

Strictly Private & Confidential

For the attention of Mr D Lewis
Virtus Accounting Limited
20 Churchfields,
Widnes
Cheshire
WA8 9RP

Our Ref:
XXXXXXXXXXXXXXXXXXXX

Please ask for:
Dave Corfield

23rd October 2017

Dear David

R&D TAX CREDIT PROOF READING

Client: XXXXXXXXXXXXXXXXXXXX

Year of Claim: 2016

We are pleased to confirm we have now completed our work in respect of the proof reading and claim review for the above client.

In summary, based on information provided by you and the client, this review clarified:

1. the position of work performed by the client for third parties and based on assertions by the client that they retained the IP and offered the solutions under licence to their third parties that the work performed on these projects would therefore be eligible for the SME scheme;
2. that there were potential weaknesses within the narrative because of insufficient information related to the technological challenges faced and how they were resolved. After a rewrite by the client a further suggested improvement was made;
3. the financial element of the claim included several costs that were clearly ineligible, most notably the costs of protecting the clients IP and the charges from an associated company, which needed to be looked through to see whether there were any eligible costs for inclusion. These adjustments unfortunately significantly reduced the size of the claim, but corrected the claim calculations and removed a significant opportunity for enquiry by HMRC;
4. through several telephone calls the veracity of the assertions from the director as to the nature of the work performed by the two companies between research and commercial activity, which informed further decisions over the appropriate rate for the directors time associated with Research and Development through his salary in the claimant company and the eligibility of stock items;
5. that the position taken by the company in communications with HMRC over the SME status of the company as a result of an erroneous share activity and the statements received by the company from the investor were the best means of justifying the company's status.

Please find enclosed the following:

- Reviewed Technical Queries/Notes
- Review Claim Calculations
- Invoice

If you have any queries regarding the above, please do not hesitate to contact us.

Yours sincerely

Chris Roberts
Director
Capital Allowance Review Service