



Energy Technology Development
and Demonstration Programme

Rules

- for aid from the EUDP to projects within research, development and demonstration.

Unofficial translation

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1 INTRODUCTION

These rules apply to project agreements under the EUDP (in the following referred to as the Programme) on the implementation of projects within research, development and demonstration.

The rules contain provisions regarding a number of conditions, including the responsibilities of beneficiaries of aid, the calculation and payment of aid, and the course of the project from start to finish.

2 BENEFICIARIES OF AID AND RESPONSIBILITIES

2.1 Project manager

The project manager is the enterprise or knowledge institution (in the following referred to as the project manager) which enters into a project agreement about the implementation of a project under the Programme, usually on behalf of a project consortium.

The project manager is financially and technically accountable to the Programme for implementation of the project, as well as for the project results and publication hereof (see the section on this below).

This means the project manager will receive the aid and must settle and coordinate all financial and technical matters etc. with the other participants in the project. Furthermore, the project manager must submit the relevant forms, information, reports, end-of-project financial statements, etc. for the entire project to the Programme in accordance with these rules, as well as in accordance with any project-specific terms in the aid agreement.

2.2 Accounting

The project manager, as well as other project participants, must ensure that appropriate and efficient procedures for correct accounting have been established for the management of project costs, including ensuring that costs concerning the individual project under the aid agreement are kept separate from the project manager's and other project participants' other revenues and costs, as well as from other projects receiving aid from the Programme. These costs must be maintained in separate accounts.

2.3 Eligibility for aid

Public or private business enterprises or knowledge institutions are eligible for aid. The project manager (main applicant) must be domiciled in Denmark and will be responsible for any aid to foreign project participants. This means that the project manager will be held accountable in

connection with any claims for repayment of aid if a foreign project participant fails to comply with the terms of the aid.

3 BUDGETING AND AID INTENSITY

3.1 Introduction

The maximum aid for each participant in the project will be calculated on the basis of the aid intensity (see section below) and on the project budget which forms the basis for the aid agreement, including any approved written amendments hereto. The maximum aid can be obtained if the actual costs incurred correspond to the current budget, including the individual budget items.

Costs which exceed the approved budget, including the individual sub items in the project budget, are not eligible.

3.2 Salary and price changes

Budget planning must take account of salary and price changes during the project; the aid agreement does not make any subsequent adjustments for this.

3.3 Project budget

The project budget must contain the project's overall budgeted costs. The costs must be specified and eligible pursuant to the rules and the categories in the following sections. In principle, activities/costs are eligible if they are necessary for implementation of the project.

The budget must not include a profit for project participants or their group companies.

Activities initiated and expenses incurred before the establishment of the project agreement are not eligible. Costs of processing by authorities, VAT, and activities related to general operations are also not eligible.

3.3.1 Personnel costs

This category includes personnel costs for researchers, technicians and other supporting staff to the extent they are employed on the project. Hours must be broken down into sub categories as stated in the budget template in the application material.

The aid covers actual incurred payroll expenses calculated on the basis of annual gross salaries, including pension and holiday pay. When calculating the hourly wage, an annual number of hours of 1,500 should be used for a full-time employee.

All parties to the project are obliged to ensure that employees employed on the project record their time.

Costs of employee illness, leave or similar are not eligible.

3.3.2 *Instruments and equipment*

Costs of instruments and equipment are eligible to the extent and for the duration they are used for the project. If such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of good accounting practice are eligible.

3.3.3 *Buildings*

Costs of buildings are eligible to the extent and for the duration they are used for the project. Only the depreciation costs corresponding to the life of the research project, as calculated on the basis of good accounting practice are eligible.

Costs of buying or renting land, as well as related costs, are not eligible.

3.3.4 *Other operating expenses, including materials*

Costs of materials and costs of operating installations and instruments incurred directly as a result of the project are eligible. This category includes fuels and insulation materials.

3.3.5 *External services*

Costs of external services are eligible for reimbursement, but only where it is appropriate that someone outside the project performs the relevant activities. If the sub delivery accounts for a larger percentage of the budget, involving the enterprise as a project participant should be considered.

