

# Stronger together

Working with hospitality  
businesses to help unlock  
cash flow, investment,  
networks and opportunities

**RELOUP**  
CAPITAL LIMITED



# About Recoup Capital

**Recoup Capital is one of the UK's fastest-growing R&D specialists.**

The Research and Development tax credit incentive was introduced in April 2000 by HMRC and is designed to encourage and reward UK-based Ltd companies for investing in innovative products, services and processes by providing them with a tax credit of up to 33p for every £1 invested.

## Our Mission

Our mission is to provide UK Limited Companies with the funds they are entitled to so their business can continuously innovate, improve, and grow.

# About Recoup Capital

**£25m**

We've recovered more than £25m for UK businesses since 2020

**£84,000**

The average claim for Recoup clients is £123,000

**£41.6bn**

Claimed since the scheme inception

**100%**

Our clients have seen a 100% success rate when their claims have been submitted to HMRC

# Research & Development in the hospitality sector

## What is R&D?

**Encouraging innovation and fuelling growth, R&D tax credits have the ability to transform your business.**

Research and Development (R&D) tax credits are a government incentive designed to reward UK companies for innovative products, processes or services in their sector. They can help company's cash flow in the form of a cash payment or reduce an outstanding or upcoming corporation tax bill, allowing the company to re-invest money into products accelerating their R&D or allowing the company to hire staff, ultimately growing the business.

## How do R&D tax credits work?

Companies that invest money into products, processes and services; or innovating existing ones are eligible to take advantage of R&D tax credits, which is administered by HMRC. When a company spends money on innovation, you can claim for R&D tax credits to receive a cash payment or reduction of corporation tax. The scope for R&D tax relief is huge and identifiable in every sector. If a business is making a claim for the first time, in most cases can submit for R&D tax relief for the last two accounting periods (subject to accounting year-end).

**The scope for R&D tax relief is huge and identifiable in every sector.**





# What can hospitality businesses claim for?

## Premises

Have you had to fit out a building where the work involved technical challenge?

Examples of activity that might qualify for R&D tax relief include:

- work to devise a way of fitting out the building to achieve your brand status whilst accommodating restrictions imposed by the listed status of the building.
- Fit-out costs for kitchen build, extraction or moving services.
- developing a novel way of introducing noise reduction methods into the building such as a restaurant or bar.
- investigation of new printing techniques to employ on building surfaces.
- design of unusual lighting solutions, heating and ventilation systems and methods of fire control.

## Information Technology

Have you spent money on IT to achieve business efficiency or assist with food manufacturing or production?

Examples of activity that might qualify for R&D tax relief include:

- development work to extend the capabilities of “off-the-shelf” systems.
- work to develop bespoke hospitality software to manage a manufacturing process where no existing “of-the shelf” package to meet business need exists.
- design of proprietary hospitality CRM and ERP software solutions and integration with existing business software systems.



# What can hospitality businesses claim for?

## Product development and improvements

**Do you spend time and money on developing or improving food and drink products?**

**Examples of activity that might qualify for R&D tax relief include:**

- Developing new menus and recipes for new markets
- Research packaging and delivery options for hot deliveries or cook at home boxes
- work to modify an existing recipe to reduce sugar, fat or salt content but retain the existing taste/flavour profile.
- work to investigate methods of extending the shelf-life of a food product.
- work to investigate how to ensure that a new food product meets new consumer regulations.
- work to create a new recipe that involves the combination of ingredients that are unusual and are not known to be used together.
- work to investigate how to produce a recipe on a larger scale that has been produced previously on a small scale where the aim is to ensure quality and consistency in the end-product.
- work to investigate how to replicate a product manufactured by a competitor where the underlying recipe and manufacturing technique is not discernible.

