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## 1. PURPOSE

- 1.1 Tax computation and e-filing of Corporation Tax returns for two of the Departments for Transport's wholly owned subsidiaries: LCR Finance Plc and CTRL Section 1 Finance Plc for the financial years ended 31 March 2016 (to be filed by 31 March 2017), 31 March 2017 (to be filed by 31 March 2018) and 31 March 2018 (to be filed by 31 March 2019), with the option to extend for a further two years.
- 1.2 BACKGROUND TO THE CONTRACTING AUTHORITY
- 1.3 Both companies are wholly-owned subsidiaries of the Department for Transport, with two directors (plus an external director for CTRL Section 1 Finance plc) and a company secretary. They were originally set up (in 1999 and 2003) as subsidiaries of London and Continental Railways Ltd ("LCR Ltd"), in order to raise funds for the construction of the Channel Tunnel Rail Link (HS1). Monies raised were then lent onwards either to LCR Ltd or to other group companies. The Department for Transport acquired ownership of the companies in 2009 and replaced LCR Ltd and the other group companies as counter-party to the lending relationship.
- 1.4 The companies' main activity now is servicing the debt (bonds and notes) issued to fund the construction of the Channel Tunnel Rail Link (HS1). The companies earn interest (and receive payments of interest and principal) from the Department. The companies are listed, and the bonds and notes are tradeable.
- 1.5 LCR Finance plc is structured to break even in each and every financial year. CTRL Section 1 Finance plc is the issuer of asset-backed securities and, as a securitisation vehicle, is structured to make a small profit or loss in each financial year. CTRL Section 1 Finance plc has elected to apply the Securitisation Regulations (Taxation of Securitisation Companies Regulations 2006) and therefore its taxable profits are calculated on a cash basis. The company has significant brought forward tax losses, which should cover all taxable profits for the period under consideration. As a result, neither company is expected to need to pay corporation tax.

## 2. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 2.1 Both companies are required to file corporation tax returns and supporting documents. Under HMRC guidance companies are required to file their corporation tax returns and supporting documents online in iXBRL format ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/420060/ct-returns-format.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420060/ct-returns-format.pdf)). The companies have decided to meet this requirement by preparing the computations and accounts in excel/word format and then seeking an external supplier to apply iXBRL formatting and then upload them. The company's current contract has come to an end.

## 3. DEFINITIONS

Expression or Acronym	Definition
HMRC	Means Her Majesty's Revenue and Customs
iXBRL	Means Inline eXtensible Business Reporting Language.
CT600	Means [Corporation Tax: Company Tax Return].



#### **4. SCOPE OF REQUIREMENT**

- 4.1 To review the tax computations prepared by the companies in excel format and the annual accounts prepared in word format (and signed copies of the annual accounts prepared in pdf format), prepare the CT600 form and populate the relevant boxes on the form, apply iXBRL formatting and then e-file this documentation within twelve months of year end in accordance with HMRC guidance and relevant legislation
- 4.2 Tax advisory work is outside the scope of the requirement;

#### **5. THE REQUIREMENT**

##### **5.1 E-filing of Corporation Tax returns for both companies**

- 5.1.1 Receive the corporation tax computations prepared by the companies in excel format and the statutory accounts prepared by the company in word format (with signed versions in pdf format);
- 5.1.2 Review the tax computations for errors and raise these with the companies in a timely manner;
- 5.1.3 Once any and all errors or other issues have been resolved, apply iXBRL formatting to the schedules;
- 5.1.4 Populate the CT600 form and send to companies for signing by a director;
- 5.1.5 Once the signed CT600 has been received, file all schedules online.

#### **6. KEY MILESTONES**

- 6.1 The Potential Provider should note the following project milestones that the Authority will measure the quality of delivery against:

Milestone	Description	Timeframe
1	E-File Corporation Tax returns 2016	By 31 March 2017
2	E-File Corporation Tax returns 2017	By 31 March 2018
3	E-File Corporation Tax returns 2018	By 31 March 2019

#### **7. AUTHORITY'S RESPONSIBILITIES**

- 7.1 The successful provider will be provided with the corporation tax computations prepared by the companies in excel format and the statutory accounts prepared by the company in word format (with signed versions in pdf format);

#### **8. REPORTING**

- 8.1 A report will be required confirming the successful submission of the returns.



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**9. VOLUMES**

- 9.1 Returns will be required to be produced in line with statutory requirements

**10. CONTINUOUS IMPROVEMENT**

- 10.1 We would like to advance completion of the e-filing of the Corporation Tax returns by one week each year.
- 10.2 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.
- 10.3 The Supplier should present new ways of working to the Authority during review meetings.
- 10.4 Changes to the way in which the Services are to be delivered must be brought to the Authority's attention and agreed prior to any changes being implemented.

**11. SUSTAINABILITY**

- 11.1 None

**12. QUALITY**

- 12.1 The firm and staff must be familiar with the Corporation Tax requirements applicable to securitisation companies, as defined in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296). The firm should have sufficient appropriately skilled staff to deliver the contract without being overly dependent on a few key individuals,

**13. PRICE**

- 13.1 Prices are to be submitted via the Appendix E excluding VAT.

**14. STAFF AND CUSTOMER SERVICE**

- 14.1 The Authority requires the Potential Provider to provide a sufficient level of resource throughout the duration of the E-Filing of Corporation Tax Returns for LCR Finance plc and CTRL Section 1 Finance plc Contract in order to consistently deliver a quality service to all Parties.
- 14.2 Potential Provider's staff assigned to the E-Filing of Corporation Tax Returns for LCR Finance plc and CTRL Section 1 Finance plc Contract shall have the relevant qualifications and experience to deliver the Contract. The Potential Provider shall specify the qualifications and experience held by the staff that it proposes to assign to this contract.
- 14.3 The Potential Provider shall ensure that staff understand the Authority's vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.



## 15. SERVICE LEVELS AND PERFORMANCE

15.1 The Authority will measure the quality of the Supplier's delivery by:

KPI/SLA	Service Area	KPI/SLA description	Target
1	Corporation Tax Computations	To prepare the CT600 for each company in accordance with HMRC Guidance.	100%
2	E-Filing Corporation Tax returns	To E-File the corporation tax returns of each company within 12 months of year end and in accordance with HMRC Guidance.	100%

## 16. SECURITY REQUIREMENTS

16.1 None

## 17. INTELLECTUAL PROPERTY RIGHTS (IPR)

17.1 None

## 18. PAYMENT

18.1 The supplier will need to invoice each company separately, as follows:

18.2 Invoices for services supplied to LCR Finance plc will need to be sent to the Department for Transport's Shared Services Centre: Shared services Arvato, 5 Sandringham Park, Llansamlet, Swansea Vale, Swansea, SA7 0EA;

18.3 Invoices for services supplied to CTRL Section 1 Finance plc will need to be sent to the company: CTRL Section 1 Finance plc, 33 Horseferry Road London SW1P 4DR. Note that, as the company's bank is incorporated in the USA, they may require the supplier to complete a W8/W9 tax form before processing payment of the invoice.

18.4 Payment can only be made following the satisfactory E Filing of the Corporation tax returns and the submission of a receipt.

## 19. ADDITIONAL INFORMATION

19.1 None

## 20. LOCATION

20.1 The companies will send the relevant schedules to the Potential provider by email, and the Potential Provider staff will work on their own premises