The price of a sub delivery must not exceed the market price, and sub deliveries must be on ordinary market terms. Furthermore, the sub delivery must be delivered to the project participant closest to using it.

In case an enterprise, including its group companies, plan to act as both project participant and sub supplier in the same project, the Programme's explicit written approval is required before the delivery commences. If there is no such approval from the Programme the costs of subcontracting is ineligible.

3.3.6 *Overheads*

Overheads mean actual, additional overhead costs linked directly to the project.

The overhead contribution for public and private enterprises must be calculated as a percentage supplement to personnel costs in the project budget.

The calculation of a company's overhead contribution will be through a calculation on the basis of the most recent annual financial statements of the enterprise of the relationship between:

- *total payroll costs* in the enterprise which can be referred to marketable services, i.e. which can be invoiced,
- *general costs* in the enterprise which are relevant for the project receiving the aid, but which are not directly included in the project. Relevant general costs can include costs of general support functions (such as personnel and finance functions, IT, and similar); other operating expenses (such as rent, electricity, IT procurement, and similar); depreciation, however *not* costs in connection with installations, equipment and performance of specific tasks not relevant to the project receiving the aid and the profit element.

The overhead contribution for enterprises may not exceed 150%. Calculation of overheads must be substantiated upon request.

For public institutions (universities, research organisations, and similar), overhead costs may account for 44% of total eligible costs.

Auditor's remuneration, general office IT equipment, office supplies etc. are assumed to be included in the overheads and therefore must not be included elsewhere in the project budget.

3.3.7 *Other, including travel and dissemination costs*

Project costs of travel, activities to disseminate project results, and other project-relevant costs, must go under this category.

Travel and travel expenses must be in accordance with current travel rules and rates for public service employees.

The travel rules are in the Ministry of Finance's Circular of 30 June 2000:
<https://www.retsinformation.dk/Forms/R0710.aspx?id=5318> (in Danish).

See actual rates for government staff travel on the Agency for Modernisation Ministry of Finance's website: <http://www.modst.dk/> (in Danish). Rates are updated annually every January 1.

'Other expenses' must be specified.

Taximeter expenses of DKK 80,000 annually can be included if the project covers a complete PhD training programme.

3.4 Aid intensity (aid percentage)

Aid intensity is the aid amount expressed as a percentage of eligible costs. EU state aid regulations stipulate fixed limits for maximum aid intensities for the individual project participants. The limit depends on enterprise size pursuant to the EU's definition (see the section below), other participants in the project, and the activities which the enterprise will be performing in the project.

3.4.1 Enterprises

The list below is for *guidance* and it outlines the main principles of the EU regulations on maximum limits for aid intensity. For more detailed information about EU regulations, please refer to the documents concerned.

Table of aid intensities

	Small enterprise	Medium-sized enterprise	Large enterprise
Fundamental research	100%	100%	100%
Industrial research	70%	60%	50%
Industrial research if one of the following conditions is fulfilled: (i) the project involves effective collaboration: — between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, or — between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible	80%	75%	65%

costs and have the right to publish their own research results; (ii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.			
Experimental development	45%	35%	25%
Experimental development if one of the following conditions is fulfilled: (i) the project involves effective collaboration: — between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, or — between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible costs and have the right to publish their own research results; (ii) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.	60%	50%	40%

Source: The EU Commission's General block exemption Regulation N°651/2014 of 17 June 2014, article 25, paragraph 5. (See more: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>)

Development and demonstration activities are covered by the category 'experimental development' in the table. Research activities which directly prepare for or support demonstration are covered by the category 'industrial research'. If a project participant performs both research activities and development and demonstration activities in the same project, the budget costs must be given for the proportion of research activities in the project budget.

Costs of activities related to dissemination and project management are eligible with the same aid intensity as applies to the relevant project participant's other activities.

3.4.2 *Research organisations/universities*

The primary activities of *research organisations* are normally of a non-economic character, notably education, the conduct of independent research and development, and dissemination of research results. These activities are not subject to the maximum aid intensities stated in the table above. For research organisations conducting such activities in the project, the aid intensity can account for no more than 90% in practice according to the Programme.

