How to Stop Annual R&D Spreadsheet Guesswork

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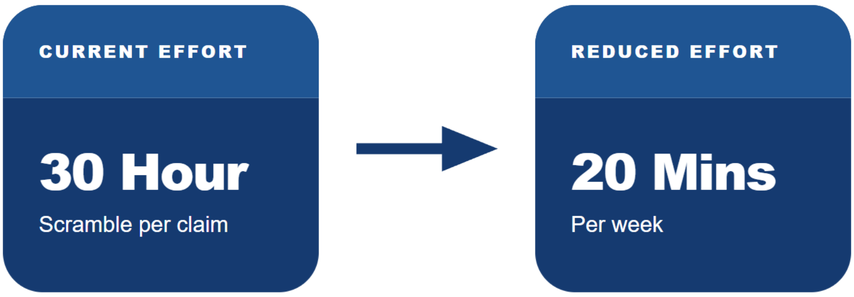
Many R&D active companies have a version of the same year-end routine: someone pulls together a spreadsheet, estimates how much of each engineer's time went to R&D qualifying work, and hopes the numbers will hold up. Companies relying on this kind of retrospective reconstruction have reported spending over 30 hours per claim on documentation alone, with room for more headaches in the case that the estimates don't survive scrutiny. Even organisations with real-time tracking systems often end up resorting to a version of this laborious routine, manually drawing data sources together and trying to account for gaps.

It doesn’t have to be this way. Contemporaneous tracking of R&D time can reduce this burden significantly when implemented thoughtfully.

Why the spreadsheet approach breaks down

A year-end spreadsheet is built from memory, bits of project records, and whatever informal notes survived the year. This can create a plausible reconstruction under time pressure, but it will lack the features that make R&D tracking valuable. By the time someone sits down to distribute hours retrospectively, they remember the outcomes more than the failures and process of development.

Connecting labour hours to R&D work packages addresses this problem at the point of entry. Each logged hour gets linked to a specific piece of qualifying work as it happens, with a description attached.



A diagram illustrating the time saved by contemporaneous R&D time tracking

What this means in practice

The demanding, 30-hour documentation routine isn’t an inherent cost of R&D tax credit compliance. Careful systems of R&D tracking (such as coupling to work packages) avoid this issue. ReaDI-Watch's approach is to make information capture continuous, turning year-end R&D reconciliation into an exercise in consolidation rather than an impossible struggle to reconstruct what may have happened.