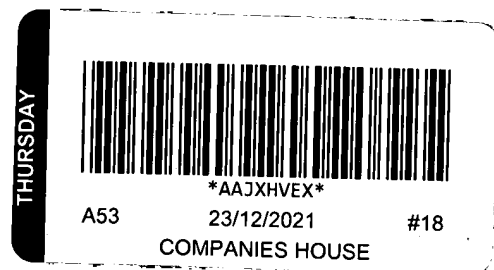


Company Registration No. 03636029 (England and Wales)

**CENTRE ISLAND HOTELS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2020**



# CENTRE ISLAND HOTELS LIMITED

## COMPANY INFORMATION

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**Directors** M C Foster (Managing Director)  
M O'Donoghue  
D Ring  
M S Sutton

**Secretary** M S Sutton

**Company number** 03636029

**Registered office** Crowne Plaza Liverpool  
St. Nicholas Place  
Princes Dock  
Liverpool  
England  
L3 1QW

**Auditor** RSM UK Audit LLP  
Chartered Accountants  
14th Floor  
20 Chapel Street  
Liverpool  
L3 9AG

**Bankers** Allied Irish Bank (GB)  
1 St Paul's Square  
Old Hall Street  
Liverpool  
L3 9PP

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# **CENTRE ISLAND HOTELS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present the strategic report for the year ended 31 December 2020.

#### **Review of the business**

The Centre Island group as with the majority of businesses in the hospitality and retail sectors experienced a challenging financial year ending 31 December 2020.

Whilst the initial opening quarter 2020 was a positive start to the year the subsequent rapid spread of the pandemic and the Government enforced closure in March 2020 had a dramatic effect on not only the group but the UK hotel market generally.

With the ever-changing restrictions and Government guidelines throughout the year major cancellations and postponements of key demand drivers across both the corporate and leisure segments reduced the revenue opportunities in all segments of the market particularly the leisure market where the group has previously enjoyed strong success.

The introduction of the changing regional Tier system impacted on the UK night time economy sector and this had a halo effect on the different geographical locations across the group with the widely reported actions taken in both Liverpool and Manchester.

Those hotels which primarily operated with high volume corporate accounts reduced in line with the Government 'stay at home' policies and opportunities within this segment were restricted as were the large scale event segments.

International travel bans affected the Air Crew segment and the strong overseas market enjoyed in all the key locations.

The leisure market & subsequent demand has been particularly affected and due to the geographical locations of the group's portfolio it did not enjoy the widely published 'Staycation' demand in all areas.

Those regional locations – Preston and Ellesmere Port - where demand has been more consistent from key/essential workers have performed better with midweek occupancy returning quicker than the key city centre locations.

Overall revenue for the Centre Island group was £11,080,840 (2019 - £34,154,182) a decline of 68% on 2019's performance across all segments.

RevPar (Revenue Per Available Room) decreased by 54.8% year on year through a shortfall in occupancy year on year of 37.24% and a reduction in ADR of 13.2%.

Government restrictions on Food & Beverage products and services minimised revenue opportunities in the strong Wedding & Event segments across the group's hotels and these areas were down significantly year on year in all hotels.

Payroll costs were supported by the Government Job Retention scheme. However, the group took the difficult decision to complete a re-structuring exercise in July 2020 to minimise the fixed payroll cost element of the business. Overall payroll percentage for the year was 59.2% up on the prior year's result of 29.2%.

Direct costs were controlled with the variable elements reduced significantly to prior year. Conversely fixed costs applicable to the property such as insurance remained in place and the group met all its rent and service charge obligations in the year. The group took advantage of the Business Rates Relief from Quarter 2 onwards in the year.

The group's funders supported the business through a capital and interest moratorium in the year to assist with cashflow and also a relaxation of the measurements of financial covenants.

The group continued to invest in the owned assets in 2020 with the completion just prior to the first lockdown of Holiday Inn Express Liverpool Royal Albert Dock public areas to the IHG Gen 4 Lobby Concept.

# CENTRE ISLAND HOTELS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **Review of the business (continued)**

The group's pre-tax loss for the year was £10,158,987 (2019 - pre-tax profit of £1,718,276).

The year-end balance sheet reflects the 2020 financial performance. However, post year end the Board completed a valuation of the estate and, after giving due consideration to current market value of the Crowne Plaza Birmingham City Centre, Crowne Plaza Liverpool City Centre Holiday Inn Preston, Holiday Inn Lime Street City Centre, Holiday Inn Ellesmere Port and Holiday Inn Express Albert Dock, decided to impair the carrying values of each of the aforementioned hotels in the year. This has been reflected in the net assets position of the group at the year end.

#### **Future developments**

With the relaxation of government-imposed restrictions in July and the continued uncertainty with international travel the leisure market has seen a much-needed boost over the summer months.

Weekend leisure demand has been strong across all locations and is forecast to continue through to December 2021. Positively the return of large-scale sporting & music events has driven demand and as such Average Daily Rates are increasing over peak periods.