“Recoup made the process incredibly easy. They put us in touch with one of their chartered tax advisors and told us exactly what we’d need for the call – information that was all to hand. The process was fast and hassle-free. They did exactly what they said they would do and made it unbelievably easy. It was much faster than I expected”

**Chris Munro, Managing Director, BMC**





# What can hospitality businesses claim for?

## Food and drink manufacturing and production techniques

**Do you spend time developing new food or drink manufacturing processes?**

**Examples of activity that might qualify for R&D tax relief include:**

- work to investigate methods of adapting a piece of kitchen equipment to extend its capabilities in the food manufacturing process.
  - work to create a process to produce food products on a volume basis that had previously been made in small quantities.
  - work to investigate changes that should be made to standard beer-making techniques to achieve a desired flavour profile from combining non-standard ingredients.
  - work to investigate how to achieve cost savings in an existing kitchen or service production process whilst ensuring that product quality is not affected.
- work to investigate how to replicate a product manufactured by a competitor where the underlying recipe and manufacturing technique is not discernible.
  - work to develop a new food production system involving the combination of kitchen equipment or machinery not intended to be used together.
  - work to develop a method of recycling and using products past their sell-by-date in new product development.



**Do you spend time on considering packaging and investigating new packaging solutions or attempting to improve your existing packaging?**

**Examples of activity that might qualify for R&D tax relief include:**

- ♦ work to develop new packaging to house a product for which there is no existing packaging solution such as 'grab & go', 'delivery' or 'cook at home'.
- ♦ work to develop new packaging materials using recycled materials.
- ♦ work to improve existing packaging to mitigate against the risk of damage during transit.

- ♦ work to develop new drink bottles that can help in extending the shelf-life of the product within.
- ♦ work to investigate new printing techniques on novel materials.
- ♦ work to improve existing packaging to mitigate against the risk of damage during transit.





# **Hospitality Case Studies**

# Company A: Restaurant Business



## Facts

- A Michelin starred restaurant (“Company A”) has a test kitchen where test chefs conceive of and trial recipes before they roll them out to its restaurant. In order to keep costs down, the company uses its staff to taste test the new recipes, directing them to focus on texture, smell and flavour, or the sensory characteristics, rather than personal preference.
- Company A is constantly striving to create recipes that include novel ingredients that would not usually be paired together and to push the boundaries of what is possible in the culinary world. R&D activity is necessary to help decide what ingredient combinations work, what quantities of ingredient are required and the development of the recipe formulation and cooking method.
- In addition to new recipe development, the restaurant paid a third-party developer to create a mobile app on which customers can place pick-up orders. The development of the mobile app prompted the company to modify its existing point-of-sale (POS) system in order to integrate the two. R&D activity was necessary to help the restaurant overcome the integration challenges that arose.



## Technological Uncertainties:

- How the proposed ingredients should be combined within the new recipe formulation to achieve a favourable taste, texture and smell profiles.
- The quantity of ingredients to be used in the new recipe and the order in which they should be introduced into the formulation.
- The cooking methodology to achieve the end-result to include uncertainty surrounding temperature and cooking duration.
- What code to write to successfully integrate the mobile application and the existing point of sale (POS) system.

**Company A WOULD be eligible for R&D Tax credits because:**

**Under Para. 9 (b) of the BIS Guidelines Company A**

***“create a product and process that incorporates or represents an increase in overall knowledge or capability in a field of technology”***





# Company B: Brewery



## Facts

- A brewery (“Company B”) decides to add to its existing range of 4 core beers by brewing a new beer infused with CBD oil. Company A knows that CBD (cannabidiol) has a number of health benefits that include promoting relaxation and relieving pain and it thinks that a CBD based beer would be pleasant to drink and popular amongst its customers.
- Company B carries out research into different oils and sources one from the Netherlands to use in the brewing process.
- At the time when this project started, there were no breweries manufacturing CBD oil-based beers and there was no information within the public domain to inform Company B on how to introduce it as part of the standard brewing process or as to potential modifications that ought to be made to the standard brewing process.
- When trialing and testing began, further challenges materialized. There was substantial technological uncertainty surrounding the type of hops that should be used and the method to adopt to prevent the yeast from absorbing the oil and the CBD element becoming undetectable.
- Samples were produced which were “flat” in taste meaning that the beer had lost carbonation. In addition, the brew became “cloudy” and it was unclear how to prevent this from happening.
- Company B had to carry out substantial research and development to investigate the reason for the problems and to devise a method to resolve them.

