

# Hyperion Focus 17

## Automation of Tax Reporting in HFM

Paul Atkins, Galliford Try

Jess Jiang, AMOSCA





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# Introductions

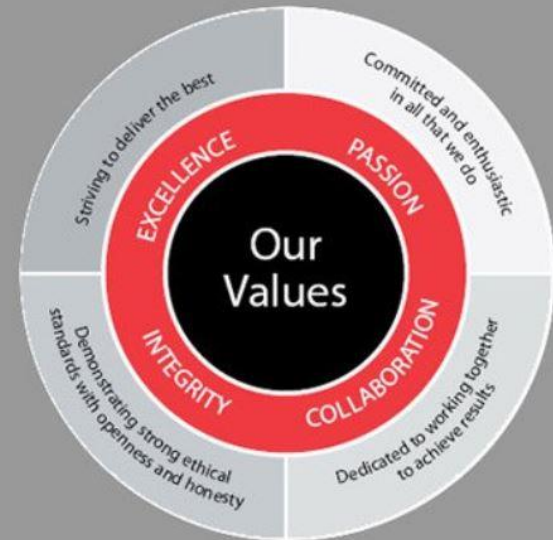
## Background to the company

Galliford Try is a FTSE 250 business and one of the UK's leading housebuilding, regeneration and construction groups with revenues of £2.8 billion.

We operate through three strong businesses: Linden Homes, Galliford Try Partnerships and Construction & Investments. We make an important contribution to meeting the demand for new homes in the private and affordable homes sectors, regenerating neighbourhoods and working to improve the UK's built environment, delivering positive, lasting change for the communities we work in on behalf of our clients.

Our company is founded on our values of excellence, passion, integrity and collaboration, and our vision is to be leaders in the construction of a sustainable future.

## OUR VISION & VALUES



## OUR BUSINESS MODEL & STRATEGY



# Introductions

## Linden Homes

### A top UK housebuilder

- Linden Homes is a top 10 UK housebuilder
- A well-respected brand for private and affordable homes
- Multi award winning developments and a reputation for quality
- Delivered 3,296 new homes in 2016/17, of which 77% were for private sale
- A strong presence in the South and East of England and a growing presence in other regions
- Currently 10 regional business units





# Introductions

## Construction & Investments



### A major national contractor

- Organised into Building, Infrastructure, Investments Divisions
- In addition, a specialist services division which includes facilities management, telecommunications, dry lining and our national piling specialists, Rock & Alluvium
- National coverage with a network of regional offices
- On a number of large public sector frameworks and contract in most markets; aviation, custodial, health, education, highways, water, wind, retail
- 50 Operating units across various regions and market sectors



A leading UK affordable & regeneration specialist

- A strong track record of delivery and a growing national footprint
- Strong relationship with the Homes and Communities Agency and Greater London Authority
- Contracting services to housing associations, local authorities and other Registered Providers
- Mixed-tenure projects provides private housing for sale on regeneration-led sites
- Presence established in Southern England through acquisition of Drew Smith Group.
- Currently 7, soon to be 8, regional business units



# Background to project

ORACLE

**“That’s  
the way  
we’ve  
always  
done it!”**

## Background:

- HFM is used for data collection, group consolidation, forecasting and group reporting.
- The tax provisioning and reporting process is centralised in the Group Tax department.
- Tax department currently uses SmartView spreadsheet to retrieve data from HFM
- Tax calculations and tax provisions undertaken in Excel spreadsheets.

## Challenges:

- Tax provisioning and reporting is at legal entity level, while the financial information in Oracle/HFM is at BU level.
- The adjustments applied in HFM will not automatically update the basis for tax calculations (in Excel) and a data reconciliation exercise is required.
- The manual process is time consuming and takes weeks to complete the year end tax reporting process.
- Potential for manual error and lack of audit trail in the current process.
- Need to make it easily scalable.



