

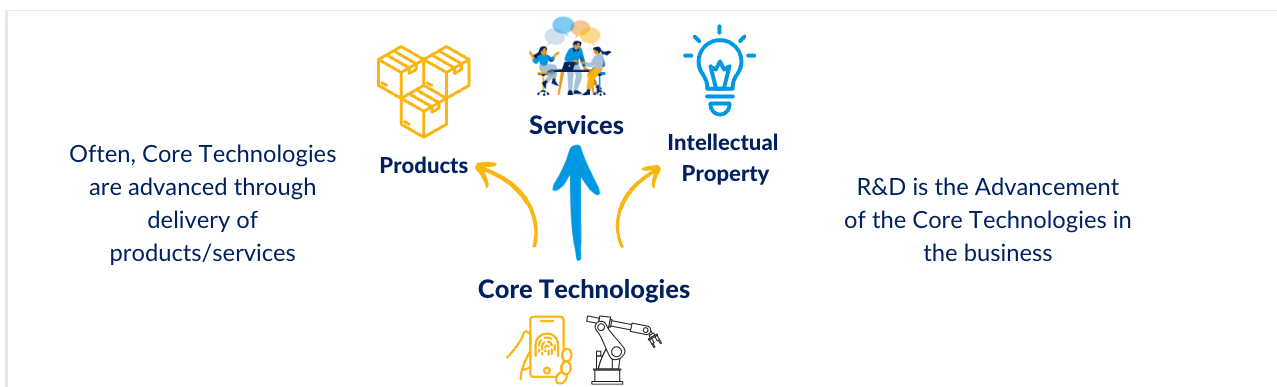
Accounting for R&D: Key Considerations & Best Practices | ReaDI-Watch

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Accounting for R&D is a critical challenge for finance teams, particularly when deciding whether costs should be expensed or capitalised, and how innovation impacts financial reporting. If you're reading this article, it is likely that your company (or client) is working with ReaDI-Watch to bring visibility & clarity to the Research & Experimental Development taking place in the business. Rather than focusing on the expenditure & resources spent rolling out products & services, ReaDI-Watch defines the R&D in the business as development that seeks to advance the Core Technologies in the business.

Please note that this classification is for internal company purposes only, as qualifying R&D for R&D tax credits may be a part of this, but not all R&D work in the company will be eligible as qualifying R&D.

So, as per the diagram below, how is R&D investment / expenditure accounted for in the company?



The article [Accounting for R&D and Innovation: Creating Value in your Company](#) will bring you further clarity on the questions outlined below.

Our goal here is to capture real-time R&D and Innovation data, such that accounting for R&D becomes as simple and clear as possible.

Key Questions to be resolved on the ReaDI-Watch success journey:

- Is R&D accounted for in the delivery of products and services?
- Is R&D accounted for as an operating expense, and/or is it capitalized as an asset?
- How is R&D accounted for in the investor data vault / data room?
- Does IP directly generate profit for the business?