

Rankin Photography Studio Kentish Town, United Kingdom

Challenges

- The project was brought to us by an accountancy practice after completion, with the client already in occupation.
- The property had been purchased and the redevelopment executed by the client over a number of years.
- The redevelopment comprised a gallery, studio and associated offices on the ground and first floors with flats (sold off on long leases) and a penthouse on the upper floors. It involved refurbishing the existing building with additional area at the upper levels.
- The development costs did not separate the residential portion, where capital allowances are largely unavailable, from commercial portion where the allowances could be claimed. Being complete it also meant that any enhanced capital allowances would be dependent on the specification of the building passed to us.

Solutions

- The client had kept a large amount of the accompanying detail of the development within his records. This allowed us to get a good picture of the development and the associated costs.
- We carried out a full survey taking in all relevant areas and understanding their use in the photography business.
- Of particular interest were the studio and gallery areas, but it was interesting to see how the work in the studio progressed to the office areas for completion prior to publication.
- Using our building cost expertise we were able to separate the costs related to the commercial areas from those connected to the non-qualifying areas. We were also able to carry out a forensic analysis of the enhanced capital allowances position based on our survey information from site.

Results

- 19% of the redevelopment costs were tax relievable for the client. Excluding costs associated with the residential element this figure rises to 65%.
- Due to our forensic survey of the equipment installed, 23% of the tax relief identified qualified as being on asset that fell to be energy or water efficient and met the criteria of the energy technology lists. This resulted in a significant amount of tax relief in year 1, as opposed to over a ten year period.

Reflections

- The results were very good in all areas, considering we had no influence over the specification or the level of cost detail that was available to us at our stage of involvement.
- The client had kept a significant amount of information associated with the project, which meant we had little need for recourse to the project team or the contractor, although



"We were impressed by Davis Langdon's speed of response, and the thorough way in which they undertook the exercise. It has provided us with some very beneficial tax savings."

Andy Harrold, Rankin

we did contact various members of the team for clarification of certain items.

- Unfortunately the rainwater harvesting system, which could have qualified, if differently specified, did not qualify for energy efficiency and therefore, we were unable to accelerate the tax relief on this asset.
- The high level of energy efficient equipment indicates the potential values that can be achieved where recognised energy systems are installed and this is considered for tax planning at an early stage of the project.