

Integrated Accommodation Services plc
Annual report and financial statements
for the year ended 31 December 2007

Registered number 3824397

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Integrated Accommodation Services plc

Annual report and financial statements for the year ended 31 December 2007

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Integrated Accommodation Services plc

Directors' report for the year ended 31 December 2007

The directors submit their annual report and the audited financial statements of the company for the year ended 31 December 2007

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 continues to provide services to these new facilities, it has completed the phased clearance of the older sites which were released back to the Secretary of State and sold. The company has retained, under a contract variation, provision of services to certain retained facilities.

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 15 to the accounts.

The profit for the year under review as set out in the profit and loss account on page 6 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 2007 (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

Dividends of £5,947,000 (2006: £nil) have been paid during the year. The amount transferred to reserves is set out in the profit and loss account on page 6.

Directors

The directors of the company during the year ended 31 December 2007, and subsequently, were

A D Banks

C Elliott

F R Herzberg

D McLaughlin (resigned 29 June 2007)

R W Robinson

T Smart (appointed 29 June 2007)

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 2007 was 30 days (2006: 30 days).

Integrated Accommodation Services plc

Directors' report for the year ended 31 December 2007 (continued)

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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,

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 to 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, 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.

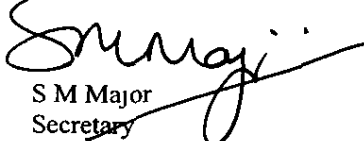
Integrated Accommodation Services plc

Directors' report for the year ended 31 December 2007 (continued)

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 15 Commitments and Note 16 Related party disclosures)

By Order of the Board



S M Major
Secretary
27 February 2008

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 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of movement in total shareholder's funds and the related notes. These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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

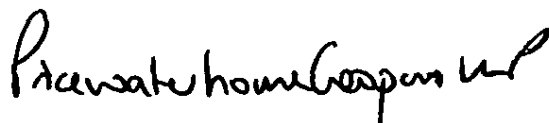
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 December 2007 and of its profit 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
5 MARCH 2008

Integrated Accommodation Services plc

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Turnover	1	43,961	45,722
Operating costs		(40,223)	(41,725)
Gross profit		3,738	3,997
Administrative expenses		(383)	(453)
Operating profit	2	3,355	3,544
Interest receivable and similar income	3	34,459	34,197
Interest payable and similar charges	3	(32,099)	(32,949)
Profit on ordinary activities before taxation		5,715	4,792
Tax on profit on ordinary activities	4	(1,022)	(968)
Profit for the financial year	13	4,693	3,824

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 13 to the financial statements

Integrated Accommodation Services plc

Balance sheet as at 31 December 2007

	Notes	2007 £'000	2006 £'000
Current assets			
Debtors amounts falling due within one year	6	7,362	24,653
Debtors amounts falling due in more than one year	6	408,076	408,820
Cash and bank deposits		31,548	47,744
		446,986	481,217
Creditors amounts falling due within one year	7	(16,702)	(46,620)
Net current assets		430,284	434,597
Total assets less current liabilities		430,284	434,597
Creditors amounts falling due in more than one year	8	(403,443)	(407,524)
Provisions for liabilities and charges	9	(9,770)	(8,748)
Net assets		17,071	18,325
Capital and reserves			
Called up share capital	11	55	55
Profit and loss account	13	17,016	18,270
Total shareholder's funds		17,071	18,325

The financial statements on pages 6 to 19 were approved by the Board on 27 February 2008 and were signed on its behalf by


F R Herzberg


C Elliott

Directors

Integrated Accommodation Services plc

Reconciliation of movement in total shareholder's funds for the year ended 31 December 2007

	2007	2006
	£'000	£'000
Profit for the financial year	4,693	3,824
Dividends paid	(5,947)	-
Net (decrease)/increase in total shareholder's funds	(1,254)	3,824
Opening total shareholder's funds	18,325	14,501
Closing total shareholder's funds	17,071	18,325

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, 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

The group has adopted FRS 29, 'Financial instruments: Disclosures'. The adoption of this standard represents a change in accounting policy. The standard introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the group or company's financial instruments.

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 2007 (continued)

1 Accounting policies (continued)

Dividend policy

Dividend disclosure is in line with Financial Reporting Standard 21, such that dividends are recognised when paid

Financial assets

The company classifies its financial assets in accordance with Financial Reporting Standard 29. Management has determined the classification of its financial assets as being loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in debtors due within one year and debtors due after more than one year with reference to the maturity at the balance sheet. The company's loans and receivables comprise 'trade and other receivables' and cash and bank deposits in the balance sheet.

