APPROVED
By order No. V-21 of the Director of Public Institution Vilnius Business College dated May 27, 2025

PUBLIC INSTITUTION VILNIUS BUSINESS COLLEGE DESCRIPTION OF THE PROCEDURE FOR ORGANIZING SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT

I. GENERAL PROVISIONS

1. The description of the procedure for organizing scientific research and experimental development (hereinafter referred to as R&D) at Vilnius Business College (hereinafter referred to as the College) (hereinafter referred to as the Description) establishes the procedure for submitting annual data on the results of R&D activities, artistic activities carried out at Vilnius Business College, the annual planning of R&D activities, the principles and procedures of responsibility and accountability, the planning and allocation of R&D resources and budget, and other issues related to R&D activities.
2. This Description has been prepared in accordance with the Statute of the College, the Law on Science and Studies of the Republic of Lithuania, the Procedure for the Formal Evaluation of Data on the Results of Research and Experimental Development and Artistic Activities Carried Out by Colleges, approved by the Minister of Education, Science and Sport of the Republic of Lithuania, the Description of the Formal Evaluation of Research and Experimental Development and Artistic Activities of Colleges, the Regulations on the Procedures for the Formal Evaluation of Research and Experimental Development and Artistic Activities of Colleges, approved by the Chairman of the Lithuanian Science Council, Recommendations for accounting for research and experimental development costs and documenting R&D projects prepared by the Innovation Agency.
3. The terms used in the Description correspond to the terms used in the Law on Science and Studies of the Republic of Lithuania and other legal acts regulating the implementation and evaluation of research and experimental development and artistic activities at colleges.
4. **Research and experimental development (R&D)** is understood as creative and systematic work carried out to expand existing knowledge (about nature, people, culture, and society) and find new ways to apply that knowledge.
5. R&D activities must meet five basic criteria: novelty, creativity, uncertainty, systematicity, and transferability/reproducibility.
6. R&D activities include three main types of work:

6.1. **Fundamental research -** experimental and/or theoretical work undertaken primarily to acquire new knowledge about the nature of phenomena and/or observed reality, without any specific application of the results in mind.

6.2. **Applied research** – experimental and/or theoretical work undertaken to acquire new knowledge and primarily aimed at achieving specific practical objectives or solving specific problems.

6.3. **Experimental development -** a coherent activity based on scientific research and/or practical experience, which provides additional knowledge, with the aim of creating new products or processes or improving existing products or processes, as well as to create or substantially improve solutions to human, cultural, and social problems based on knowledge gained through scientific research and/or practical experience.

II. ORGANIZATION AND MANAGEMENT OF SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT

7. At the beginning of each calendar year, by February 1, the College approves the annual R&D directions. The planning of R&D directions is carried out in accordance with the following procedure:

7.1. ***Setting strategic directions:*** at the beginning of each calendar year, the College identifies the R&D activity directions (themes) to be developed during the current calendar year. The selection of R&D directions is based on the College's strategic plan, national science and innovation priorities, and the results of R&D activities in previous periods. The Science and Business Center is responsible for organizing the process of setting directions.

7.2. ***Gathering needs and ideas:*** at the beginning of the calendar year, the Head of the Science and Business Center initiates consultations with academic departments and College scientists, researchers, and lecturers on possible R&D topics. Proposed research ideas are collected, taking into account market trends, the needs of business partners, and the mission of the College. Each proposed topic is preliminarily assessed to determine whether it meets the basic R&D activity criteria specified in point 5 of the Description (novelty, creativity, uncertainty, systematicity, and transferability/reproducibility).

7.3. ***Decision-making:*** after receiving the proposals, the Head of the Science and Business Center organizes a discussion of the R&D directions (e.g., at a meeting or seminar) and, after consultation with the College's management, approves **the** official **annual list of R&D directions**. Each approved direction is assigned **an R&D project** or programme. If new relevant R&D directions emerge during the year, they may be added by adjusting the R&D activity plan accordingly. If necessary, new individual R&D activities may be combined with existing projects or separate small-scale R&D projects may be initiated to ensure that all R&D work is properly documented.

8. Formation of scientific (thematic) groups and the responsibilities of their leaders

8.1. ***Formation of groups:*** once the R&D directions have been approved, scientific (thematic) groups are formed for each direction. The groups are formed from College lecturers, researchers, and other employees with expertise in the relevant field. Where possible, students are also involved in the activities of the groups in order to develop their applied research skills. The composition of each scientific group is approved by the Head of the Science and Business Center in consultation with the heads of academic departments.

