

Company Registration No. 04924125 (England and Wales)

CENTRE ISLAND MANAGEMENT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

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CENTRE ISLAND MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	M C Foster M O'Donoghue M S Sutton
Secretary	M S Sutton
Company number	04924125
Registered office	62 Castle Street Liverpool England L2 7LQ
Auditors	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Bankers	Allied Irish Bank (GB) 1 St Paul's Square Old Hall Street Liverpool L3 9PP

CENTRE ISLAND MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the company was that of the provision of hotel management services.

Review of the business

The financial year 2015 was again a strong performance for the company as the Manchester's hotel market again delivered high occupancy levels and achieved rate outperforming all markets except for London. The two Manchester properties under management contracts are well positioned within the market to maximise on these opportunities and delivered good financial results. The company showed a like for like revenue growth of 7.6% on 2014.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M C Foster
M O'Donoghue
M S Sutton

Results and dividends

The results for the year are set out on page 4. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

2016 financial performance to date continues in the vein of 2015 with the Manchester market continuing to outperform the majority of the provincial market. The introduction of the new national living wage in April 2016 will impact on payroll costs. The company continues to work with investors to develop additional management contract opportunities. Forecast year end revenues and EBITDA are expected to exceed the budgetary target.

Financial risk management objectives and policies

The group of which the company is a member manages its cash and borrowing requirements centrally in order to maximise interest income and minimise interest expense whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



M C Foster

Director

2016/16

CENTRE ISLAND MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

Company law 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). 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CENTRE ISLAND MANAGEMENT LIMITED

We have audited the financial statements on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

RSM UK Audit LLP

Jonathan Lowe (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

2/6/16

CENTRE ISLAND MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Notes	£	£
Turnover	3	421,337	391,286
Administrative expenses		(58,772)	(58,488)
Operating profit		362,565	332,798
Taxation	5	(73,407)	(71,529)
Profit for the financial year	9	289,158	261,269
Total comprehensive income for the year		<u>289,158</u>	<u>261,269</u>

The income statement has been prepared on the basis that all operations are continuing operations.

CENTRE ISLAND MANAGEMENT LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2015**

	Notes	2015 £	£	2014 £	£
Current assets					
Debtors	6	1,418,171		1,397,900	
Cash at bank and in hand		338,477		50,718	
		<u>1,756,648</u>		<u>1,448,618</u>	
Creditors: amounts falling due within one year	7	<u>(200,662)</u>		<u>(181,790)</u>	
Net current assets		<u>1,555,986</u>		<u>1,266,828</u>	
Capital and reserves					
Called up share capital	8		2		2
Profit and loss reserves	9	<u>1,555,984</u>		<u>1,266,826</u>	
Total equity		<u>1,555,986</u>		<u>1,266,828</u>	

The financial statements were approved by the board of directors and authorised for issue on2016/1/6.....
and are signed on its behalf by:



M C Foster
Director

CENTRE ISLAND MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2014		2	1,005,557	1,005,559
		<hr/>	<hr/>	<hr/>
Year ended 31 December 2014:				
Profit and total comprehensive income for the year		-	261,269	261,269
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2014		2	1,266,826	1,266,828
		<hr/>	<hr/>	<hr/>
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	289,158	289,158
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2015		2	1,555,984	1,555,986
		<hr/>	<hr/>	<hr/>

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Centre Island Management Limited is a limited company domiciled and incorporated in England and Wales. The registered office is 62 Castle Street, Liverpool, England, L2 7LQ. The company's principal activities are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Transition to FRS102

These financial statements are the first financial statements of Centre Island Management Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Centre Island Management Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Having considered the company's financial position on 1 January 2014 (the date of transition to FRS 102) and its result for the comparative period ended 31 December 2014, the directors have concluded that no adjustments are required to the figures as previously reported for (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP.

Reduced disclosures

The company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Centre Island Hotels Limited. The consolidated financial statements of Centre Island Hotels Limited are available from its registered office, 62 Castle Street, Liverpool, England L2 7LQ.