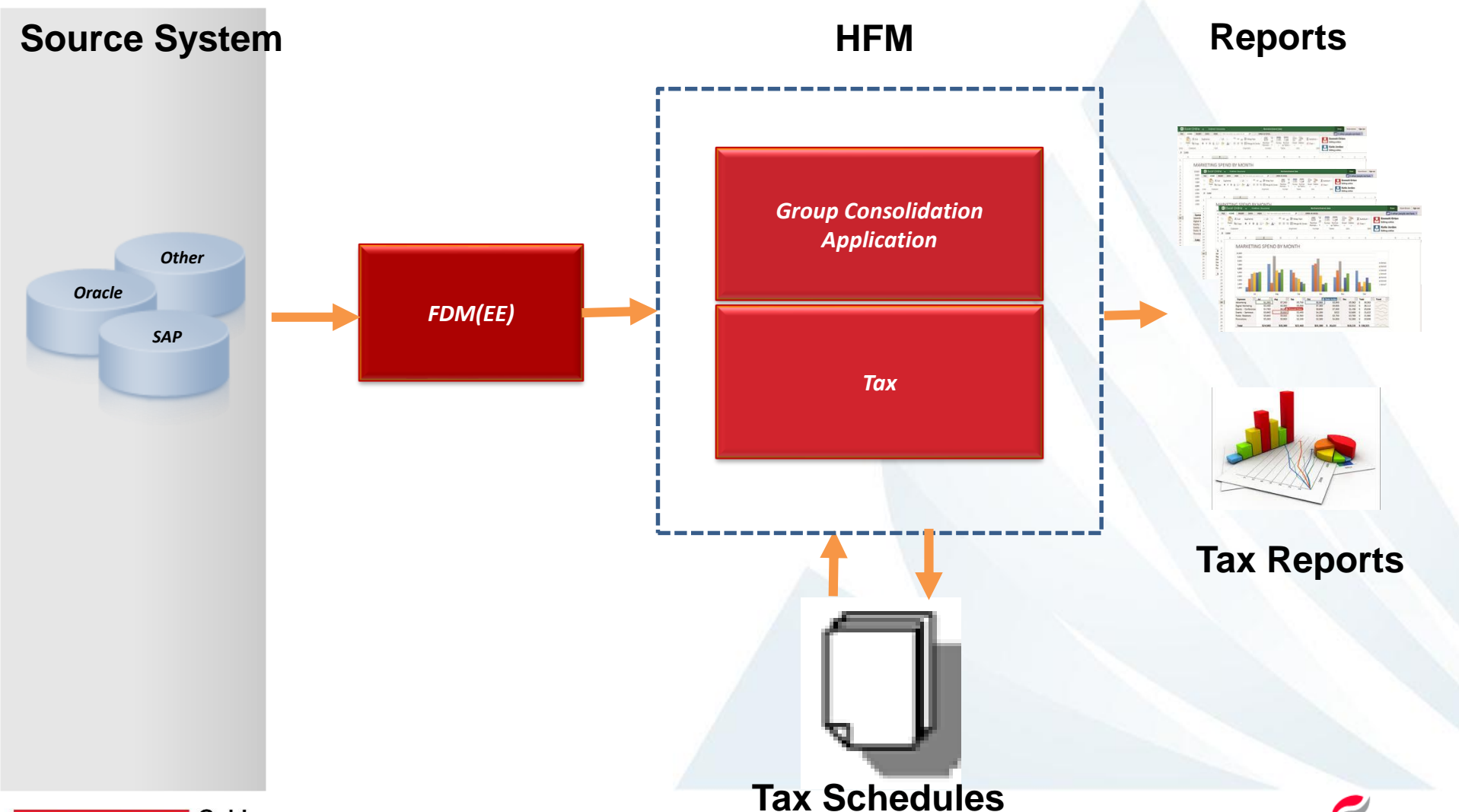
# Why HFM and not A N Other?