8.2. ***Appointment of a group leader:*** each research group is assigned **a group leader** (person in charge). The group leader is appointed by the Director of the College or his authorized representative, upon the recommendation of the Head of the Science and Business Center. The group leader is usually an expert in the relevant field (lecturer or researcher) with experience in carrying out R&D projects.

8.3. ***Functions and responsibilities of group leaders:*** the leaders of research groups directly plan and organize the R&D work assigned to them, manage the group members, and are responsible for achieving results. Their tasks include: drawing up the group's R&D activity plan (setting goals and objectives, scheduling activity stages), distributing tasks among group members, selecting research methodologies, and coordinating data collection and analysis. The leader also ensures that the group's activities comply with the five R&D criteria and are focused, ensures that R&D results are recorded (preparation of reports and publications), and provides timely information on progress. The group leader reports to the Head of the Science and Business Center and cooperates with other group leaders by sharing best practices.

8.4. ***Scope of activities of R&D managers:*** the heads of research groups, together with the Head of the Science and Business Center, form the collegiate R&D management structure. R&D managers (both at the center and in the groups) plan, coordinate, and control R&D activities, supervise researchers, draw up R&D budgets and manage resources, establish operating procedures, and ensure compliance with them. Their activities include formulating R&D project objectives, planning the necessary human and material resources, ensuring the effective use of funds, and reporting on scientific results achieved.

9. Planning of R&D resources

9.1. ***Human resource planning:*** at the beginning of each R&D direction (project), the necessary human resources are planned. It is determined which College employees will participate in the project and how much working time they will devote to R&D activities. If an employee combines R&D activities with teaching work, the portion of their working time allocated to R&D is determined in advance (e.g., the number of hours per week or month allocated to research is determined). The job functions of employees in the R&D project are clearly defined (e.g., data collection, conducting experiments, analyzing results, writing reports). The Finance department is informed of the planned distribution of working time so that working time records can be kept properly and, if necessary, additional employment contracts or agreements on additional duties can be drawn up.

9.2. ***Planning of material resources:*** the group leader assesses what material resources will be needed for the research (laboratory equipment, computer programs, materials, reagents, literature, etc.). A list of the necessary equipment and materials and a cost estimate are drawn up. If the College already has the necessary equipment, the procedure for its use is planned (laboratory time is reserved, persons responsible for the equipment are assigned). If certain resources are lacking, their purchase or rental is initiated in accordance with the College's procurement procedure. The need for material resources is coordinated with the College administration to ensure sustainable and rational funding. It is also determined whether special premises or infrastructure (e.g. laboratories, information resources) will be needed and whether their availability to group participants is planned.

9.3. ***Planning of services and other resources:*** if external services are required for R&D (e.g. expert consultations, specific laboratory tests, data processing services), they are planned in advance. The group leader, in consultation with the Head of the Science and Business Center, determines what services will be needed, selects potential suppliers or partners (e.g. laboratories of other scientific institutes), and includes this in the project estimate. Possible sources of funding for these services are also evaluated.

9.4. ***Budgeting:*** a detailed **R&D budget** is drawn up for each R&D direction (project). The budget covers all expenses: salaries for project participants (including taxes), travel expenses for R&D purposes, costs of materials and raw materials, equipment depreciation (or rental), service purchase costs, indirect costs (if applicable). The budget is drawn up for a year, broken down by quarter, to facilitate monitoring of implementation. The budget is prepared in accordance with the principle of economic rationality – funds are planned in such a way as to be sufficient to achieve the set research objectives, but without excess or inefficient use of resources. The Head of the Science and Business Center, in cooperation with the Finance Department, reviews and approves the budget for each project and ensures that the overall budget for the College's R&D activities is in line with its financial capabilities.

9.5. ***Separate accounting for R&D expenses:*** upon receiving the approved R&D project budgets, the Finance Department organizes the accounting system so that actual R&D expenses are recorded separately. Separate accounts or sub-accounts (cost centers) are assigned to each R&D project in the College's accounting system to record expenses. This allows R&D costs to be clearly distinguished from other College operating costs. All financial transactions related to an R&D project (purchases, salary allocations, business trip expenses, etc.) are marked with the project code. If, for technical reasons, it is not possible to record expenses in separate accounts, the Finance Department prepares periodic **summary reports of R&D expenses** for each project, in which the expenses incurred during the reporting period are calculated according to the project activities. This separate accounting is necessary to take advantage of the tax incentives provided for the Income Tax Act and ensures that it is easy to prove which costs were incurred specifically in R&D activities.