Conversely key corporate demand still remains suppressed impacting overall occupancy and this is forecast to continue until Q1 2022. There is cautious optimism with large event-led corporate groups coming to fruition in Q3/Q4 2021 but these still remain UK-derived rather than overseas.

Challenges in recruitment continue across all segments of the market and in all locations.

Q3/Q4 2021 show signs of recovery from Q1/Q2 2021 but the overall future outlook whilst improved should still be viewed cautiously to the December 2021 year end.

#### **Matters of strategic importance**

The principal risks and uncertainties facing the business (apart from those associated with a general economic downturn and the local and national economic matters set out above) relate to the management of cash and borrowing requirements and the potential default of debtors. Details of the objectives and policies used by management to manage these risks are given in the directors' report.

#### **Section 172 statement**

The Board of Directors, in accordance with their duties in law, act in a way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members whilst having regard to the specific matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

(a) In making decisions at board meetings the directors always consider the long-term consequences, seeking to grow the business in a sustainable manner and positioning the business to take advantage of emerging opportunities in the marketplace. During the year this was demonstrated particularly by the directors' consideration of changes in market demands in key city locations and how the group could adapt its strategies to respond to this. Review of capital expenditure and timing of refurbishment programmes was discussed and an implementation programme was agreed.

(b) The interests of the group's employees are considered through continued investment in training and development for all with needs established through a well-established appraisal system. Regular communications are made with employees through line managers and internal messaging utilizing the company's internal 'Cloud' platform. Senior led quarterly employee 'Keeping in Touch' communication meetings took place in all hotels to ensure a consistent and informative approach to group performance. Across the portfolio Training and Development remained a key focus and employees attended workshops run by the Liverpool Coaching Academy and Supervisors/Heads of Department attended the internationally acclaimed ILM Development programme.

# CENTRE ISLAND HOTELS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### Section 172 statement (continued)

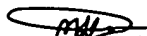
(c) The need to foster business relationships with suppliers is well recognised and reflected in the long and close relationships the group has with its major suppliers. As a service provider, repeat business and word of mouth recommendation is important to us and high-quality service drives everything we do. The group remains focused on Customer feedback using the IHG 'Guest Love' programme to monitor and measure success across all the portfolio. Regular supplier service level agreement reviews are implemented but the group maintains a loyal and supportive approach to those local suppliers that the group has built up a strong partnership with over its evolution.

(d) The impact of the group on the community is tangible as it provides employment and supports a wide range of business and leisure activities in the cities in which it operates. The impact of the group's operations on the environment is mitigated through payment of duties and taxes as required by the regulatory authorities. The group directly supports hotel proposed local charities and social initiative programmes including internships, work placements, and regular fundraising. Adoption of key environmental policies including 'IHG Green Engage Programme' is an integral part of the operating and employee policies of the group.

(e) The directors ensure the maintenance of high standards of business conduct through ongoing training and professional development programmes ('PDPs') for employees, together with membership of relevant industry bodies including UK Hospitality, City led Destination led Hospitality & Marketing Forums, and more specifically LEP Skills Networks and Employee Advisory Groups. Individual employees are encouraged to network with their peers in similar disciplines such as Human Resources and Concierge to promote continuous PDP. The group has a well established and longstanding set of professional advisors across all areas of the business.

(f) The directors demonstrate fairness in their treatment of shareholders by ensuring the shareholders are kept informed of all significant developments on a timely basis. This takes the form of Group Monthly Operational and Financial Reports, Strategic Market Reports and regular direct face to face communication with nominated shareholder representatives.

On behalf of the board



.....  
M S Sutton  
Director

Date: 21st December 2021  
.....

# **CENTRE ISLAND HOTELS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the group during the year was the operation of hotels. The principal activity of the company during the year was the provision of management services to group companies.

#### **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 (Managing Director)

M O'Donoghue

D Ring

M S Sutton

#### **Results and dividends**

The results for the year are set out on page 10. No ordinary dividends were paid during the year.

#### **Financial risk management objectives and policies**

Borrowings and investments of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

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

#### **Directors' insurance**

The group maintains professional indemnity insurance covering directors, officers and senior managerial staff.

#### **Disabled persons**

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### **Employee engagement statement**

These matters are addressed in the Section 172 statement included in the strategic report.

#### **Statement on engagement with supplies, customers and others in a business relationship**

These matters are addressed in the Section 172 statement included in the strategic report.

#### **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.

# **CENTRE ISLAND HOTELS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Matters set out in the strategic report**

As permitted by s414C(11) of Companies Act 2006, the group has chosen to set out in the strategic report information required by Sch.7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be included in the directors' report. It has done so in respect of future developments.

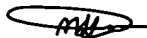
#### **Statement of disclosure to auditor**

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.

#### **Energy and carbon reporting**

No energy and carbon report has been included in this directors' report because none of the group's subsidiaries are of a size where they are required to report in their own right.

On behalf of the board



.....  
M S Sutton

**Director**

Date: 21st December 2021  
.....

