

Tax reporting and compliance has changed. Have your tax processes and systems kept up?

At year end, do you find yourself handling a huge number of disparate spreadsheets in an effort to manage your capital allowance claims, capital gains computations and tax accounting and reporting figures?

The Tax Automation Capital Assets Database™ solves these problems by allowing the recording and tracking of capital expenditure for capital taxes purposes. The software deals with all types of assets and enables easy reconciliation to the statutory accounts. Wasting assets and chattels are recorded as well as plant and machinery, cars, properties and all other types of chargeable assets.

The software ensures fast and efficient analysis of expenditure and produces reports on:

- Allowances and depreciation claimed on every asset;
- Timing differences and FRS19 / IAS12;
- General pool, integral features, short life asset and many other allowance calculations;
- Disposals for capital allowance and capital gains purposes including part disposals, leases and wasting assets;
- Contingent gains under IFRS and UK GAAP;
- What If? gains for tax planning decisions;
- Tracking rollover and holdover of gains;
- Asset expenditure histories;
- A full audit trail so all actions are fully documented and will satisfy both internal and external auditors;
- Full export to Excel for maximum flexibility and portability.

A rich user interface and powerful multi-layer search capabilities allow you to interrogate your data quickly and efficiently.

With direct data feeds from fixed asset ledger systems, the software allows you to manage your capital expenditure for tax purposes throughout the year, thus minimising the work at half-year and year end.

The screenshot shows the Capital Assets Database v3.0 interface. The top report is titled 'Integral features pool (01/01/2008 - 31/12/2008)'. It displays a table with columns: Type, WDV h/t, Transfers In, Additions, Disposals, WDA, Disclaimed, Transfers Out, and WDV c/t. The bottom report is titled 'Timing differences (01/01/2008 - 31/12/2008)'. It displays a table with columns: Closing 31/12/2008, Opening 01/01/2008, and Movement. The table lists various asset categories and their values.

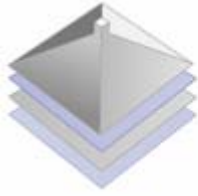
Type	WDV h/t	Transfers In	Additions	Disposals	WDA	Disclaimed	Transfers Out	WDV c/t
Integral features at 10%	0.00	0.00	38,842.13	0.00	3,884.21	0.00	0.00	34,957.92
TOTAL	0.00	0.00	38,842.13	0.00	3,884.21	0.00	0.00	34,957.92

	Closing 31/12/2008	Opening 01/01/2008	Movement
Net Book Values			
Non-qualifying assets and revenue items	470,813.31	471,420.40	-607.09
Capitalised items	0.00	0.00	0.00
Total non-qualifying	470,813.31	471,420.40	-607.09
Integral features at 10%	38,842.13	0.00	38,842.13
P&I at 25%/20%	1,391,172.38	1,433,503.87	-42,331.49
P&I at 40%	0.00	0.00	0.00
P&I at 100%	0.00	0.00	0.00
Exemptive car	0.00	0.00	0.00
Short life asset	323,823.10	338,187.86	-14,364.76
Long life asset	0.00	0.00	0.00

CAD has become an invaluable tool for

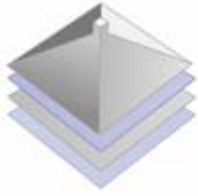
- Property companies
 - PRUPIM.
- Leisure and entertainment organisations
 - Luminar plc;
 - Marston's plc; and
 - Scottish & Newcastle UK.
- Companies with large capital expenditure
 - Group4 Securicor plc.

Contact us to discuss how CAD can help you save time, increase efficiency and ensure that you have a fully auditable process for all your capital expenditure analysis and calculations.



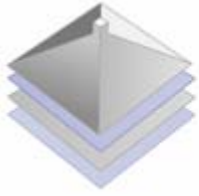
Key features

- **Multi-year database:** capital histories are not year or accounting period specific. The ability to store and access data for the entire history of any asset significantly increases reporting and tax planning functionality.
- **Capital Allowances:** fully functional tax logic allows the calculation of all capital allowances types across the multi-year structure. Based on the original accounting entries, with additional fields for qualifying dates, this flexible structure enables the reconciliation of data to statutory accounts while also maintaining the correct allowance claims. All the main capital allowances are fully supported including Short and Long Life Assets, Integral Features, Research & Development and Enhanced Capital Allowances. The ability to enter percentage restrictions for non-qualifying and revenue amounts further ensures accurate claims and deductions.
- **Depreciation:** depreciation calculations based on actual expenditure mean that timing difference and FRS19/IAS12 reports can be produced for half and full year reporting deadlines as well as quarterly or monthly reports as required.
- **Capital Gains Tax:** by maintaining full capital histories for all assets capital gains tax liabilities can be calculated for any type of disposal. CAD maintains full tax functionality for all gain scenarios, including leases, wasting assets, multiple part-disposals, chattels and small part disposals.
- **Capital Gains Tax planning:** the ability to run multiple 'what-if' planning scenarios based on accurate data means that information for tax planning is immediately available.
- **Contingent Gain calculations:** based on valuations, which are easily imported into the system, you can run contingent gains calculations in minutes. CAD supports both IFRS and UK GAAP calculations.
- **The Review Grid:** this innovative way of reviewing transactional data enables the status and settings of records to be amended quickly and simply. The 'journal matching' tool enables identification of non-tax relevant transactions, ensuring that you can concentrate on the important, tax-sensitive transactions.
- **Searching:** simple but powerful search processes mean it is easy to create complex interrogations of the data held. Saved searches can be re-run, or loaded and used as the basis for more detailed searches whenever required. These searches can play a key role in demonstrating, both internally and externally, that your organisation has sufficiently robust compliance and review processes.
- **Full audit trail:** full details of all changes to the data are automatically recorded providing an invaluable report for both internal and external auditors and HMRC.
- **Importing data:** data can be imported from almost any source including accounting or fixed asset systems as well as spreadsheets or existing bespoke applications. The use of Tax Automations' 'default account mapping' process means that initial coding for capital allowance, depreciation policies and capital gains tax status is made on import. This approach means that much of the mundane tax work is run automatically freeing up time to concentrate on the key tax-sensitive transactions.