10. Procedure for submitting quarterly R&D activity and expenditure reports

10.1. ***Determination of reporting periods:*** quarterly reporting periods are used to monitor the progress of R&D projects: Q1 (January–March), Q2 (April–June), Q3 (July–September), and Q4 (October–December). At the end of each quarter, the heads of research groups prepare R&D activity reports for that quarter. Quarterly reports allow for the timely identification of deviations from the plan, monitoring expenditure, and preparation for the annual report.

10.2. ***Content of quarterly activity reports:*** the head of each research group submits a brief written report on the R&D activities carried out during the quarter. The report specifies:

a) **activities carried out** – what research or experiments were performed, interim conclusions reached, progress made compared to the plan;
b) **results** – if specific results have been obtained (data, prototypes, analyses), they shall be described;
c) **problems/risks** – obstacles or deviations that have arisen (if something did not go as planned, the reason is indicated and suggestions for how to solve the problem are provided);
d) **plans for the next quarter** – what work is planned for the future, whether the project plan needs to be adjusted. The report is signed by the group leader, confirming the accuracy of the data.

10.3. ***Content of quarterly expense reports:*** at the end of each quarter, the Finance Department prepares **a summary of R&D expenses** for each project. It contains the following financial information: **personnel expenses** incurred during the quarter (salaries and related taxes allocated to the project), **expenses for materials and supplies, equipment depreciation** costs (or rental costs), **service purchase costs, business trips** and other expenses. The summary of expenses is compared with the budget planned for the quarter, and any significant deviations (savings or overruns) and their reasons are indicated. The summary prepared by the Finance Department is checked by the Head of the Science and Business Center.

10.4. ***Submission and review of reports:*** the group leader submits a quarterly activity report together with a summary of expenses prepared by the Finance Department **to the Head of the Science and Business Center** no later than 2 (two) weeks after the end of the quarter. The Head of the Science and Business Center reviews the submitted reports, evaluates the progress of projects and the efficiency of resource utilization. In case of ambiguities or shortcomings, he/she requests additional information or clarifications from the group leader. Deviations from the plan are discussed: if the project is delayed or exceeds the budget, the Head of the Center initiates corrective actions (revision of the plan, allocation of additional resources, etc.). Quarterly reports are stored at the Science and Business Center and used to prepare the annual R&D activity report.

10.5. ***Interim reporting to the College management:*** the Head of the Science and Business Center must provide a summary of the quarterly report, which ensures that the College management is regularly informed about the progress of R&D activities to the Director of the College and the Academic Council. In the event of significant achievements or problems, these are discussed at management meetings, and decisions are made on support for R&D activities or other strategic changes.

11. Preparation and submission of annual R&D activity reports

11.1. ***Procedure for preparing the annual report:*** at the end of the calendar year, the Science and Business Center prepares **an annual R&D activity report** covering the College's R&D activities for the entire year. Group leaders submit their final project reports to the Head of the Science and Business Center within the specified time limit: a detailed description of the research carried out, the scientific results achieved (publications, conference presentations, prototypes created, data obtained), and project cost summaries for the entire year. The Finance Department also prepares a general **financial R&D report,** which consolidates all R&D costs incurred by the College during the year by type of cost. Based on the information received, the Head of the Science and Business Center prepares a single document – the annual R&D report.

