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UK Registration number: FC026659

Jersey Registration number: 90676

Dolphin Square Limited

Annual report and unaudited financial statements

for the year ended 31 December 2021



Dolphin Square Limited

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Dolphin Square Limited

Company information

Directors F A Faravelli
J Persechino

Registered office 5th Floor
37 Esplanade
St Helier
Jersey
JE1 2TR

Dolphin Square Limited

Directors' report

For the year ended 31 December 2021

The Directors present their annual report on the affairs of Dolphin Square Limited (the 'Company'), together with the unaudited financial statements for the year ended 31 December 2021.

The Directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 in not preparing a strategic report. The Directors have taken the exemption provided to small companies by section 414A of the Companies Act 2006 and no enhanced business review is provided.

Principal activities and business review

The principal activities of the Company during the year were property management, letting of rental apartments and the operation of a health club, spa and brasserie.

On 16 September 2020, an AXA consortium consisting of AXA CoRE European Fund SCS, AXA SA and AXA Konzern AG, through its subsidiary Dolphin Square Operator Limited, acquired 100% of the share capital of the Company.

On 15 April 2021, the Directors hived-up the Company, transferring the assets, liabilities and ongoing activity to its Parent Company, Dolphin Square Operator Limited. The Directors have the intention of commencing liquidation proceedings of the Company in 2022.

Results and dividends

During the year the Company made a loss of £1,094,658 (2020: £7,388,139).

No dividends have been paid or proposed during the year ended 31 December 2021 (2020: £nil).

Going concern

Due to the intention to liquidate the Company within 12 months from the date of issue of the financial statements, the Directors have determined that the going concern basis of preparation is no longer appropriate. The directors have assessed that the NRV is not materially different from the NAV. Therefore, no liquidation costs have been included in the 2021 annual accounts. In addition, the liquidation costs (if any) would be covered by the shareholder "Dolphin Square Operator Limited".

Accordingly, the financial statements are not prepared on a going concern basis.

Directors of the Company

The Directors of the Company who held office during the year and up to the date of signing of the financial statements, were as follows:

F A Faravelli

J Persechino

Political contributions

The Company made no political or charitable donations during the year (2020: £nil).

Future developments

Due to the hive-up of the Company on 15 April 2021, the Company has no future developments planned. The Directors intend on commencing liquidation proceedings of the Company in 2022.

Dolphin Square Limited

Directors' report (continued) For the year ended 31 December 2021

Principal risks and uncertainties

It is the Company's policy that no trading in financial instruments shall be undertaken. The Company is exposed to risks associated with "the hotel and serviced apartments" industry and detail of its mitigation approaches are as follows:

Corona virus and Brexit risk.

Due to the hive-up of the Company during the year and the intention of the Company to commence liquidation proceedings, the Directors have deemed there is no risk from Coronavirus and Brexit to the Company.

Industry risk

Global economic downturn and changes in travel patterns and/or increases in terrorist activities may adversely affect sustained levels of occupancy and room rates as well as income from affiliated facilities provided.

Although management continually seeks to identify risks at the earliest opportunity many of these risks are beyond the control of the Company.

Information technology risk

The Company is reliant on certain technologies and systems in the operation of its business. To minimise the risk the Company invests in appropriate IT systems to obtain as much operational reliability as possible.

Directors' remuneration and interest

The Directors of the Company who were in office during the period from 1 January 2021 up to the date of signing the financial statements are listed under the Directors heading within the Directors' report. None of the Directors were remunerated for their services as Directors of the Company (2020: none).

No Director had any beneficial interest in the share capital of the Company at any time during the year (2020: none).

Directors' indemnities

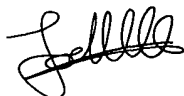
During the reporting period and until the date of signing the financial statements, the Company's articles of association included a qualifying third party indemnity provision which indemnifies every Director of the Company against all costs, charges, losses, expenses, and liabilities incurred by him/her in relation to his/her duties, powers or office.

Post balance sheet events

Details of events after the reporting date can be found in note 22.