## Benefits:

- The HFM application has already been used to collect the requisite base data for tax reporting
- The tax reporting requirements are relatively straightforward and can be met by the expanded use of HFM
- The application can be supported by existing company resource as well as falling within the existing support service arrangement
- The application can be amended under the existing change management framework to meet changing circumstances
- Removing the requirement for the purchase, implementation and maintenance of an additional product
- There are no additional software and licenses costs
- The use of HFM for tax reporting will increase the return on the company's investment in Hyperion EPM technology

# Automate tax reporting in HFM

High Level Data Flow





# Automate tax reporting in HFM

## Project Overview

- The tax provision and reporting solution is built in the current HFM application
- AMOSCA's Vanilla Tax application is used as a prototype to accelerate the design and build process
- Tax adjustments and calculations are automated and stored in HFM
- Smart View Tax Pack provides a familiar user interface for tax accountants
- Tax data upload through Smart View Tax Pack
- Stat Accounts Tax Disclosures immediately available to Group Finance

Task Lists

- GroupFinTList
  - Tax Tasklist1
    - 1001\_Memo-Loss\_Analysis
    - 1002\_Current\_Tax
    - 1003\_Memo-Age\_Analysis
    - 2001\_Tax\_Basis\_BS
    - 2002\_DT\_BS\_Disclosure
    - 2003\_Revised Opening Balance
    - 3001\_Provisions
    - 4001\_Tax Data
    - 4003\_Disclosures\_BS
    - 4004\_Disclosures
    - 4005\_IFRS\_Tax\_Accs
    - D2\_IFRS\_Rate\_Rec
    - All Journals
    - Deferred Tax
    - Current Tax
    - DT
    - IFRS Rate Reconciliation

1002\_Current\_Tax - Current Tax Charge Calculation

	Total	Temporary	Permanent
IFRS Profit/Loss before Tax	36,630,206		
Noncurrent Temporary			
Current Temporary			
<b>Total IFRS profit/(loss)</b>	<b>36,630,206</b>		
Start & machinery writing down allowance			
Depreciation on items eligible for capital allowances/IAS	1,498,327	1,498,327	
Intangible immovables	13,690		13,690
<b>Total Fixed Assets</b>	<b>1,512,017</b>	<b>1,498,327</b>	<b>13,690</b>
Amortisation of intangible assets	1,074,613	1,074,613	
Goodwill amortisation			
<b>Intangibles and Goodwill</b>	<b>1,074,613</b>	<b>1,074,613</b>	
Inventory			
Retentions & unredempted provisions			
Share based payments			
Foreign exchange movements			
Capital interest			
<b>Other Temporary Differences</b>			
Provision payments charged to BS	200,000		200,000
International Interest Provision			
Group tax reserves			
Unapportioned interest provision			
Deferred Taxes and Items			
Provision Contributions			
Other noncurrent differences IAS			

GALLIFORD TRY

STANDARD TAX COMPUTATIONS

YEAR ENDED 30 JUNE 2016

Connection	GTTEST		
Scenario	ACTUAL		
Enter entity no:	Input Entity 1001	Legal Entity 1001	Galliford Try Services Ltd
Segment:	15	Building	
Enter financial year:	2016		
Period:	Jun		
Corporate income tax rate for the year	Default Tax Rate 20.00%	Override Tax Rate 20.00%	0
Consolidated reconciling tax rate	20.00%	20.00%	0
Tax rate applicable to brought forward deferred tax balances	20.00%	20.00%	0
Tax rate applicable to carried forward deferred tax balances	20.00%	20.00%	0
Write Down Allowance for the current year	18.00%	18.00%	0



# Achievements & The Future...

## Achievements:

- A single and fully integrated solution for financial and tax reporting eliminates the requirement for data reconciliation
- Tax provisioning and reporting are at the legal entity level
- Full audit trails are available in HFM from the GL load via FDM to adjustment through journals
- Reduce the year end tax provisioning/reporting cycle from weeks to days
- Invest time in value added activities e.g. analysis and tax planning rather than data checks

