

The Chartered Tax Adviser Examination

May 2025

Application and Professional Skills

Taxation of Larger Companies and Groups

Pre-seen information

You may print this copy of the pre-seen information but you will not be permitted to take this into the test centre. It will be contained in the final Exhibit in each question.

Pre-seen information

Client name

Corline group

Parent company

Corline plc

Date of incorporation

1 June 2010

Country of incorporation and tax residence

UK

Ownership

Listed on London Stock Exchange. No shareholder holds more than 5% of the shares.

Board members

Lady Caroline Longly (Chair)
Jonathan Price (Chief Executive Officer)
Helen Andrews (Chief Finance Officer)
Bill Hungerford (Chief Operating Officer-UK)
Michael Hunter (Chief Operating Officer-Overseas)
Mo Colorado (Head of Strategy)
George King (Head of Human Resources)
Janice Legrande (Non-executive director)
Rishabh Singh (Non-executive director)
Sir Henry Holdwell (Non-executive director)

Total number of worldwide employees across the Corline group: 35,000.

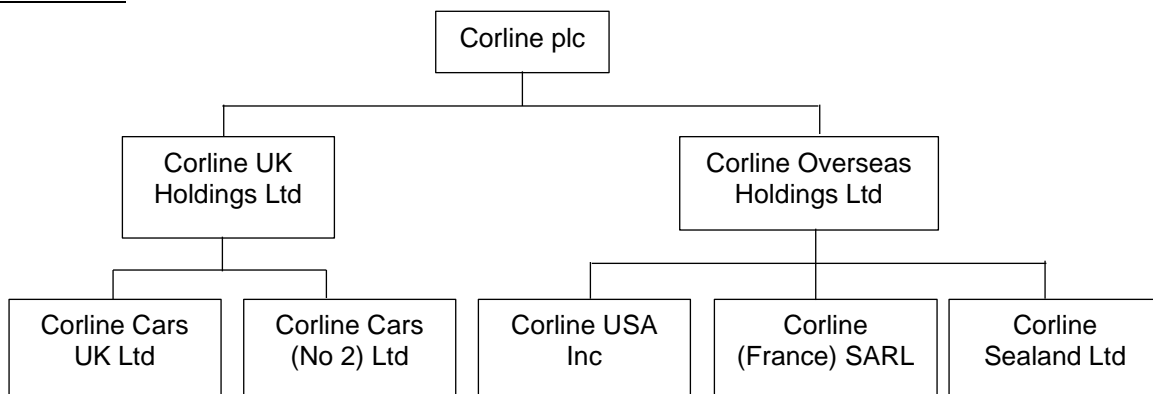
Background and history

Corline Motors Ltd was founded in 1988 as a private company. It was re-named Corline Cars UK Ltd in 2010 when Corline plc was founded, acquired Corline Cars UK Ltd and floated on the London Stock Exchange. The group has grown steadily over the years, both organically and by way of acquisition, in the UK and in Europe, Asia and North America.

Corline plc acquired Hunter Motors (Sealand) Ltd, (since renamed Corline Sealand Ltd), in 2015. The then majority shareholder of that company, Michael Hunter, joined the Board of Corline plc at that time. He and his family continue to own several manufacturing companies in Sealand that supply parts to Corline Sealand Ltd.

On 31 December 2019, Corline UK Holdings Ltd acquired all the share capital of Plysville Motors Ltd. Plysville Motors Ltd was a UK based and UK tax-resident manufacturer of luxury petrol and diesel motor cars sold mainly in the UK and the US. It had suffered severe adverse business conditions during 2019 and, in consequence, it had incurred taxable trading losses to carry forward of £850 million at 31 December 2019. Plysville Motors Ltd was renamed Corline Cars (No 2) Ltd on acquisition. The trade was continued, and the market for luxury cars improved. The company returned to profitability and has utilised £50 million of brought forward losses in accounting periods up to and including year ended 31 December 2024, by way of carry forward against trading profits.

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Group Structure

Corline plc, Corline UK Holdings Ltd and Corline Overseas Holdings Ltd are holding companies and do not trade. The other companies manufacture and sell motor vehicles. All companies are wholly owned.

All companies are tax resident in the UK apart from Corline USA Inc, Corline (France) Sarl and Corline Sealand Ltd, which are tax resident in USA, France and Sealand respectively.

Sealand is an independent country in Asia.

Financial information for Corline plc groupIncome statement for the year ended 31 December

	<u>2024</u>	<u>2023</u>
	£million	£million
Revenue	4,150	3,978
Cost of sales	<u>(2,408)</u>	<u>(2,204)</u>
Gross profit/(loss)	1,742	1,774
Administrative expenses	<u>(1,200)</u>	<u>(1,134)</u>
Profit before tax	542	640
Tax	<u>(130)</u>	<u>(160)</u>
Profit after tax	<u>412</u>	<u>480</u>

Balance Sheet as at 31 December

	<u>2024</u>	<u>2023</u>
	£million	£million
Fixed assets	4,240	4,360
Cash at bank and debtors	1,600	1,050
(Liabilities)	<u>(3,060)</u>	<u>(2,900)</u>
Net assets	<u>2,780</u>	<u>2,510</u>
Equity:		
Share capital (Note)	200	200
Reserves	<u>2,580</u>	<u>2,310</u>
Total equity	<u>2,780</u>	<u>2,510</u>

Note: 200 million £1 ordinary shares.

Corporate Tax

Company tax returns for periods to 31 December 2023 for all territories have been submitted on time.

The corporate income tax rate in Sealand is 15% of taxable profits, which are computed with no deduction for interest expense.

There are no withholding taxes on payments from France, USA or Sealand to UK parent companies.

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VAT

Corline UK Holdings Ltd is the representative member of a group VAT registration in the UK, consisting of all UK resident companies. The group is wholly taxable.