# **CENTRE ISLAND HOTELS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors are responsible for preparing the Strategic Report and 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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 HOTELS LIMITED**

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### **Opinion**

We have audited the financial statements of Centre Island Hotels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 group's and of the parent company's affairs as at 31 December 2020 and of the group's loss 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 group and parent 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.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Emphasis of matter – Valuation of hotel properties**

We draw attention to the disclosures made in note 2 and note 13 to the financial statements concerning the valuation of the hotels in the statement of financial position. As indicated in the notes, in preparing the valuations reflected in the financial statements, the independent valuers drew attention to the impact of the COVID-19 pandemic through the inclusion of the RICS Material Valuation Uncertainty clause. Our opinion is not modified in respect of this matter.

### **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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRE ISLAND HOTELS LIMITED (CONTINUED)**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent 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.

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

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

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are 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.

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, tax compliance regulations and the Coronavirus Job Retention Scheme rules. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities, evaluating advice received from internal/external tax advisors and testing a sample of furlough claims using employment tax experts.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas 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, reviewing key accounting estimates and a combination of analytical review and tests of control over revenue.

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

.....  
22/12/21

# CENTRE ISLAND HOTELS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	11,080,840	34,154,182
Cost of sales		(952,832)	(2,540,290)
<b>Gross profit</b>		<b>10,128,008</b>	<b>31,613,892</b>
Administrative expenses		(21,738,291)	(28,368,941)
Other operating income	6	2,752,519	-
<b>Operating (loss)/profit</b>	<b>6</b>	<b>(8,857,764)</b>	<b>3,244,951</b>
Interest receivable and similar income	8	4,984	7,054
Interest payable and similar expenses	9	(1,306,207)	(1,533,729)
<b>(Loss)/profit before taxation</b>		<b>(10,158,987)</b>	<b>1,718,276</b>
Tax on (loss)/profit	11	1,355,314	(388,075)
<b>(Loss)/profit for the financial year</b>		<b>(8,803,673)</b>	<b>1,330,201</b>
<b>Other comprehensive (expense)/income</b>			
Effect of change in deferred tax rate on amounts brought forward in revaluation reserve		(395,276)	-
Revaluation of tangible fixed assets		(4,987,982)	(7,169,178)
Deferred tax on revaluation	11	947,717	1,218,760
Deferred tax adjustment relating to fixed asset timing differences		-	(177,203)
<b>Total comprehensive expense for the year</b>		<b>(13,239,214)</b>	<b>(4,797,420)</b>

(Loss)/profit for the financial year and total comprehensive expense for the year is all attributable to the owner of the parent company.

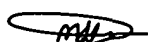
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**CENTRE ISLAND HOTELS LIMITED****STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Fixed assets</b>					
Goodwill	12	1,529,096	1,924,993	-	-
Tangible assets	13	63,299,390	72,774,055	83,974	115,665
Investments	14	-	-	2,692,542	2,692,542
		<u>64,828,486</u>	<u>74,699,048</u>	<u>2,776,516</u>	<u>2,808,207</u>
<b>Current assets</b>					
Stocks	15	69,106	119,154	-	-
Debtors	16	1,224,423	2,273,624	2,632,770	1,851,240
Cash at bank and in hand		941,804	2,881,734	1,899,537	290,133
		<u>2,235,333</u>	<u>5,274,512</u>	<u>4,532,307</u>	<u>2,141,373</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(6,634,281)</u>	<u>(7,138,188)</u>	<u>(4,066,345)</u>	<u>(3,329,254)</u>
<b>Net current (liabilities)/assets</b>		<u>(4,398,948)</u>	<u>(1,863,676)</u>	<u>465,962</u>	<u>(1,187,881)</u>
<b>Total assets less current liabilities</b>		<u>60,429,538</u>	<u>72,835,372</u>	<u>3,242,478</u>	<u>1,620,326</u>
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(41,090,196)</u>	<u>(38,781,135)</u>	<u>(2,785,173)</u>	<u>(1,163,866)</u>
<b>Provisions for liabilities</b>	20	<u>(2,455,104)</u>	<u>(3,930,785)</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u>16,884,238</u>	<u>30,123,452</u>	<u>457,305</u>	<u>456,460</u>
<b>Capital and reserves</b>					
Called up share capital	22	100	100	100	100
Revaluation reserve	23	12,199,189	16,841,855	-	-
Profit and loss reserves	23	4,684,949	13,281,497	457,205	456,360
<b>Total equity</b>		<u>16,884,238</u>	<u>30,123,452</u>	<u>457,305</u>	<u>456,460</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit and total comprehensive expense for the year was £845 (2019 - £5,643).

