

Integrated Accommodation Services plc  
Annual report  
for the year ended 31 December 2006

Registered number: 3824397

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# **Integrated Accommodation Services plc**

## **Annual report for the year ended 31 December 2006**

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# **Integrated Accommodation Services plc**

## **Directors' report for the year ended 31 December 2006**

*The directors submit their report and the audited financial statements of the company for the year ended 31 December 2006.*

### **Principal activities and business review**

The company is engaged under a 30 year project agreement with the Secretary of State for Foreign and Commonwealth Affairs, signed on 13 June 2000. The agreement, under the Government Private Finance Initiative, provided for the design, construction, financing, service and maintenance of new facilities, together with the service, maintenance and remediation of certain existing facilities for the Government Communications Headquarters in Cheltenham, England. The company achieved its first phase practical completion of building works and the certification of those works in June 2003, ahead of the original programme. The company has mobilised its provision of services to the new facilities, relocated the staff and commenced the phased clearance of the older sites.

The company has also entered into sub-contracts to allocate, under its direction, the provision of those services noted above. Details of the principal sub-contracts are shown within Commitments in note 14 to the accounts.

The profit for the year under review as set out in the profit and loss account on page 5 relates to activities undertaken in respect of the project.

The directors consider the performance of the company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

### **Principal risks and uncertainties**

The company's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the following section.

### **Financial risk management**

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below:

#### **Interest rate risk**

The company has hedged its interest rate risk by using fixed interest rate financial instruments.

#### **Inflation risk**

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

#### **Liquidity risk**

The company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

# **Integrated Accommodation Services plc**

## **Directors' report for the year ended 31 December 2006 (continued)**

### **Credit risk**

The company receives the bulk of its revenue from a government body and therefore is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

### **Key performance indicators ('KPIs')**

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities. The board monitor these on a regular basis. For this reason, the company's Directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business.

### **Dividends and transfers to reserves**

Interim dividends of £nil (2005: £3,875,000) have been paid during the year. No final dividend is proposed (2005: £nil). The amount transferred to reserves is set out in the profit and loss account on page 5.

### **Directors**

The directors of the company during the year ended 31 December 2006, and subsequently, were:

A D Banks  
C Elliott  
F R Herzberg  
D McLaughlin  
R W Robinson

### **Directors' interests in shares**

The directors held no beneficial interests in the share capital of the company during the year according to the register maintained by the company under Section 325 of the Companies Act 1985.

### **Creditor payment policy**

It is the company's policy to agree with its suppliers' terms of settlement which are appropriate to the markets in which they operate, and to abide by such terms where suppliers have met their obligations. The average creditor payment period at 31 December 2006 was 30 days (2005: 30 days).

# **Integrated Accommodation Services plc**

## **Directors' report for the year ended 31 December 2006 (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

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

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

The directors are responsible for keeping proper accounting records that 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 1985. 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.

### **Auditors and disclosure of information to auditors**

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

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

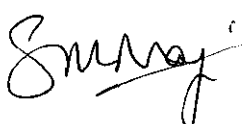
### **Going concern**

The directors are of the opinion that the company has adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

### **Contracts with controlling shareholders**

The company has entered into material contracts with GSL UK Limited and Carillion Construction Limited, both companies respectively related to controlling shareholders. Details of these contracts are shown in the notes to the accounts (Note 14 Commitments and Note 15 Related party disclosures).

By Order of the Board  
S M Major  
Secretary  
19 February 2007



## **Independent auditors' report to the members of Integrated Accommodation Services plc**

We have audited the financial statements of Integrated Accommodation Services Plc for the year ended 31<sup>st</sup> December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31<sup>st</sup> December 2006 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Birmingham

19 February 2007

# Integrated Accommodation Services plc

## Profit and loss account for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
<b>Turnover</b>	1	<b>45,722</b>	43,603
Operating costs		<b>(41,725)</b>	(40,191)
<b>Gross profit</b>		<b>3,997</b>	3,412
Administrative expenses		<b>(453)</b>	(537)
<b>Operating profit</b>	2	<b>3,544</b>	2,875
Interest receivable and similar income	3	<b>34,197</b>	34,317
Interest payable and similar charges	3	<b>(32,949)</b>	(32,652)
<b>Profit on ordinary activities before taxation</b>		<b>4,792</b>	4,540
Tax on profit on ordinary activities	4	<b>(968)</b>	(1,352)
<b>Profit for the financial year</b>		<b>3,824</b>	3,188
Equity dividends	11	-	(3,875)
<b>Profit/(deficit) transferred to/deducted from reserves</b>	12	<b>3,824</b>	(687)

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

There is no difference between the profit for the year as shown in the profit and loss account above and its historical cost equivalent.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.


