REGISTERED NUMBER: 03824397 (England and Wales)

Integrated Accommodation Services plc

Annual report and financial statements

for the year ended 31 December 2022

Integrated Accommodation Services plc

Annual report and financial statements for the year ended 31 December 2022

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Integrated Accommodation Services plc

Strategic report
for the year ended 31 December 2022

The directors present their Strategic report on Integrated Accommodation Services plc (the company) for the year ended 31 December 2022.

Principal activities and business review

The company is engaged under a 30 year project agreement with the Secretary of State for Foreign, Commonwealth and Development Affairs, signed on 13 June 2000. Its registered number is 03824397. The agreement, under the Government Private Finance Initiative ('PFI'), provides 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 facilities and it has completed the phased clearance of the older sites which were released back to the Secretary of State and sold. The operational performance of the company during the year has been good and performance deductions have been low.

Turnover and cost of sales have increased in the period under review. Turnover and cost of sales are subject to annual indexation in line with RPI. The applicable indexation from April 2022 was 7.8%.

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 and Related party disclosures in notes 17 and 18 respectively to the financial statements.

The profit for the year under review as set out in the statement of comprehensive income on page 13 relates to activities undertaken in respect of the project.

The financial position remains strong with net current assets of £268,250k and net assets of £69,934k; The directors consider the performance of the company during the year and the financial position at the end of the year, to be in line with the long term expected performance of the project.

Macro economic factors

The company borrowings are at fixed rates. Movements in interest rates only affect interest received on cash deposits. Recent interest rate rises have generated increased interest income from bank deposits.

Under the terms of the Project Agreement under which IAS is engaged, the proportion of the income that covers operating costs is linked to RPI. As such increases in RPI have no detrimental effect on the results of the company. The same indexation is applied to the income, and the operator costs. Other costs, such as lifecycle, are subject to general inflation. Forecasts for the business include allowances for inflation, and the recent high levels of inflation do not adversely affect the results of the company.

Section 172(1) Statement

Throughout the year the board has made due consideration during its discussions and decision-making of the matters set out in section 172 of the Companies act 2006. Set out below is a description of how the directors have had regards to the matters set out in section 172 (1) when performing their duties under section 172:

Section 172(1) Statement (continued)

a. The likely consequences of any decision in the long term

Supporting each decision, the Board are given access to management papers which set out the potential outcome of decisions. The papers include diligence on the financial impact via forecasts, as well as non-financial factors and how the decision fits with the strategy of the company. The company has a project life plan, which is a financial plan supported by contracts, which is reviewed regularly to benchmark performance and achievements against plan. Variable costs such as lifecycle are periodically reviewed via a full asset condition survey, and plans amended accordingly. Where appropriate, the Board will take professional advice from Technical Advisors and legal experts.

b. The interests of the company's employees

The company has no employees and therefore is not required to consider matters of this regard. The company does however, pay due regard to the interests and safety of all those engaged by contractors to the company to perform services on its behalf.

c. The need to foster the company's business relationships with suppliers, customers and others

The company is committed to upholding the underlying principle of PFI of working in partnerships with all parties to the arrangement. The Company has one customer, a UK Government Department. Meetings are held on a regular basis to ensure open communication and customer satisfaction. The main supplier is the FM Contractor on site and the Company is able to communicate on a daily basis with this supplier to maintain good relationships. The Company ensures good relationships with all suppliers and aims to ensure all suppliers are paid within agreed terms. The board meet on a quarterly basis and receives reports from a financial, commercial, and operational perspective, and uses this information to inform business decisions affecting the customer, suppliers and other stakeholders.

d. The impact of the company's operations on the community and the environment

The company's operations are undertaken within a confined geographical area to which access is severely limited. Major maintenance expenditure is planned following asset condition surveys to maintain the asset at the required contractual standards, and to ensure that the asset will meet the required contractual standards at the end of the concession. The delivery of these works is carefully planned with the maintenance and operations contractor and client to ensure minimum disruption to the users of the facility and the safety of the contractor's employees.

e. The desirability of the company maintaining a reputation for high standards of business conduct

The company's operations are undertaken in a location which is key to the UK's national security interests, consequently the ability of the company to operate in accordance with the highest levels of security and confidentiality protocols is essential. The company's management ensure that those required standards are met by vetting key personnel and suppliers, monitoring suppliers through performance measures, and adhering to a comprehensive anti-bribery and corruption policy.

f. The need to act fairly between members of the company

As a wholly owned subsidiary of Accommodation Services (Holdings) Limited, the company has no fairness considerations to be considered during decision making.

Integrated Accommodation Services plc

Strategic report
for the year ended 31 December 2022 (continued)

Principal risks and uncertainties

The company is risk averse in its principal activities as detailed above, 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 (including subcontractor failure) and the measures taken to mitigate them are as detailed in the following sections.