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Going concern

The company is profitable and ended the year with net current assets and a surplus on shareholder's funds.

The company is a wholly-owned subsidiary of Centre Island Hotels Limited. The Centre Island Hotels Limited group has net assets of £37.1m (2014 - £25.9m) and operates a group overdraft facility sufficient to meet its subsidiaries' working capital requirements for the foreseeable future.

The directors have received confirmation from Centre Island Hotels Limited that it will continue to support the company through its loan account for a period of at least twelve months from the date that the accounts are signed.

The directors are therefore satisfied that the company is a going concern and that it remains appropriate to prepare these financial statements on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the provision of services in the ordinary nature of the business and is shown net of Value Added Tax. All revenue is recognised during the period in which the services are provided.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are not taxable or deductible, or that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

At the end of the year, there were no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015 £	2014 £
Turnover analysed by class of business		
Provision of hotel management services	421,337	391,286
	<u> </u>	<u> </u>

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	421,337	391,286

4 Employees

The company has no employees of its own but was charged £58,800 (2014 - £58,440) during the year for the services of employees of a fellow subsidiary undertaking.

The directors received no remuneration from the company and accrued no retirement benefits under money purchase pension schemes in either the current or previous year.

5 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	73,407	71,529
Adjustments in respect of prior periods	-	43,487
Group tax relief	-	(43,487)
Total current tax	73,407	71,529

The charge for the year can be reconciled to the profit per the income statement as follows:

	2015 £	2014 £
Profit before taxation	362,565	332,798
Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014: 21.00%)	73,419	69,888
Tax effect of expenses that are not deductible in determining taxable profit	-	1,641
Other tax adjustments	(12)	-
Tax expense for the year	73,407	71,529

Factors that may affect future tax charges

Under legislation substantively enacted on 26 October 2015, the main rate of corporation tax will be reduced to 19% from 1 April 2017 and to 18% from 1 April 2020.

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

6 Debtors

	2015	2014
	£	£
Amounts falling due within one year:		
Amount due from parent undertaking	375	375
Amounts due from fellow group undertakings	1,371,154	1,355,932
Other debtors	46,642	41,593
	<u>1,418,171</u>	<u>1,397,900</u>

7 Creditors: amounts falling due within one year

	2015	2014
	£	£
Amounts due to group undertakings	105,952	47,242
Corporation tax	73,407	115,016
Other taxation and social security	21,303	19,532
	<u>200,662</u>	<u>181,790</u>

8 Share capital

	2015	2014
	£	£
Ordinary share capital		
Issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

9 Profit and loss reserves

The profit and loss reserves reflect cumulative profit and losses net of distributions to members.

10 Financial commitments, guarantees and contingent liabilities

The company's bankers hold a composite guarantee and indemnity covering all sums due from Centre Island Hotels Limited, Centre Island Preston Limited, Centre Island Birmingham Limited, Centre Island Development Company Limited, Centre Island Development Company (1997) Limited, Bestissue Limited, Centre Island Albert Dock Limited, Centre Island Management Limited and H. I. Lime Street Limited. At the year end the total potential group liability stood at £46,823,976 (2014 - £49,157,613).

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

11 Related party transactions

Shudehill Hotel Company Limited and DRPT Properties Limited have management in common with the company and are therefore considered to be related parties. During the year the company provided management services of £297,645 (2014 - £282,574) to Shudehill Hotel Company Limited and £123,691 (2014 - £108,712) to DRPT Properties Limited. No amounts were outstanding from these companies at the end of either the current or previous year.

The cost of remunerating key management personnel is reflected in the amounts charged by a fellow subsidiary undertaking disclosed in note 4.

12 Controlling party

The immediate parent company is Centre Island Hotels Limited, a company incorporated in the United Kingdom and registered in England and Wales. Centre Island Hotels Limited heads the largest and smallest group in which the results of the company are consolidated. Its consolidated financial statements are available from its registered office, 62 Castle Street, Liverpool, England L2 7LQ. The ultimate controlling party is Travan Services Limited, a company incorporated in the Isle of Man.