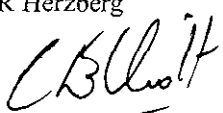
The movements on reserves are shown in note 12 to the financial statements.

# Integrated Accommodation Services plc

## Balance sheet as at 31 December 2006

	Notes	2006 £'000	2005 £'000
<b>Current assets</b>			
Debtors (amounts falling due within one year)	5	24,653	8,226
Debtors (amounts falling due in more than one year)	5	408,820	423,652
Cash and bank deposits		47,744	52,250
		<b>481,217</b>	484,128
<b>Creditors: (amounts falling due within one year)</b>	6	<b>(46,620)</b>	(22,781)
<b>Net current assets</b>		<b>434,597</b>	461,347
<b>Total assets less current liabilities</b>		<b>434,597</b>	461,347
<b>Creditors: (amounts falling due in more than one year)</b>	7	<b>(407,524)</b>	(439,066)
		<b>27,073</b>	22,281
<b>Provisions for liabilities and charges</b>	8	<b>(8,748)</b>	(7,780)
<b>Net assets</b>		<b>18,325</b>	14,501
<b>Capital and reserves</b>			
Called up share capital	10	55	55
Profit and loss account	12	18,270	14,446
<b>Total equity shareholders' funds</b>		<b>18,325</b>	14,501

The financial statements on pages 5 to 18 were approved by the Board on 19 February 2007 and were signed on its behalf by:

  
 F R Herzberg  
  
 C Elliott  
 Directors



## **Integrated Accommodation Services plc**

### **Reconciliation of movement in equity shareholders' funds for the year ended 31 December 2006**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	<b>3,824</b>	3,188
Dividends paid	-	(3,875)
<b>Net increase/(decrease) in equity shareholders' funds</b>	<b>3,824</b>	(687)
Opening equity shareholders' funds	<b>14,501</b>	15,188
<b>Closing equity shareholders' funds</b>	<b>18,325</b>	14,501

# **Integrated Accommodation Services plc**

## **Notes to the financial statements for the year ended 31 December 2006**

### **1 Accounting policies**

A summary of the company's principal accounting policies is set out below.

#### **Basis of preparation of accounts**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards. Narrative disclosures of values in the notes to the accounts are shown as round £'000.

#### **Turnover**

*Turnover represents the value of work done and services rendered, excluding sales related taxes. All turnover originates in the United Kingdom.*

The company recognises income when it has fully fulfilled its contractual obligations. In accordance with Financial Reporting Standard 5 - Application Note G, the company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and operating costs.

Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

#### **Leased assets**

Payments under operating leases are charged to the profit and loss on a straight-line basis over the lease term.

# **Integrated Accommodation Services plc**

## **Notes to the financial statements for the year ended 31 December 2006 (continued)**

### **1 Accounting policies (continued)**

#### **Contract debtor**

Amounts recoverable under long term Private Finance Initiative contracts are transferred to a contract debtor in accordance with the requirements of Financial Reporting Standard 5 Application Note F – Private Finance Initiative and Similar Contracts. The amounts receivable (which may include the costs of construction of related assets) are treated as a long-term contract debtor from the certification of the project facilities, with a constant proportion of the net revenue arising from the project being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term, the contract debtor is expected to be fully repaid.

#### **Financial instruments**

The company has adopted the effective rate interest method for discounting, in accordance with Financial Reporting Standard 25 and 26. This has resulted in no impact to the financial statements.

Discounts, premia and related costs of debt issue are charged to the profit and loss account over the life of the instrument to which they relate.

The fair value of financial instruments is set out in note 9 to the accounts.

#### **Cash flow statement**

At 31 December 2006, the company was a wholly owned subsidiary of Accommodation Services (Holdings) Limited, which prepares consolidated group financial statements including a group cash flow statement. In accordance with Financial Reporting Standard 1 (revised), no cash flow statement is therefore included in these accounts.

### **2 Operating profit**

The company had no employees during the year (2005: none). No remuneration was paid to the directors in respect of their services to the company (2005: £nil).

The audit fee in respect of the company for the year was £13,000 (2005: £11,000). In addition the company bore £3,000 (2005: £3,000) in respect of the audit fee of its parent company during the year. The auditors also received remuneration in the year for services relating to taxation totalling £4,000 (2005: £4,000).

