

ADSUM

A GUIDE TO TAX CREDITS FINANCING WITH ADSUM



ADSUM-WORKS.COM

Access your tax credits up to 12 months earlier and unlock risk-free liquidity with zero dilution. Discover one of the best-kept secrets among growth-hungry businesses, including:

- How tax credits financing works
- What your entitlement could be
- How we calculate and advance your credits

By the end of this guide, you'll know how you can uncover your earnings for free and get an advance on your tax credits in as little as 24 hours.

WHAT IS TAX CREDITS FINANCING?

Tax credit financing allows companies to get an advance secured against their tax credits, helping them to forecast and manage their cash position on large purchases or regular monthly spending.

The UK has several generous tax credit schemes designed to stimulate growth and productivity in key industries, with incentives including:

- Research & Development (R&D) tax credits
- VAT refunds
- Creative tax credits (film/tv production, video game development, virtual reality experience, theatre, ..)

Based on eligible expenses of £100K, a loss-making SME could get a payable credit of up to:

£33,000

in R&D
tax credits

£20,000

in VAT
refunds

£25,000

in creative
tax credits

Plus, certain businesses hit the jackpot by qualifying for 2 or more tax credit types that they can leverage for an advance.

Adsum makes overnight cash flow a reality for fast growth or boot-strapped SMEs using proprietary technology to calculate and advance their claim — up to 12 months ahead of HMRC's repayment.



TAX CREDITS EARN SIGNIFICANT CASH FOR FAST-GROWING COMPANIES ACROSS INDUSTRIES

R&D TAX CREDITS

£4.4B

claimed by SMEs
in the tax year ending 2021

Who benefits?

Any companies with expenditure in developing novel solutions, including:

- Manufacturing
- Information, tech, and software
- Science, engineering and mechanics
- Wholesale and retail traders

VAT REFUNDS

£735M

on average owed to
businesses in a net repayment
position in 2020

Who benefits?

Any companies that make large purchases related to taxable supplies, including:

- Construction, property development and real estate
- Wholesalers and retailers
- Manufacturing
- Pharmaceuticals

CREATIVE TAX CREDITS

£1.3B

claimed by creative sectors
in the tax year ending 2021

Who benefits?

Any companies producing qualifying entertainment, including:

- Film studios
- TV and animation production studios
- Video game developers
- Theatre productions

ARE YOU MAKING THE MOST OF YOUR TAX EARNINGS?

Many companies are under-claiming their tax credits - either by not claiming at all, by failing to maximise their claim, or by waiting up to 12 months for HMRC to release their capital.

Sophisticated companies who are scoring rounds of investment or grants might not be desperate to get their tax credits back ASAP – but it's always cheaper to get cash today than tomorrow. So the last obstacle to making your tax credits a valuable source of liquidity is getting past the slow machinery of HMRC - and we have the perfect solution to streamline your claim.



GET YOUR TAX CREDITS NOW WITH ADSUM

Slow tax refunds don't work for fast-burn companies. Adsum makes tax credits a viable part of the finance stack by advancing cash up to 12 months before HMRC releases your funds.

THE OLD WAY IN 12 MONTHS

Perhaps you're happy to wait and receive your tax credits further down the line. Use our free service to calculate how much your tax credit claim is and then file for it yourself through HMRC.

THE ADSUM WAY IN 24 HOURS

Now you can use tax credits (such as R&D, VAT, Film/TV production, video game development) for immediate financial leverage. Apply for a cash advance and get it within 24 hours (PLUS we take care of the entire process from start to finish, saving you up to 40 hours per claim).



GROW SMARTER, GROW FASTER

Our service not only provides funding but gives you business intelligence on your tax credit assets.

With Adsum, you receive a free monthly estimate of your earnings based on eligible spending within your accounts, so you can better forecast your cash position and plan your expenses accordingly.