The financial statements were approved by the board of directors and authorised for issue on 21st December 2021 and are signed on its behalf by:



.....  
M S Sutton  
Director

# CENTRE ISLAND HOTELS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		100	22,954,881	12,215,891	35,170,872
<b>Year ended 31 December 2019:</b>					
Profit for the year		-	-	1,330,201	1,330,201
Other comprehensive expense:					
Revaluation of tangible fixed assets		-	(7,169,178)	-	(7,169,178)
Deferred tax on revaluation		-	1,218,760	-	1,218,760
Deferred tax adjustment relating to fixed asset timing differences		-	-	(177,203)	(177,203)
Total comprehensive (expense)/income for the year		-	(5,950,418)	1,152,998	(4,797,420)
Dividends	10	-	-	(250,000)	(250,000)
Transfers		-	(162,608)	162,608	-
<b>Balance at 31 December 2019</b>		100	16,841,855	13,281,497	30,123,452
<b>Year ended 31 December 2020:</b>					
Loss for the year		-	-	(8,803,673)	(8,803,673)
Other comprehensive (expense)/income:					
Effect of change in deferred tax rate on amounts brought forward in revaluation reserve		-	(395,276)	-	(395,276)
Revaluation of tangible fixed assets		-	(4,987,982)	-	(4,987,982)
Deferred tax on revaluation		-	947,717	-	947,717
Total comprehensive expense for the year		-	(4,435,541)	(8,803,673)	(13,239,214)
Transfers		-	(207,125)	207,125	-
<b>Balance at 31 December 2020</b>		100	12,199,189	4,684,949	16,884,238

# CENTRE ISLAND HOTELS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		100	712,003	712,103
<b>Year ended 31 December 2019:</b>				
Loss and total comprehensive expense for the year		-	(5,643)	(5,643)
Dividends	10	-	(250,000)	(250,000)
<b>Balance at 31 December 2019</b>		100	456,360	456,460
<b>Year ended 31 December 2020:</b>				
Result and total comprehensive result for the year		-	845	845
<b>Balance at 31 December 2020</b>		100	457,205	457,305

# CENTRE ISLAND HOTELS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	24		(3,548,602)		5,656,991
Interest paid			(597,146)		(1,533,729)
Income taxes paid			(76,062)		(675,890)
<b>Net cash (outflow)/inflow from operating activities</b>			(4,221,810)		3,447,372
<b>Investing activities</b>					
Purchase of tangible fixed assets		(323,104)		(2,276,984)	
Interest received		4,984		7,054	
<b>Net cash used in investing activities</b>			(318,120)		(2,269,930)
<b>Financing activities</b>					
Proceeds from borrowings		2,650,000		-	
Repayment of bank loans		-		(2,000,000)	
Dividends paid to equity shareholders		(50,000)		(250,000)	
<b>Net cash generated from/(used in) financing activities</b>			2,600,000		(2,250,000)
<b>Net decrease in cash and cash equivalents</b>			(1,939,930)		(1,072,558)
Cash and cash equivalents at beginning of year			2,881,734		3,954,292
<b>Cash and cash equivalents at end of year</b>			941,804		2,881,734



# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Company information

Centre Island Hotels Limited ("the company") is a private company limited by shares, and is registered, domiciled and 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 group consists of Centre Island Hotels Limited and all of its subsidiaries. The company's and the group'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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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, modified to include the revaluation of leasehold properties. The principal accounting policies adopted are set out below.

#### Reduced disclosures

For the purposes of its individual financial statements, the company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemption from the following disclosure requirement:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.

#### Basis of consolidation

The consolidated financial statements incorporate those of Centre Island Hotels Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the statement of comprehensive income after or up to the date that control passes respectively.

#### Going concern

The group recorded a loss for the year ended 31 December 2020 of £8.8m and ended the year with net current liabilities of £4.4m. The COVID-19 pandemic had a significant impact on the group's operations during the year and through the initial months of 2021. While the hotels are now fully open, the impact of the pandemic continues to be felt as measures taken to control the spread of the virus affect international travel and reduce activity in leisure and corporate event markets.

The group is financed principally through a group bank facility of approximately £41m. The facility was renewed in April 2021 and is next due for renewal on 31 December 2024. All covenants have been waived until December 2021. The directors have prepared cash flow forecasts covering a period not less than twelve months from the date of approval of these financial statements. These forecasts indicate that the group expects to meet its covenants until at least December 2022. The group has also secured an overdraft facility of £2m until 30 September 2022 and discussions are ongoing to extend this facility to 31 December 2022.

In addition, during the year the group obtained loans totalling £1.05m from three related companies and a loan of £1.6m from its ultimate parent company. These loans are repayable on 23 July 2022 and 13 January 2023 respectively. 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.

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

Taking into account the above matters, the group's good relationship with its longstanding and supportive bankers, with whom the directors are in regular contact, and its supportive shareholders and related party lenders, the directors are satisfied that the group 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 sale of goods and 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 goods or services are provided.

#### Intangible fixed assets - goodwill

Goodwill, representing the excess of the consideration for an acquired undertaking or acquired trade and assets compared with the fair value of net assets acquired, is capitalised and written off evenly over 20 years. In the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

#### Tangible fixed assets

All fixed assets are initially recorded at cost and are stated net of depreciation and any provision for impairment except where noted below. Land and buildings are stated at valuation with the exception of one property which is not carried at valuation on the grounds that it is immaterial to the group.