Subcontractor failure

In the event of subcontractor failure, the company would directly manage the subcontractor's obligations, to ensure continuity of service, until such time as a long term alternative solution is put in place.

Interest rate risk

The company manages its exposure to cash flow interest rate risk by using fixed interest rate financial liabilities. The contract debtor attracts interest at a fixed property specific rate. As the fixed rate liabilities are not recorded at fair value in the financial statements, fair value interest rate risk is not considered applicable.

Price 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 movements in inflation rates over the life of the contract.

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. Surplus cash is invested with its bankers on short term deposits. 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.

Credit risk

The company receives all of its revenue and contract debtor remuneration from a government body and therefore is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality and are regularly reviewed by the directors.

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 including performance and availability. The board monitor these on a regular basis. Given the straightforward nature of the business, the company's directors are of the opinion that further analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The business success is linked to the delivery of the project through achieving availability targets, minimising performance deductions, and meeting financial measures for Debt Service Cover ratios, and Loan Life Cover ratios.

On behalf of the Board,

D Hardingham
Director

B C J Dean
Director

Date 28 March 2023

Integrated Accommodation Services plc

Directors' report
for the year ended 31 December 2022

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

Dividends and transfers to reserves

Dividends of £249.33 per ordinary share (2021: £81.14 per ordinary share) amounting to £13,713,378 (2021: £4,462,652) have been paid during the year (note 15). No final dividends are proposed for the year ended 31 December 2022 (2021: £nil). The amount transferred to reserves is set out in the statement of comprehensive income on page 13.

Directors

The directors of the company during the year ended 31 December 2022, and to the date of signing of the financial statements were:

G Birley-Smith
B C J Dean
D Hardingham

Going concern and post balance sheet events

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. There are no post balance sheet events.

Future developments

The directors continue to develop the business in line with the contract and there are no issues expected.

Corporate Governance

The board are appointed by the shareholders and meet quarterly to review the financial and operational performance of the company. The company is a special purpose company specifically established to engage in a PFI project as noted in its principal activities in the Strategic report. The company's business is confined to that project and its activities are clearly defined and restricted by the complex contracts which it has entered into. The board has an experienced operational management and financial team who monitor the company's and its subcontractors' compliance with those contracts. The project director leads that team and regularly reports to the board of directors the company's performance against the budgets it sets and the key performance criteria stipulated under the detailed terms of the PFI contract.

Stakeholder engagement

The directors have identified the company, shareholders, customer and sub-contractors as the key stakeholders. The S172 statement in the Strategic Report sets out details of how the company works with those stakeholders.

Share capital structure

The company has a single class of ordinary shares, all of which rank equally. The company appoints directors nominated by the shareholders of the holding company. The voting rights of those directors rank in proportion to the shareholdings in its holding company. Current holdings are shown in note 19 of these financial statements.

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 and these are summarised in the Strategic report. The company also reviews the performance of the subcontractors on a monthly basis and takes action if the performance levels fall below the required standard.

Streamlined energy and carbon reporting

The company is a low energy user, emitting and consuming less than 40MWh in the current and previous reporting period. Energy emissions from activities, including greenhouse gases (GHG), and the consumption of energy for the company's own use has been considered in making this assessment. As an operator of a Government Private Finance Initiative, the company:

- does not incur any energy costs;
- does not utilise any transportation;
- had no employees during the year; and
- services provided under the Project Agreement and related contracts are outsourced to the subcontractor.

As such, the company is not required to make detailed disclosures of energy and carbon information under the Companies Act 2006.

Directors' report
for the year ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

Each of the directors, whose names and functions are listed in the director's report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

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

- so far as the director is 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 a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board,

D Hardingham
Director

B C J Dean
Director

Date 28 March 2023

Independent auditors' report to the members of Integrated Accommodation Services Plc

Report on the audit of the financial statements

Opinion

In our opinion, Integrated Accommodation Services plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted a full scope audit of the company

Key audit matters

- Accuracy of turnover and contract debtor

Materiality

- Overall materiality: £774,000 (2021: £608,000) based on approximately 5% of profit before tax. This has been capped at 95% of group materiality.
- Performance materiality: £580,500 (2021: £456,000).