# Integrated Accommodation Services plc

## Notes to the financial statements for the year ended 31 December 2006 (continued)

### 3 Net interest

	2006	2005
	£'000	£'000
Bank interest receivable	2,118	1,713
Imputed interest on contract debtor	32,079	32,604
<b>Interest receivable and similar income</b>	<b>34,197</b>	<b>34,317</b>
Interest payable on bonds	(28,600)	(28,653)
Amortisation of issue costs	(874)	(842)
Interest payable on loan stock	(3,475)	(3,157)
<b>Interest payable and similar charges</b>	<b>(32,949)</b>	<b>(32,652)</b>
<b>Net interest receivable</b>	<b>1,248</b>	<b>1,665</b>

Interest is imputed on the contract debtor using a property specific rate of 7.57% (2005: 7.57%).

### 4 Tax on profit on ordinary activities

	2006	2005
	£'000	£'000
<b>Analysis of charge in year</b>		
<b>Current tax</b>		
UK corporation tax on profits of the year	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 8)	968	1,352
<b>Tax on profit on ordinary activities</b>	<b>968</b>	<b>1,352</b>

# Integrated Accommodation Services plc

## Notes to the financial statements for the year ended 31 December 2006 (continued)

### 4 Tax on profit on ordinary activities (continued)

The tax for the year is lower (2005: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006	2005
	£'000	£'000
<b>Factors affecting tax charge for year</b>		
Profit on ordinary activities before tax	4,792	4,540
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	1,438	1,362
Effects of remuneration of contract debtor less capital allowances and imputed interest for the year	(968)	(1,352)
Relief from transfer pricing adjustment on subordinated debt interest (2004)	(461)	-
Expenses not deductible for tax purposes	(9)	(10)
<b>Current tax charge for the year</b>	-	-

#### Factors that may affect future tax charges

The company has incurred significant expenditure in the construction of the facility on which it has claimed tax relief through capital allowances and claims for interest and loan related expenditure during the construction year. It has used these claims to offset its current liabilities and retains tax losses to offset liabilities in future years. As amounts are recovered to remunerate these costs they will be brought into current taxation in the year in which they are received. As a result of these claims there exist significant timing differences, which are expected to reverse over the life of the project agreement.

# Integrated Accommodation Services plc

## Notes to the financial statements for the year ended 31 December 2006 (continued)

### 5 Debtors

	2006	2005
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	332	98
Prepayments and accrued income	7,760	8,128
Contract debtors	16,561	-
	<b>24,653</b>	<b>8,226</b>
<b>Amounts falling due in more than one year</b>		
Contract debtor	408,820	423,652

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

	2006	2005
	£'000	£'000
Trade creditors	507	5,275
VAT	1,312	1,429
Accruals and deferred income	13,069	15,824
6.48% Guaranteed Secured Bonds due 2029	29,003	-
10.14% Mezzanine Secured Notes due 2028	2,729	253
	<b>46,620</b>	<b>22,781</b>

Guaranteed Secured Bonds due 2029 relate to £406,850,000 issued in 2000. Interest is payable on these bonds at six-monthly intervals. Scheduled redemption by way of principal repayments commenced on 30 September 2006. These bonds are listed on the London Stock Exchange. As at 31 December 2006, £406,094,000 (2005: £406,753,000) remains outstanding.

Bond repayments of £29,003,000 due in 2007 will be met by further additional receipts falling due in 2007 accordance with the project agreement outlined in the Directors' report.

Mezzanine Secured Notes due 2028 relate to £22,610,000 issued in 2000. Interest is payable on these bonds at six-monthly intervals. Scheduled redemption by way of principal repayments commenced on 30 September 2005. These notes are unlisted. As at 31 December 2006, £22,205,000 (2005: £22,482,000) remains outstanding.

Issue costs of £11,591,000 (2005: £12,456,000) have been offset against bond and other loan liabilities and are amortised over the term of the bond in accordance with the provisions of Financial Reporting Standard 26.

