

ABACUS GROUP CASE STUDY

Why ONESOURCE's "impressive" trust flow ups make all the difference.

- Vanel Teng, Senior Tax Manager, Abacus Group.

ABACUS



FOUNDED IN:
1996



HEADQUARTERED:
Sydney, Australia



SPECIALISE IN:
Real estate principal investment



FINANCIAL STRUCTURE:
6-way stapled entity comprising
of 3 companies and 3 trusts



REVENUE:
\$351 million

ONESOURCE Trusts

Abacus Group's need for a digital trust solution

Abacus Group is a publicly listed company on the Australian Stock Exchange (ASX). They are a diversified real estate investment trust with an investment portfolio concentrated in the commercial property and self-storage sectors.

The company has a financial structure comprising of three companies and three trusts with the shares and units in these entities stapled together (six-way staple). This adds another layer of complexity to Abacus Group's tax reporting processes.

Vanel Teng is a Senior Tax Manager at Abacus Group and as a reviewer of the trust distributions and tax returns, it is her responsibility to ensure tax compliance obligations are met. Accuracy and timeliness are non-negotiable aspects of each deliverable. Because Vanel and her team use ONESOURCE Trusts, these requirements are always met.

Thomson Reuters interviewed Vanel to hear how ONESOURCE Trusts has improved efficiency, delivered time savings, and provided integrity to all tax reporting outputs at Abacus Group.



Automated inter-funding and flow up features stand out

In Vanel's line of work, having automatic flow-ups and inter-funding distributions flow between trusts is "the prominent feature that must be available". When evaluating solutions, it was the first benefit she looked for. ONESOURCE Trusts is the only tax solution capable of fully automating inter-funding and multiclass calculations, so naturally it was Abacus Group's first choice. They have relied on the solution for many years.

"When I was first presented with ONESOURCE, I was very impressed with the way it did trust flow ups," she says.

With multiple trust structures to consider, it is easy to see why automated trust flow ups are important to Vanel. One small error can cause a chain reaction of issues. "If the wrong percentage flowed up, then everything else down the chain would be incorrect."

Prior to adopting ONESOURCE, Abacus Group completed trust distribution calculations in Excel spreadsheets and paper files. Not only was this a manual and laborious task, but it exposed them to potential risk of error. With data contained in multiple source files (and located in disparate locations), it was hard to trace the flow of distributions within all trust structures and ensure the data flowed up correctly.

The beauty of ONESOURCE Trusts is that "when things change, you have assurance that it will be taken into account further down the chain. You do not have to trace through it because you have comfort that the program will do it for you. This makes a dramatic difference in terms of feeling confident in the tax components, the numbers, and the integrity of that information at the end," she explains.

How it works

The inter-funding functionality is driven by the number of units on issue. This is used to calculate the cents per unit (CPU) or dollar per unit (DPU) distribution for each tax component. Automated data flows ensure the correct amounts flow through from the child entity to the parent entity, and the process is streamlined.

It's as simple as uploading your data to the software and configuring who owns what and by how much. Once the rules are set, any data changes are simply uploaded to ONESOURCE, and the correct flow up is completed automatically. As Vanel highlights "as long as you play the rules correctly, the correct amount will flow up. That is the main thing to remember!"

Integrity of data and content updates provide comfort

Because Vanel and her team use ONESOURCE Trusts, they have faith in the integrity of their tax data and peace of mind at every step.

Using a cloud-based solution, like ONESOURCE Trusts, makes preparation and collaboration a lot easier, especially with the Abacus Group team working flexibly. It helps to have one online destination for all the relevant information. **"Everything housed in the one spot makes the integrity of the data a lot more reliable,"** comments Vanel.

When it comes to being across the latest content updates, Vanel is always notified. Relying on a content-driven solution like ONESOURCE Trusts means that Vanel is notified about the latest tax forms and requirements. "ONESOURCE gives me the assurance that if updates come up, you will inform me, so I don't have to worry about missing them."

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Easy to extract data as well

As a listed organisation, Abacus Group have significant reporting requirements, however Vanel can count on ONESOURCE Trusts to collect all the required data sets. **Vanel extracts the relevant distribution components including the CPU and DPU amounts using inbuilt reporting capabilities.**

ONESOURCE Trusts also provides transparency on how items in a tax return label are being calculated, and the ability for the end user to extract relevant work papers. Since Abacus Group's reporting requirements often require the use of their tax data, **Vanel knows she can "rely on ONESOURCE to have all that information" and have "comfort that it is the right thing (she is) relying on."**

Reviewing calculations is “much easier”

Earlier on in Vanel’s career, she would review distribution calculations in hard copy files and multiple Excel workbooks. As Vanel recalls, “it was difficult to check for formula errors embedded into Excel files. You would literally have to manually punch the numbers in to see if they had been added correctly, which was very time consuming!”

Vanel appreciates the inbuilt checks and validations offered in ONESOURCE Trusts, as they give her confidence.

The convenient error notification on the user interface means “if there is an error, I know something is not balancing.” This makes it straight-forward for Vanel to quickly identify potential mistakes when reviewing a calculation.

The other benefit of using ONESOURCE is that all the work papers are consistent, so Vanel knows where and what to look for. With multiple Abacus Group team members preparing individual calculations, Vanel is not burdened by reviewing inconsistent Excel files with different formulas and calculation models. Everything is uniform in ONESOURCE with a full audit trail inbuilt. From the numbers within disclosure forms through to source data, embedded click-through links make it simple for Vanel to trace.



Dependable at the eleventh hour

Like all companies listed on the stock exchange, the tax deadline is a hard date. If things do not go as planned, Vanel’s deadline does not budge. “I can’t tell the ASX or the ATO to push the deadline back,” she laughs.

There was one time, Vanel recalls, when things could have gone wrong. The team discovered that additional depreciation was excluded from the calculation very close to sign off date. **If it were not for ONESOURCE, the team would have spent significant time checking the calculations** to ensure this change flowed through correctly and the tax components were accurate at each level. **However, for Vanel it was as simple as changing one number and hitting refresh for the software to make the correct changes.**

Upon reflection, Vanel contemplates how it was done in the past with files and papers and different Excel spreadsheets. “How could that have been possible, really?”

The tax team’s automated future

Given the ever-changing regulatory landscape, Vanel understands embracing tax technology is the way of the future. **With increasing tax reporting requirements and shorter reporting cycles, any time that can be saved is “completely necessary”.** Digital transformation and automation offer substantial opportunities to increase the efficiency and ease of tax reporting and contribute increased value to the organisation. Whilst there will always be the need for human insight and analysis, the Thomson Reuters solution is expected to support Abacus Group over the long term.

“ONESOURCE is definitely the right product for us. There’s just no other product out there that caters to the property trusts space at the same level. It is efficient and provides integrity to the output that we ultimately need to rely on,” concludes Vanel.

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Learn more about how ONESOURCE Trusts can help your business.

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