



# R&D Tax Credits

engineering & manufacturing

**ammu**  
funding matters

# Is your business missing out on a cash boost?

Many Engineering and Manufacturing businesses are benefitting from R&D Tax Credit Funding

## foreword from our experts

“

This ebook has been written with Engineering and Manufacturing businesses in mind, specifically those with a turnover between £0.5 and £20 million – the companies that are hugely important to our economy but which often don't receive the help and support that they need.

”



**Jane Grant**  
Director

“

I've yet to meet anyone – other than accountants of course – who started their business in order to spend their life dealing with accounts and numbers. I'm willing to bet that you started your business in order to make things, to do the kind of interesting, quality work that you always wanted to but couldn't when you worked for someone else.

But as you well know businesses eat cash – and Engineering and Manufacturing businesses are among the worst offenders. The customers

can be slow to pay and this can make it difficult at the end of the month to meet all of your obligations, let alone have money enough left over to support your lifestyle.

Hopefully, you have a good relationship with your accountant and they make sure that you're compliant with Companies House and with HMRC.

That's a great service, but you probably need more than that.

Do they know about the HMRC schemes that can put cash into your business?

”



**Iain Robertson**  
Business Development  
Manager

in this ebook,  
you will discover:

Whether you are  
eligible for R&D Tax  
credit funding

The benefits to  
your business of a  
cash injection

The ammu five step  
process for applying  
for this funding

“

I was contacted recently by Iain Robertson of ammu regarding R & D tax credits. Iain and his colleagues guided me through the process and helped me to claim a significant sum in R & D tax credits. I would be happy to recommend AMAS to anyone looking to find out whether they are eligible to claim R & D Tax Credit.

**Andy Russell**  
General Manager  
ChemTech UK Limited

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# remembering why you started

It's easy to forget why you originally started the business and how that felt.

For a minute, forget about your current worries and re-focus on the essentials:

How many hours would you like to work each week? What would give you a decent work/life balance?

How much would you like to take home from the business at the end of each month to provide the financial security that your family need?

What sort of work would you be proud to be producing?

## would a cash boost help make your goals achievable?

What's your retirement/succession plan? What would the business need to be worth before you were happy to sell it and retire – or pass it on to your children?

## how would that make you feel?

# the reality

You know what it's like when you're struggling to get enough cash into the business. Sadly, this is the situation for many businesses.



You're forever juggling your cash flow – 'robbing Peter to pay Paul'. You put off paying your suppliers, so you cease to be a preferred customer and then when you really need their help for a quick turnaround on a job, they aren't there for you...



The constant worry about cash flow is stressing you out.



You don't hire the staff you need, so you – the owner – work increasingly long hours to the detriment of your health and personal life – not to mention poor decision making due to tiredness and stress.



The business doesn't have enough money to pay you properly.

**just think what you could do with some extra money in the business.**

# the challenges

What is preventing you from properly funding your business?



Maybe you don't want to take on any more debt – especially with the risks this could pose for your family, given the kind of personal guarantees you will be asked to give.



You don't want to dilute the equity in the business, or give away control to someone else.



You don't know that there is an HMRC scheme that might help you get more cash in to the business. It's called R&D Tax Credit funding and it works well for many Engineering and Manufacturing businesses.



Or maybe you've heard one of the seven myths about R&D Tax Credit Funding.

# seven R&D myths

## 1 you must be a firm in the technology or science sector

Not true. Ammu have helped firms as diverse as waste management, optometrists and cleaning firms to make successful R&D claims.

## 3 the process of applying for R&D Tax Credits is too complicated

It can be! At ammu we pride ourselves on doing much of the hard work for you using bespoke software and our Amas Five-Step Process.

## 5 you must be involved in ground-breaking innovation

A well-known Michelin-starred chef had a successful R&D claim with the development of an aerated chocolate dessert. Tasty perhaps - but hardly ground-breaking!

## 7 your business must be profitable

Loss-making firms can qualify for R&D tax relief, and can even get a payable cash credit from HMRC.

## 2 only large companies qualify

Separate schemes are in place for SMEs and large companies with different tax relief rates.

## 4 a project was carried out in the past so it is too late to make a claim

You can claim back for the last two complete financial years.

## 6 the R&D needs to be successful

R&D cannot be expected to always have a successful outcome. The scheme rewards those firms that have applied their best efforts to resolve an uncertainty with their research.



