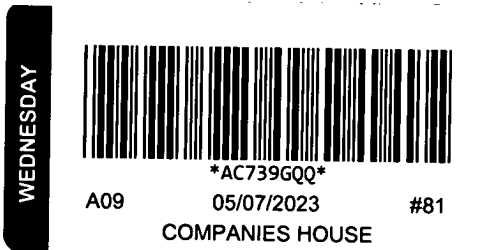


Company Registration No. 04924125 (England and Wales)

CENTRE ISLAND MANAGEMENT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



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	Crowne Plaza Liverpool St. Nicholas Place Princes Dock Liverpool L3 1QW England
Auditor	RSM UK Audit LLP Chartered Accountants 14th Floor 20 Chapel Street Liverpool L3 9AG
Bankers	Allied Irish Bank (GB) AIB Corporate Banking Level 2, 10 Molesworth Street Dublin 2

CENTRE ISLAND MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

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

Review of the business

As business levels returned to levels close to those achieved pre-pandemic the company's ability to generate revenue was significantly improved.

With the return of large scale events across all segments – sporting, conference and music the hotels saw an increase in demand and as such occupancy levels grew on those results achieved in 2021.

The second half year delivered a strong leisure demand across all geographical locations both midweek and weekend and the Birmingham Commonwealth Games in Q3 saw an increase in demand and subsequent rise in average daily rates.

Manchester saw the return in Q2 of the outdoor Stadia music events with Covid-postponed events being finally held across the city, boosting revenues.

The company delivered a revenue of £575,914 in the year to December 31st, 2022.

Centre Island Management Ltd delivered a pre-tax profit of £515,728 up on the previous year end December 2021 result of £306,833.

The company forecasts breaches of bank covenants within the next 12 months and the absence of a formal waiver being issued by the bank means that there is a material uncertainty relating to going concern. See note 1 for further information.

Future developments

Following on from the improvements in 2022 the outlook for 2023 remains positive in terms of overall revenues.

Midweek & Weekend leisure demand is forecasted to remain strong across all locations and is predicted to continue throughout the year. Positively the return of large-scale sporting & music events has driven demand in Q1 and into Q2 and as such Average Daily rates are increasing over peak periods. The group continues to focus on 'profitable revenue management' and pursues a rate rather than occupancy driven strategy.

Corporate demand has returned to pre-pandemic levels in the key corporate locations particularly the Government transient segment and this has supported occupancy. However, the corporate destinations are being impacted by the on-going and planned industrial action particularly in the rail industry disrupting business travel.

Previous recruitment challenges now appear to have stabilised across the Company but the on-going escalation of other costs – particularly Food and supplier costs have added additional pressure on profitability.

Manchester hotel market has seen an improvement in demand as corporate production returns and as noted above a strong leisure led music & football calendar.

Conversely year on year Birmingham will see a reduction in Q3 revenues without the successful Commonwealth Games.

Reduction in hotel rateable value will support operating profit, offsetting RPI rent increases in some of the properties.

Q1/Q2 2023 show signs of continued strong performance with the ADR growth strategy being the driving factor.

CENTRE ISLAND MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors' insurance

The group in which the company is a member maintains professional indemnity insurance covering directors, officers and senior managerial staff.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

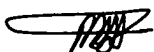
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

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 S Sutton
Director

29/06/23
Date:

CENTRE ISLAND MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 MEMBERS OF CENTRE ISLAND MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Centre Island Management Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the section titled 'Going Concern' within note 1 of the financial statements, which indicates that the company reported a profit of £418k for the year ended 31 December 2022 and ended the year with net current assets of £3.9m. As stated in note 1, a formal waiver has not been granted for a covenant within the group bank facility of which this entity is party to, which is forecast to be breached within the next 12 months.

These events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRE ISLAND MANAGEMENT LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRE ISLAND MANAGEMENT LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and reviewing key accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Jonathan Lowe

Jonathan Lowe (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

.....

30/06/23

CENTRE ISLAND MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	575,914	319,734
Administrative expenses		(60,186)	(12,901)
Profit before taxation		515,728	306,833
Tax on profit	6	(97,989)	(58,317)
Profit for the financial year		<u>417,739</u>	<u>248,516</u>

CENTRE ISLAND MANAGEMENT LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Current assets					
Debtors	7	4,031,191		3,483,976	
Cash at bank and in hand		164,312		116,318	
		<u>4,195,503</u>		<u>3,600,294</u>	
Creditors: amounts falling due within one year	8	<u>(329,779)</u>		<u>(152,309)</u>	
Net current assets		<u>3,865,724</u>		<u>3,447,985</u>	
Capital and reserves					
Called up share capital	9		2		2
Profit and loss reserves	10	<u>3,865,722</u>		<u>3,447,983</u>	
Total equity		<u>3,865,724</u>		<u>3,447,985</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

29/06/23

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



.....
M S Sutton
Director

CENTRE ISLAND MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	2	3,199,467	3,199,469
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	248,516	248,516
Balance at 31 December 2021	2	3,447,983	3,447,985
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	417,739	417,739
Balance at 31 December 2022	2	3,865,722	3,865,724

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Centre Island Management Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Crowne Plaza Liverpool, St. Nicholas Place, Princes Dock, Liverpool, England, L3 1QW. The company's principal activities and nature of its operations 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 under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced Disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of 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': Interest income/expense and net gains/losses for financial instruments not measured at fair value;
- 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. These consolidated financial statements are available from its registered office, Crowne Plaza Liverpool, St. Nicholas Place, Princes Dock, Liverpool, England, L3 1QW.