Forecast your entitlement



Plan your spending



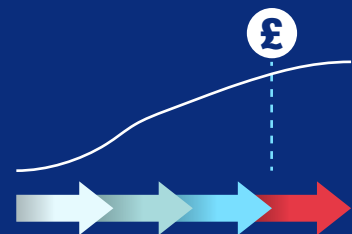
Cash in when you need

GET PAID WHEN IT SUITS YOU

A LUMP SUM PAYMENT

- for when you need a boost

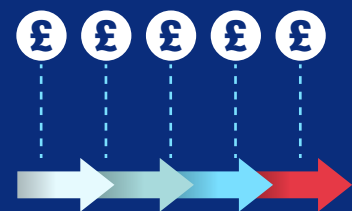
If you've accumulated unredeemed tax credits over time, Adsum can provide a one-off advance at any stage in your financial year.



A MONTHLY FACILITY

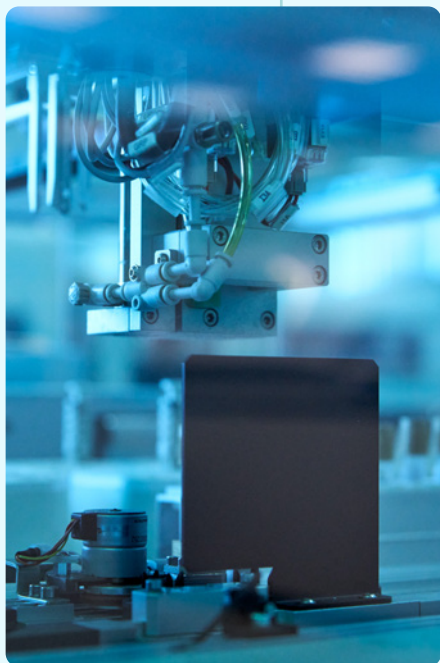
- put your cashflow on autopilot

Set up a rolling monthly tax credit facility at a cheaper rate compared to banks and tax advisors and with less admin than withdrawing multiple one-off advances. Put your monthly cash flow in motion for up to a year at a time.



WHICH TYPES OF TAX CREDITS CAN ADSUM ADVANCE?

Adsum partners with companies across a broad range of sectors to provide funding in the form of advances on R&D tax credits, VAT refunds and creative tax credits.



ADSUM'S R&D TAX CREDIT ADVANCES

Adsum supports pre-revenue small-to-medium enterprises by advancing their payable R&D tax credits.

The R&D scheme for SMEs gives tax credits related to their expenditure in developing novel or uncertain solutions, allowing them to make:

A deduction of an extra 130% of their qualifying costs from their yearly profit plus the normal 100% deduction (230% in total)

A claim for a payable tax credit capped at up to 14.5% of the surrenderable loss (for loss-making companies)

For every £100K of R&D expenditure, a loss-making company could be entitled to up to £33,000 in tax credits. Eligible costs include:

- Staffing costs
- Subcontracted R&D
- Externally provided workers (EPWs)
- Consumables
- Software
- Clinical trial payments

WHO CAN GET R&D TAX CREDITS?

You don't need a lab of scientists in white coats to qualify for R&D tax credits. The scheme is designed for any company that is innovating their sector within science and technology, which covers a broad scope of industries and developments - from beer brewing to renewable energy. Credits are available even if your project fails.

Did you know? R&D can take place in any sector, potentially earning tax credits.

You can get R&D tax credits so long as:

- ☐ Your research seeks to make an advance in your field
- ☐ You had to overcome uncertainty and attempted to do so
- ☐ The problem couldn't be worked out by a professional

ADVANCES TO ADVANCE YOUR RESEARCH

Research and development keep you leading the pack while you keep your industry moving. Whether you're adapting products to achieve net zero targets, expanding your capabilities to solve problems or engineering the next generation of products and processes - you need a way to cash flow and budget for these unmonetized parts of your development process.

R&D tax credits are designed to create a positive feedback loop between investment and innovation. The more you invest, the more you can innovate and reclaim - thus fueling your growth and potential to invest more, for further innovation and even greater reclaims.

Adsum's R&D advances speed up the process, so you can be at the forefront of your sector. It's a unique partnership designed to keep you innovating. Find out how much your entitlement could be for free.