When research organisations conduct economic activities in the project, for example in connection with performing services and consultancy, they will be considered as private enterprises, and, therefore, the maximum aid intensities for enterprises will apply for the research organisation.

3.4.3 *Approved technological service providers (GTS institutes) and municipalities*

Approved technological service providers (GTS institutes) and municipalities are considered as enterprises when determining the aid intensity.

3.5 Definition of enterprise size (EU's SME definition)

The size of the enterprise applying for aid is defined on the basis of number of employees and either turnover or annual balance sheet total. Furthermore, the relationship of the enterprise applying for aid to other enterprises in terms of capital held, voting rights and controlling influence is also decisive for defining its size.

As a general rule, if the enterprise applying for aid owns 25% or more of another enterprise, or if another enterprise owns 25% or more of the enterprise applying for aid, then the other enterprise's employees, turnover and annual balance sheet total must be added fully or partly to the corresponding key figures of the enterprise applying for aid.

Read about the more detailed rules and definitions in Commission Recommendation of 6 May 2003 (2003/361/EC)

(<http://eur-lex.europa.eu/legal-content/DA/TXT/PDF/?uri=CELEX:32003H0361&from=EN>)

and in the EU's user guide 'The new SME definition'

(http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf)

EU's definition of enterprise outlined in the table below:

Size / category	Number of employees		Annual turnover		Balance sheet total
Large enterprise	≥ 250	And	< EUR 50 mill.	Or	> EUR 43 mill.

Medium-sized enterprise	< 250		< EUR 50 mill.		≤ EUR 43 mill.
Small enterprise	< 50		≤ EUR 10 mill.		≤ EUR 10 mill.

Inclusion in a category is based on the latest financial statements. If the ceilings for inclusion in a category are exceeded over two consecutive years, the enterprise will be placed in another category.

3.6 Collaboration between enterprises and research organisations

Project collaboration between enterprises and research organisations, in which the parties share costs, risks and gains, must meet one of the conditions mentioned below to prevent that indirect aid is granted to the enterprise through the research organisation due to the favourable conditions of the collaboration:

1. the participating enterprises bear the full cost of the project; or
2. the results which do not give rise to intellectual property rights must be widely disseminated and any intellectual property rights must be fully allocated to the research organisations. The results of public-funded research, development and innovation projects must be made available to the business community within the EU on a non-discriminating basis; or
3. the intellectual property rights must be allocated to the different partners in the collaboration according to an allocation that reflects their respective interests, work packages and contribution to the project. The public entities must receive compensation from the enterprises equivalent to the market price for the intellectual property rights which result from the research project, and the results that do not give rise to intellectual property rights must be widely disseminated.

4 AID FROM OTHER SCHEMES

4.1 Aid from the EU and from other support schemes

The Programme can provide aid to a project that receives support from other schemes (state aid), including from the EU.

The total amount of aid from the Programme and other aid schemes (state aid) shall not exceed the maximum aid intensities specified in article 25, paragraph (5) in the EU Commission's General block exemption Regulation N°651/2014 of 17 June 2014. Read more in the section 'Aid intensity' above.

De minimis aid may be combined with aid from the Programme to the same eligible costs, provided the total amount of aid does not exceed the maximum aid intensities specified in the above mentioned article 25, paragraph (5).

Aid from the Programme may be combined with aid from the EU, provided the total public financing (the aid from the Programme and the aid from the EU) to the same eligible costs does not exceed the most favourable funding rate laid down in the applicable rules of the EU law.

If the project receives other support, the project manager must notify this, and the support must be included in the end-of-project financial statements.

4.2 Exclusion of aid

Aid cannot be granted to undertakings which are subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.

4.3 Redistribution of aid

Aid is granted to projects under the assumption that the aid is necessary to implement the project at the scale, to the same extent, and/or at the same rate as described in the project description.

The aid may not be redistributed by passing it on, in full or in part, to other participants in the project, as this implies that the aid was not necessary. Any redistribution of aid may lead to claims for repayment of the redistributed aid.

4.4 Tax and VAT

Aid received must be reported to *Skat*, the Central Customs and Tax Administration, using the beneficiary's central business registration number or commercial register number. The Programme is obliged to notify aid paid to the Central Customs and Tax Administration.