Depreciation is calculated so as to write off the cost or revaluation of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Long leasehold land and buildings	No depreciation (see below)
Short leasehold land and buildings	Unexpired term of lease (where less than 50 years)
Fixtures, fittings and equipment	4-12 years straight line
Motor vehicles	4 years straight line

Depreciation is not provided on leasehold buildings where the term of the lease is more than 50 years, as it is not material, nor on land. An impairment review is performed on such assets. Where the results of this review demonstrate that the recoverable amounts of these assets are less than the relevant carrying amount in the financial statements a full provision is made for such a shortfall.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Expenditure on repairs and renewals is charged to profit or loss at the time of expenditure. Major refurbishment projects forming part of the planned programme of maintaining the properties in a good state of repair are capitalised at cost under the appropriate asset category and depreciated in accordance with the accounting policy. Any net book value attributable to the asset being replaced is written off to profit or loss when refurbishment takes place.

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# **CENTRE ISLAND HOTELS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies (Continued)**

#### **Impairment of fixed assets**

At each reporting end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Financial instruments**

The group 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 group 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 debtors, amounts owed by group undertakings 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 group 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 bank and other loans, trade and other creditors and 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 group's contractual obligations are discharged, cancelled, or they expire.

#### **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 group 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 group.

# **CENTRE ISLAND HOTELS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **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.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants received from the UK Government under the Coronavirus Job Retention Scheme ('CJRS') have been recognised in other operating income. The related employment costs are included in administrative expenses. The scheme compensates employers for part of the employment costs of employees placed on furlough (a temporary leave of absence from working for the employer). The grant is conditional upon the employees remaining on the payroll, and the employees cannot do any work for their employer while on furlough. There are no unfulfilled conditions or contingencies attached to the grants received.

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 2 Judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The main judgements applied in preparing these financial statements concern the carrying value of the group's leasehold land and buildings, as detailed below.

#### **Valuation of leasehold properties**

In preparing the valuations reflected in these financial statements and disclosed in note 13, the independent valuers drew attention to the impact of the COVID-19 pandemic and included the following explanatory note:

*"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied – in varying degrees – to reflect further 'waves' of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.*

*The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. In the case of the properties set out within this report, as at the valuation date, we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant market evidence on which to base our judgements. Our valuation is therefore reported as being subject to 'material valuation uncertainty', as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.*

*For the avoidance of doubt, this explanatory note – including the 'material valuation uncertainty' declaration – does not mean that the valuation cannot be relied upon. Rather, it has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date."*

That valuation date was 31 December 2020, and the explanatory note above reflected the uncertainties that existed at the time the valuations were prepared. With the passage of time since that date, those uncertainties have begun to unwind and the directors are looking forward to trade returning to pre-pandemic levels.

#### **Government grants**

During the year the group made significant use of the government's Coronavirus Job Retention Scheme. During this process various judgements were made in the calculations performed, due to the quality of the guidance given by HMRC. As a result, the directors are aware that there may be some errors in the calculations leading to under/over claims from HMRC. The directors have confirmed a disclosure is being made to HMRC in relation to this.

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 3 Turnover and other revenue

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

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Ownership and operation of hotels	11,080,840	34,154,182
	<u>11,080,840</u>	<u>34,154,182</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	11,080,840	34,154,182
	<u>11,080,840</u>	<u>34,154,182</u>

#### 4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Operations staff (see also below)	435	543	-	-
Administrative staff (see also below)	41	38	13	12
	<u>476</u>	<u>581</u>	<u>13</u>	<u>12</u>

The number of staff shown in the table above reflects average numbers during the year. Actual staff numbers at 31 December 2020 comprised operations staff of 266 and administrative staff of 25.

Aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	7,562,868	9,388,225	518,878	614,956
Social security costs	451,655	560,247	61,398	86,049
Pension costs	240,998	246,073	54,111	53,026
	<u>8,255,521</u>	<u>10,194,545</u>	<u>634,387</u>	<u>754,031</u>

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	306,601	428,359
Company pension contributions to defined contribution schemes	40,833	47,500
	<u>347,434</u>	<u>475,859</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	165,142	228,177
Company pension contributions to defined contribution schemes	33,333	40,000
	<u>198,475</u>	<u>268,177</u>

### 6 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(2,752,519)	-
Depreciation of owned tangible fixed assets	2,786,319	2,626,217
Amortisation of intangible assets	395,897	395,897
Operating lease charges	2,572,894	2,510,232
Impairment of owned tangible fixed assets	-	134,101
	<u>2,001,581</u>	<u>5,666,447</u>

Government grants reflect grants towards the employment costs of staff placed on furlough following the outbreak of the coronavirus (COVID-19) pandemic in early 2020.

The amortisation of intangible assets is charged within administrative expenses in the statement of comprehensive income.