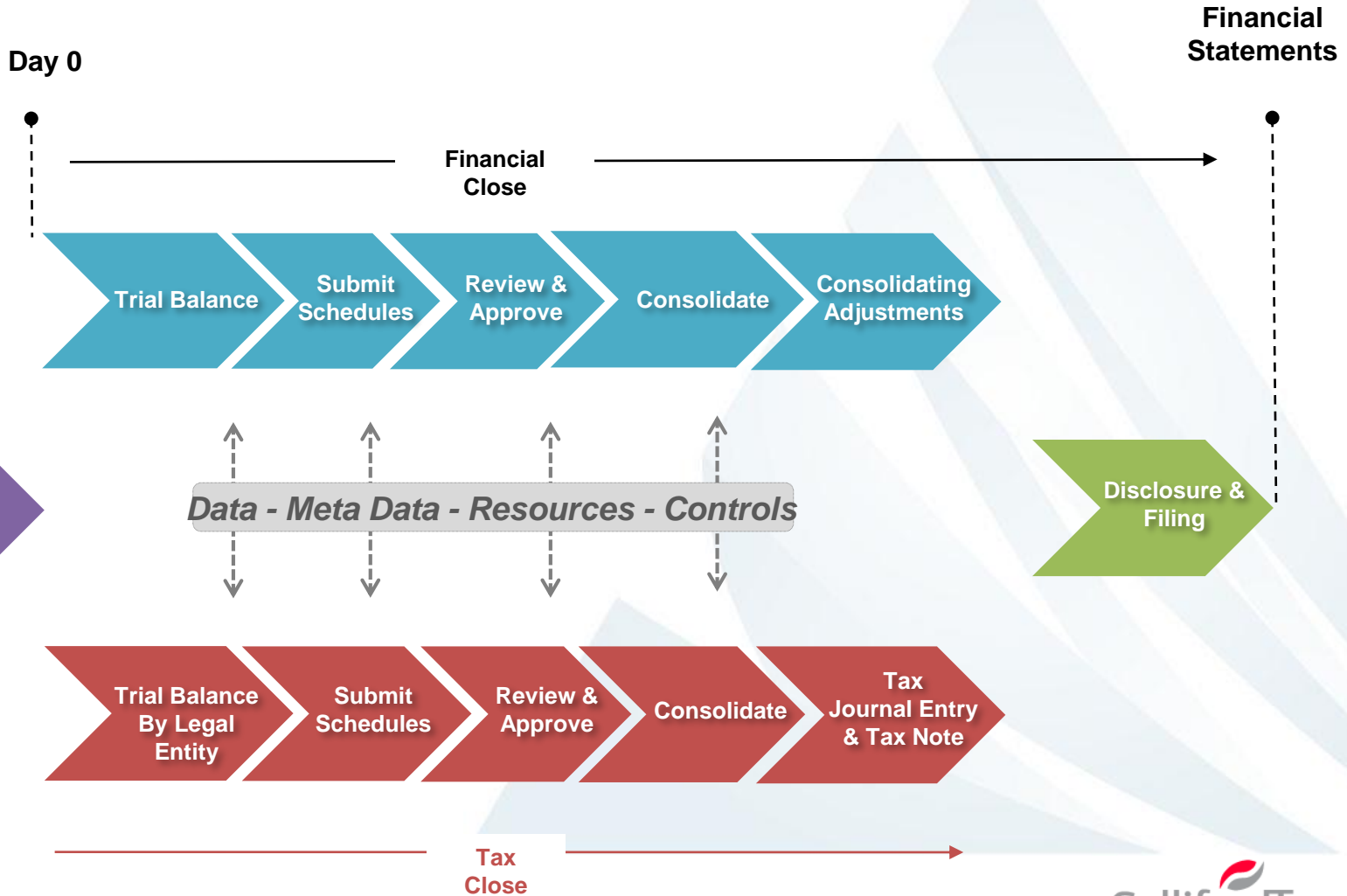
## The Future:

- Interface between HFM and Corporate Tax Compliance Software
- Expand granular data pulled through FDM(EE) into HFM for tax compliance purposes
- Possible introduction of RPA for tax reporting and tax compliance process



# Achievements

## Tax and Finance...in sync



# Hyperion Focus 17

## Thank you