11.2. ***Content of the annual report:*** the annual R&D activity report shall include:

- **Summary** – a brief overview of all R&D activities and the most important achievements during the year.
- **Implemented R&D directions** – a description of what has been done for each direction: research objectives, results achieved, assessment of their novelty and practical significance. It is mentioned whether the results exceeded/fell short of expectations and whether the planned activities were fully implemented.
- **Publications and intellectual property** – a list of scientific articles, presentations, patent applications, or other intellectual property protection documents prepared during the year as a result of the College's R&D activities.
- **Cooperation** – indicate which companies or scientific institutions were cooperated with in carrying out the research, which projects were carried out together (if there were joint projects or support was received, mention the names of the programs and projects).
- **Overview of expenses** – a table or description of how much money was spent on R&D activities per year, broken down by category (salaries, materials, equipment, services, etc.), compared to the plan (budget). Also indicate what portion of these costs met the criteria for triple deduction under the Income Tax Act (this is important for tax returns).
- **Other indicators** – e.g. the number of researchers (FTE – full-time equivalents) in R&D activities, income received from R&D (if there were commercial orders or services sold), participation in international programmes, etc.
- **Conclusions and recommendations** – summarise whether R&D activities met the set objectives, what were the main strengths and weaknesses, and provide recommendations for the following year (regarding the continuity of directions, initiation of new directions, resource needs, etc.).

11.3. The Head of the Science and Business Center submits the draft annual R&D activity report to the Director of the College and the Academic Council. After receiving comments and approval, the report is officially approved by order of the Director of the College. The approved report becomes an official College document summarizing the results of R&D activities.

11.4. The College must declare its R&D performance indicators to the responsible authorities on an annual basis. In accordance with the established procedure, **by April 3 of each year,** the College submits an annual statistical report on R&D costs (form **MDV-01**) **to the State Data Agency**. This report contains statistical data on the College's R&D expenses and other indicators, which are later used at the national and international levels. By completing form MDV-01, the College agrees to share the submitted data with the Innovation Agency.

11.5. ***Reporting to other institutions:*** in addition to the statistical R&D report to the State Data Agency, the College also submits periodic and final R&D project reports to other responsible institutions, depending on the specific project's funding source and control mechanism. Such institutions may include the Lithuanian Science Council, the Innovation Agency, EU programmes administration institutions (e.g.

the European Commission or national contact agencies), etc. These reports are prepared and submitted in accordance with:

- the laws of the Republic of Lithuania and the European Union,
- the terms and conditions of the relevant grant or funding agreements,
- the guidelines and report structure of specific programs (e.g., Horizon Europe, Research Group Projects, etc.).

11.6. The College's Science and Business Center and the project manager are responsible for ensuring that all necessary reports are prepared on time, accurately, and in coordination with the College's Finance Department and other responsible units. The content of the reports is adapted to the requirements of the funder – they provide information on the scientific results achieved, the implementation of activities, the use of funds, impact indicators, and other relevant aspects.

11.7. If necessary, additional notes, declarations, or documents (e.g., accounting notes, auditor's conclusions, payment requests) are prepared to ensure comprehensive justification and transparency of the project activities. All information is stored in accordance with document management rules and may be submitted to the control authorities upon their request.

12. Distribution of responsibilities

12.1. **The Head of the Science and Business Center** is responsible for the overall organization of R&D activities at the College. His/her responsibilities are as follows:

12.1.1. **Strategic planning:** initiates the setting of R&D directions each year, coordinates R&D activities with the College's strategic objectives. Forms the composition of research groups and appoints their leaders, prepares the Director's order on the approval of the groups.

12.1.2. **Coordination and control:** coordinates the work of all research groups, monitors the progress of projects through quarterly reports, ensures intergroup cooperation. In case of deviations, takes action to solve project problems (reallocation of resources, adjustment of deadlines, etc.).

12.1.3. **Resource management:** together with the Finance Department, prepares and manages the R&D budget, allocates financial and material resources to projects, and controls the efficiency of expenditure. Ensures that R&D expenditure is properly accounted for and that legal requirements for accounting are met.

12.1.4. **Report preparation:** supervises the preparation of the annual R&D report, checks the reports submitted by the groups, prepares a summary R&D report for the College. Also responsible for submitting data to external institutions – organizes the submission of statistical R&D reports to the State Data Agency and the transfer of data to the Innovation Agency.

12.1.5. **Qualification improvement and consulting:** ensures that group leaders and members receive methodological assistance on R&D issues. If necessary, contacts the Innovation Agency or other experts for consultations and training on R&D activities and accounting.

12.1.6. **Accountability:** reports directly to the Director of the College on the results of R&D activities and the proper implementation of this procedure. Submits periodic reports and proposals for improving R&D activities to the college management.

12.2. **Heads of scientific (thematic) groups** – responsible for the implementation of specific R&D directions (projects). Their responsibilities:

12.2.1. **Project planning and implementation:** draw up a detailed plan for their project (goals, objectives, methods, schedule), ensure that activities are carried out in accordance with the plan and R&D criteria. If necessary, promptly adjust the research plan (with the approval of the Head of the Science and Business Center) if new data or obstacles emerge.

