GET PAID TO INNOVATE WITH R&D TAX CREDITS

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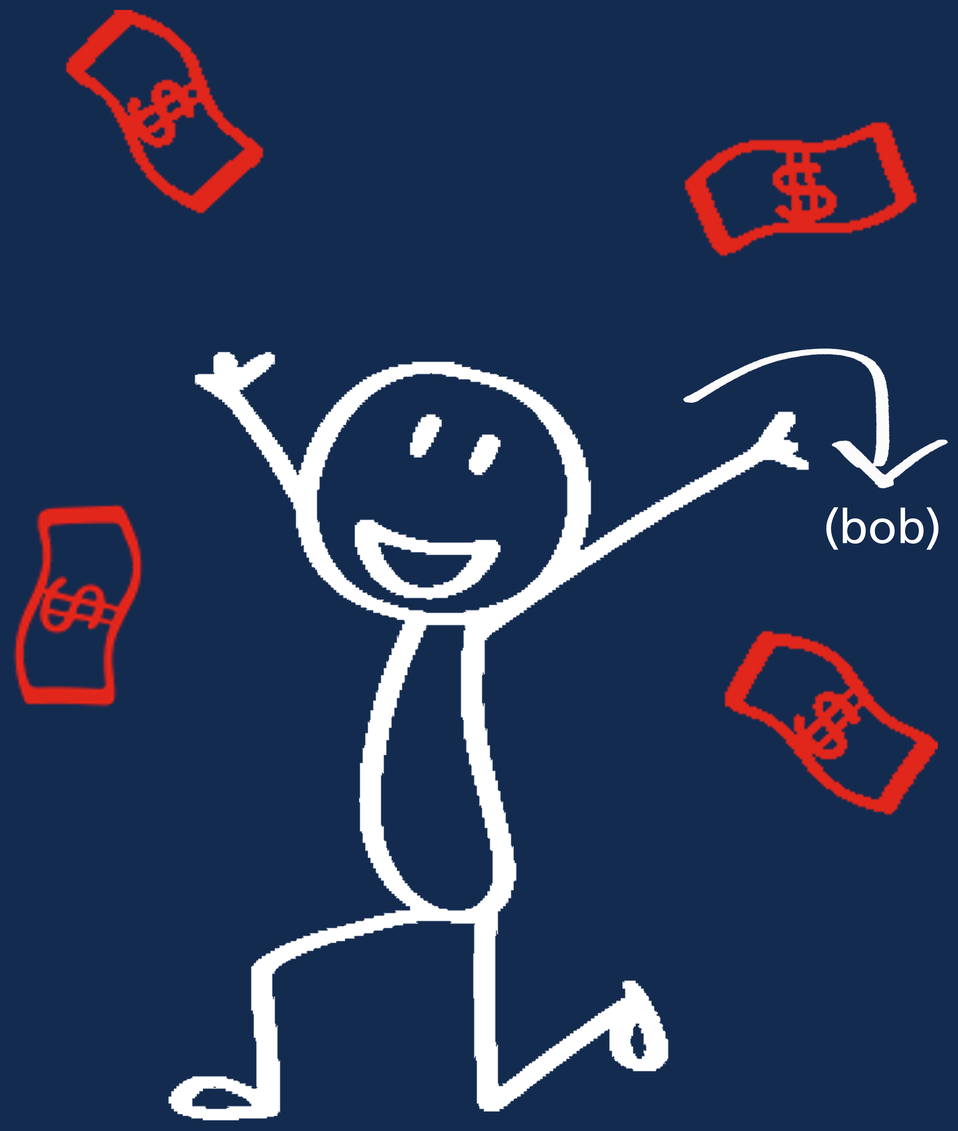


get paid to innovate with R&D tax credits.

It's always a special moment when you receive notification from HMRC that your client is due a tax repayment, especially when the repayment is the result of a successful Research & Development claim. We submit around 100 claims each year and, to date, we have a 100% success rate so receiving tax repayment notifications is quite a common event.

Since 2015 **we have identified qualifying R&D expenditure for clients in excess of £35 Million.** We have also secured **R&D tax savings and repayments for clients in excess of £6 Million pounds.**

In order to help you assess whether you might be carrying out R&D it is useful to consider what is generally regarded as the six P's of R&D:

PRODUCT

Are you developing and / or improving a new Product?
Many companies believe they have to do something truly original in order to make a claim which often times can be nothing more than significant improvements to existing products.

PROCESS

Are you developing and / or improving a new Process? An innovative method for upscaling a system or a new or improved manufacturing process can qualify for R&D relief.

PROTOTYPE

Are you creating a Prototype? Prototypes are a key indicator that significant research and development has taken place.