As a general rule, aid is granted for expenses incurred exclusive of VAT. For more on this, please refer to the Minister for Taxation's VAT guidelines.

Aid to state-financed independent institutions is not subject to VAT. Such institutions therefore have access to VAT reimbursement via the Ministry of Finance's VAT pool. (See section 2.4.7 on non-deductible input VAT in the Ministry of Finance's budget preparation guidelines (Budgetvejledning).

5 COURSE OF PROJECT (FROM START TO FINISH)

5.1 Before project start

The project may not be commenced before a project agreement has been established between the project manager and the Programme. The project agreement will be based on the rules pertaining to the Programme and the approved application, including annexed material. All project participants are to be mentioned in the project agreement. The project agreement is to describe the terms specific to the project, including any deviations from the current rules.

The project manager and all project participants are to sign the project agreement and a copy must be submitted it to the Programme.

If the signed project agreement has not been received by the Programme **by no later than one month** after the Programme dated project agreement, the aid agreement will lapse.

Subsequent amendments to the original project agreement must be approved in writing by the Programme in the form of a supplement to the agreement (see the section on changes in the project).

Material to be annexed to the project agreement:

- Approved application including annexes (budget, Gantt diagram, CVs, etc.)
- Rules for aid from the EUDP

Other documents:

- Collaboration agreement

The enterprise acting as project manager is responsible for preparing a collaboration agreement regulating the collaboration between the parties in the project, including the allocation of rights. The collaboration agreement must be signed by all of the parties in the project.

Projects will not receive aid if no such collaboration agreement exists.

5.2 Project start

In connection with start-up of the project, the project manager will host a start-up meeting for all project participants to launch the project and to ensure that everyone knows about the overall project. The Programme must be invited to this meeting.

All projects with an aid agreement will be published on the common information portal for the energy technology research and development programmes, www.energiforskning.dk.

5.3 Project implementation

Regular reporting on technical progress and on expenses incurred is required during implementation of the project. A dedicated template must be used for this reporting.

As a general rule, reporting must take place twice annually in connection with receiving aid. Depending on the specific conditions of the project, individual terms may be agreed for the frequency of reporting and payment.

Reporting must account for the scope of activities performed and any derogations from the approved time schedule (the Gantt diagram).

5.3.1 *Payment of aid*

Payment of aid is on the basis of statements of the individual project participant's actual, incurred expenses, as well as on the basis of the aid intensities for each participant set out in the project agreement. Aid is granted to reimburse only the amounts approved for the cost categories mentioned in the section on budgeting and aid intensity.

Payment will be to the enterprise acting as project manager.

The following conditions must be met before payment can be realised:

- A technical and financial report must have been submitted to and must have been approved by the Programme.
- An collaboration agreement must be available which has been signed by all of the parties in the project.
- Payment will be on the basis of a payment request. Invoices/receipts need not be submitted.

If the submitted material is not adequate for an assessment of the project's progress, the Programme may, at any time, request further information from the project manager on technical as well as financial documentation, in the form of receipts or in the form of a statement of current project costs with an auditor's opinion.

Costs can only be included in, and incurred by, the project from the date at which the Programme has received the signed project agreement.

When a requested payment in a project for one company causes the cumulative payments to the company to exceed 5 million DKK, the request must be accompanied by confirmation from the auditor that the accounts correspond to the submitted payment requests. Similarly confirmation

from the auditor must be submitted each time the cumulative payment of aid will exceed an additional 5 million DKK (i.e. the payment of aid to over 10 million DKK, 15 million DKK, etc.).

The final 10% of the maximum aid amount will not be paid until the project has submitted and has had its final report approved.

5.3.2 *Changes in the project*

All substantial changes in the project must be approved in writing by the Programme. This applies to substantial changes in relation to the budget, financing, project participants, time schedule, project description, key employees with the project manager and the project participants.

Substantial delays to the project in relation to the approved time schedule must be notified immediately to the Programme.

Changes to the budget can only be approved if the change will lead to an added value for the project. Changes to the budget will not be approved if the project is less than three months from completion.