Independent auditors' report to the members of Integrated Accommodation Services Plc (continued)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accuracy of turnover and contract debtor Integrated Accommodation Services Plc ("IAS") is engaged under a 30 year project agreement with the Secretary of State for Foreign, Commonwealth and Development Affairs signed on 13 June 2000. The agreement, under the Government Private Finance Initiative provides for the design, construction, financing, service and maintenance of new facilities, together with service, maintenance and remediation of certain existing facilities (together the "services") for the Government Communications Headquarters in Cheltenham, England. The company reflects the capitalised costs of the services as a "contract debtor" since the contractual position and expectation is that these costs will be repaid via payments received from government known as the "unitary charge". The unitary charge payments are designed to both repay the contract debtor over the life of the contract and to also contribute to running costs of ongoing service obligations of the company. The intention being that by the end of the arrangement, the contract debtor is settled in full. The determination of the amounts to allocate from the unitary charge payment to settle part of the outstanding contract debtor, and by implication what to leave as income in the financial statements requires some judgement and estimation in model. Given the estimations and the size of the balances involved, this is an area of focus. The imputed interest receivable on finance debtor amounting to £19,451k and total finance debtor balance amounting to £250,567k has been disclosed within Note 6 and Note 9 in the financial statements.	Our audit addressed the key audit matter as follows: • We have reviewed the integrity and consistency of Management's financial forecast model that reflects the finance debtor and interest receivable to satisfy ourselves that any movements in these balances have been appropriately calculated and reflected in the model. • The allocations to reduce the outstanding finance debtor from cash receipts in relation to the unitary charge are driven by a financial model that is extensively reviewed and is used to ensure the debtor is paid down over the life of the contract whilst having regard to that element of the unitary charge receipts which are required to cover other items such as actual and expected operating expense. We have confirmed that the allocations are consistent with Management's financial forecast model and that the allocations are reasonable having regard to appropriate consideration of other matters which the unitary charges are designed to cover such as lifecycle provisions. By performing look back procedures, we have checked the past accuracy of management's estimates around expenditure and RPI rates (which drives finance debtor and turnover). This has provided comfort over the robustness of management's projections in the financial model being used. • We recalculated the imputed interest receivable on the finance debtor. We found the calculations to be accurate. • We have also ensured that the actual results, including inputs such as inflation and tax rate changes, have been appropriately reflected in the model and financial statements. We found the calculations to be accurate.

Independent auditors' report to the members of Integrated Accommodation Services Plc (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company is a 'Special purpose vehicle' for a PFI project to carry out 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. We audited the complete financial information of the company, including all material account balances, classes of transactions and financial statement disclosures.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£774,000 (2021: £608,000).
How we determined it	approximately 5% of profit before tax. This has been capped at 95% of group materiality
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £580,500 (2021: £456,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above £38,700 (2021: £30,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of Integrated Accommodation Services Plc (continued)

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We assessed internal control related to going concern;
- We challenged management to assess if there are any indicators of possible management bias relating to going concern and implications for the audit;
- We evaluated significant judgements made in relation to whether or not a material uncertainty exists, appropriateness of management's use of the basis of accounting and the appropriateness of management's disclosures.

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Independent auditors' report to the members of Integrated Accommodation Services Plc (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the Companies Act 2006. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Incorporating unpredictability into the nature, timing and/or extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Reviewing minutes of meetings of those charged with governance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Integrated Accommodation Services Plc (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board of Directors, we were appointed by the members on 27 November 1999 to audit the financial statements for the year ended 31 December 2000 and subsequent financial periods. The period of total uninterrupted engagement is 21 years, covering the years ended 31 December 2000 to 31 December 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
28 March 2023

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover		**65,579**	59,019
Cost of sales		**(52,805)**	(49,264)
Gross profit		**12,774**	9,755
Administrative expenses		**(988)**	(859)
Operating profit	5	**11,786**	8,896
Interest receivable and similar income	6	**20,006**	21,222
Interest payable and similar expenses	6	**(15,478)**	(17,262)
Profit before taxation		**16,314**	12,856
Tax on profit	7	**(4,124)**	(10,897)
Profit for the financial year		**12,190**	1,959

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom for both the current and prior year.

The notes on pages 16 to 33 form an integral part of the financial statements.

Statement of financial position
as at 31 December 2022

	Note	2022	2021
		£'000	**£'000**
Current assets			
Debtors: amounts falling due within one year	8	**30,862**	31,108
Debtors: amounts falling due after more than one year	8	**229,860**	251,547
Cash at bank and in hand		**42,266**	44,656
		302,988	327,311
Creditors: amounts falling due within one year	10	**(34,738)**	(35,132)
Net current assets		**268,250**	292,179
Total assets less current liabilities		**268,250**	292,179
Creditors: amounts falling due after more than one year	11	**(164,777)**	(188,507)
Provisions for liabilities	12	**(33,539)**	(32,215)
Net assets		**69,934**	71,457
Capital and reserves			
Called up share capital	14	**55**	55
Retained earnings		**69,879**	71,402
Total equity		**69,934**	71,457

The financial statements on pages 13 to 33 were approved by the Board on 28 March 2023 and were signed on its behalf by:

D Hardingham
Director

B C J Dean
Director

Company registered number: 03824397

Integrated Accommodation Services plc

Statement of changes in equity for the year ended 31 December 2022

	Note	Called-up share capital	Retained earnings	Total Equity
		£'000	£'000	£'000
Balance as at 1 January 2021		55	73,905	73,960
Profit for the year		-	1,959	1,959
Dividends	15	-	(4,462)	(4,462)
Balance as at 31 December 2021		**55**	**71,402**	**71,457**
Balance as at 1 January 2022		55	71,402	71,457
Profit for the year		-	12,190	12,190
Dividends	15	-	(13,713)	(13,713)
Balance as at 31 December 2022		**55**	**69,879**	**69,934**

The notes on pages 16 to 33 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2022

1 General information

The principal activity of Integrated Accommodation Services plc ("the company") continues to be 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 is a public company limited by shares and is incorporated and domiciled in the UK. The address of its registered office Challenge House, International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, United Kingdom GL20 8UQ.

