

Greene King Reduces Risk with Tax Automation's CAD System

When Greene King needed to improve year end reporting for chargeable and contingent gains it turned to Tax Automation's CAD system in order to achieve this

Background

Greene King, the UK's leading pub retailer and brewer, acquired Spirit Pub Company in 2015 which was described as one of the most high profile deals in the pub sector since 2005 when Punch Taverns acquired the original Spirit Pub Company.

This deal has enabled Greene King to grow its share of the UK eating and drinking out markets and build on its track record of more than 20 successful acquisitions in the past two decades.

Finding a better system for chargeable and contingent gains

When Greene King bought Spirit Pub Company it inherited all its systems, data and processes. This included its tax reporting process underpinned by Tax Automation's Capital Asset Database system (CAD) which Spirit Group was using to deliver its chargeable gains reporting more effectively and efficiently.

Previously Spirit Group had been using a legacy software system for its chargeable and contingent gains for year-end reporting which had been an extremely cumbersome and slow process. With the help of Tax Automation, Spirit Group seamlessly imported data on circa 1,300 pubs into the CAD system. The net result was that the year-end process was extremely smooth; in fact it was better than it had ever been before.

Upon evaluating both the process and the CAD system that Spirit was using, the Greene King tax team decided that it would be good to import the Greene King property portfolio into the CAD system as well. New auditors working with Greene King had initially flagged its contingent gains deferred tax accounting as high risk but by the time Tax Automation had helped Greene King load all the data into CAD and roll out the process across the enlarged group, Greene King's deferred tax was removed from the auditor's high risk register.

Importing data into CAD

The project started in September 2015 and by March 2016 all of Greene King's data had been loaded in to CAD ready for year-end. In the first instance the team at Tax Automation provided Greene King with a demo to show how Spirit was using CAD and how Greene King could subsequently use it.

During the process there were a lot of questions from the auditors about the calculations and where the numbers come from. Tax Automation worked very closely with Greene King to make sure that everything was accurately represented.

Jon Peake from Greene King comments:

"The CAD system is very powerful and I still don't think we are using it to its full capabilities. Every day we find new functions and better ways to do our reporting. The solution is extremely appealing and has saved us a huge amount of time and stress and of course our auditors are now extremely happy with our processes and reporting."

Superior Excel and tax reporting knowledge

Jon went on to explain that Greene King had its own Excel spreadsheet which it had been using to calculate the numbers and it continued to run this in parallel during the first year-end reporting period in order to prove that CAD could run the same calculations, otherwise there would be no way of knowing that the numbers were accurate. Jon adds:

"I was impressed with how quick and speedy the process was in order to get us ready for year-end. I was also impressed with Tax Automation's in-depth knowledge of Excel and tax reporting."

A smooth year-end process

Greene King has now completed its second year-end with CAD and thanks to Tax Automation the team was well prepared and confident that it would achieve its goals. Jon continues:

"Bryony and the team have always been very responsive in dealing with any queries and implementing updates and new versions and so forth. With a complex set of reporting numbers like we have there will always be queries. For example, there are 3,000 sites and the inherent gain on each and every one of these sites must be accurately recorded. Plus some of the costs go back as far as the 1900s and the CAD system processes all of this data exceptionally well. I have found with Tax Automation that there is always a sense of urgency when they respond to any questions or issues that I have."

Jon concludes:

"Most importantly we have now been removed from the high risk register and the attention at year end from our auditors is now considerably less than it has been in previous years."