5.4 Project completion

5.4.1 *Project completion meeting*

A project completion meeting may be held two-three months before the date of completion agreed between the Programme and the project participants. The purpose of this meeting will be to inform project participants about matters concerning project completion, and to inform the Programme about future use of project results.

5.4.2 *End-of-project material*

In connection with completion of the project, the project manager must submit:

- End-of-project financial statements (no later than two months after the date of completion)
- Completion form (no later than at the date of completion)
- Technical end-of-project report (no later than at the date of completion)

5.4.3 *End-of-project financial statements*

The end-of-project financial statements for the overall project are to be prepared by the project manager. For use in the preparation of the overall end-of-project financial statements, the project manager is to receive financial statements including auditor's opinions from all of the project's aid

beneficiaries, see the section on auditing. From other project participants who have not received aid, as a minimum, the project manager is to receive documentation for costs incurred in the form of a document signed by the person responsible for finance.

The end-of-project financial statements must include all costs incurred in the project; costs incurred by beneficiaries as well as costs incurred by project participants who have not received aid. The end-of-project financial statements must include overall project financial statements as well as financial statements for each project participant. The end-of-project financial statements must be prepared on the basis of the template designated for the purpose (the template entitled *Projektøkonomi*).

The end-of-project financial statements for the participants in the project must be audited according to the rules set out in the section on auditing.

Foreign participating companies submit end-of-project financial statements in English.

Relevant documentation must be enclosed with the statements, for example documentation concerning the procurement of apparatus and other equipment, external services and 'other' costs, if the purchase amount exceeds DKK 100,000.

The Programme is entitled to request documentation of costs incurred.

5.4.3.1 Auditing

The auditing requirement dealt with below depends on the type of enterprise and on the aid amount received by the individual project participant. As stated in the section on end-of-project financial statements, project participants are to submit any statements of assurance to the project manager.

For the end-of-project financial statements, the following applies:

1. For *government institutions* and *enterprises* whose audit is covered by *Rigsrevisionen* (the National Auditing Office of Denmark), regardless of the aid amount, the end-of-project financial statements must be authorised by a signature from the manager of the institution or an authorised employee.

Pursuant to section 4 of the Act on audit of state accounts etc. (the Auditor General's Act), *Rigsrevisionen* (the National Auditing Office of Denmark) may demand directly that the financial statements of institutions etc. that receive state aid be submitted for review.

2. For *institutions* and *enterprises* whose audit is not covered by *Rigsrevisionen* (the National Auditing Office of Denmark), but whose audit is performed by a registered or a state-

authorised public accountant or by a local-government auditing body, the end-of-project financial statements must be audited in accordance with sections 2b and 2c. See the list in Annex A.

In the event of change of auditor during the project period, the new auditor is required to contact the resigning auditor, who is required to state the reason for his resignation.

2a For *beneficiaries of aid* who have received aid of *DKK 250,000 or less*, there are no auditing requirements. (Copies of receipts etc. for eligible costs are to be enclosed with the certified end-of-project financial statements.)

2b For *beneficiaries of aid* who have received aid of *between DKK 250,000 and DKK 500,000*, the following auditing provisions apply:

The audit should verify the correctness of the end-of-project financial statements, and whether the transactions covered by the financial reporting are in accordance with the project agreement and the legislative basis for the Programme.

As a step in the auditing process, the auditor is obliged to ensure that appropriate and efficient procedures for correct accounting have been established for the management of project costs, see the section on accounting.

Furthermore, the auditor is to assess whether the aid has been managed according to financially sound principles.

The audit must be in accordance with 'good public auditing practice' as laid out in section 3 of the Act on audit of state accounts etc., see the Auditor General's Act (Consolidating Act no. 101 of 19 January 2012).

The completed end-of-project financial statements must include an auditor's opinion, see Annex B, *Standard unqualified auditor's opinion*.

2c For *beneficiaries of aid* who have received aid of *more than DKK 500,000*, auditing must be carried out pursuant to the enclosed Auditing instructions, Annex C. Note, in particular, sections 2, 4 and 7(2).

If auditing is requested for participating **foreign companies**, it will be carried out in accordance with national legislation in effect for the companies in question.