Key features continued

- **Intuitive data views:** multiple data views mean data is presented to suit the task and the user. The use of the familiar 'tree view' to present data in a hierarchical structure makes viewing assets easy and reduces training time.
- **Multiple access levels:** 'read only' access allows non-tax staff to view data, run reports and planning scenarios. This opens up the use of CAD beyond the tax department to finance, property and legal departments.
- **Exporting data:** reports, search results and summary screens can be exported as fully featured Excel spreadsheets with a single click. The resulting spreadsheets, with formulae and formatting, make it easy to email information to colleagues, advisors or HMRC.
- **Capital Goods Scheme:** detailed calculations are available for capital goods scheme adjustments based on the total expenditure records, and the input tax thereon, for each relevant period.
- **Inter-action between CA, CGT and CGS:** the implications of the inter-action of capital allowances, capital gains tax and the capital goods scheme are fully covered within CAD. By using the same source data as the basis for all the relevant tax calculations a full analysis of all applicable taxes is available.
- **Management tools:** pre-defined reports, including details of expenditure records that have not been reviewed and signed off add specific workflow steps which form part of the risk-management process.
- **Disposal wizard:** the intuitive wizard guides you through the disposal of assets for both capital allowance and capital gains purposes. Either allocate imported disposal transactions, or manually enter disposals.
- **Web updates for tax rates and tables:** monthly updates for tax rates and RPI figures are downloadable from our web-site. Automatic prompts on accessing CAD advise when updates are available.
- **VBA macro-support:** allows the program to be easily updated or tailored to your organisation's needs, as well as easing interaction with 3rd party software.
- **Context sensitive help:** full online help screens are available covering all aspects of the software.
- **Easy integration with corporate tax compliance packages:** avoid the duplication of data and effort by exporting capital allowance and capital gains schedules from CAD into your corporate tax compliance software package. This approach also creates a full audit trail from source ledger data to the final computation.



CASE STUDY: LUMINAR

● Client profile

Luminar is the largest operator of licensed late-night venues in the United Kingdom, running well known brands such as Chicago Rock Café and Jumpin Jaks. The Company is listed on the London Stock Exchange and has a market capitalisation of £383 million.

● The challenge

Managing Luminar's capital expenditure budget for tax purposes was becoming an ever increasing burden on the in-house tax department. Annual expenditure of nearly £50 million required detailed analysis to ensure capital allowance and capital gains reliefs were being maximised. As part of a general review, the new Head of Tax identified a need for more efficient processes and the adoption of technological solutions to ensure that staff time was spent more effectively on planning and advisory work rather than analysis. Furthermore, the current legislative and compliance requirements highlighted a need for a comprehensive audit trail between ledger data and tax figures submitted to the Inland Revenue. Finally, a third requirement was to avoid using percentage based sampling methods for agreeing capital allowance claims and to calculate the figures on an exact basis.

The company already had a fixed asset accounting system and corporate tax computation software, but needed the ability to bridge the gap between the two efficiently and effectively to create automated analysis and report schedules directly from the ledger data. This would free up tax department staff time to concentrate on project work and advising the business on tax efficient structures, whilst also providing the necessary audit trail.

● The solution

Luminar approached Tax Automation to provide the Capital Assets Database™. Andy Marks, Head of Tax at Luminar, explains how a tight deadline added to the pressure: "Having engaged Tax Automation, we had an aggressive development and implementation timetable, requiring specialist and a complete integration within a few months, to ensure we could start our new financial year using improved processes."

Challenge:

Provide the Head of Tax with a fully automated process for reconciliation between ledger and tax figures.

Solution:

Using Tax Automation's Capital Assets Database (CAD) to record and track capital expenditure.

Benefits:

Better identification of qualifying expenditure for capital allowances, along with introducing a consistent process and freeing up of resources for planning and risk management work.

To enable Luminar to achieve these goals, Tax Automation employed cutting edge development methodologies and careful project planning, along with ensuring the involvement of the project teams throughout the process.

Trevor Ling, Group Tax Controller at Luminar highlights the involvement of Tax Automation: "Regular project meetings and working prototypes provided an excellent way of seeing the product evolving and being tailored to our needs. Tax Automation kept us fully informed throughout the project and were happy to visit us at short notice if any issues arose. Their approach to customer care has been exemplary".

Having tested the software solution on 2003/04 data, the system went live in time to start managing the 2004/05 capital expenditure and immediately reduced the time and effort required to analyse this expenditure for capital allowance purposes.

● The benefits

The Capital Assets Database™ has provided a robust and auditable process for managing capital expenditure that has met Luminar's requirements and will allow further improvements going forward.

Other tangible benefits include having moved from a percentage based sampling method to an exact method, the company has increased the value of identified capital allowance qualifying expenditure claims by 12%.

The software is now in use throughout the Luminar business.