# Integrated Accommodation Services plc

## Notes to the financial statements for the year ended 31 December 2006 (continued)

### 7 Creditors: amounts falling due in more than one year

	2006	2005
	£'000	£'000
<b>More than one year but less than two years</b>		
6.48% Guaranteed Secured Bonds due 2029	3,837	28,843
10.14% Mezzanine Secured Notes due 2028	280	2,729
	<b>4,117</b>	<b>31,572</b>
<b>More than two years but less than five years</b>		
6.48% Guaranteed Secured Bonds due 2029	19,426	14,506
10.14% Mezzanine Secured Notes due 2028	1,048	941
	<b>20,474</b>	<b>15,447</b>
<b>More than five years</b>		
6.48% Guaranteed Secured Bonds due 2029	342,900	351,657
10.14% Mezzanine Secured Notes due 2028	17,844	18,232
14.00% Subordinated Loan Notes due 2028	22,189	22,158
	<b>382,933</b>	<b>392,047</b>
	<b>407,524</b>	<b>439,066</b>

Guaranteed Secured Bonds due 2029 relate to £406,850,000 issued in 2000. Interest is payable on these bonds at six-monthly intervals. Scheduled redemption by way of principal repayments commenced on 30 September 2006. These bonds are listed on the London Stock Exchange. As at 31 December 2006, £406,094,000 (2005: £406,753,000) remains outstanding.

Mezzanine Secured Notes due 2028 relate to £22,610,000 issued in 2000. Interest is payable on these bonds at six-monthly intervals. Scheduled redemption by way of principal repayments commenced on 30 September 2006. These notes are unlisted. As at 31 December 2006, £22,205,000 (2005: £22,482,000) remains outstanding.

Subordinated Loan Notes due 2028 relate to £22,548,000 issued in 2005 to the shareholder. 14% interest is payable on these Subordinated Loan Notes commencing 1 January 2005. The company anticipates commencing redemption by way of principal repayment on 31 March 2007. These notes are unlisted.

The Guaranteed Secured Bonds rank in seniority to the Mezzanine Secured Notes, which in turn rank in seniority to the Subordinated Loan Notes. The bonds are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the company and by a floating charge over the company's undertakings and assets.

The company's parent undertaking, Accommodation Services (Holdings) Limited, has subscribed £22,548,000 of Subordinated Loan Notes due 2028 in the company. Accommodation Services (Holdings) Limited has in turn issued corresponding loan notes to its shareholders in proportion to their shareholdings.

# Integrated Accommodation Services plc

## Notes to the financial statements for the year ended 31 December 2006 (continued)

### 7 Creditors: amounts falling due in more than one year (continued)

Issue costs of £11,591,000 (2005: £12,456,000) have been offset against bond and other loan liabilities and are amortised over the term of the bond in accordance with the provisions of Financial Reporting Standard 26.

### 8 Provisions for liabilities and charges

	2006	2005
	£'000	£'000
<b>Provision for deferred taxation</b>		
Accelerated capital allowances	5,660	4,173
Accelerated finance costs	3,088	3,607
<b>Total provision for deferred tax</b>	<b>8,748</b>	<b>7,780</b>
Provision at 1 January	7,780	6,428
Deferred tax charge in profit and loss account for the year (note 4)	968	1,352
<b>Provision at 31 December</b>	<b>8,748</b>	<b>7,780</b>

### 9 Financial instruments

#### Funding and liquidity

The company funds its operations through finance raised by the issue of fixed rate bonds. At 31 December 2006, 86.2 percent (2005: 88.4 percent) of these bonds were due for repayment in more than 5 years.

Cash surplus to immediate needs is invested with the company's bankers in term deposits with maturities arranged to meet the company's cashflow needs. Interest rates receivable are directly related to the corresponding monthly LIBOR.

The company is required to hold certain cash deposits in accordance with the Collateral Deed. This follows a standard requirement of this type of financing arrangement.

Short-term flexibility is obtained by maintaining current account balances with the company's bankers.



# **Integrated Accommodation Services plc**

## **Notes to the financial statements for the year ended 31 December 2006 (continued)**

### **9 Financial instruments (continued)**

<b>Financial assets</b>	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
<hr/> <b>The company held the following categories of sterling financial assets</b>		
<b>Sterling monetary assets</b>		
Cash at bank	<b>7,680</b>	12,966
Bank deposits	<b>40,064</b>	39,284
	<b>47,744</b>	52,250

Bank deposits relate to short term deposits held in reserve accounts made with the company's bankers. Interest is payable periodically at a rate linked to LIBOR. The bank deposits are secured under a fixed charge to the security trustee for the senior secured bond. Deposits mature at regular intervals to comply with the requirement to hold reserves and to pay building and finance costs.

Other than cash at bank, bank deposits, trade debtors and the contract debtor balance the company has no financial assets.