CASE STUDY:

HOW A VENTURE CAPITAL-BACKED BUSINESS DISCOVERED AN EXTRA £750K WITH ADSUM

A fast-growth vehicle subscription service initially approached us to advance their VAT on £10M worth of monthly EV fleet purchases. As well as fulfilling their VAT advance, our proprietary technology uncovered extra R&D tax credits they didn't know they had earned.

“With their seamless system, Adsum found an additional £750k worth of R&D tax credits that gave us another opportunity for advance cash flow. This certainly gives us an edge over other businesses in the market because removing the lag between our expenses and HMRC paying makes a world of a difference.”

ADSUM'S VAT REFUND ADVANCES

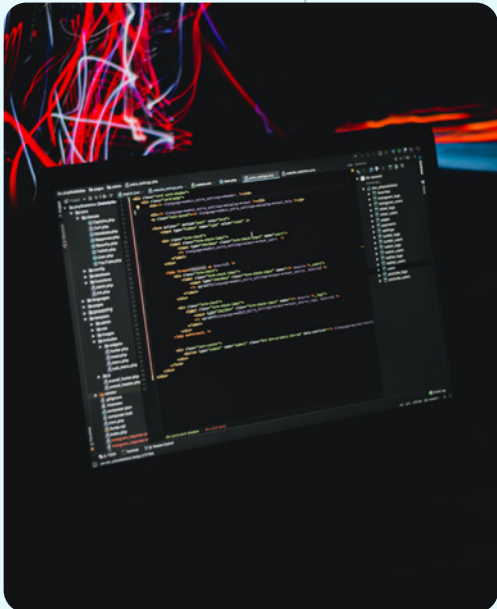
VAT-registered corporations in a net-receivable position can get a refund from HMRC on excess value added tax paid concerning taxable supplies. Value added tax is currently charged at 20%.

WHO CAN GET VAT REFUNDS?

Simply put, if you are registered for VAT and have paid more corporation tax than you've collected, you can file for a refund. This could be for many small VAT tickets accumulated over time - but Adsum's advance gives the biggest benefit to companies that need to fund the VAT on large one-off or recurring purchases.

Examples of purchases with reclaimable VAT include fixed assets such as:

- Fleets of vehicles
- Machinery and equipment
- Commercial property



THE PROBLEM WITH VAT REFUNDS

If your VAT outgoings are higher than your incoming VAT, you'll get it back - so what's the problem?

It all comes down to the delay in repayment from HMRC (up to 12 months). Any CFO who has to manage cash flow on significant purchases will tell you that covering the upfront VAT bill can leave growth-hungry companies unstuck.

For example, senior lenders and high street banks lost their risk appetite to cover the VAT portion on purchase loans for commercial property, leaving more clients looking for ways to fund that extra 20% or face tying up their liquidity with HMRC for up to a year.

Last year, HMRC paid out £75 billion in corporate VAT refunds. Adsum's mission is to get that capital to companies faster.



CASE STUDY:

HOW ADSUM FUNDED THE VAT FOR A PPE IMPORTER

During the first national lockdown, an import and export company got the opportunity to purchase much-needed PPE stock from overseas. However, they needed to rapidly cover the £200,000 VAT bill to close the deal in a highly competitive market.

“I needed funding to cover this quickly so I could get my inventory as fast as possible. Adsum stepped in and provided the funding I needed, allowing me to get on with doing what I do best!”

Our team then oversaw the managed recovery of the VAT from HMRC, giving the client one less thing to worry about so that they could focus on their business. Since then, the company has returned to Adsum for funding on three further asset purchases.

Adsum's R&D advances speed up the process, so you can be at the forefront of your sector. It's a unique partnership designed to keep you innovating. Find out how much your entitlement could be for free.



ADSUM'S CREATIVE TAX CREDITS ADVANCES

The UK has some of the most generous tax incentives for creative sectors in the world, which draw in high-end production studios, video game developers and animators to produce world-class entertainment from our shores.