5.4.4 *Completion form*

The project manager must submit a completion form to the Programme together with the end-of-project financial statements and the end-of-project report. The completion form must be completed using the template prepared for the purpose.

The information on the form is to be read by a wider circle of people and should therefore provide the reader with an immediate impression of the project's content and results. The form is to be used in connection with the registration of completed projects in a publicly available database on research and development projects.

5.4.5 *End-of-project report*

The project manager must submit an end-of-project report to the Programme together with the end-of-project financial statements and the completion form. The end-of-project report must be complete and informative such that it may form the basis for an assessment of the project's target performance. The report should also state how the results achieved will be utilised. The main elements to be included in the end-of-project report are in the end-of-project report template.

The final report must be in English, unless otherwise agreed. The report must contain a summary in both Danish and English.

Projects must be submitted with a project title and a journal number, as stated by the Programme.

Normally, the end-of-project report will be published on the common information portal for the energy technology research and development programmes, www.energiforskning.dk (see the section on dissemination of project results).

6 DISSEMINATION OF PROJECT RESULTS

As a general rule, results achieved in the project must be made available to the public. The project manager is responsible for ensuring that the results are disseminated to relevant target groups.

The dissemination of project results is to ensure that the results are applied in further developments in the energy field with a view to ensuring the greatest possible commercial application of the results.

In special circumstances, after agreement with the Programme, the project manager may be exempted from making the results available to the public, or only publish a summary of the results.

Any publication of the results of the project, or mention of them in *the press* etc., *must* state that the project has received aid from the Programme. The Programme must be notified beforehand when project results are made public through a press release, or in the event of extensive media coverage.

7 CANCELLATION AND RE-PAYMENT OF AID

Aid from the Programme will be cancelled, in full or in part, if

1. the beneficiary of aid has provided incorrect or misleading information or has withheld information of significance in connection with the decision to grant aid or during the project.
2. terms and conditions for aid are not complied with, or
3. the project has not been completed within the time limit set out in the decision on aid.

In connection with a decision to cancel aid, it may also be decided that the aid already paid is to be paid back in full or in part.

8 LEGISLATIVE BASIS

The Programme grants aid to development and demonstration projects as well as to research projects in preparation for development and demonstration pursuant to Act no. 555 of 6 June 2007, as amended by Act no. 1606 of 22 December 2010.

Further provisions on the Programme are in Executive Order no. 133 of 27 February 2008 on the EUDP.

Furthermore, aid from the Programme is granted pursuant to the EU Commission's General block exemption Regulation N°651/2014 of 17 June 2014.

ANNEXES

List of annexes:

A. Overview of auditing requirements for institutions and enterprises not covered by *Rigsrevisionen* (the National Auditing Office of Denmark)

B. Standard unqualified auditor's opinion on end-of-project financial statements for beneficiaries of aid that have received more than DKK 250,000 and less than DKK 500,000

C. Auditing instructions for auditing end-of-project financial statements for beneficiaries of aid that have received DKK 500,000 or more; dated 29 October 2008

8.1 Annex A. Overview of auditing requirements for institutions and enterprises not covered by *Rigsrevisionen* (the National Auditing Office of Denmark)

Aid	Auditor	Auditing instructions	Auditor's opinion Statement of assurance
0-250,000	No	No	No
250,000 to 500,000	Registered public accountant, state-authorized public accountant or a local-government auditing body	No Follow the section on auditing in the Rules for aid Annex B:	Use the standard auditor's opinion
more than 500,000	Registered public accountant, state-authorized public accountant or a local-government auditing body	Yes Annex C:	Individualised

8.2 Annex B. Standard unqualified auditor's opinion on end-of-project financial statements for beneficiaries of aid that have received more than DKK 250,000 and less than DKK 500,000

Opinion of the independent auditor

To the EUDP

Auditor's opinion on the end-of-project financial statements

We have audited the end-of-project financial statements for (insert)
beneficiary:
in the project:
with EUDP journal no.:
with total costs in DKK of:
for the period:

Management's responsibility for the end-of-project financial statements

The management is responsible for preparing and presenting end-of-project financial statements providing a true and fair view of the project. The management is responsible for ensuring that the transactions covered by the end-of-project financial statements are in compliance with the notified grants, with legislation and other regulation, as well as with agreements entered into and common practice, including:

- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme amended by Act no. 1606 of December 22, 2010
- Executive Order no. 637 of 20 June 2007 on entry into force of sections 3-5
- Executive Order no. 5 of 7 January 2008 on entry into force of sections 1-2 and sections 7-19
- Executive Order no. 5 of 7 January 2008 on an Energy Technology Development and Demonstration Programme
- Rules for aid, section on payment of aid
- any project-specific terms and conditions provided in the project agreement

- section 29.22.01 *Støtte til energiforskning* (grants for energy research) of the Finance Act

Auditor's responsibility and the audit performed

Our responsibility is to express an opinion on the end-of-project financial statements based on our audit. We have conducted our audit in accordance with Danish auditing standards and 'good public auditing practice'. These standards require that we comply with ethical requirements, and plan and perform our audit to obtain reasonable assurance that the end-of-project financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the end-of-project financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the end-of-project financial statements, whether due to fraud or error. The audit covers an assessment of whether the transactions covered by the end-of-project financial statements are in compliance with the notified grants, with legislation and other regulation, as well as with agreements entered into and common practices, including:

- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme amended by Act no. 1606 of December 22, 2010
- Executive Order no. 637 of 20 June 2007 on entry into force of sections 3-5
- Executive Order no. 5 of 7 January 2008 on entry into force of sections 1-2 and sections 7-19
- Executive Order no. 5 of 7 January 2008 on an Energy Technology Development and Demonstration Programme
- Rules for aid, section on payment of aid
- any project-specific terms and conditions provided in the project agreement
- section 29.22.01 *Støttetilenergiforskning* (grants for energy research) of the Finance Act

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our auditing has not resulted in any qualification.

Conclusion

In our opinion, the end-of-project financial statements referred to above present fairly the costs, revenues, assets and debts of X (beneficiary of aid) in the project referred to above. Similarly, in our opinion, the transactions covered by the end-of-project financial statements are in compliance with the notified grants, with legislation and other regulation, as well as with agreements entered into, and common practice, including:

- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme amended by Act no. 1606 of December 22, 2010
- Executive Order no. 637 of 20 June 2007 on entry into force of sections 3-5

- Executive Order no. 5 of 7 January 2008 on entry into force of sections 1-2 and sections 7-19
- Executive Order no. 5 of 7 January 2008 on an Energy Technology Development and Demonstration Programme
- Rules for aid, section on payment of aid
- any project-specific terms and conditions provided in the project agreement.
- section 29.22.01 *Støttetilenergiforskning* (grants for energy research) of the Finance Act

Statement on the performance audit carried out

In connection with our financial audit of X's (beneficiary of aid) end-of-project financial statements for the project referred to above, we have assessed whether the aid for selected areas has been managed according to financially sound principles.

Management's responsibility

X's (beneficiary of aid) management is responsible for the establishment of guidelines and procedures to ensure that the aid granted is being managed in accordance with sound financial principles, and that information in the end-of-project financial statements to the EUDP is documented and fairly represents X's (beneficiary of aid) participation in the project referred to above.

Auditor's responsibility and the performance audit carried out

In accordance with 'good public auditing practice', we have examined whether, for the project referred to above, X (beneficiary of aid) has established procedures that ensure financially sound management. We have performed a sample review of X's (beneficiary of aid) end-of-project financial statements for the project referred to above. We have performed our audit with a view to gaining assurance that, for the selected areas, the aid has been managed according to sound financial principles.

Conclusion

In connection with our audit, we have found no conditions which give rise to concluding that the project referred to above, with regard to the examined areas, has not been managed according to financially sound principles.

The name and signature of auditor, place and date of opinion/statement, as well as the name, address and telephone number of the auditing firm

8.3 Annex C. Auditing instructions for auditing end-of-project financial statements for beneficiaries of aid that have received DKK 500,000 or more

These auditing instructions cover auditing financial statements for projects which have received aid under:

- Section 29.22.01 *Støtte til energiforskning* (grants for energy research) of the Finance Act 2008
- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme amended by Act no. 1606 of December 22, 2010 as well as Executive Order no. 133 of 27 February 2008 on the EUDP.