2 Statement of compliance

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below.

3.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. Narrative disclosures of values in the notes to the financial statements are shown as round £'000.

3.2 Going concern

The directors have assessed future cash flows and are satisfied that the company can meet its financial obligations (including covenant compliance) as they fall due for the foreseeable future. Consequently, the company's financial statements have been prepared on a going concern basis.

3.3 Financial Reporting Standard 102 reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows. Integrated Accommodation Services plc is a wholly owned subsidiary company of a group headed by Accommodation Services (Holdings) Limited and is included in the consolidated financial statements of that company, which can be obtained from the address given in note 19. Consequently, Integrated Accommodation Services plc has taken advantage of the exemption under the terms of FRS 102 paragraph 1.12(b), from the requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).
- from disclosing the company key management personnel compensation per FRS 102 paragraph 33.7.

3.4 Currency

The financial statements are presented in pound sterling and rounded to thousands.

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Accounting policies (continued)

3.5 Turnover

Turnover represents the value of work done and services rendered, excluding sales related taxes. All turnover originates in the United Kingdom. The company is engaged in only one class of business and operates solely within the UK.

The company recognises income when it has fully fulfilled its contractual obligations under the terms of the project agreement. In accordance with FRS 102 s23.3, 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 cost of sales.

Turnover for the year consisted of £38.7m basic income (2021: £32.9m) and variation income of £26.9m (2021: £26.1m).

Transactions amounting to £5.4m (2021: £4.3m) of revenue and the same value of cost of sales to which the company does not have access to all of the significant benefits or exposure to the significant risks are excluded from the statement of comprehensive income in accordance with FRS 102 s23.4, as in the opinion of the Directors, the company is acting as an agent for these transactions. The company does not receive any commissions on these transactions from the customer.

3.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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 statement of financial position 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 statement of financial position 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.

3.7 Leased assets

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

3.8 Dividend policy

Final dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. Interim dividends are recognised when paid. These amounts are recognised in the statement of changes in equity.

3.9 Financial liabilities

The company accounts for and discloses its financial liabilities in accordance with Financial Reporting Standard 102 s11. Management has determined its financial liabilities as being borrowings, trade creditors and accruals. All of the items are classified as financial liabilities measured at amortised cost in accordance with FRS 102 s11. They are recognised initially at fair value net of transaction costs and subsequently carried at amortised cost using the effective interest method.

Discounts, premia and related costs of debt issue are charged to the statement of comprehensive income over the life of the instrument to which they relate, based upon the effective interest rate calculated in measuring amortised cost.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

3 Accounting policies (continued)

3.10 Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Management has determined its financial assets as being cash, trade debtors, accrued income, and contract debtors.

Impairments for financial assets are recognised if there is evidence as a result of one or more events that occurred after the initial recognition of the asset which impacts upon estimated future cash flows or the financial assets.

3.11 Trade debtors

Amounts recoverable are measured initially at transaction price and subsequently carried at amortised cost using the effective interest method. As described in the business review, all revenue is received from a government body and there are currently no provisions for impairment.

3.12 Contract debtor

The company meets the conditions to treat its contract debtor as a Service Concession Arrangement under FRS 102 s34.12 (Accounting by Operator as a Financial Asset), however, as the company entered into this concession prior to transition to FRS 102, under FRS 102 s35.10 (i), it is permitted to, and continues to account for the contract debtor using the same accounting policies being applied at the date of the transition.

Amounts recoverable under long term Private Finance Initiative contracts are transferred to a contract debtor. 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 proportion of the contractual net operating 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. Impairment has been considered by the board taking into account that all income is received from a government body.

The fair value disclosure of the contract debtor uses a discounted cashflow method as described in note 9.

3.13 Cash and bank deposits

Cash at bank relates to balances held in current accounts with the company's bankers. Bank deposits relate to short term deposits held for not more than three months in term accounts with the company's bankers.

3.14 Trade creditors

Trade creditors are measured initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3.15 Current taxation

Current tax comprises tax payable on current year profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous years. Current tax is recognised in the statement of comprehensive income unless it relates to items which are recognised in other comprehensive income.

3.16 Related parties

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements. As a wholly owned subsidiary of Accommodation Services (Holdings) Limited the company has taken advantage of the exemption under FRS 102 s33 – Related party disclosures of the requirement to disclose transactions with it.

