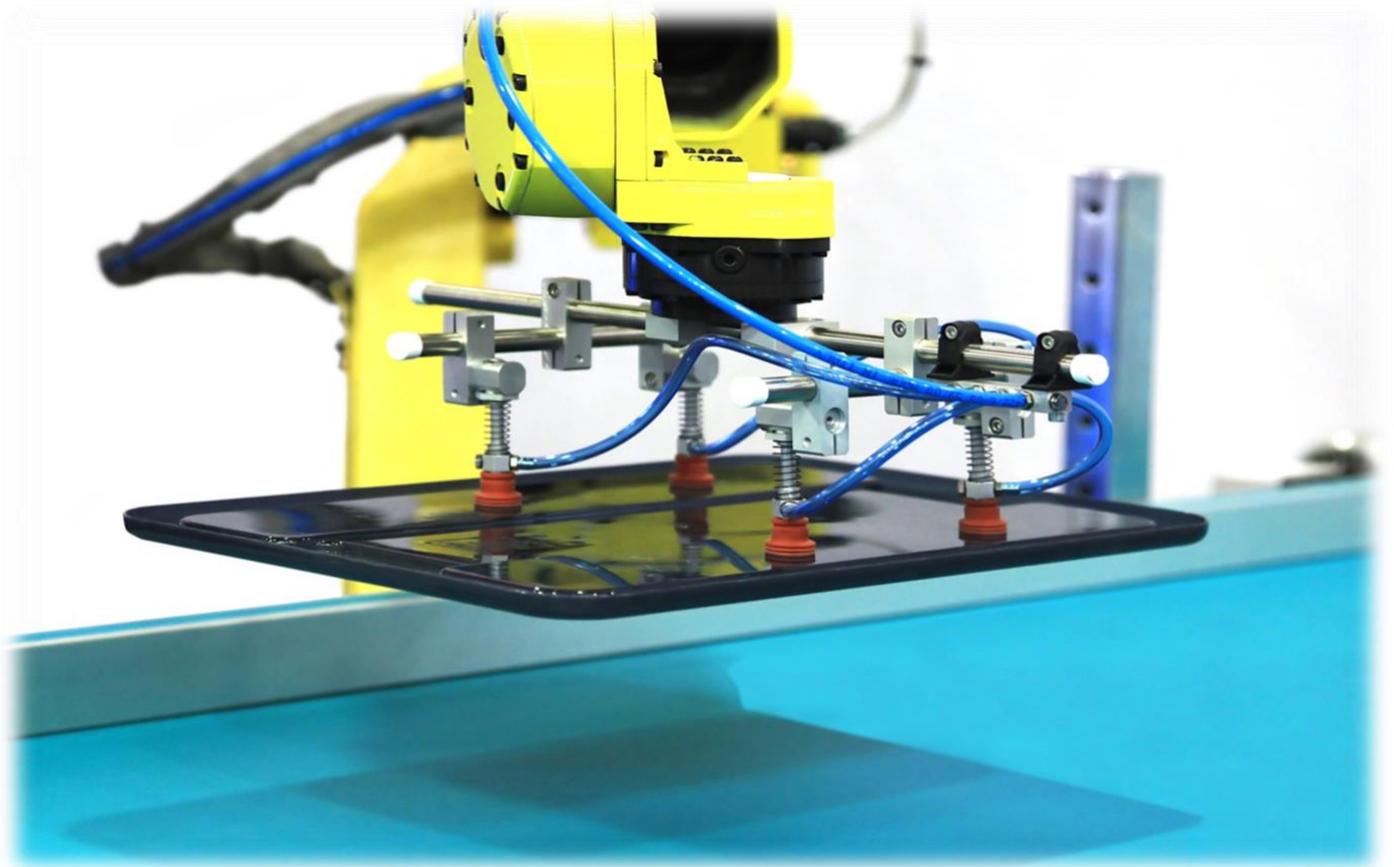


Helping Machine Vision Technology to Unlock R&D Tax Credits for Their Big Pharma Innovation



Most of us are broadly aware of how digitisation and new technologies are rapidly shaping the world around us. This could be whether we are ordering our groceries online or booking an appointment with a health provider. But behind the scenes, the most fascinating developments of all are happening on an industrial scale; completely changing the way that businesses - and indeed, entire industries - can operate for better safety, efficiency, control and customer service.

The pace and scope of change are really quite awe-inspiring. Take Machine Vision as an example of a technology with the scope of transforming industrial applications - and the products that we eventually buy. Machine

Vision refers to the technology used to create an automatic inspection process based on imaging software. As well as being able to automate the inspection of a process, the technology can immediately analyse what it is seeking, and identify faults.

For example, let's apply the concept to a traditional factory line; adding Machine Vision automatic inspection technology, and the robot can inspect a travelling factory line, guide it where necessary, ensure process controls are in place and flag up any issues that happen in real time, for immediate resolution.

How our client jumped ahead with Machine Vision Technology

We were delighted to have worked with Machine Vision Technology Ltd assisting them with their Research & Development tax claim. Our role was to ensure they were able to get the right tax credits available from the government.

This is vitally important for high-tech businesses that are often spending large amounts of money trying to solve problems and find innovative solutions to things that have never been tried before - taking on huge amounts of risk to try to advance collective knowledge and to develop new technologies that change lives.