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 7 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	4,300	4,410
Audit of the financial statements of the company's subsidiaries	27,700	31,380
	<u>32,000</u>	<u>35,790</u>
<b>For other services</b>		
Taxation compliance services	13,230	13,835
Other taxation services	2,875	12,650
All other non-audit services	7,700	8,350
	<u>23,805</u>	<u>34,835</u>

#### 8 Interest receivable and similar income

	2020 £	2019 £
<b>Interest on financial assets not measured at fair value through profit or loss</b>		
Interest on bank deposits	<u>4,984</u>	<u>7,054</u>

#### 9 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	<u>1,306,207</u>	<u>1,533,729</u>

#### 10 Dividends

	2020 £	2019 £
Final dividend paid of £nil (2019 - £2,500) per ordinary share	<u>-</u>	<u>250,000</u>



# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	432,074
Adjustments in respect of prior periods	(432,074)	(937)
Total current tax	(432,074)	431,137
<b>Deferred tax</b>		
Origination and reversal of timing differences	(903,527)	(43,362)
Adjustment in respect of prior periods	(19,713)	300
Total deferred tax	(923,240)	(43,062)
Total tax (credit)/charge	(1,355,314)	388,075

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

	2020 £	2019 £
(Loss)/profit before taxation	(10,158,987)	1,718,276
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(1,930,208)	326,472
Tax effect of expenses that are not deductible in determining taxable profit	107,665	40,573
Tax effect of utilisation of tax losses not previously recognised	170,787	-
Adjustments in respect of prior years	(175,780)	(937)
Group relief	27,030	-
Losses eliminated	54,949	-
Deferred tax adjustments in respect of prior years	(19,713)	300
Remeasurement of deferred tax for changes in tax rates	25,497	(32,124)
Fixed asset differences	-	53,791
Impairment charge	384,459	-
Taxation (credit)/charge	(1,355,314)	388,075

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Effect of change in deferred tax rate on amounts brought forward in revaluation reserve	395,276	-
Deferred tax arising on revaluation of tangible fixed assets	(947,717)	(1,218,760)
Deferred tax adjustment relating to fixed asset timing differences	-	177,203
	(552,441)	(1,041,557)

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 11 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.

#### 12 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 January 2020 and 31 December 2020	8,252,448
<b>Amortisation and impairment</b>	
At 1 January 2020	6,327,455
Amortisation charged for the year	395,897
At 31 December 2020	6,723,352
<b>Carrying amount</b>	
At 31 December 2020	1,529,096
At 31 December 2019	1,924,993

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Tangible fixed assets

Group	Long leasehold land and buildings £	Short leasehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	61,451,531	10,605,802	40,220,039	109,998	112,387,370
Additions	-	-	323,104	-	323,104
Disposals	-	(1,790,296)	(1,790,636)	-	(3,580,932)
Revaluation	(4,836,515)	(2,174,935)	-	-	(7,011,450)
Intercategory transfers	(769,078)	-	769,078	-	-
At 31 December 2020	55,845,938	6,640,571	39,521,585	109,998	102,118,092
<b>Depreciation and impairment</b>					
At 1 January 2020	25,999	5,945,537	33,579,228	62,551	39,613,315
Depreciation charged in the year	-	270,653	2,490,014	25,652	2,786,319
Eliminated in respect of disposals	-	(1,790,296)	(1,790,636)	-	(3,580,932)
At 31 December 2020	25,999	4,425,894	34,278,606	88,203	38,818,702
<b>Carrying amount</b>					
At 31 December 2020	55,819,939	2,214,677	5,242,979	21,795	63,299,390
At 31 December 2019	61,425,532	4,660,265	6,640,811	47,447	72,774,055
<b>Company</b>			<b>Fixtures, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2020			743,129	102,604	845,733
Additions			15,456	-	15,456
At 31 December 2020			758,585	102,604	861,189
<b>Depreciation and impairment</b>					
At 1 January 2020			674,911	55,157	730,068
Depreciation charged in the year			21,495	25,652	47,147
At 31 December 2020			696,406	80,809	777,215
<b>Carrying amount</b>					
At 31 December 2020			62,179	21,795	83,974
At 31 December 2019			68,218	47,447	115,665

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13 Tangible fixed assets (Continued)

The hotels owned by the group were independently valued by CBRE Ltd, Chartered Surveyors, on a Market Value basis as at 24 February 2021. The valuations were prepared in accordance with the version of the RICS Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date. The valuations at that date are considered to be a fair approximation to the values as at 31 December 2020 and have therefore been reflected in these financial statements. The valuations undertaken applied to land and buildings, fixtures and fittings and associated goodwill. Details of the individual hotel valuations are given in the respective subsidiaries' financial statements.

The valuations are subject to 'material valuation uncertainty' as detailed in note 2.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Cost	44,843,499	44,843,499	-	-
Accumulated depreciation	(418,638)	(414,133)	-	-
Carrying value	<u>44,424,861</u>	<u>44,429,366</u>	<u>-</u>	<u>-</u>

#### 14 Fixed asset investments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	-	-	2,692,542	2,692,542

The company holds the entire issued ordinary share capital of the following trading subsidiaries: Centre Island Birmingham Limited, Centre Island Development (1997) Limited, Centre Island Development Limited, Centre Island Management Limited, Centre Island Preston Limited and H.I. Lime Street Limited. The principal activity of all these companies is the operation of hotels except for Centre Island Management Limited which provides management services to related companies. A former subsidiary, Bestissue Limited, ceased trading on 13 August 2020 and by special resolution passed on 14 August 2020 entered voluntary liquidation.