## Technological Uncertainties:

- The quantity of CBD oil that should be incorporated within the brewing process.
- The manner in which the CBD oil should be introduced into the brewing process.
- The method to adopt to prevent the beer from becoming cloudy and how to separate the cloud once it had occurred.
- How to prevent the beer from becoming “flat” in taste and losing carbonation.
- The type of hops that should be used.
- How to prevent the yeast from absorbing the CBD oil and the CBD oil becoming undetectable.

**Company B WOULD be eligible for R&D Tax credits because:**

**Under Para. 9 (b) of the BIS Guidelines Company B**

***“create a product and process that incorporates or represents an increase in overall knowledge or capability in a field of technology”***





# Company C: Restaurant Business



## Facts

- A restaurant (“Company C”) decides to review all recipes on its existing menu in an effort to reduce the sugar and salt content as well as search for replacements for ingredients known to be adverse to customers who are lactose intolerant.
- The review is a huge undertaking. The menu contains a large number of meals that are hugely popular to customers. The restaurant is very concerned that reducing the sugar, salt and dairy ingredients within the meals will substantially alter the taste and appearance of these popular meals. There is no industry standard, guaranteed method of preserving the taste and appearance of the meals.
- R&D activity is necessary to help the restaurant carry out the review and change the recipe formulations to reduce the sugar and salt content and render the meals suitable for lactose intolerant customers.





## Technological Uncertainties:

- What changes should be made to the existing recipe formulation to achieve the same taste, texture and flavour profile of well-known meals caused by a reduction in salt, sugar and dairy ingredients.
- The replacement ingredients that should be trialled to replace dairy ingredients and the quantities necessary.
- What changes ought to be made to the cooking method for individual meals on account of the alteration of ingredients.