Sep 5, 2022

Approved by the Board on and signed on its behalf by:



.....
J Persechino
Director

Dolphin Square Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. The directors confirm they have complied with all the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with all the above requirements in preparing the financial statements.

Dolphin Square Limited

Profit and loss account For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	180,711	4,776,647
Cost of sales		<u>(1,254,162)</u>	<u>(9,879,963)</u>
Gross loss		(1,073,451)	(5,103,316)
Administrative expenses		(18,138)	(881,352)
Other operating charges	5	<u>-</u>	<u>(511,178)</u>
Operating loss		(1,091,589)	(6,495,846)
Interest payable and similar expenses	7	<u>(3,069)</u>	<u>(892,293)</u>
Loss before taxation	6	(1,094,658)	(7,388,139)
Tax on loss	10	<u>-</u>	<u>-</u>
Loss for the financial year attributable to the equity shareholder of the Company		<u><u>(1,094,658)</u></u>	<u><u>(7,388,139)</u></u>

The above results were derived from continuing operations.

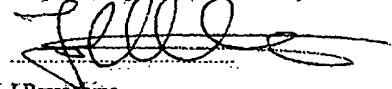
The Company has no recognised gains or losses for the year other than the results above, and therefore no statement of comprehensive income is presented.

Dolphin Square Limited**Balance sheet****As at 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	-	185,534
Current assets			
Stocks	12	-	6,280
Debtors, amounts falling due within one year	13	3,734,348	5,418,974
Cash at bank and in hand		-	4,320,638
		<u>3,734,348</u>	<u>9,745,892</u>
Creditors: amounts falling due within one year	14	<u>(1,352,988)</u>	<u>(10,576,339)</u>
Net current assets/(liabilities)		<u>2,381,360</u>	<u>(830,447)</u>
Net assets/(liabilities)		<u>2,381,360</u>	<u>(644,913)</u>
Capital and reserves			
Called-up share capital	16	66,880,795	62,759,864
Profit and loss account	17	<u>(64,499,435)</u>	<u>(63,404,777)</u>
Shareholders' funds/(deficit)		<u>2,381,360</u>	<u>(644,913)</u>

The financial statements of Dolphin Square Limited (registration number: 90676) were approved by the Board of Directors and authorised for issue on

They were signed on its behalf by:



J Persechino

Director

Dolphin Square Limited

Statement of changes in equity For the year ended 31 December 2021

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2020	30,000,110	(56,016,638)	(26,016,528)
Loss for the year	-	(7,388,139)	(7,388,139)
Total comprehensive loss	-	(7,388,139)	(7,388,139)
New share capital subscribed	32,759,754	-	32,759,754
At 31 December 2020	<u>62,759,864</u>	<u>(63,404,777)</u>	<u>(644,913)</u>
	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2021	62,759,864	(63,404,777)	(644,913)
Loss for the year	-	(1,094,658)	(1,094,658)
Total comprehensive loss	-	(1,094,658)	(1,094,658)
New share capital subscribed	4,120,931	-	4,120,931
At 31 December 2021	<u>66,880,795</u>	<u>(64,499,435)</u>	<u>2,381,360</u>

The notes on pages 8 to 17 form an integral part of these financial statements.

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021

1 General information

Dolphin Square Limited ("the Company") is a private company limited by share capital, incorporated and domiciled in Jersey. The Jersey registration number is 90676 and the UK registration number is FC026659.

The address of its registered office is:

5th Floor
37 Esplanade
St Helier
Jersey
JE1 2TR

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and in accordance with accounting principles generally accepted in Jersey, incorporating United Kingdom Accounting Standards.

Basis of accounting

These financial statements have been prepared under the historical cost convention.

The functional currency of Dolphin Square Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Related party disclosure exemption

The Company has taken advantage of the exemption available under FRS 102, Section 33.1A, not to disclose transactions with wholly-owned members of the group.

Going concern

Due to the intention to liquidate the Company within 12 months from the date of issue of the financial statements, the Directors have determined that the going concern basis of preparation is no longer appropriate. The directors have assessed that the Net Realisable Value (NRV) is not materially different from the Net Asset Value (NAV). Therefore, no liquidation costs have been included in the 2021 annual accounts. In addition, the liquidation costs (if any) would be covered by the shareholder "Dolphin Square Operator Limited".