Going concern

The company recorded a profit for the year ended 31 December 2022 of £418k and ended the year with net current assets of £3.9m. Whilst the COVID-19 pandemic had no significant impact on the company's operations during the year, with trade increasing as international travel and corporate events return, trade is still not yet at pre-pandemic levels. In addition, the cost of living crisis, inflationary pressures and rising interest rates have all impacted on operations this year.

The company is a wholly owned subsidiary of Centre Island Hotels Limited. The Centre Island Hotels Limited group has net assets of £19.4m and operates a group bank facility sufficient to meet its subsidiaries' working capital requirements for the foreseeable future. The group has provided written confirmation to the company that financing will be available as required for a period not less than twelve months from the date of approval of these financial statements, and that repayment of intercompany creditors will not be demanded by the group unless the company has sufficient funds to do so. The Centre Island Hotels Limited group is financed principally through a group bank facility of approximately £38m. The facility was renewed in April 2021 and is next due for renewal on 31 December 2024. The directors have prepared cash flow forecasts (which include the company) covering a period not less than twelve months from the date of approval of these financial statements. These forecasts indicate that the group will have sufficient cash to make its scheduled principal and interest payments for a period not less than twelve months from the date of approval of these financial statements.

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Going concern (continued)

In addition, during the year the group continued to hold loans totalling £1.05m from three related companies and a loan of £1.6m from its ultimate parent company. These loans are repayable on 31 December 2024 and 13 January 2023 respectively. Post year end, the loan totalling £1.6m has had the repayment date extended out to 31 December 2024. The group has also received a letter of support from its ultimate parent company confirming that it will continue to support the group financially for a period not less than twelve months from the date of approval of these financial statements.

The bank facility includes various covenants for which forecast breaches are anticipated for the interest cover and cashflow cover covenants at June 2023, December 2023 and June 2024 period ends. Based on recent discussions with the bank and actions taken by the bank during the COVID-19 pandemic, the directors consider that the bank will act fairly and reasonably and give consideration to any waivers should any future covenant breaches arise, and will look to renegotiate covenants in place going forwards.

Taking into account the above matters, the company's good relationship with its longstanding and supportive bankers, with whom the directors are in regular contact, and its supportive parent, ultimate group shareholders and related party lenders, the directors are satisfied that the company is a going concern and that it remains appropriate to prepare these financial statements on a going concern basis.

However, the circumstances outlined above in relation to the absence of a formal waiver being issued by the bank for the forecast covenant breach, mean there remains a material uncertainty in making these assessments, which may cast significant doubt on the company's ability to continue as a going concern.

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.

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 amounts owed by group undertakings, other debtors 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.

Basic financial liabilities, including amounts owed to group undertakings, 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.

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Equity 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 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.

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 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 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.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recoverability of amounts owed by group undertakings

The main judgements applied in preparing these financial statements concern the recoverability of amounts owed by group undertakings included in note 7, taking into account the expected future trading and financial position of the underlying entities.

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue

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

	2022 £	2021 £
Turnover analysed by class of business		
Provision of hotel management services	575,914	319,734
	<u>575,914</u>	<u>319,734</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	575,914	319,734
	<u>575,914</u>	<u>319,734</u>

4 Employees

The company has no employees of its own but was charged £60,000 (2021 - £60,000) 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. Directors' remuneration is borne by the parent company Centre Island Hotels Limited.

5 Operating profit

Auditor's remuneration of £3,170 (2021 - £2,500) was borne by the parent company.

6 Taxation

	2022 £	2021 £
Current tax		
Group tax relief	97,989	58,317
	<u>97,989</u>	<u>58,317</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	515,728	306,833
	<u>515,728</u>	<u>306,833</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	97,988	58,298
Tax effect of expenses that are not deductible in determining taxable profit	-	19
Group relief	(97,988)	-
Payment/(receipt) for group relief	97,989	-
	<u>97,989</u>	<u>58,317</u>
Taxation charge for the year	97,989	58,317
	<u>97,989</u>	<u>58,317</u>

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Taxation (Continued)

Factors that may affect future tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main rate of corporation tax in the UK from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

7 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts owed by group undertakings	3,983,410	3,433,410
Other debtors	47,781	50,566
	<u>4,031,191</u>	<u>3,483,976</u>

8 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	222,529	124,540
Taxation and social security	31,905	27,769
Accruals and deferred income	75,345	-
	<u>329,779</u>	<u>152,309</u>

9 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<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.

10 Profit and loss reserves

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

11 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, 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 £35,649,153 (2021 - £39,687,251).

CENTRE ISLAND MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Related party transactions

During the year, the company received £575,914 (2021 - £318,167) in respect of management services provided to non-group entities which have directors in common with the company and £Nil (2021 - £1,567) in respect of the recovery of franchise fees from those entities. £47,781 (2021 - £50,566) was outstanding at the end of the year and is included in debtors.

13 Ultimate controlling party

The immediate parent company is Centre Island Hotels Limited, a company incorporated 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, Crowne Plaza Liverpool, St. Nicholas Place, Princes Dock, Liverpool, England, L3 1QW.

The ultimate parent company is Travan Services Limited, a company incorporated in the Isle of Man. Travan Services Limited does not prepare consolidated financial statements. Its registered office is First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF. In the opinion of the directors there is no ultimate controlling party.