PATENT

Are you filing a Patent? If so this is an indication that you might have undertaken R&D

PROFESSIONALS

If you have technical professionals such as engineers and software developers, it is likely that elements of their day to day activities constitute R&D.

PROBLEMS

Are you encountering technological problems? If you are undertaking trials or undertaking an iterative approach when it comes to solving issues pertaining to products and processes, techniques or formulas, then this is another good indicator that R&D is taking place.

Many companies are not maximising their full legitimate entitlement.

Even in the Technology and Innovations sector, numerous businesses are either not aware of R&D tax credits, incorrectly believe that they do not qualify or feel that they lack the necessary experience to submit a claim.

Because of this, many companies are not claiming or maximising their full legitimate entitlement, yet they are conducting qualifying R&D activities for R&D tax relief purposes on a daily basis, without even realising it.
What may seem as typical day-to-day challenges in the office may qualify, and if they do – it is an incredibly quick way to plug some cash back into your business, at a time where you need it most.

In an industry where technology moves forward at an unprecedented rate, companies like yours are often faced with a number of technical challenges and complexities when developing their products.

Where you are creating, utilising, amalgamating or significantly extending technologies in an improved and innovative way, it might mean that qualifying R&D is taking place. This essentially means that you could be being paid to innovate.

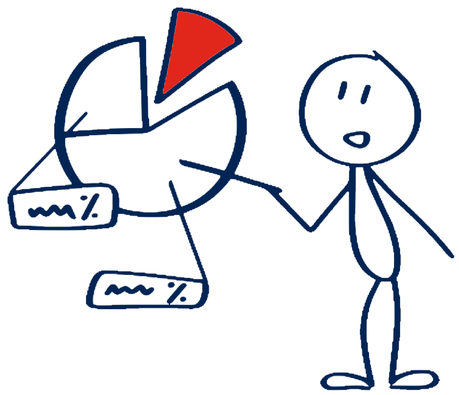
clients who were smart...like bob.

The following are success stories from our clients, who have received cash in the bank and reductions in their corporation tax simply for doing things differently and making things better:

THE DIRECTORS FACE WAS A PICTURE

Often when we speak with company directors, they are very good at running their business and look to innovate and improve, but don't necessarily see that what they are doing might have an element of R&D to it. Not too long ago our R&D specialist, Neill, found himself on the M11 travelling out to the wilds of Hertfordshire to meet a new client. From their short conversation on the phone he felt pretty sure that there were some qualifying activities and projects and was certainly more than happy to invest half a day to go and speak with the director about it.

It was one of those wonderful meetings where you find that the client is a genuinely nice person, and Neill warmed to them immediately. He was very proud of everything he had achieved for the business over many years and took great pleasure in showing Neill around the offices and the factory. He had a word, or a joke, for everyone that we passed, and Neill could sense just what a popular boss he was.



"This is where we build the units" he said introducing Neill to another area of the factory, **"And this little team here do all the testing and making things fit"**. Neill looked at him inquisitively and he explained what he already knew, that the company's trade is pretty much a rarity in the UK, to the extent that we cannot really comment on what the company does without it giving away the name of the client, and the fact that the business is extremely lucrative.

But as a field leader, the company has no knowledge base on which to track through any changes to their processes and procedures. Everything must be thought about, and then tried, tested, prototyped and eventually built. **"But wouldn't you consider what you're doing to be R&D"** Neill said, knowing perfectly well that it was. **"But it's what we do"** the director replied.

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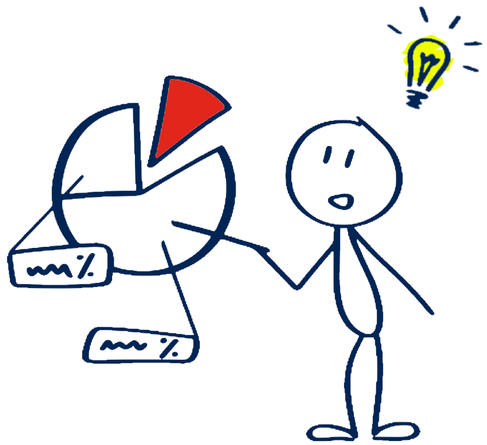


There are so many directors (probably like you) that we have spoken to over the years who look at their day-to-day innovation work as being nothing more than making things better or improving existing products and processes. Admittedly not everything done by every company qualifies as a R&D activity, and it does take a specialist to speak candidly to the director to establish what exactly takes place. After that it is just a case of identifying the qualifying expenditure and starting the process of making a claim.

After the guided tour they eventually ended up back in the board room with several of the senior team members and a plentiful supply of coffee and biscuits. Neill broke the news that the company were clearly carrying out qualifying R&D activities and that a claim should be possible for the accounting year just gone and the year before that.

