# A report on agreed-upon procedures in relation to eligibility criteria of funding for young innovative companies (NIY) or Deeptech accelerator (DTA)

***[name of engaging company]***

**Purpose of the report and the restriction on its use and distribution**

The purpose of this report concerning agreed-upon procedures is to assist the Innovation Funding Agency Business Finland (hereinafter the Funder) in determining whether the [engaging company: name and business ID] (hereinafter the Engaging Party) meets the eligibility criteria of NIY/DTA funding, and it may not be suitable for other purposes. The report is intended solely for the Engaging Party and the Funder and should not be used by other parties or disclosed to other parties.

**Obligations of the Engaging Party**

The Engaging Party and the Funder have confirmed that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Engaging Party, who is also the responsible party, is responsible for providing correct and adequate information to the auditor and for the calculation of research and development expenditure based on the most recent audited financial statements.

**Obligations of the practitioner**

We have carried out the engagement concerning agreed-upon procedures in accordance with the International Standard on Related Services ISRS 4400 (revised) *Agreed-upon procedures engagements*. In the engagement, we carry out the procedures agreed upon with the Engaging Party and report the findings, which are the factual results of the procedures. We do not take a stand on the appropriateness of the agreed-upon procedures.

This engagement is not an assurance engagement. Consequently, we do not express an opinion or assurance conclusions.

If we had performed further procedures, other issues may have come to our attention that would have been reported.

*Professional ethics and quality control*

We are independent of the Engaging Party in accordance with the ethical requirements applicable in Finland concerning the performed engagement, and we have fulfilled our other ethical obligations in accordance with these requirements.

Our audit firm follows the International Standard on Quality Management ISQM 1, which requires an audit firm to design, implement, and maintain a quality management system, including the policies or procedures for compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

**Procedures and findings**

We have carried out the measures described below concerning the Engaging Party’s calculation of research and development expenditure during the financial year **mm/dd/yyyy – mm/dd/yyyy** and the other eligibility criteria. The procedures have been agreed upon with the Engaging Party in the terms and conditions of the engagement dated mm/dd/yyyy.

|  |  |
| --- | --- |
| Actions | Findings |
| 1. Size of the company | |
| We requested a list of the Engaging Party’s shareholders and its most recent audited financial statements [mm/dd/yyyy].   1. On the basis of the company’s financial statements, we verified that    1. the company’s turnover does not exceed EUR 10 million or    2. its balance sheet does not exceed EUR 10 million    3. its number of employees is less than 50 annual work units. 2. We asked the Engaging Party whether there had been any restructuring of the company since the most recent audited financial statements. 3. From the list of shareholders, we determined whether the ownership or voting rights of any entity or foundation exceeded 25%. 4. We determined whether the shareholders’ agreement contained any terms and conditions that affect voting rights differing from ownership, the right to appoint the Board of Directors, or other exercise of voting rights. | Regarding point (a), we concluded that the company thresholds *[were exceeded/were not exceeded]*.  Regarding point (b), we concluded that the company *[had /had not]* undergone restructuring.  Regarding point (c), we concluded that there [*were/were not*] holdings exceeding 25%.  Regarding point (d), we concluded that the shareholders’ agreement *[contains/does not contain]* terms and conditions that affect voting rights differing from ownership, the right to appoint the Board of Directors, or other exercise of voting rights. If it does contain such terms and conditions, what exactly? |
| 2. Unlisted company | |
| We inquired whether the company’s shares are traded on the main list of a stock exchange, on First North or on another marketplace. | We concluded that the company’s shares *[are traded/are not traded]* on the main list of a stock exchange, on First North or on another marketplace. If they are, where are they being traded? |
| 3. Age of the company and companies in the same group | |
| We determined the company’s date of registration in the Trade Register and calculated when five years have passed from this date.  We determined the group companies’ dates of the Trade Register registration and calculated when five years have passed from the registration dates. | We found that five years will have passed since the company was first registered in the Trade Register on mm/dd/yyyy.  We found that five years will have passed since the companies were first registered in the Trade Register as follows:  Business ID of company a): [dd.mm.yyyy] etc. |
| 4. Financial situation of the company | |
| If the company is more than three years old according to its date of registration in the Trade Register, we verified from the most recent audited financial statements that the company’s equity is at least half of its share capital.  On the basis of the company’s up-to-date unaudited accounts, we determined that the company’s equity is at least half of its share capital. | We concluded that the company’s equity *[is /is not*] at least half of its share capital.  We concluded that the company’s equity *[is /is not*] at least half of its share capital. |
| 5. Establishing the company |  |
| We asked the Engaging Party whether the company had continued the economic activity of another company.  We obtained the documents related to the establishment of the company (the memorandum of association and an extract from the Trade Register) and determined whether the company had been formed as a result of a merger. | We concluded that the company *[has continued/has not continued]* the economic activity of another company.  We concluded that the company *[has not been/has been*] formed as a result of a merger. |
| 6. R&D expenditure of the company |  |
| We obtained the Engaging Party’s specific calculation of research and development expenditure (a form by Statistics Finland or a specific calculation) and of the Engaging Party’s operating expenses. We requested the Engaging Party to describe the principles followed in the preparation of the specific calculation and the definition of the R&D expenditure.  We determined whether the figures in the above calculation could be derived from the ledger accounts in the accounting records.  We compared the R&D expenditure reported in the specific calculation of research and development expenditure to the sum of the accrual-based expenditure reported in the Engaging Party’s income statement and the capitalized expenditure in the fixed assets of the balance sheet for the financial year ending on mm/dd/yyyy to determine whether the R&D expenditure was at least 10% of the total amount.  In the case of a newly founded company that does not yet have a financial history, the corresponding level of 10% must be achieved in the financial statements of the first financial year. | We concluded that *[the R&D expenditure is x% of the sum of the accrual-based expenditure reported in the Engaging Party’s income statement and the capitalized expenditure in the fixed assets of the balance sheet, which is/is not at least 10% of the total amount]*.  We concluded that the company is newly founded, and its first accounting period is still in progress. The realization of 10 percent will be reported after the completion of the first financial period. |
| 7. Distribution of profits |  |
| We obtained all the financial statements and minutes of general meetings of the Engaging Party for the period after the most recent financial year and determined whether the Engaging Party had distributed profits (paid dividends or bought its own shares). | We concluded that the beneficiary *[has/has not]* distributed profits since it was established. |

place and time

Audit firm A

Signature of X, an auditor approved by the Finnish Central Chamber of Commerce  
print name of the auditor approved by the Finnish Central Chamber of Commerce

Address and postal code of the audit firm