3 Accounting policies (continued)

3.17 Interest expense

Interest expense represents interest payable on the Guaranteed Secured Bonds, Mezzanine Secured Notes and Subordinated Loan Notes at six-monthly intervals. Further details can be found in Note 11.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the company's accounting policies

Concession arrangements - The Concession arrangements undertaken by the company are considered to fall within the scope of FRS 102 s34.12. This judgement has been based on a consideration of the nature and terms of the agreement and the existence of an option for the grantor to purchase the property.

b) Key accounting estimates and assumptions

i. Finance receivables – 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 proportion of the contractual net operating revenue arising from the project, known as the "unitary charge", 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. The accounting for the contract debtor requires estimation of contract debtors interest rates and associated amortisation profile which are based on the forecast results of the PFI contracts over the respective concession length.

ii. Lifecycle expenditure is a key estimate in the future performance of the company. The company bears all the risk associated with lifecycle expenditure. The latest forecast for future lifecycle expenditure is based on a full condition survey of the asset, leading to detailed costings for future expenditure, including a prudent level of contingency. Expenditure against plan is measured, and the plan amended annually via a desktop review to ensure adequacy of the future plan. A further full condition survey of the asset is planned for 2026. The plan is reviewed by an independent Technical Adviser on behalf of the controlling creditor before seeking approval of the plan by the controlling creditor. Management believe the current forecast is a realistic estimate of future lifecycle expenditure, and do not believe that future lifecycle costs will adversely affect the future results of the company.

5 Operating profit

The company had no employees during the year (2021: none). None of the directors received any emoluments paid directly from the company in either the current or previous year. The following management recharges were made by the shareholders in respect of the services of directors to the company; Semperian Joint Ventures Limited £122,759 (2021: £113,833), and Innisfree Limited £122,759 (2021: £113,833). The recharges paid by the company in 2022 and 2021 do not reflect the amounts personally received by the directors in either year.

The audit fee in respect of the company for the year was £33,000 (2021: £27,000). In addition, the company bore £3,000 (2021: £3,000) in respect of the audit fee of its parent company and non-audit services of £nil (2021: £nil) during the year.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

6 Net interest

	2022	2021
	£'000	£'000
Bank interest receivable	**555**	79
Imputed interest on contract debtor	**19,451**	21,143
Interest receivable and similar income	**20,006**	21,222
Interest payable and similar expenses on bonds	**(12,321)**	(14,105)
Interest payable and similar expenses on loan stock	**(3,157)**	(3,157)
Interest payable and similar expenses	**(15,478)**	(17,262)
Net interest receivable	**4,528**	3,960

Interest is imputed on the contract debtor using a property specific rate of 7.57% (2021: 7.57%).

Notes to the financial statements
for the year ended 31 December 2022 (continued)

7 Tax on profit

	2022	2021
Analysis of charge in year	**£'000**	**£'000**
Current tax		
UK corporation tax on profits of the year	**2,800**	2,496
Total current tax charge	**2,800**	2,496
Deferred tax		
Origination and reversal of timing differences	**1,006**	669
Impact of change in tax rate on timing differences carried forward	**(866)**	11,582
Impact of change in tax rate on losses carried forward	**1,184**	(3,850)
Total deferred tax charge (note 12)	**1,324**	8,401
Tax on profit	**4,124**	10,897

The deferred tax charge for 2022 and 2021 relates entirely to timing differences.

Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Tax on profit (continued)

Reconciliation of tax charge

The tax assessed for the year is higher (2021: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2022 of 19.00% (2021: 19.00%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit before tax	**16,314**	12,856
Profit on ordinary activities multiplied by the standard rate in the UK of 19.00% (2021: 19.00%)	**3,099**	2,443
Amortisation of non-qualifying expenditure	**707**	722
Impact of change in tax rate on timing differences carried forward	**(866)**	11,582
Impact of change in tax rate on losses carried forward	**1,184**	(3,850)
Tax on profits	**4,124**	10,897

Factors that may affect future tax charges

The government has passed legislation increasing the UK corporation tax rate from 19% to 25% from 1 April 2023. The deferred tax provision is expected to reverse after this rate increase, so the provision has been calculated using the 25% rate.

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 period. 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.