12.2.2. **Team management:** leads the assigned group of scientists/lecturers, distributes tasks to members, supervises their work. Provides methodological advice to members and resolves any technical or scientific issues that arise. Ensures that all group members understand the project objectives and their role.

12.2.3. **Use of resources:** uses the financial and material resources allocated to the project responsibly. Together with the Finance Department, monitors the implementation of the project budget and does not allow the allocated funds to be exceeded without prior agreement. If they see that certain resources are lacking or remain unused, they inform the Head of the Science and Business Center and make proposals (e.g., reallocate funds, purchase additional equipment).

12.2.4. **Accounting and documentation:** ensures that all project-related expenses are properly documented (e.g., confirms which purchases are for the project, reconciles invoices, timesheets). Works with the Finance Department to prepare quarterly and annual expense reports. Signs accounting certificates confirming project expenses, if needed.

12.2.5. **Reporting:** prepares and submits quarterly project activity reports and the final annual report on time. Ensures that the information in the reports is complete and accurate. Participates in the preparation of the annual R&D report of the college – provides the necessary data, answers questions from the Head of the Center about the progress of the project.

12.2.6. **Quality assurance:** responsible for the scientific quality of their project – ensures that research is conducted using appropriate methodology, data is reliable, and conclusions are well-founded. Encourages group members to publish research results, present them at conferences, and seeks to publicize the College's R&D work in the academic and business communities.

12.2.7. **Accountability:** reports directly to the Head of the Science and Business Center. Upon noticing risks to the project (e.g. failure to achieve results due to objective reasons), immediately informs the Head of the Center and jointly decides how to manage them.

12.3. **The Finance Department** is responsible for the financial accounting and control of R&D activities. Its responsibilities are as follows:

12.3.1. **Organization of accounting:** implements separate accounting for R&D project expenses in the accounting system. Creates **the** necessary **sub-accounts** or other mechanisms to record the income and expenses of each project separately. Ensures that all invoices, payment documents, and timesheets related to R&D projects are referenced to the relevant project.

12.3.2. **Justification of expenses:** collects and stores all financial documents justifying R&D costs. If necessary, prepares **accounting certificates** for project expenses – such certificates must confirm the amount of project expenses and the fact that project expenses are accounted for separately. In the event of an audit or inspection, the Finance Department shall provide detailed records, reports, and other evidence that the R&D expenses were actually incurred in the course of R&D activities.

12.3.3. **Budget control:** monitors the implementation of approved R&D budgets. At the end of each quarter calculates how much money has been spent during the quarter and compares it with the quarterly plan. Informs the Head of the Science and Business Center and group leaders about the status of budget implementation, warns if an overrun is approaching or there are significant savings. Provides financial advice on how to optimize costs.

12.3.4. **Reporting:** prepares quarterly financial reports for each project and an annual R&D expenditure report for the entire College. Ensures that financial reports are accurate and submitted on time. Collaborates with the Head of the Science and Business Center in combining financial information with performance results in the annual report.

12.3.5. **Accounting for tax incentives:** when calculating income tax, the Finance Department applies the incentives provided for in the Income Tax Act to R&D expenses. Ensures that the triple deduction of R&D expenses is correctly reflected in the income tax return (form PLN204). It also calculates the accelerated depreciation costs for R&D assets and correctly reflects them in the financial accounts. It prepares the necessary data and documents if the State Tax Inspectorate requests justification for the application of the incentives.

12.3.6. **Provision of data for statistics:** the Finance Department, together with the Science and Business Center, completes the State Data Agency's annual statistical report (form MT-02) on R&D expenses. Ensures that the financial data contained therein matches the College's accounting data.

III. FINAL PROVISIONS

13. This Description shall be reviewed and updated in the event of changes in legislation or the needs of the College's R&D activities.
14. The Head of the Science and Business Center is responsible for monitoring the relevance of the Description. If necessary, the Head of the Science and Business Center shall submit proposals for changes to the College management, taking into account the latest legal requirements and the methodological recommendations of the Innovation Agency.
15. The updated Description shall be approved in accordance with the procedure established by the College, and all relevant employees shall be informed of the changes to the Description.

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