The company also holds the entire issued ordinary share capital (unless where indicated) of the following dormant subsidiaries: Centre Island Albert Dock Limited, Centre Island Ropewalks Limited, Horizon Hotels (UK) Limited, Horizon Express Hotels Limited (held indirectly through Horizon Hotels (UK) Limited), Gainsburgh Limited and Swanfield Holdings Limited (held indirectly through Gainsburgh Limited).

All subsidiaries are incorporated in the United Kingdom and registered in England and Wales. The registered office of all these companies is Crowne Plaza Liverpool, St. Nicholas Place, Princes Dock, Liverpool, England, L3 1QW.

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 14 Fixed asset investments (Continued)

#### Movements in fixed asset investments Company

Shares in  
group  
undertakings  
£

#### Cost or valuation

At 1 January 2020 and 31 December 2020

2,692,542

#### Carrying amount

At 31 December 2020

2,692,542

At 31 December 2019

2,692,542

### 15 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Food, beverage and supplies	69,106	119,154	-	-

### 16 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	150,233	976,883	30,749	283,743
Corporation tax recoverable	432,002	-	432,002	355,940
Amounts owed by group undertakings	-	-	2,034,342	1,088,781
Other debtors	3,502	274,055	-	-
Prepayments and accrued income	638,686	1,022,686	94,411	106,190
	1,224,423	2,273,624	2,591,504	1,834,654
Deferred tax asset (note 20)	-	-	41,266	16,586
	1,224,423	2,273,624	2,632,770	1,851,240

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	19	2,000,000	2,000,000	60,103	60,103
Other borrowings	19	1,050,000	-	1,050,000	-
Trade creditors		1,937,472	2,437,400	162,265	110,803
Amounts owed to group undertakings		-	-	2,170,312	2,652,201
Corporation tax payable		-	76,134	-	-
Other taxation and social security		590,846	1,246,301	185,313	132,621
Other creditors		5,565	8,954	-	-
Accruals and deferred income		1,050,398	1,369,399	438,352	373,526
		<u>6,634,281</u>	<u>7,138,188</u>	<u>4,066,345</u>	<u>3,329,254</u>

#### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	19	39,490,196	38,781,135	1,185,173	1,163,866
Other borrowings	19	1,600,000	-	1,600,000	-
		<u>41,090,196</u>	<u>38,781,135</u>	<u>2,785,173</u>	<u>1,163,866</u>

#### 19 Borrowings

		Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans		41,490,196	40,781,135	1,245,276	1,223,969
Loans from group undertakings		1,600,000	-	1,600,000	-
Other loans		1,050,000	-	1,050,000	-
		<u>44,140,196</u>	<u>40,781,135</u>	<u>3,895,276</u>	<u>1,223,969</u>
Payable within one year		3,050,000	2,000,000	1,110,103	60,103
Payable after one year		<u>41,090,196</u>	<u>38,781,135</u>	<u>2,785,173</u>	<u>1,163,866</u>

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Borrowings (Continued)

During the year, bank loans reflected a group facility which was renewed on 4 April 2017 and comprised loans totalling £45.8m. The loans were repayable in quarterly instalments of £500,000. Interest was charged at LIBOR +2.75% and was payable quarterly. The period of the loans was five years and the facility was originally due for renewal on 31 March 2022 but was renewed in April 2021. The quarterly instalments and interest rate are unchanged and the loans are now due for renewal on 31 December 2024. The bank loans are secured on the group's hotel properties by way of a legal charge dated 4 April 2017.

To mitigate the impact of lockdown measures taken to control the spread of coronavirus, the group was granted capital repayment holidays covering all capital repayments due in 2020, and was allowed to roll up interest due for payment on 31 March 2020 and 30 June 2020 into the loan. Capital repayments will recommence in September 2021.

Loans from group undertakings reflect a loan from the immediate and ultimate parent company Travan Services Limited. The loan is unsecured and is due for repayment in full on 13 January 2023. Interest is charged at LIBOR + 2.00% and is payable annually.

Other loans comprise three loans of £350,000 each from three related companies, two of which have directors in common with the company and the third of which is their immediate parent company. The loans are unsecured. The first two loans were initially due for repayment in full on 14 July 2021 and the third was due for repayment on 23 July 2021. Interest is charged at LIBOR + 1.00% and is payable annually. After the year end, the repayment dates on all three loans were extended to 23 July 2022.

