

GLOSSARY

AFFILIATION

An organisation is affiliated to another organisation if:

- It is under the same direct or indirect control as another organisation, *or*
- It directly or indirectly controls another organisation, *or*
- It is directly or indirectly controlled by another organisation.

Company A controls company B if:

- A, directly or indirectly, holds more than 50% of the share capital of B, *or*
- A, directly or indirectly, holds more than 50% of the shareholders' voting rights of company B, *or*,
- A has, directly or indirectly, the decision-making powers within company B.

It should be noted that Company A's holding a simple majority of the share capital, or the voting rights, of Company B may be sufficient to create a controlling relationship.

ANNUAL TURNOVER AND BALANCE SHEET TOTAL

The turnover and balance sheet total thresholds are those of the organisation as a whole and not just for the department carrying out the work. The figures relate to the last approved 12-month accounting period. In the case of newly-established enterprises whose accounts have not yet been approved, the thresholds to apply shall be derived from a reliable estimate made in the course of the financial year.

ASSOCIATED STATE

An Associated State (also referred to as a "State associated with the programme") is a non Member State that has signed an agreement with the Community associating it with the programme under which the application is submitted. See annex "Participation of Organisations from Non-EU Countries" included in this information brochure for more details.

SMEs from Associated States can apply for research proposals under the same conditions as SMEs from Member States (but at least one of the minimum required number of SMEs must be from a Member State).

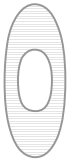
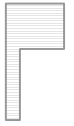
CONSULTANT

In the present context "consultant" means persons and organisations whose principal activity relates to non-technical services such as business development, marketing and transfer of technology, proposal writing or building of transnational partnerships. Organisations whose principal activity is the provision of technical services other than RTD (such as engineering, software, testing, quality assurance, safety etc.) and who have the clear intention to apply any project results in their own core business are not included in this definition.

END USER

An end user is any *legal entity*, any international organisation or the JRC which, by virtue of its needs and capacities – whether scientific, technological, economic or social – has a specific contribution to make to the use or the exploitation of the results of indirect RTD actions.

A *legal entity* is any natural person or any legal person, provided that it has been established under Community law or the applicable national law and has been given legal personality or has the capacity, in its own name, to hold rights and obligations of all kinds, to conclude contracts and to be a party to legal proceedings.



GLOSSARY (continued)

INDEPENDENCE

An independent organisation is an organisation which is not owned for 25 % or more of the capital or the voting rights by one enterprise or jointly by several enterprises falling outside the definition of an SME. This threshold may be exceeded in the following two cases:

- if the organisation is held by public investment corporations, venture capital companies or institutional investors, provided no control is exercised either individually or jointly, *or*
- if the capital is spread in such a way that it is not possible to determine by whom it is held and if the organisation declares that it can legitimately presume that it is not owned as to 25 % or more by one enterprise, or jointly by several enterprises, falling outside the definition of an SME.

NUMBER OF EMPLOYEES

The number of employees corresponds to the number of persons employed in the organisation as a whole and not just for the department carrying out the work. The number of employees is calculated in terms of annual working units (AWU), that is to say, the number of full-time workers employed during one year with part-time and seasonal workers being fractions of AWU. The reference year to be considered is that of the last approved accounting period.

SME (SMALL AND MEDIUM SIZED ENTERPRISE)

An SME is an enterprise which:

- has fewer than 250 employees,
- has either,
 - an annual turnover not exceeding 40 million euro, or
 - an annual balance-sheet total not exceeding 27 million euro,
- conforms to the criteria of independence.

An **eligible** SME (in the context of the SME Specific Measures) is an SME which, in addition:

- is not a research centre, research institute, contract research organisation or consultant,
- is registered and operating in one of the Member States or in a State associated to the Fifth Framework Programme.

SME COORDINATOR

The SME Coordinator is the organisation which is responsible for project management of the proposal and signs the contract with the EC on behalf of all proposers. Additional responsibilities include acting as a liaison with the Commission for all administrative, financial and technical matters as well as distributing the EC funding.

TOTAL ELIGIBLE COST

The total eligible cost is the sum total of the project costs and includes the following costs: personnel costs, durable equipment, subcontracting, travel and subsistence, consumables, computing, protection of knowledge, overhead costs, and other specific project costs. A cost shall be eligible only where it is **necessary** for the project and is **provided for** in the contract. It shall be reimbursed if the amount has **actually been spent and recorded** in the accounts.

Different cost calculation methods can be applied:

- **Full Cost, actual overhead rate (FC) model:**
This model applies to organisations, which have an accounting system that allows the share of their direct and indirect costs relating to the project to be distinguished. For these organisations, overheads are calculated according to the organisation's normal practice and on a basis considered reasonable by the Commission. They may be charged in full.
- **Full cost, Flat overhead rate (FF) model:**
This model applies to the same organisations. However, these organisations may request that the overheads would be charged at a flat rate up to 80% of the personnel costs. The Commission may agree to that request, for example in cases when the accountancy system does not allow the indirect costs to be identifiable with precision.