The legal basis of these auditing instructions is section 13(1) no. 2 of the EUDP Act and Section 4 no. 1. of the Executive Order no. 133 of 27 February 2008 on the EUDP.

These auditing instructions cover institutions and enterprises, for which auditing is not covered by *Rigsrevisionen* (the National Auditing Office of Denmark).

These auditing instructions do not cover aid granted for assignments requisitioned by the Danish Energy Agency, such as assistance in the administration of the aid scheme, hosting of conferences, participation in international research collaboration, information about the schemes and project results etc., as well as, in general, aid of less than DKK 500,000.

1.-(1) The audit must be performed by a state-authorized or registered public accountant or a local-government auditing body.

(2) In the event of change of auditor during the project period, the new auditor is required to contact the resigning auditor, who is required to state the reason for his resignation.

2.-(1) The audit must be in accordance with 'good public auditing practice' as laid out in section 3 of the Act on audit of state accounts etc. (the Auditor General's Act; Consolidating Act no. 3 of 7 January 1997 with later amendments), described in more detail in subsections (2) and (3) and sections 3-7 below.

(2) The audit should verify the correctness of the project financial statements, and whether the transactions covered by the financial reporting are in accordance with the project agreement, the

legislation mentioned above, and with the *Rules for aid from the EUDP to projects within research, development and demonstration*, in the following referred to simply as 'the Rules'.

(3) Furthermore, the auditor is to assess whether the grants covered by the project financial statements have been managed according to financially sound principles.

3. The scope of the audit depends on the administrative structure and procedures of the beneficiary of aid, including internal control and other matters of significance for the financial reporting. Furthermore, the size of the aid also affects the scope of the audit.

4.-(1) The auditor should verify:

1. whether the project financial statements are correct, i.e. without substantial errors and omissions;
2. whether the conditions for aid have been met, including the provisions and terms stated in the project agreement and the Rules, including these auditing instructions;
3. that the project has been executed in compliance with the project application and the budget which form the basis for the aid agreement and later amendments, including that the project has been completed within the specified time limit;
4. whether the beneficiary of aid has demonstrated financial prudence;
5. that the project financial statements do not include costs incurred before a valid project agreement was established;
6. whether the project has obtained any support from the EU. (If the project has received support from the EU, this should appear from the financial statements).

(2) The audit is usually conducted in connection with the completion of the project.

(3) The audit is conducted as spot examinations.

5. The beneficiary of aid must provide the auditor with all the information that is considered significant for an assessment of the project financial statements and for the auditor's assessment of performance, including objectives and results achieved. The beneficiary of aid must provide the auditor access to conduct the examinations that the auditor finds necessary, and the beneficiary of aid must ensure that the auditor is given the information and assistance the auditor considers necessary in the performance of the assignment.

6.-(1) If the auditor finds that legislation has been breached, or that regulations of substantial significance for management of the aid have been ignored, he or she is required to notify the beneficiary of aid of this immediately and to ensure that the beneficiary of aid, in turn, within three weeks, notifies the project manager and the EUDP. If the beneficiary of aid fails to do so, the auditor is obliged to notify the EUDP. The auditor's remarks are to be submitted with the notification.

(2) The same applies if the auditor, during the audit or otherwise, finds that completion of the project is uncertain due to financial or other reasons.

7.-(1) The audited project financial statements must include an auditor's opinion stating that the financial statements have been audited in accordance with the rules set out in these instructions. Any reservations must appear from this statement.

(2) The auditor must provide an auditor's report including an assessment and conclusion concerning the audit performed, see section 4. The report can be given as an attachment to the auditor's opinion or in the auditor's records.

(3) The beneficiary of aid must submit to the project manager a copy of the auditor's report together with the project financial statements including the auditor's opinion. The project manager must prepare overall end-of-project financial statements for the project on the basis of the accumulated costs of the project participants for the entire project period. The overall end-of-project financial statements must include an auditor's opinion from the project manager's auditor. The project manager must submit to the EUDP a copy of the auditor's report and the end-of-project financial statements including the auditor's opinion.

8. These instructions will enter into force on 29 October 2008 for projects that receive aid following this date.