The company will continue to utilise tax losses to cover the maximum permitted proportion of its expected taxable profits in future financial periods. As a result of the Finance (No 2) Act 2017, the amount of annual profit earned after 1 April 2017 that can be relieved by brought forward losses is limited to 50%, subject to a £5 million allowance per group. No reversal of deferred tax liabilities is expected in the next financial period.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

8 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Trade debtors	601	559
Contract debtor	20,707	20,718
Corporation tax	-	413
Prepayments and accrued income	9,554	9,418
	30,862	31,108
Amounts falling due after more than one year		
Contract debtor	229,860	251,547

The fair values of debtors are as follows:

	2022 £'000	2021 £'000
Trade debtors	601	559
Contract debtor	316,166	340,568
Corporation tax	-	413
Prepayments and accrued income	9,554	9,418
	326,321	350,958

Notes to the financial statements
for the year ended 31 December 2022 (continued)

9 Financial assets

As described in the accounting policies, trade debtors are not considered to be impaired. Trade debtors include invoices amounting to £601,000 (2021: £559,000), where the company does not have access to all of the significant risks and benefits of the transactions. Accordingly, those transactions are excluded from the statement of comprehensive income as explained in the accounting policies. The company bears no notable financial risk as a corresponding amount is included within trade creditors. As of 31 December 2022, trade debtors of £48,000 (2021: £55,000) were past their due date. These balances relate to customers where there is no history of default. The ageing of trade debtors is as follows: up to 3 months overdue £48,000 (2021: £52,000), 3-6 months overdue £nil (2021: £nil) and over 6 months overdue £nil (2021: £3,000).

The fair value of the contract debtor is based on cash flows over the life of the contract discounted using a rate of 8.21% based on the weighted average rate of return on the borrowings when measured at fair value (2021: 6.19%). The fair values of trade debtors, and accrued income equal their book values.

Trade debtors, accrued income, contract debtor and cash which are classified as 'loans and receivables' that are neither past due nor impaired are shown by their credit risk below.

	2022	2021
	£'000	£'000
Counterparties with external credit rating		
Cash and term deposit accounts at bank	**42,266**	44,656
The company's bankers are rated "A" with Standard and Poor's and A2 with Moody's Investor Services		
Counterparties with no external credit rating		
Trade debtors	**553**	504
Corporation tax	**-**	413
Accrued income	**9,377**	8,500
Contract debtor	**250,567**	272,265
Total neither past due nor impaired	**302,763**	326,338

None of those financial assets that are neither past due nor impaired have had their terms renegotiated. The carrying amount of the company's financial assets is denominated in sterling for both financial years.

Included in cash and term deposit accounts at bank are cash reserves, the use of which is restricted under agreements with the trustees of the Guaranteed Secured Bonds and Mezzanine Secured Notes, and amounts restricted for future maintenance costs by the lenders. The value of this restricted cash at 31 December 2022 was £37,172,000 (2021: £36,693,000).

Notes to the financial statements
for the year ended 31 December 2022 (continued)

10 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
6.48% Guaranteed Secured Bonds due 2029	22,702	23,090
Less: issue costs	(303)	(349)
10.14% Mezzanine Secured Notes due 2028	1,356	1,226
Less: issue costs	(9)	(10)
Trade creditors	3,915	3,616
Other taxation and social security	1,648	1,741
Corporation tax	45	-
Accruals and deferred income	5,384	5,818
	34,738	35,132

Information relating to the nature of the Guaranteed Secured Bonds and Mezzanine Secured Notes is contained in note 11.

Accruals and deferred income includes £796,000 (2021: £796,000) of interest accrued on the subordinated loan notes due 2030.

Notes to the financial statements
for the year ended 31 December 2022 (continued)

11 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
More than one year but less than two years		
6.48% Guaranteed Secured Bonds due 2029	23,773	22,702
Less: issue costs	(256)	(304)
10.14% Mezzanine Secured Notes due 2028	1,499	1,356
Less: issue costs	(8)	(9)
	25,008	23,745
More than two years but less than five years		
6.48% Guaranteed Secured Bonds due 2029	74,381	74,906
Less: issue costs	(457)	(613)
10.14% Mezzanine Secured Notes due 2028	5,517	4,990
Less: issue costs	(11)	(18)
	79,430	79,265
More than five years		
6.48% Guaranteed Secured Bonds due 2029	36,836	60,085
Less: issue costs	(70)	(172)
10.14% Mezzanine Secured Notes due 2028	1,092	3,119
Less: issue costs	(2)	(3)
14.00% Subordinated Loan Notes due 2030 (due to parent undertaking)	22,548	22,548
Less: issue costs	(65)	(80)
	60,339	85,497
	164,777	188,507

Notes to the financial statements
for the year ended 31 December 2022 (continued)

11 Creditors: amounts falling due after more than one year (continued)

Guaranteed Secured Bonds due 2029 of £406,850,000 were 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 2022, £157,692,000 (2021: £180,783,000) 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 2022, £9,464,000 (2021: £10,691,000) remains outstanding.

Subordinated Loan Notes due 2030 relate to £22,548,000 issued in 2005 to the shareholder. 14% interest is payable on these Subordinated Loan Notes at six monthly intervals commencing 1 January 2005. The company anticipates commencing redemption by way of principal repayment in June 2030. These notes are unlisted and unsecured.