Trade debtors

Amounts recoverable are recognised at invoiced value. As described in the business review, the bulk of revenue is received from a government body, therefore there are no provisions for impairment.

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.

Cash and bank deposits

Bank deposits relate to short term deposits held for not more than three months in reserve accounts made with the company's bankers. Interest rates receivable are directly related to the corresponding monthly LIBOR. The bank deposits are secured under a fixed charge to the security trustee for the senior secured bond. 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.

Trade creditors

Amounts payable are recognised at invoiced value.

Borrowings

Fixed rate borrowings are initially stated at the amount of the consideration received net of transaction costs incurred. Subsequently, the fixed loan amounts are held at amortised cost.

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.

Borrowings are the only financial liabilities held by the company and are classified as other financial liabilities.

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Accounting policies (continued)

Financial risk management

As described by the directors in the Directors report, financial risk management is set out under the headings, Interest rate risk, Inflation risk, Liquidity risk and Credit risk

Cash flow statement

At 31 December 2007, 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 1996), no cash flow statement is therefore included in these accounts

2 Operating profit

The company had no employees during the year (2006: none). No remuneration was paid to the directors in respect of their services to the company (2006: £nil).

The audit fee in respect of the company for the year was £13,000 (2006: £13,000). In addition the company bore £3,000 (2006: £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 £nil (2006: £4,000).

The company has entered into an operating lease and has an annual commitment under leases for land and buildings of £1 (2006: £1) expiring after five years.

3 Net interest

	2007	2006
	£'000	£'000
Bank interest receivable	2,576	2,118
Imputed interest on contract debtor	31,883	32,079
Interest receivable and similar income	34,459	34,197
Interest payable on bonds	(28,036)	(28,600)
Amortisation of issue costs	(867)	(874)
Interest payable on loan stock	(3,196)	(3,475)
Interest payable and similar charges	(32,099)	(32,949)
Net interest receivable	2,360	1,248

Interest is imputed on the contract debtor using a property specific rate of 7.57% (2006: 7.57%).

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Tax on profit on ordinary activities

	2007	2006
	£'000	£'000
Analysis of charge in year		
Current tax		
UK corporation tax on profits of the year	-	-
Deferred tax		
Origination and reversal of timing differences (note 9)	1,719	968
Change in tax rate	(697)	-
Total deferred tax (note 9)	1,022	-
Tax on profit on ordinary activities	1,022	968

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%)

As a consequence of a corporation tax rate change enacted in the 2007 Finance Act, deferred tax crystallising after 1 April 2008 has been recognised at a rate of 28% as opposed to the existing rate of 30%. The effect of this change is to release a credit of £697,000 to the profit and loss account during the year

The differences are explained below

	2007	2006
	£'000	£'000
Factors affecting tax charge for year		
Profit on ordinary activities before tax	5,715	4,792
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	1,715	1,438
Effects of remuneration of contract debtor less capital allowances and imputed interest for the year	(1,719)	(968)
Relief from transfer pricing adjustment on subordinated debt interest (2004)	-	(461)
Expenses not deductible for tax purposes	4	(9)
Current tax charge for the year	-	-

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Tax on profit on ordinary activities (continued)

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.

5 Financial instruments by category

All financial assets of the company are categorised as loans and receivables at both 31 December 2006 and 31 December 2007. All financial liabilities of the company are categorised as other financial liabilities at both 31 December 2006 and 31 December 2007.

6 Debtors

	2007	2006
	£'000	£'000
<hr/>		
Amounts falling due within one year		
Trade debtors	253	332
Prepayments and accrued income	6,813	7,760
Contract debtor	296	16,561
	7,362	24,653
<hr/>		
Amounts falling due in more than one year		
Contract debtor	408,076	408,820
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Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

6 Debtors (continued)

The fair values of debtors are as follows

	2007	2006
	£'000	£'000
Trade debtors	253	332
Prepayments and accrued income	6,813	7,760
Contract debtor	442,036	446,327
	449,102	454,419

The fair value of the contract debtor is based on cash flows discounted using a rate of 6.81% based on the weighted average rate of the borrowings at fair value (2006: 6.22%)

As described in the accounting policies, trade debtors are not considered to be impaired

7 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
6.48% Guaranteed Secured Bonds due 2029	3,837	29,003
10.14% Mezzanine Secured Notes due 2028	280	2,729
Trade creditors	344	507
VAT	1,046	1,312
Accruals and deferred income	11,195	13,069
	16,702	46,620