Accordingly, the financial statements are not prepared on a going concern basis.

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Foreign currency

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Turnover comprises rental income receivable from serviced apartments together with revenue from other operating activities.

Rental income from investment property leased out under operating leases is recognised in the profit and loss account (on an accruals basis). Lease incentives granted to tenants are recognised on a straight line basis over the period to first break clause.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Expenses

Expenses include cost of sales, tax and other professional fees, and other expenses which are accounted for on an accruals basis. All the Company's expenses are derived from continuing operations and are included in the profit and loss account.

Interest receivable and interest payable

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method.

Interest receivable and similar income include interest receivable on inter-company loans and late payment charges.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the profit and loss account.

Tax

The Company is liable for United Kingdom Corporation tax by virtue of its permanent establishment in the UK.

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date and as a result, any potential or unrecognised deferred tax balances as at 31 March 2020 continue to be measured at 19%.

Under Article 123 of the Income Tax (Jersey) Law 1961, as amended, the Company is considered resident on the island of Jersey and consequently is taxable in Jersey. Profits are subject to tax at a rate of nil%.

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Tax (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Due to the current tax losses, and the Directors' intention to hive-up the Company post year end, no deferred tax losses have been recognised.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation rate and method
Furniture, fittings and equipment	25% reducing balance

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cashflow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Loan notes

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using effective interest method. Loan notes that are receivable within one year are not discounted.

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no significant estimates or judgements used in preparing these financial statements.

4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2021	2020
	£	£
Serviced apartments	131,048	3,362,856
Sports and health club	-	1,065,271
Bar and grill	745	156,243
Lettings	48,918	192,277
	<u>180,711</u>	<u>4,776,647</u>

Included in the turnover of lettings detailed above is £35,554 (2020: £122,400) received as a management fee from The Dolphin Square Estate Limited, a fellow subsidiary undertaking.

The whole of the turnover is attributable to the principal activities of the Company wholly undertaken in the United Kingdom.

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

5 Other operating charges

	2021	2020
	£	£
VAT due on serviced apartments	<u>-</u>	<u>511,178</u>

Other operating charges represent a one off adjustment in the prior year to the profit and loss account, in respect of output VAT on serviced apartments that should have been charged to tenants and remitted to HMRC.

6 Loss before taxation

Loss before taxation is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	11,596	61,845
Operating lease expense	922,602	5,585,591
Defined contribution pension cost	<u>-</u>	<u>50,669</u>

7 Interest payable and similar expenses

	2021	2020
	£	£
Other interest payable and similar charges	-	888,748
Interest expense on loans from group undertakings	<u>3,069</u>	<u>3,545</u>
	<u>3,069</u>	<u>892,293</u>

The interest payable is due to Dolphin Operation Holding S.a.r.l (see note 14).

8 Staff costs and numbers

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	178,090	1,598,868
Social security costs	20,133	221,168
Other post-employment benefit costs	<u>-</u>	<u>50,669</u>
	<u>198,223</u>	<u>1,870,705</u>

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

8 Staff costs and numbers (continued)

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Rental apartment and lettings staff	-	27
Sports and health club staff	-	18
Bar and grill staff	-	7
Administrative staff	-	8
	<u>-</u>	<u>60</u>

After the hive-up on 15 April 2021 no staff was employed by the Company.

9 Auditors' remuneration

Audit fees for the Company in respect of the prior year of £16,600 were paid by the parent company, Dolphin Square Operator Limited.