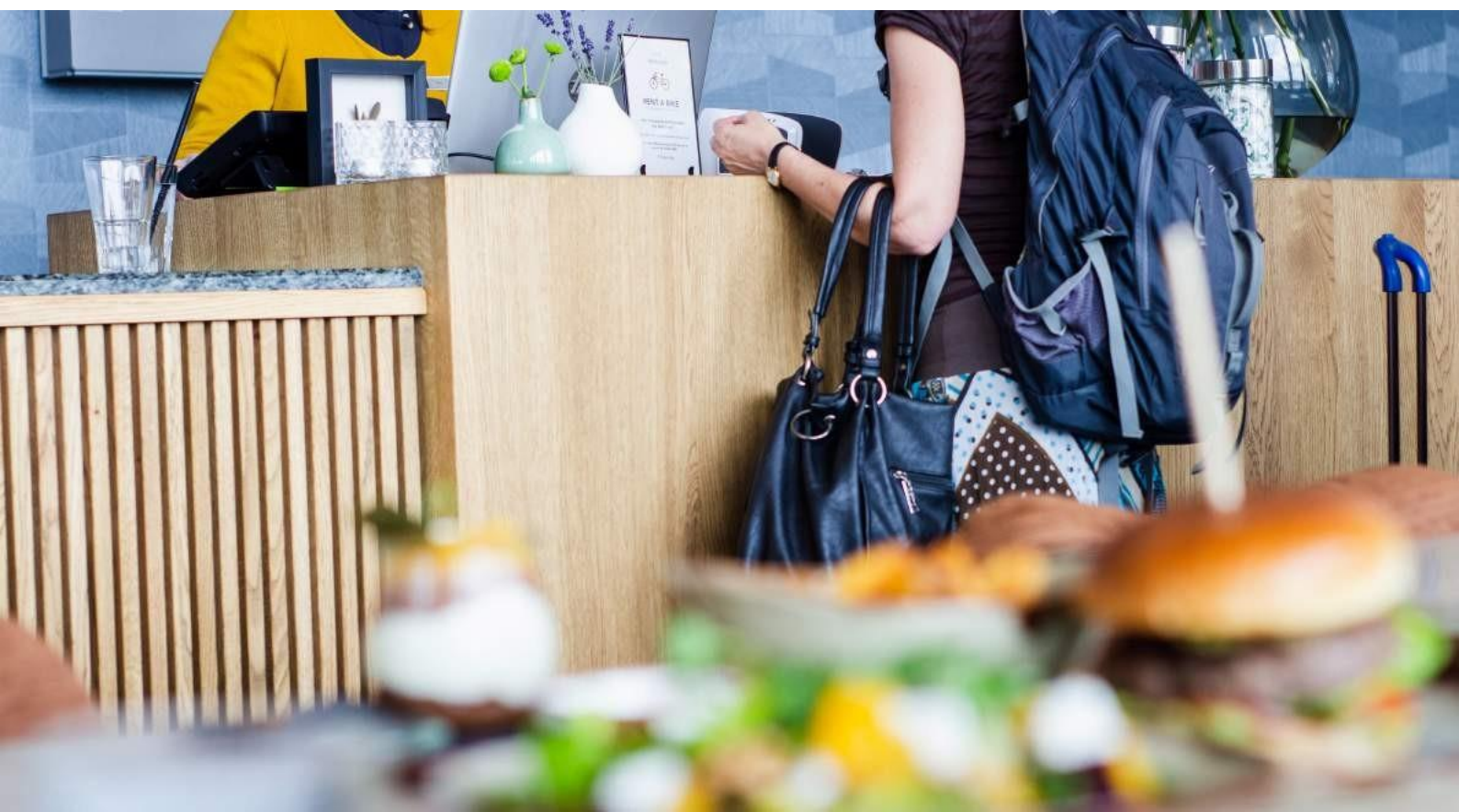
**Company C WOULD be eligible for R&D Tax credits because:**

**Under Para. 9 (b) of the BIS Guidelines Company C**

***“create a product and process that incorporates or represents an increase in overall knowledge or capability in a field of technology”***

**Under Para. 9 (c) of the BIS Guidelines Company C**

***“make an appreciable improvement to an existing product and process through technological changes”***





# How the process works

Recoup Capital work with a panel of the UK's most reputable chartered tax practices so whether you need help with an R&D claim or advice on whether you qualify, you're in good hands.

1

**Provide your financial information.** All you need to provide is your financial information, such as your full accounts for the last two years. Your finance team or accountant can help you gather what's needed.

2

**Recoup do the preparation with you.** We make the entire R&D tax credit claims process painless – we walk through everything with you to prepare your claim and match you with one of our expert chartered tax advisors.

3

**Your call with an expert chartered tax advisor.** Working with one of our specialist panel, this call with you they draw out the technical challenges faced or the innovations implemented around your products, processes, or services.

4

**Your claim is in expert hands.** After the call, we handle the rest of the process. Our panel of specialists in this area has developed a unique approach to creating an R&D tax credit claim. We can maximise every claim to its full potential thanks to our close relationship with HMRC.

## Funds in your accounts

**Our clients see funds in their accounts in just 6 to 8 weeks.**

**Get in touch** now to start **4 simple steps** to unlocking funds for your business  
info@recoupcapital.co.uk 0800 3277514.



**“Recoup launches **straight into action**. You don’t have to worry. From **beginning to end**, Recoup makes it all **unbelievably simple**.”**





**Today's adviser,  
Tomorrow's partner**



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