They ran through the nature of the costs that could be claimed and Neill provided an overview to the claims process and how, in this case, the claim should result in a substantial saving to the company's corporation tax bill due later in the year.

The director's face was a picture. Happy as Larry and smiling from ear to ear, slightly bemused that he hadn't realised that a claim could be made and ruing the earlier years that were beyond the claim time limits, but thoroughly appreciative of the visit and putting things right for the future.

The first claim was submitted to HM Revenue and Customs (HMRC) which resulted in **qualifying expenditure of £449,000** and **tax savings of £80,000.** The subsequent second year claim resulted in **qualifying expenses £480,000** and **tax savings of £91,000.**

A HUGE IMPACT ON THEIR CASH FLOW

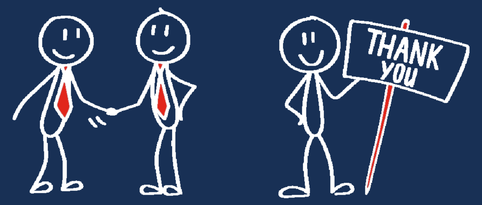
Art&Graft is an award-winning design and animation production studio based in London. The team of highly skilled design specialists have worked on projects for The National Lottery, Virgin Atlantic and Nationwide – to name but a few. They (like many) may not seem your typical company to be eligible for R&D tax credits, but after an initial discussion with our R&D tax specialist and partner, Neill Staff, it was clear that Art&Graft was carrying out qualifying R&D activities.

The director, Mike Moloney explained that there was an ongoing internal programme to continually test, develop and create new visual language system outputs, and that since the company's launch in 2010, Art&Graft had invested economic resources to the pursuit of discovering new creative approaches through the considered and unique combination of technical animation procedures, software and rendering processes.

In order to establish what the qualifying R&D costs were, it was necessary to understand that, as a design and animation studio, Art&Graft combines both a creative and technical skill set, and that the company is in a constant process of research and development to push its technological capabilities within the studio. Key areas of research focused on the industry-wide trend toward integration of technical and creative approaches for audience engagement across multiple visual platforms with the intention to intelligently combine these technical approaches to develop new and unique visual aesthetics.

Neill and Mike identified five key research and development areas inter-connected within the realm of 3D visuals, including character animation pipeline, modelling, texturing, rigging and the 3D rendering process. There were also two longer term projects which involved research and development undertaken in the field of 3D simulations and 3D particle systems. After identifying the specific projects that qualified for R&D, it was then a case of Neill and Mike identifying the qualifying R&D expenditure.

Neill guided the company through the R&D claim process and was able to claim **over £70,000 in tax credit repayments.** For a hi-tech design company of this calibre, this had a **huge positive impact on their cash flow** and meant the company could take on even more projects.



CORPORATION TAX SAVINGS OF JUST UNDER £47,000

Total Security Installations Limited is a highly successful company that specialises in the manufacturing, design, installation and maintenance of security projects including safes, vaults, alarm systems and security screens. The customer ranges across all business sectors including retail, commercial, education, building industry and high net worth clients. The company has a high level of expertise in both physical and electronic security solutions and is a renowned industry specialist in fitting out new sites or upgrading existing systems.

The company had a development background as it had previously developed its own safe and vault technology to produce an anti "hold-up" solution, designed to protect against the threat of robberies within the retail area whilst still allowing users to have individual access. The company director contacted us to discuss recent innovations and key developments connected to its Prosync development programme.

The company had set out to design a new safe-lock that sent live information back to a central location where activity could be both monitored and controlled. In particular, the research and development activity included the development of a locking system so that applications could be retro fitted to existing mechanisms and the design of an alarm detection via the locking device to identify if the safe is either under attack or being removed.
Work under the Prosync programme also included the development of a reporting platform from where all safe alarms across sites are monitored, and the technical issues involved in developing secure information transmission over the 2G/3G mobile network without the need for the involvement of client networks or IT departments.

Through meeting with the client and undertaking the necessary investigations, the work carried out in the Prosync programme was established as being a qualifying R&D activity because the research and development work represented an advance in the field of technology where no information existing alternative was available.

The majority of the qualifying costs related to the company employees who spent some or most of their time working on the R&D project, however, we were also able to claim for the cost of materials that were used in the R&D process.

A claim was submitted to HM Revenue and Customs (HMRC) which resulted in the **company saving corporation tax of just under £47,000** and receiving a **tax credit repayment of just under £5,000.**

be more bob.

If you, like bob and the directors in these stories think there may be R&D in their business but just aren't sure, is to get in touch with us to see if you qualify. It really is in your best interest as thousands of pounds of tax savings could be at stake.

We're here to help you discover whether your company qualifies for R&D tax credits and take care of the preparation and submission of the R&D claim and will deal with any questions raised by HMRC.

Want to see if you qualify? **Book a call today.**