# is your business eligible?

Studies show that only 10-20% of eligible companies are claiming R&D Tax Credit



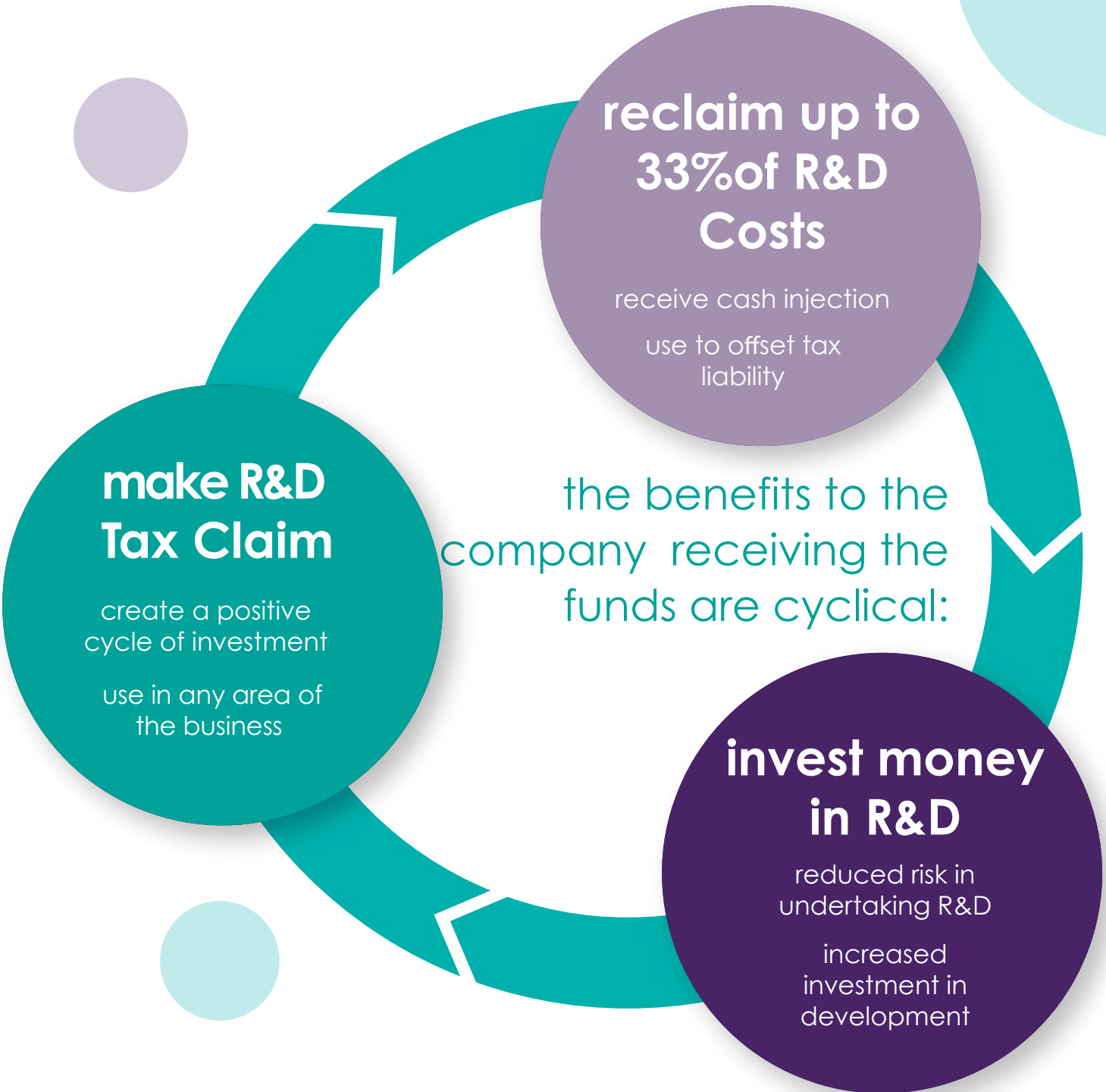
### CHECK LIST

**to be eligible, you need to:**

- have been developing or improving your business products, processes or systems ☒
- be a limited company that has been trading for more than 12 months ☒

**for the SME scheme, you will need to have:**

- Headcount of less than 500 ☒
- turnover of less than €100 million ☒
- balance sheet of under €86 million ☒





# R&D Tax Credit Case Study

## Engineering and Manufacturing

We were recently introduced to an engineering firm by their accountant. The firm make and supply equipment for use in chemical engineering and the oil and gas sector.

