

Finance / R&D review – Digital Print Services**Ability to integrate into the client company**

The Company developed print software for use on its large digital printers. The software took transactional data supplied by its clients and mixed this with a library of images, tables and narrative to produce individual and personalised booklets and documents for its client's own customers. The cost of developing the software was always considered incidental to fulfilment of the print contract and all costs were expensed through the profit and loss. The group's accountants had never felt that there was a basis for making a R&D claim although the Icebreaker executive felt that there was a strong case. When the IB executive discovered that Xerox had expressed an interest to licence the software for worldwide use on its printers, any potential impediment to a claim was removed.

Impact on the business / bottom line

We recognised that all the expenditure could qualify for a R&D tax credit . Following submission to HMRC, the claim was finally agreed at £737,000 and relief agreed at 130% which was offset against its corporation tax bill resulting in a much reduced payment to HMRC.

Overall contribution / achievement of objectives

When Xerox expressed an interest to licence worldwide the software for its printers, we recognised that all the expenditure could qualify for a R&D tax credit, which at the time, could be recovered for the four preceding years. The total claim amounted to over £2m. Given the extreme cashflow pressures that were expected when the tax bill was due to be paid, the reduction in the liability was both beneficial to the bottom line and a great help on easing cashflow pressures during the quieter months of trading.

Working style / Leadership / people management skills

The claim required technical input which CFO did not possess and the Programme Director was unable to provide the time needed to formulate the claim. It was only when we explained cash impact of having missed the four year deadline did management fully appreciate the importance of their input. So an exercise was undertaken to assess the feasibility of a claim and after allowing for programmer time, specialised software and equipment. As a consequence, the final claim was restricted to a two year claim amounting to £785,000.

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