The Guaranteed Secured Bonds rank in seniority to the Mezzanine Secured Notes, which in turn rank in seniority to the Subordinated Loan Notes. The Guaranteed Secured Bonds and Mezzanine Secured Notes 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 for £22,548,000 of Subordinated Loan Notes due 2030 in the company. Accommodation Services (Holdings) Limited has in turn issued corresponding loan notes, which are held by its shareholders in proportion to their shareholdings.

Issue costs of £1,181,000 (2021: £1,558,000) have been offset against bond and other loan liabilities and are being amortised over the term of the related borrowings in accordance with the provisions of Financial Reporting Standard 102 s11.

12 Provisions for liabilities

	2022	2021
	£'000	£'000
Provision for deferred tax		
Accelerated capital allowances	**30,405**	32,911
Other timing differences	**3,868**	4,072
Losses	**(11,112)**	(16,045)
Accelerated finance costs	**10,378**	11,277
Total provision for deferred tax	**33,539**	32,215
Provision at 1 January	**32,215**	23,814
Deferred tax charge in statement of comprehensive income for the year (note 7)	**1,324**	8,401
Provision at 31 December	**33,539**	32,215

Unprovided deferred tax at 31 December 2022 totalled £nil (2021: £nil).

The net deferred tax liability is expected to increase in the next 12 months by £1,378,000 (2021: £1,324,000). This primarily relates to unwinding of tax losses.

Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Financial instruments

Funding and liquidity

The company funds its operations through finance raised by the issue of fixed rate bonds and loan notes. At 31 December 2022, 32.0 percent (2021: 40.2 percent) of the outstanding bonds and loan notes were due for repayment in more than 5 years.

The company invests cash surplus to immediate needs with its bankers in term deposits with maturities arranged to meet its cash flow needs. Interest rates receivable are directly related to UK Bank of England base rates.

The company is required to hold certain cash reserves 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 Integrated Accommodation Services plc's bankers.

	2022	2021
Financial assets at amortised cost	**£'000**	£'000
The company held the following categories of sterling financial assets		
Sterling monetary assets		
Cash at bank	**9,458**	13,521
Bank deposits	**32,808**	31,135
	42,266	44,656
Trade debtors	**601**	559
Accrued income	**9,377**	8,500
Contract debtor	**250,567**	272,265
Total financial assets	**302,811**	325,980

Bank deposits relate to short term deposits held for not more than three months in separate term accounts with the company's bankers. Interest is payable periodically at a rate linked to UK Bank of England base rates. The bank deposits are secured under a fixed charge to the security trustee for the secured bonds. Deposits mature at regular intervals to comply with the requirement to hold reserves and to pay operating and finance costs.

Reserves in the form of separate cash and term bank accounts held in accordance with the Collateral Deed amount to £42,266,000 (2021: £44,656,000).

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

Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Financial instruments (continued)

Financial liabilities

Maturity analysis of financial instruments held to finance Integrated Accommodation Services plc operations:

Bond liabilities	2022 Amount £'000	Weighted average interest rate	Weighted average number of years for which rate is fixed
Maturity of financial liabilities (before issue costs)			
In less than one year	24,058	6.73%	1
In more than one year but not less than two years	25,272	6.68%	1
In more than two years but not more than five years	79,898	6.56%	3
In more than five years	60,476	9.47%	3
Total	**189,704**	**8.12%**	**8**

Bond liabilities	2021 Amount £'000	Weighted average interest rate	Weighted average number of years for which rate is fixed
Maturity of financial liabilities (before issue costs)			
In less than one year	24,316	6.66%	1
In more than one year but not less than two years	24,058	6.73%	1
In more than two years but not more than five years	79,896	6.61%	3
In more than five years	85,752	9.21%	4
Total	**214,022**	**7.98%**	**9**

Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Financial instruments (continued)

	2022	2021
Financial liabilities at amortised cost	**£'000**	£'000
The company held the following categories of financial liabilities		
Trade creditors	**3,915**	3,616
Accruals	**5,280**	5,698
6.48% Guaranteed Secured Bonds due 2029	**157,692**	180,783
10.14% Mezzanine Secured Notes due 2028	**9,464**	10,691
14.00% Subordinated Loan Notes due 2030	**22,548**	22,548
Total financial liabilities	**198,899**	223,336

	2022		2021	
	Book value	**Fair value**	Book value	Fair value (restated)
Fair values of financial assets and liabilities	**£'000**	**£'000**	£'000	£'000
Primary financial instruments held or issued to finance the company's operations				
Financial assets (including cash at bank)	**302,811**	**368,410**	325,980	395,614
Financial liabilities (including trade creditors and accruals)	**(198,899)**	**(207,646)**	(223,336)	(260,928)

The fair value of the sub debt notes for 2021 has been corrected for consistency with the methodology used to calculate the 2022 fair value. This has resulted in an increase of £1,287,000 in the fair value of the sub debt notes, changing the sub debt notes as at 31 December 2021 from £22,548,000 to £23,835,000.

Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Financial instruments (continued)

Full descriptions of the bonds are given in note 11. The basis of the fair values for financial assets is disclosed in note 9. The fair values for trade creditors and accruals are equal to their book values. 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 listed prices available from the markets on which the instruments involved are traded. Although the secured notes are not currently traded on any markets, the fair value for 31 December 2022 and 31 December 2021 has been determined by a valuation performed by M&G Investments.

The subordinated loan stock held by the company's parent undertaking has been valued at par. A range of fair values has been computed using discount rates between 12% and 16% which place the value between £25,867,000 and £21,972,000. As there is no market in which they may currently be traded, fair value at par represents the net present value of future anticipated payments, discounted at the coupon rate of 14%, on the assumption that they are held to maturity. The directors are of the opinion that this is a representative market discount rate given the restrictions imposed on the terms of the notes.

14 Called up share capital

	2022	2021
	£'000	£'000
Allotted and fully paid		
55,000 (2021: 55,000) ordinary shares of £1 each	55	55

All terms in this statement of capital, unless otherwise defined, are as defined in the Company's articles of association ("Articles")

Subject to the Act and these Articles, the Board may pay dividends if justified by the available profits in respect of the relevant period among the Ordinary Shares

The holders of the Ordinary Shares shall have the right to vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

15 Dividends

	2022	2021
	£'000	£'000
Dividend of £249.33 per share (2021: £81.14) paid from distributable reserves	13,713	4,462

Notes to the financial statements
for the year ended 31 December 2022 (continued)

16 Obligations under leases

The company has entered into an operating lease and has an annual commitment under leases for land and buildings of £1 (2021: £1) expiring after five years. The total commitment at 31 December 2022 was £8 (2021: £9).

17 Commitments and contingent liabilities

Under the terms of an operating agreement with G4S Facilities Management Limited dated 22 June 2000, 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 2022 were £24,304,000 (2021: £22,822,000). G4S Facilities Management Limited also provided services to the company under short term contractual variations to the operating contract for miscellaneous works and fittings at a cost of £5,230,000 (2021: £7,268,000).

Under the terms of a management services agreement dated 22 June 2000, administrative and technical services were provided by G4S Facilities Management Limited at a cost of £503,000 (2021: £484,000).

Under the terms of a consultancy services agreement with Imagile Professional Services Limited dated 13 November 2018, the group is committed to the payment of fixed and variable fees based on services provided in the contract term. Payments made in the year to 31 December 2022 were £693,000 (2021: £908,000).

At the year end there was £3,675,614 (2021: £3,446,060) payable to G4S Facilities Management Limited, and £94,954 (2021: £70,335) payable to Imagile Professional Services Limited.

Notes to the financial statements for the year ended 31 December 2022 (continued)

18 Related party disclosures

Semperian Joint Ventures Limited, a shareholder in Accommodation Services (Holdings) Limited (the parent company of Integrated Accommodation Services plc), provided administrative and technical services at a cost of £122,759 (2021: £113,833).

Innisfree Limited, a company related to Innisfree PFI Secondary Fund, a shareholder in Accommodation Services (Holdings) Limited (the parent company of Integrated Accommodation Services plc), and Innisfree PFI Secondary Fund 2 (a shareholder in Accommodation Services (Holdings) Limited (the parent company of Integrated Accommodation Services plc), (through their nominee Innisfree Nominees Limited), provided administrative and technical services at a cost of £122,759 (2021: £113,833).

Imagile Professional Services Limited, a company related to Semperian Joint Ventures Limited, provided administrative and technical services at a cost of £693,000 (2021: £908,000).

At the year end there was £nil (2021: £nil) payable to Semperian Joint Ventures Limited, £nil (2021: £nil) payable to Innisfree Limited and £94,954 (2021:£70,336) payable to Imagile Professional Services Limited.

As a wholly owned subsidiary of Accommodation Services (Holdings) Limited the company has taken advantage of the exemption under FRS 102 s33 – Related party disclosures of the requirement to disclose transactions with it.

19 Parent undertakings

The company is a wholly owned subsidiary of Accommodation Services (Holdings) Limited (which is the largest and smallest group to consolidated these financial statements), a company which prepares consolidated financial statements which are available from its registered office: Challenge House, International Drive,, Tewkesbury Business Park, Tewkesbury, Gloucestershire, GL20 8UQ, England. Fifty percent of the share capital of Accommodation Services (Holdings) Limited is held by Semperian Joint Ventures Limited, twenty percent is held by Innisfree PFI Secondary Fund and thirty percent is held by Innisfree PFI Secondary Fund 2 (through their nominee Innisfree Nominees Limited). All shareholders are companies incorporated in England and Wales.

Accommodation Services (Holdings) Limited does not consider that it has one ultimate controlling party.