# Integrated Accommodation Services plc

## Notes to the financial statements for the year ended 31 December 2006 (continued)

### 9 Financial instruments (continued)

#### Financial liabilities

Primary financial instruments held to finance the company's operations:

Bond liabilities	Amount £'000	Weighted average interest rate	Weighted average period for which rate is fixed
<b>Maturity of Financial Liabilities (before issue costs)</b>			
In less than one year	32,564	7.05%	1
In more than one year but not less than two years	4,899	7.06%	1
In more than two years but not more than five years	22,750	7.07%	2
In more than five years	390,634	7.36%	15
<b>Total</b>	<b>450,847</b>	<b>7.26%</b>	<b>14</b>

Fair values of financial assets and liabilities	2006		2005	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
<b>Primary financial instruments held or issued to finance the company's operations</b>				
Financial assets	47,744	47,744	52,250	52,250
Long-term liabilities	(450,847)	(504,595)	(439,006)	(528,092)

Full descriptions of the bonds are given in Note 7 above.

Credit margins on long term bonds (both guaranteed and secured notes) vary in accordance with market demand and other factors. The fair value of the guaranteed secured bonds has been determined by reference to prices available from the market on which the instruments involved are traded. The subordinated loan stock has been valued at par. All other fair values have been obtained from market sources.

All other financial assets and liabilities

# Integrated Accommodation Services plc

## Notes to the financial statements for the year ended 31 December 2006 (continued)

### 10 Called up share capital

	2006	2005
	£'000	£'000
<b>Authorised:</b>		
100,000 ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid:</b>		
55,000 ordinary shares of £1 each	55	55

### 11 Equity dividends

	2006	2005
	£'000	£'000
Dividend of £nil per share (2005: £70.45) paid from reserves	-	3,875

### 12 Profit and loss account

	£'000
At 1 January 2006	14,446
Retained profit for the financial year	3,824
At 31 December 2006	18,270

### 13 Obligations under leases

The company has entered into an operating lease and has an annual commitment under leases for land and buildings of £1 (2005: £1) expiring after five years.

## **Integrated Accommodation Services plc**

### **Notes to the financial statements for the year ended 31 December 2006 (continued)**

#### **14 Commitments**

Under the terms of a contract with Carillion Construction Limited dated 22 June 2000, a company related to Carillion Private Finance Limited, the company was committed to payments totalling £341,900,000 in respect of design and construction services to be provided in the construction period. Payments are made as the design and construction work progresses. Payments made in the year ended 31 December 2006 were £nil (2005: £687,000).

Under terms of a contract with Carillion Construction Limited dated 22 June 2000, the company is committed to payments totalling £47,000,000 (indexed from 2000 prices) in respect of the capital replacement of life expired equipment over the contract term. Payments made in the year ended 31 December 2006 were £347,000 (2005: £114,000).

Under the terms of an operating agreement with GSL UK Limited dated 22 June 2000, a company related to GSL Joint Ventures Limited, the group is committed to the payment of fixed and variable fees based on services provided in the contract term which includes services provided during the period of construction. Payments made in the year to 31 December 2006 were £18,314,000 (2005: £18,961,000).

#### **15 Related party disclosures**

In addition to contractual commitments set out in note 14, Carillion Construction Limited also provided services to the group under short term contracts for miscellaneous works and fittings at a cost of £5,000 (2005: £1,852,000).

Administrative and technical services were also provided by GSL UK Limited, a company related to GSL Joint Ventures Limited at a cost of £71,000 (2005: £285,000). GSL UK Limited also provided services to the group under short term contracts for miscellaneous works and fittings at a cost of £22,318,000 (2005: £26,700,000).

British Telecommunications plc, a company related to BT Holdings Limited, also provided administrative and technical services at a cost of £17,000 (2005: £32,000).

At the year end there was £35,000 (2005: £19,000) payable to Carillion Construction Limited, £469,000 (2005: £5,335,000) payable to GSL UK Limited and £nil (2005: £2,000) payable to British Telecommunications plc.

The company is exempt under the terms of Financial Reporting Standard 8 – Related party disclosures, from disclosing related party transactions with its parent company as 90 per cent or more of the voting rights are controlled within the group.

#### **16 Parent undertakings**

The company is a wholly owned subsidiary of Accommodation Services (Holdings) Limited, a company which files consolidated financial statements in England. The share capital of Accommodation Services (Holdings) Limited is held forty percent by Carillion Private Finance (Secure) Limited, forty percent by GSL Joint Ventures Limited and twenty percent by BT Holdings Limited. All shareholders are companies incorporated in the United Kingdom.