

R&D in nanomaterials design and application

OXONICA PLC

Nanomaterials
Kidlington, Oxfordshire
58 staff
2005 Turnover £1.2m
2005 R&D £1m
www.oxonica.com

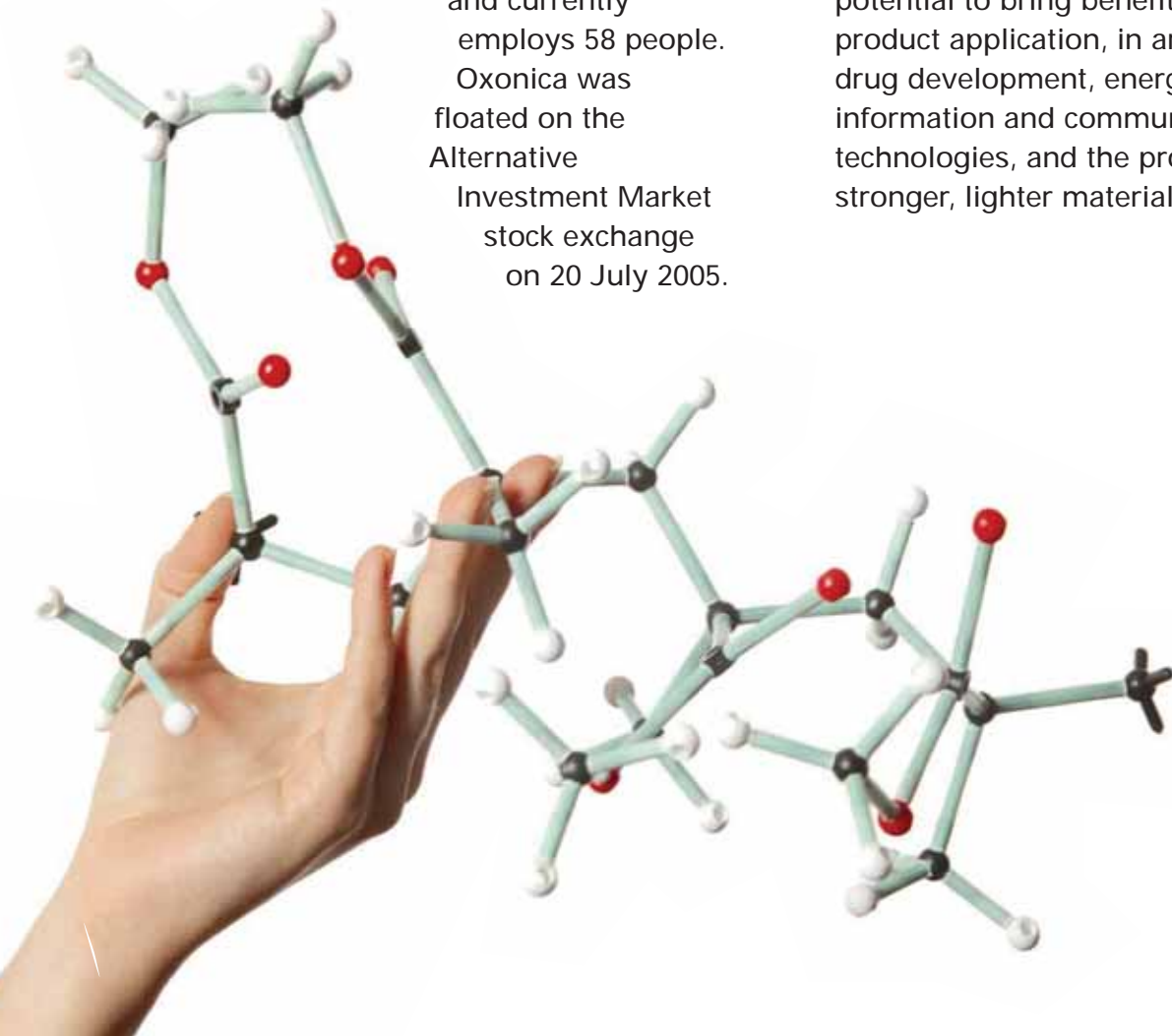
KEY ISSUES IN THIS CASE STUDY

- ▶ External accountant was the influencer
- ▶ Cash refund good for cash flow and incentive to invest

The company

Oxonica is one of the leading European nanomaterials groups, with products already launched into international markets. It was spun out from Oxford University in 1999 and currently employs 58 people. Oxonica was floated on the Alternative Investment Market stock exchange on 20 July 2005.

The Group's mission is to develop innovative commercial solutions for international markets using their expertise in the design and application of nanomaterials. Nanotechnology is widely seen as having potential to bring benefits to many areas of product application, in areas as diverse as drug development, energy and environment, information and communication technologies, and the production of stronger, lighter materials.



Business Model

Oxonica's business model is to focus on its strength in identifying market opportunities, securing intellectual property and introducing new technology to market. They have three operating divisions covering energy, healthcare and materials. Their commercial products include:

- ▶ a fuel-borne nanocatalyst for diesel engines which reduces fuel consumption by savings of 5–10% and reduces particulate emissions by up to 15%;
- ▶ a photostable UV absorber that provides enhanced and longer lasting protection against UVA in sun-care and anti-ageing products.

In addition, Oxonica is working to generate a range of future product applications. These include additional fuel saving additives, marker technology for the clinical and life science diagnostics markets, further UV protection applications and new products for plastics and coatings, transparent conducting films and security markers.

The company's report for the year ending December 2005 showed a turnover of £1.2 million with an R&D expenditure of £1m; the R&D as % of sales was 83%.

Making a tax credits claim

Influenced by external accountant

Nicola Slater, Financial Accountant, said: "We found out that we were eligible for the R&D tax credits through our external accountant and with their guidance put together a claim for all our eligible costs."

Our experience

Nicola said: "Our R&D tax credits claims are successful. One of the lessons the company learnt was to identify what activities qualified for the claim and being able to determine the eligible costs of R&D activities for taxation purposes."

The benefits

Oxonica has claimed the R&D tax credits using the SME scheme and Nicola said: "Our company benefits from the R&D tax credit scheme as we obtain a cash refund which is good for our cashflow. Our advice to newcomers to R&D tax credits is obtain advice from an accountant before applying."

Nicola said: "We already claim for the 100% capital allowance for our R&D-based capital expenditure."

Recommend other companies to apply

Cash refund good for cash flow and incentive to invest

"We would recommend that other companies make a claim for the R&D tax credit, where possible. It provides a much – needed cash incentive for new research companies like ourselves who automatically invest heavily in R&D activities".