There are 8 creative tax credit schemes:

- Film Tax Relief
- Animation Tax Relief
- High-end Television Tax Relief
- Video Games Tax Relief
- Children's Television Tax Relief
- Theatre Tax Relief
- Orchestra Tax Relief
- Museums and Galleries Exhibition Tax Relief

Each credit type has its conditions, but the general rule is that you can get a percentage of your development and production costs back in the form of tax credit - typically 20-25%. Usually, the productions must be qualified as British via the BFI cultural test to qualify for credits.



FILMS AND VIDEO GAME DEVELOPMENT TAX CREDITS

Eligible British films and video game developers can get a tax relief of 25% of their core UK expenditure. It either gives an additional tax deduction (if you're in profit) or payable cash (if you're making a loss). It can be claimed on whichever is the lesser of:

- 80% of your total core expenditure
- Your actual UK expenditure

There's no minimum or maximum budget to qualify for tax credits. The average claim in 2021 was £680,000 because both big and small production companies were lining up to make claims. (Hint - you could too!).

TIMING IS EVERYTHING

Although UK tax credits have provided a much-needed boost to creative sectors, including creating jobs and stimulating investment, they've done little to help creatives with what is usually their greatest challenge: Getting their ideas funded into fruition.

This is where an Adsum advance changes everything. Adsum will advance up to 100% of your entitlement within 24 hours with zero upfront charges, helping you raise the finance needed to make your ideas a reality.



CASE STUDY:

HOW ADSUM SUPPORTED THE EXPONENTIAL GROWTH OF A VIDEO GAME STUDIO WITH A VIDEO GAME TAX CREDITS ADVANCE

One of our now most cherished clients initially came to us at Adsum, having tried all the traditional lenders, desperately trying to fund their growth trajectory as their new video game had become an overnight sensation.

“We were scrambling to find a funding option that allowed us to scale as our popularity surged, but no traditional lender would look at us because we did not have 3 months of sales history. Thankfully, we came across Adsum’s Video Game Tax Credits advance.”

Adsum was quickly able to identify the client’s exact claim amount and advance them that money in double-quick time. We also covered the time-consuming claim submission and chased up the refund to ensure the client could devote as much time as possible to doing what they do best - creating great video games.



ADSUM PARTNERS WITH GROWTH-HUNGRY SMES TO UNLOCK THEIR FUNDING FASTER

Our mission is to make finance frictionless for our users. We'll calculate how much you're due, maximise your claim and deal with HMRC from start to finish, including applying, chasing up, and ultimately securing your payment.

- No maximum claim
- Zero up-front fees
- Apply in a few clicks

HOW IT WORKS

Our customers are simply looking to capitalise on the tax credits they've already earned. It's that straightforward, which is why we make it straightforward to get advances from Adsum, too.

For us to assess your entitlement and advance your claim, here's all that you need to do:

- Take a quick picture of your I.D document to verify your identity
- Provide your documents and sync your accounts
- Accept your advance



HOW WE CALCULATE YOUR TAX CREDITS

Our proprietary technology uses publicly available information and read-only access to your accounts (provided by you) to quickly and accurately calculate your entitlement.



**Identity verification
and security checks**



**Scanning for and
validating eligible
spending**



**Cross referencing
accounting software
and open banking**



**Tax credits advance
deposited directly to
your account**



**Automated and
manual quality
assurance**



**Verifying outstanding
tax liabilities via
government gateway
and open banking**



**Maximising,
submitting, chasing
and recovering your
claim from HMRC**



**Direct repayment
from HMRC**

CLAIM TODAY, GROW TODAY

Adsum is the fastest tax expert provider of UK tax credits finance, helping you:

- Boost your cash flow to accelerate development
- Capitalise on the present value of money
- Plan your spending confidently
- Show steady revenue growth
- Maintain competitive advantage

Why wait for the end of your financial year to grow when you could unlock your finance with an Adsum advance today? Get started now by discovering your entitlement for free, or speak to one of our team to find out more.



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