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
<b>Group</b>				
Fixed asset timing differences	106,838	247,340	-	-
Losses and other deductions	(771,138)	-	-	-
Revaluations	3,141,915	3,694,357	-	-
Short term timing differences	(22,511)	(10,912)	-	-
	<u>2,455,104</u>	<u>3,930,785</u>	<u>-</u>	<u>-</u>
	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
<b>Company</b>				
Fixed asset timing differences	-	-	19,492	16,162
Short term timing differences	-	-	21,774	424
	<u>-</u>	<u>-</u>	<u>41,266</u>	<u>16,586</u>

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 20 Deferred taxation (Continued)

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability/(asset) at 1 January 2020	3,930,785	(16,586)
Credit to profit or loss	(923,240)	(24,680)
Credit to other comprehensive income	(552,441)	-
Liability/(asset) at 31 December 2020	<u>2,455,104</u>	<u>(41,266)</u>

The group's deferred tax liability in respect of fixed asset timing differences is expected wholly to reverse within the next twelve months, as depreciation charged is expected to exceed the capital allowances claimed in the period. The asset in respect of losses and other deductions is unlikely to reverse within the next twelve months, because the group's profitability has continued to be affected by the COVID-19 pandemic during 2021. The liability relating to revaluations will reverse only if the applicable rate of tax is reduced, the valuation of the group's properties decreases or the properties are sold.

The company's deferred tax asset in respect of fixed asset timing differences is not expected to reverse within the next twelve months, because depreciation charged is expected to exceed the capital allowances claimed in the period. The company's asset in respect of short term timing differences is expected substantially to reverse within the next twelve months, as the underlying timing differences unwind.

#### 21 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>240,998</u>	<u>246,073</u>

The group contributes to defined contribution pension scheme arrangements for all qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds. Accruals and deferred income includes outstanding contributions of £9,212 (2019 - £13,239).



# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 22 Share capital

	Group and Company			
	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100

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.

### 23 Reserves

#### Revaluation reserve

The revaluation reserve reflects revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss, net of tax.

#### Profit and loss reserves

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

### 24 Cash generated from group operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(8,803,673)	1,330,201
Adjustments for:		
Taxation (credited)/charged	(1,355,314)	388,075
Finance costs	1,306,207	1,533,729
Investment income	(4,984)	(7,054)
Amortisation of intangible assets	395,897	395,897
Depreciation of tangible fixed assets	2,786,319	2,626,217
Impairment of leasehold land and buildings	2,023,468	134,101
Movements in working capital:		
Decrease/(increase) in stocks	50,048	(3,820)
Decrease/(increase) in debtors	1,481,203	(245,859)
Decrease in creditors	(1,427,773)	(494,496)
<b>Cash (absorbed by)/generated from operations</b>	<b>(3,548,602)</b>	<b>5,656,991</b>

# CENTRE ISLAND HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 25 Analysis of changes in net debt - group

	1 January 2020 £	Cash flows £	Other non- cash changes £	31 December 2020 £
Cash at bank and in hand	2,881,734	(1,939,930)	-	941,804
Borrowings excluding overdrafts	(40,781,135)	(2,650,000)	(709,061)	(44,140,196)
	<u>(37,899,401)</u>	<u>(4,589,930)</u>	<u>(709,061)</u>	<u>(43,198,392)</u>

Other non-cash changes reflect interest rolled up (see note 19).

#### 26 Financial commitments, guarantees and contingent liabilities

The group'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 £40,559,642 (2019 - £37,915,971).

#### 27 Operating lease commitments

##### Lessee

Operating lease payments reflect rentals payable by the group, including related service charges, for the leasehold land and buildings from which it undertakes its principal activity. At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	2,469,623	2,482,362	12,000	12,000
Between one and five years	9,830,492	9,550,696	-	-
In over five years	110,821,619	103,937,118	-	-
	<u>123,121,734</u>	<u>115,970,176</u>	<u>12,000</u>	<u>12,000</u>

#### 28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Acquisition of tangible fixed assets	-	229,109	-	-

# **CENTRE ISLAND HOTELS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **29 Related party transactions**

During the year, through its subsidiary Centre Island Management Limited, the group received £161,608 (2019 - £590,050) in respect of management services provided to non-group entities which have directors in common with the company and £17,654 (2019 - £318,866) in respect of the recovery of franchise fees from those entities. In respect of these transactions, £3,502 (2019 - £274,055) was outstanding at the end of the year and is included in debtors.

Also during the year, the group received £368,752 (2019 - £337,820) and paid £1,488 (2019 - £5,365) in respect of amounts recharged for services provided to and by non-group entities which have directors in common with the company. In respect of these transactions, £7,074 (2019 - £10,974) was outstanding at the end of the year and is included in debtors.

Borrowings include three loans of £350,000 each from three related companies, two of which have directors in common with the company and the third of which is their immediate parent company. Further details are given in note 19.

The group and company have taken advantage of the exemption available under Section 33 of FRS 102 and have not disclosed details of transactions or balances with wholly-owned group companies.

In the opinion of the directors, the key management personnel are the statutory directors of the company. Details of their remuneration are given in note 5.

### **30 Controlling party**

The immediate and 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.