Information relating to the nature of the Secured Bonds and Mezzanine Secured Notes is contained in note 8

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Creditors: amounts falling due in more than one year

	2007	2006
	£'000	£'000
More than one year but less than two years		
6 48% Guaranteed Secured Bonds due 2029	4,685	3,837
10 14% Mezzanine Secured Notes due 2028	313	280
	4,998	4,117
More than two years but less than five years		
6 48% Guaranteed Secured Bonds due 2029	24,162	19,426
10 14% Mezzanine Secured Notes due 2028	1,166	1,048
	25,328	20,474
More than five years		
6 48% Guaranteed Secured Bonds due 2029	333,485	342,900
10 14% Mezzanine Secured Notes due 2028	17,418	17,844
14 00% Subordinated Loan Notes due 2028	22,214	22,189
	373,117	382,933
	403,443	407,524

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 2007, £376,282,000 (2006 £406,094,000) 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 2007, £19,454,000 (2006 £22,205,000) 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 2006. The company anticipates commencing redemption by way of principal repayment in 2029. 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.

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

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

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.

Issue costs of £10,724,000 (2006: £11,591,000) 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.

9 Provisions for liabilities and charges

	2007	2006
	£'000	£'000
Provision for deferred taxation		
Accelerated capital allowances	6,986	5,660
Accelerated finance costs	2,784	3,088
Total provision for deferred tax	9,770	8,748
Provision at 1 January	8,748	7,780
Deferred tax charge in profit and loss account for the year (note 4)	1,022	968
Provision at 31 December	9,770	8,748

10 Borrowings

Borrowings

The company funds its operations through finance raised by the issue of fixed rate bonds. At 31 December 2007, 90.3 percent (2006: 86.2 percent) of these bonds were due for repayment in more than 5 years.

Primary borrowings held to finance the company's operations

	2007	2006
	£'000	£'000
Maturity of borrowings (before issue costs)		
In less than one year	4,899	32,564
In more than one year but not less than two years	5,769	4,899
In more than two years but not more than five years	27,557	22,750
In more than five years	380,059	390,634
Total	418,284	450,847

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

10 Borrowings (continued)

Fair values of borrowings	2007		2006	
	Carrying Amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Borrowings	418,284	457,363	450,847	504,595

The company has no exposure to interest rate changes as all borrowings have fixed interest rates

Full descriptions of the bonds are given in Note 8 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.

11 Called up share capital

	2007 £'000	2006 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
55,000 ordinary shares of £1 each	55	55

12 Dividends

	2007 £'000	2006 £'000
Dividend of £108.13 per share (2006: £nil) paid from reserves	5,947	-

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Profit and loss account

	£'000
At 1 January 2007	18,270
Profit for the year	4,693
Dividends	(5,947)
At 31 December 2007	17,016

14 Obligations under leases

The company has entered into an operating lease and has an annual commitment under leases for land and buildings of £1 (2006 £1) expiring after five years

15 Commitments

Under terms of a contract with Carillion Construction Limited, a company related to Carillion Private Finance (Secure) 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. Commitments remaining at the balance sheet date index at 31 December 2007 were £57,890,000 (2006 £56,328,000). Payments made in the year ended 31 December 2007 were £652,000 (2006 £347,000).

16 Related party disclosures

Under the terms of an operating agreement with GSL UK Limited dated 22 June 2000, a company related to GSL Joint Ventures Limited, the company 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 2007 were £18,976,000 (2006 £18,314,000).

Administrative and technical services were provided by GSL UK Limited, a company related to GSL Joint Ventures Limited at a cost of £74,000 (2006 £71,000). GSL UK Limited also provided services to the group under short term contracts for miscellaneous works and fittings at a cost of £19,925,000 (2006 £22,318,000).

British Telecommunications plc, a company related to BT Holdings Limited, also provided administrative and technical services at a cost of £1,000 (2006 £17,000).

At the year end there was £73,000 (2006 £35,000) payable to Carillion Construction Limited, £266,000 (2006 £469,000) payable to GSL UK Limited.

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.

Integrated Accommodation Services plc

Notes to the financial statements for the year ended 31 December 2007 (continued)

17 Parent undertakings

The company is a wholly owned subsidiary of Accommodation Services (Holdings) Limited, a company which files consolidated financial statements at Farncombe House, Broadway, Worcestershire WR12 7LJ, 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 England and Wales.