The government recognises the risk and investment required to deliver R&D, it has a scheme designed to return up to 33p on the pound, to incentivise ambitious businesses to create and innovate!

Innovating in the field of Machine Vision

Machine Vision Technology Ltd was already successful in its field as an integrator of independent systems. Working to deliver software and hardware solutions alike to meet the varied needs of different industries.

One of its main focus areas was the medical and pharmaceutical industries who had already spotted the vast potential of Machine Learning for pharma production.



How Machine Vision could help the medical industry to do a better job

When pharma companies are producing drugs, thousands of tablets or other medical products can move along a production line at very high speed. Imagine how tiny each tablet can be and how essential it is for 100 percent quality and safety to be maintained. The ability to check this reliably and for hours on end is far greater than any human can achieve with a total pass rate - and more so than even a team of technicians could manage. However, it's a perfect area for automation.

The Machine Vision technology uses an automated analysis system that is based on imaging. It can check 100 percent of products passing along a high-speed production line with total accuracy - quality checking every single one at high speed and with total precision. If a problem is spotted, the system can automatically halt the production line and flag up the issue.

This technology offers hugely exciting potential to the medical and pharmaceutical industry, and Machine Vision Technology already has a range of big-name partners to deliver its growing range of solutions, including Siemens, WHM and Multipix Imaging.

At the same time, the team behind the company are always developing their own skills and approaches by working actively across a range of R&D projects. This allows them to create new working practices that can be applied alongside the technologies for the best results. This is absolutely key to delivering one-off and custom engineering solutions that allow industries to really transform the way that they deliver products and services to customers.

The newest Machine Vision innovation

The company had recently created a hugely innovative and exciting Machine Vision system that could process a whopping 10,000 pharmaceutical tablets every minute - guaranteeing total safety and quality of the final product before it was packed and shipped out for public use.

To work alongside the system, Machine Vision Technology Ltd was working to create an automated inspection system that would offer a range of cutting-edge features, such as automatic translation capabilities for a global audience, the ability for the machine to automatically identify tablet flaws based on variables such as colour, size and shape, and the ability for the machine to simply reject individual damaged tablets rather than the entire bottle.

At the same time, the machine had to be simple enough for an unskilled operator to easily handle, and a number of complex processing variables at different factories had to be factored in. For example, how would the machine handle different levels of lighting, and how would it cope with the shiny trays that tablets often sat on as they passed through the production line?

Why R&D tax relief was so important for our client

Machine Vision Technology had a big R&D project ahead and the skills and motivation to deliver it - but the costs of doing so were daunting. Happily, they had already commissioned us to help them to access HMRC's R&D tax credit scheme. This scheme can be generous to innovative businesses, but not many actually know about it as accountants and other financial advisors often forget to mention it or know very little about it themselves as it is a specialist area.

HMRC's guidelines for R&D tax relief claims apply to software and hardware solutions, but they are complex to navigate and require careful applications with plenty of supporting technical information, proof that R&D activity genuinely happened according to HMRC's definitions and evidence of money spent on activities genuinely and wholly linked to R&D activity (including skilled staff costs). The key here was to prove that Machine Vision Technology was developing the first software product of its kind, beyond the current knowledge generally available in the industry and that they were taking on technological uncertainties when they set off to undertake the project.

How we helped our client

We worked with our client to ensure that their R&D project met the exacting guidelines of HMRC, and completed their application which proved that their machinery innovation represented a significant jump forward in software and hardware knowledge, which would then be applied to benefit the pharmaceutical industry and allow the benefits to radiate outwards into other industries for broader economic and productivity gains (something which is of course at the heart of HMRC's interests with its R&D tax relief scheme!).

“The Team at R&D Tax Solutions provide a professional and efficient service. We have worked with the team over the last 4 accounting periods and have been impressed with their ability to decipher between a qualifying and non-qualifying project.”

We were able to prove that our client had a legitimate claim on the basis of their staff costs for scientific design and costing, consumables costs up to the point of prototype development and testing, and contractor costs for the testing required to meet strict legislative requirements.

What we secured under the R&D tax relief scheme

In recent years our client had spent in excess £100,000 on qualifying R&D. This was made up of staffing costs (including NI and pension contributions), consumables and subcontractor costs.

We were able to ensure that our client received the maximum available R&D tax credit and has clearly demonstrated to HMRC why the relief applies to their projects.

Since receiving their tax credit, Machine Vision Technology has reinvested the cash into further R&D projects - allowing the company to further position itself for success!

How we can help clients such as Machine Vision Technology

- ✓ As R&D tax credit specialists, we provide an end-to-end service.
- ✓ We can help clients to understand whether they are eligible for the government's R&D tax credits scheme and to understand what they might be eligible to receive.
- ✓ We then support with the gathering of detailed evidence for the application, including quantification of costs, production of computations, development of technical supporting

information and the actual submitting of the R&D tax claim report to HMRC.

- ✓ We then liaise with HMRC directly to answer any queries - saving significant time, energy and resource at the client's end, so they can carry on with their commercial activities.

R&D Tax Solutions assisted the company with:

- ✓ The confirmation of qualifying R&D activities
- ✓ Quantification of the qualifying costs
- ✓ Producing an amended Tax Computation
- ✓ Producing and submitting the R&D Tax claim report to HMRC
- ✓ Liaising with HMRC on the company's behalf

This saved a significant amount of time, which allowed the Company to focus more on commercial activities.