They were initially sceptical, but a short conversation identified three projects suitable for an R&D Tax Credit claim:

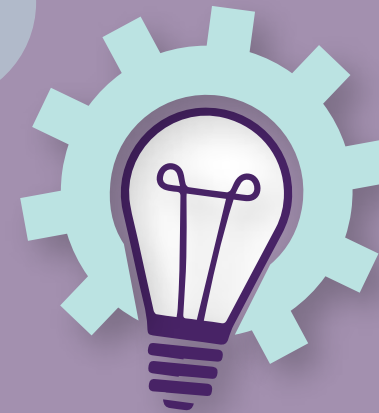
### updating software

They developed an integrated document management system incorporating the data from their legacy systems



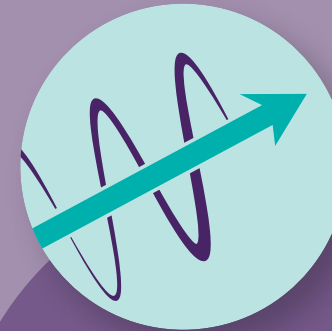
### new product development

They had designed, built and tested equipment which allowed them to provide an in-house maintenance and cleaning service for apparatus used with hazardous chemicals.



### improved processes

Continual improvement drives their manufacturing processes.



you don't have to identify R&D - that's our job!

“

**ammu helped us to identify and define suitable projects, apportion costs and to pull together the submission to HMRC, which resulted in a substantial cash boost for the business. The whole process was surprisingly easy with their capable guidance. Special note should be given to the bespoke software applied and used to support the claim. I'd have no hesitation in recommending them for R&D Tax Credit funding work.'**

**Andy Russell**

General Manager  
ChemTech UK Limited

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Each of these projects involved R&D work and they were used to form an R&D Tax Credit claim spanning the last two tax years.

The final claim was substantial, and the company have already identified one major project, currently underway, which they will use as the foundation for a further R&D Tax Credit claim next year.

# the ammu five step process

ammu's process makes your tax claim as easy as possible and we're with you every step of the way.

## 1. are you eligible?

One of our specialist advisers will contact you and assess whether your business has an eligible project. They will also explain the whole process to you. This usually takes about half an hour of the business owner/director's time.

## 2. defining the project: qualifying the cost

Using bespoke, HMRC Compliant software, we will guide you through a series of questions relating to both the technical and the financial aspects of the project. This is likely to take about 2 hours of your time

## 3. create the claim

We will use the information you have given us to create the claim. On the R&D side, we will look at your work and ensure that there is a strong claim which addresses the specific eligibility and descriptive requirements of HMRC. At the same time, our accountants will work out which costs are eligible and should be included in the claim. During this process we may need to speak with you to clarify particular technical or financial details, but this is usually just a short phone call or email enquiry

## 4. submit the claim

Once the claim has been finalised and agreed we'll submit it to HMRC on your behalf – or your own accountant can make the submission if you prefer.

## 5. payment

Payment directly into your business bank account within 28 days.

“

**'We've used the team at Amas for some years now for our R&D Tax credit funding and have always found them knowledgeable and helpful. They really do make the whole process very easy.'**

**David Wilson**

Director  
Alba Tyre Management Ltd.

”

## what next?

if you satisfy the basic eligibility criteria outlined then you can make a claim and get some much needed cash into your business.

There is £6billion in the pot for R&D Tax credits, and the average claim in the UK is approximately £61.5k.

Is there any other use of your time that could generate this kind of cash input to the business?



**Our accountant suggested that we speak to Ammu. They helped us to identify suitable projects and to pull together the submission to HMRC, which resulted in a useful cash boost for the business. I'd have no hesitation in recommending them for R&D Tax Credit funding work.**

**John Murphy**

Owner  
Murphy Engineering Ltd



You can claim for up to two previous tax years, and we can submit a new claim for you every year – assuming you have done further eligible R&D work.

We take no money up front. We will take an agreed percentage from your successful claim.

This work need not interfere in any way with your relationship with your accountant. Many of our clients are referred to us by their accountants.

## we can help!

local accountants refer their clients to ammu to help with R&D Tax Funding claims.

We are experts in R&D Tax Credits. Our software based approach will take up less of your time and we have a fantastic record for successful claims.

With 17 years of supporting our clients and a proven track record of successful R&D Tax Credit claims, we can quickly determine if your business meets the criteria for applying for the incentive, what qualifying expenditure exists and how much your claim could be worth.

Of course you can apply to HMRC yourself but the process can be difficult and time-consuming if you haven't done it before.

# funding matters

ammu was founded in 2020, and as professionally qualified accountants and members of the Chartered Institute of Management Accountants, we provide clients with new, refreshing, relationship based, niche accountancy service.

Over 20 years' experience in management accounting, business growth and funding, strategic planning, succession planning, accounting, tax and compliance and tax consulting is present at ammu. Our team of experts have knowledge and a wide breadth of experience that has seen us work with internationally-renowned companies such as FMC Corporation, Tandem Computers Inc, Digital Equipment Corporation and Nacco Material Handling.



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