costs, but as an indirect expense.

### **1.5 Intangible rights**

Costs incurred in applying for project-related patents are not eligible for Foundation funding.

### **1.6 Other costs**

‘Other costs’ may include the following

- costs and charges incurred on the leasing of equipment, licences etc., as well as on the use of equipment and licences, including the cost of equipment depreciated directly (in compliance with the institution’s accounting procedures)
- cost of publishing results
- consultancy costs.

#### *1.6.1 Cost of equipment, licences etc.*

Costs for equipment, licences etc. are approved and processed in compliance with the rules governing investment in and depreciation of equipment, as applied by the individual institution. Two fundamental approaches may be applied, depending on the cost and function of the equipment.

1. Larger investments, which are subject to depreciation and used over an extended period, for several projects and/or for several units. In such cases, only the cost of that portion/time/share used for the project in question may be charged against the project.

2. Minor investments, which are written off immediately or where their use can be linked exclusively to the individual project. In such cases, the full cost is entered against the project.

The cost of PCs and the usual software is included under indirect costs.

#### *1.6.2 Cost of publishing results*

'Cost of publishing results' refers to publication and dissemination of results in the scientific context and in international journals, as well as the ongoing and final costs of communicating the project to other players in society. Proofreading costs may also be claimed.

#### *1.6.3 Consultancy costs*

Consultancy costs are acceptable to a limited extent and shall reflect the market rate. These comprise costs for individuals required to complete the project plan. Consultancy costs may derive from services supplied by commercial companies or research institutes. Costs may not be claimed for services supplied by research staff employed by the institution applying for Foundation funding, or by staff in companies involved in co-funding the project.

### **1.7 Grants**

Foundation funding may not be used for scholarships or training grants.

### **1.8 VAT etc.**

All costs are reported exclusive of VAT. Foundation funds may not be used to pay VAT, apart from cases where the VAT constitutes a true cost for the grant recipient. If the recipient of project funding is exempt from VAT, any VAT actually charged is a true cost. Only in such cases may VAT be accepted as a viable part of approved costs.

Foundation funding for projects is not subject to VAT.

### **1.9 Indirect costs**

Indirect costs and overheads are the same thing. These costs shall not be budgeted in the application. The Foundation adds a 20 % overhead to the direct project costs (incl. direct costs for working premises) in conjunction with project approval and drafting of the contract.

Indirect costs refer to costs that are not project specific. Indirect costs sometimes comprise costs for

- administrative services provided by senior university/institutional managements, library services etc.
- administrative personnel who do not constitute a direct cost within the project
- existing equipment used only to a very limited extent for the specific project
- PCs and standard software
- telephone and postal charges
- insurances and other risk-related costs
- consumable supplies and stationery.

### **1.10 Research institutes**

The cost of resources provided by research institutes in which RISE Holding AB holds a joint interest is calculated at the same rate as applied by the institute to its own members. This rate shall include no profit mark-up and is lower than the rate that other customers are charged. The cost level applied to other institutes shall be determined by special agreements.

## 2. Approved co-funding from companies

Project funding from sources other than the Foundation, referred to as co-funding, may be in kind and/or cash.

### Co-funding from companies:

#### 2.1 In kind

The following costs may be deemed ‘in kind’:

- salary costs (own labour)
- consultancy costs
- cost of materials
- travel costs
- costs associated with the use of expensive equipment and/or licences for the use of software.

Other costs require special approval to be classified as co-funding.

##### *2.1.1 Salary costs – cost of own labour*

Salary cost is calculated at a standard rate of not more than SEK 800/hour, including direct salary, holiday pay, assessed rental value, payroll tax, insurances and indirect costs. Amounts exceeding SEK 800/hour require submission of a special claim.

Special rules apply for PhD candidates employed in collaborating companies. Details can be found in the call text for the Industrial Graduate Schools programme.

##### *2.1.2 Consultancy costs*

Consultancy costs, i.e. the cost of staff not employed by participating companies, which arises in participating companies /organisations in connection with their implementation of the project plan, may be considered as co-funding. These costs shall reflect the market rate and shall be checked with the Foundation prior to submitting the application. Indirect costs may not be charged against consultancy costs.

##### *2.1.3 Cost of materials*

Approved costs for materials cover materials that are essential to the project.

Standard consumable office supplies and stationery are not charged as material costs, but as indirect costs.

##### *2.1.4 Travel costs*

Travel costs incurred in connection with the project are approved as co-funding.

##### *2.1.5 Costs associated with the use of expensive equipment and/or licences for the use of software*

The use and modification/complementation of expensive equipment may be considered as co-funding. In such cases, the application should specify how the cost of using the equipment or licences has been calculated. The Foundation then assesses the reasonableness of the calculated cost.

### 2.1.6 VAT

VAT may only be considered as co-funding if it constitutes a true cost.

### 2.2 Cash

Cash may be considered as co-funding unless otherwise stated in the call for a proposal.

### 2.3 Indirect costs

Indirect costs that are included in the company's in-house rate for salary costs are approved as part of co-funding. However, this salary cost shall be calculated at not more than SEK 800/hour, incl. direct salary and indirect costs etc. (see p. 2.1.1).

### Co-funding from the universities:

In programmes where the Foundation requires co-funding by an institution, the following costs are approved (reported without overhead charges):

#### 2.4 In kind

The following costs may be deemed 'in kind':

- salary costs (own labour)
- direct costs for working premises
- cost of materials
- travel costs
- costs associated with the use of expensive equipment and/or licences for the use of software.

Other costs require special approval to be classified as co-funding.

#### 2.4.1 Salary costs – cost of own labour

Salary cost is calculated as a monthly salary, including a maximum overhead rate of 50% to cover payroll tax, pension costs and insurances.

#### 2.4.2 Direct costs for working premises

Direct costs for working premises may be considered as co-funding

#### 2.4.3 Cost of materials

Approved costs for materials cover materials that are essential to the project.

Standard consumable office supplies and stationery are not charged as material costs, but as indirect costs.

#### 2.4.4 Travel costs

Travel costs related to the implementation of the project are approved as co-funding.

#### 2.4.5 Costs associated with the use of expensive equipment and/or licences for the use of software

The utilization and modification of/addition to expensive equipment may be considered as co-funding. In such instances, the application shall contain a description of how the cost for

utilization of the aforementioned equipment or licences has been calculated. The Foundation determines the reasonableness of the calculated cost.

#### *2.4.6 VAT*

VAT may only be considered as co-funding if it constitutes a true cost.