10 Tax on loss

Tax charged/(credited) in the profit and loss account

	2021 £	2020 £
Current taxation		
UK corporation tax	<u>-</u>	<u>-</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of the UK corporation tax to the loss before tax is as follow:

	2021 £	2020 £
Loss before tax	<u>(1,094,658)</u>	<u>(7,388,139)</u>
Tax on loss at standard UK corporation rate of 19% (2020: 19%)	(207,985)	(1,403,746)
Effect of expenses not deductible for tax purposes	2,375	95,227
Interest not deductible for tax purposes	-	187,812
Effect of capital allowances and depreciation	-	26,262
Losses arising during the year	-	1,094,445
Deferred tax not provided	<u>205,610</u>	<u>-</u>
Total tax charge/(credit) in the profit or loss account	<u>-</u>	<u>-</u>

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

10 Tax on loss (continued)

Factors that may affect the future tax charge

While the current corporation tax rate is 19%, the Chancellor, in the March 2021 Budget, announced an increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has not been substantively enacted at the balance sheet date and as a result, any potential or unrecognised deferred tax balances as at 31 December 2021 continue to be measured at 19%.

11 Tangible assets

	Furniture, fittings and equipment £
Cost or valuation	
At 1 January 2021	5,275,525
Disposals	<u>(5,275,525)</u>
At 31 December 2021	<u>-</u>
Depreciation	
At 1 January 2021	5,089,991
Charge for the year	11,596
Eliminated on disposal	<u>(5,101,587)</u>
At 31 December 2021	<u>-</u>
Carrying amount	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>185,534</u>

12 Stocks

	2021 £	2020 £
Consumables	<u>-</u>	<u>6,280</u>

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

13 Debtors: amounts falling due within one year

	2021 £	2020 £
Other debtors	-	33,031
Prepayments and accrued income	-	32,955
Amounts owed by group undertakings	3,734,348	5,352,988
	<u>3,734,348</u>	<u>5,418,974</u>

Amounts owed by group undertakings represents monies due from the parent company, Dolphin Square Operator Limited.

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	-	266,906
Amounts owed to group undertakings	-	3,262,501
Accruals and deferred income	-	165,944
Social security and other taxes	1,352,988	1,473,771
Other creditors	-	1,286,287
VAT liability	-	4,120,930
	<u>1,352,988</u>	<u>10,576,339</u>

Amounts owed to group undertakings include monies due to fellow subsidiary undertaking, The Dolphin Square Estate Limited S.a.r.l of £nil (2020: £2,645,377), and monies due to the Company's intermediate parent, Dolphin Operation Holding S.a.r.l of principal £nil (2020: £613,579) and interest of £nil (2020: £3,545).

15 Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £nil (2020: £50,669).

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

16 Called-up share capital

Issued, called-up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary voting shares of £0.10 each	<u>287,597,666</u>	<u>28,759,765</u>	<u>287,597,666</u>	<u>28,759,765</u>
	2021		2020	
	No.	£	No.	£
Ordinary non-voting shares of £0.10 each	<u>381,210,297</u>	<u>38,121,030</u>	<u>340,000,987</u>	<u>34,000,099</u>

17 Capital and reserves

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

18 Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Within one year	-	251,801
Between one and five years	<u>-</u>	<u>3,000,000</u>
	<u>-</u>	<u>3,251,801</u>

19 Contingent liabilities

The Company has provided a joint and several guarantee in respect of the loan facility amounting to £362,500,000 provided to its fellow subsidiary undertaking, The Dolphin Square Estate S.a.r.l. In addition, the Company's shares have been given as security against this facility.

Dolphin Square Limited

Notes to the unaudited financial statements For the year ended 31 December 2021 (continued)

20 Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2021	2020
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>3,734,348</u>	<u>9,706,657</u>
	2021	2020
	£	£
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>-</u>	<u>4,815,694</u>

21 Controlling party

The immediate parent company of Dolphin Square Limited is Dolphin Square Operator Limited. In the opinion of the Directors, the ultimate parent and controlling party of the Company as at the date of signing the financial statements is AXA CoRE European Fund SCS, a Company incorporated in Luxembourg.

22 Post balance sheet events

The VAT liability of Dolphin Square Limited ("DSL") has been settled during 2022. This liability amount was received from the previous owner as a correction on the purchase price. Dolphin Square Estate Holding Sarl ("DSEH") the purchaser of The Dolphin Square Estate Sarl and Dolphin Square Limited has received these funds. The Company has a GBP 1.3m payable to Dolphin Square Operator Limited as of 31 December 2021 related to this. The actual VAT liability was approximately GBP 668k.