

GRETTY ROAD 2005 HOLDINGS LIMITED

Annual report and financial statements for the year ended 31 December 2006

Registered number 3227242

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GRETTY ROAD 2005 HOLDINGS LIMITED

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DIRECTORS AND ADVISORS

DIRECTORS

G M JACKSON

P M DESSAIN

T G JOHNSTONE

A J MOURGUE

SECRETARY

M D RIMMER

REGISTERED OFFICE

UNIPART HOUSE
COWLEY
OXFORD
OX4 2PG

AUDITORS

PRICEWATERHOUSECOOPERS LLP
CORNWALL COURT
19 CORNWALL STREET
BIRMINGHAM
B3 2DT

REPORT OF THE DIRECTORS**For the year ended 31 December 2006**

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Principal activity

Gresty Road 2005 Holdings Limited, (the "Company") is non-trading and acts as the immediate holding company of Gresty Road 2005 Limited and Hazefamous Limited, both non-trading companies. Gresty Road 2005 Limited is the immediate holding company of National Railway Supplies Limited, a company whose principal activity during the year was the supply and manufacture of railway infrastructure products and related services. Hazefamous Limited is the immediate holding company of Dorman Traffic Products Limited, a company whose principal activity during the year was the supply and manufacture of electrical engineering equipment for the road and rail industries.

On the 30 November 2006, the trade, assets and liabilities of both National Railway Supplies Limited and Dorman Traffic Products Limited were transferred to Railpart Limited (re-named Unipart Rail Limited), a fellow subsidiary within the Unipart Group of Companies, upon which date both of these companies ceased to trade.

Review of business and future developments

The directors are satisfied with the financial performance of the Company during the year and do not expect there to be any significant change in the principal activity of the Company in the foreseeable future.

The Company is the intermediate holding company for the businesses that formed part of the of the Unipart Rail division of Unipart Group of Companies Limited. Further details on the performance of the Group, including key performance indicators can be found in the Chairman's statement, Chief Executive's review and the Financial review in the annual report of Unipart Group of Companies Limited, which does not form part of this report.

Principal risks and uncertainties facing the business

From the perspective of the Company, the principal risks and uncertainties are the potential decline in the inherent values of its subsidiaries along with the principal risks of the Group. The principal risks and uncertainties of Unipart Group of Companies Limited, which includes those of the Company are discussed in the Directors' report in the annual report of Unipart Group of Companies Limited, which does not form part of this report.

Dividends

The Company received dividends of £30.3 million during the year (31 December 2005 - £nil).

The company paid an interim ordinary dividend of £22.1 million (£44.20 per share) during the financial year (2005 - £nil).

Financial risk management

The financial risks of the Company are managed centrally by the Unipart Group of Companies treasury department. Given the size of the Company and the level of its activities, its operations are not significantly exposed to risks such as price risk, credit risk, liquidity risk and interest rate risk.

REPORT OF THE DIRECTORS (continued)
For the year ended 31 December 2006**Directors and directors' interests**

The directors of the Company at 31 December 2006 are shown on page 1, all of whom served the Company throughout the year. A J Mourgue is also a director of Unipart Group of Companies Limited (formerly UGC Limited), the ultimate parent company, and his interest in the shares of that company are disclosed in the Unipart Group of Companies Limited financial statements. None of the directors serving at the year-end had any interest, at any time during the year, in the share capital of the Company. There was no contract subsisting during or at the end of the financial year in which any director of the Company had a material interest, however, during the year an indemnity from the Company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

Going concern

After making enquiries, the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements, which are shown on pages 7 to 14.

Auditors

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

On behalf of the Board



M D Rimmer
Secretary
Oxford

3 May 2007

DIRECTORS' STATEMENT OF RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently except for the adoption of FRS 20, 'Share-based payment', as detailed on page 9. They also confirm that reasonable and prudent judgements and estimation techniques have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed. The directors confirm that the going concern basis has been applied in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with the aforementioned requirements and that in the case of each of the persons who are directors at the time the report is approved under section 234A the following applies:

- a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) 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.

On behalf of the Board



M D Rimmer
Secretary
Oxford

3 May 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRESTD ROAD 2005 HOLDINGS LIMITED

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We have audited the financial statements of Gresty Road 2005 Holdings Ltd for the year ended 31 December 2006, which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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 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 whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GRETTY ROAD 2005 HOLDINGS LIMITED (continued)**

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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 2006 and of its profit for the year then ended and 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

**PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham**

9 May 2007

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Note	Year ended 31 December 2006	Year ended 31 December 2005
		£'000	£'000
Turnover		-	-
Other operating costs	2	(8,230)	-
Other operating income		-	8
Operating (loss)/ profit		(8,230)	8
Interest receivable	3	-	1,850
Interest payable	4	-	(1,858)
Income from shares in group undertakings	5	30,326	-
Profit on ordinary activities before taxation		22,096	-
Tax on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation		22,096	-
Dividends	5	(22,096)	-
Result for financial year	13	-	-

The results are derived from continuing operations

The Company does not have any gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

The notes on pages 9 to 14 form a part of the financial statements

GRETTY ROAD 2005 HOLDINGS LIMITED**8****BALANCE SHEET****As at 31 December 2006**

	Note	As at 31 December 2006 £'000	As at 31 December 2005 £'000
Fixed assets			
Investments	9	174	49,315
Current assets			
Debtors	10	69,010	19,833
Cash at bank and in hand		-	36
		69,010	19,869
Creditors: Amounts falling due within one year	11	(68,684)	(68,684)
Net current assets/(liabilities)		326	(48,815)
Total assets less current liabilities		500	500
Net assets		500	500
Capital and reserves			
Called-up share capital	12	500	500
Profit and loss account	13	-	-
Equity shareholders' funds	14	500	500

The accounts on pages 7 to 14 were approved by the board of directors on 3 May 2007 and signed on its behalf by

**P M Dessain****Director**

The notes on pages 9 to 14 form a part of the financial statements

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2006

1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The policies are consistent with the previous year except for the mandatory adoption in the year of FRS 20, 'Share-based payment'. The adoption of this standard has not impacted the comparative figures and therefore there is no prior year adjustment. A summary of the principal accounting policies is given in the following paragraphs.

Accounting convention

The financial statements are prepared on a going concern basis and under the historical cost convention.

Basis of consolidation

The Company has taken advantage of the exemption provided by S228 of the Companies Act 1985 not to prepare group accounts and the exemption under FRS 1 (revised) not to prepare a cash flow statement because it is included in the consolidated accounts of its ultimate parent company Unipart Group of Companies Limited (formerly UGC Limited), a company registered in England & Wales.

Significant estimation techniques

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period. Actual results could differ from those estimates.

Investments

Fixed asset investments in subsidiaries are stated at cost less any impairment in value.

Deferred taxation

Deferred taxation is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes, in accordance with FRS 19, 'Deferred Tax'. A deferred tax liability is recognised if transactions or events result in the Company having an obligation to pay more tax in future periods. A deferred tax asset is only recognised where transactions or events that have occurred before the balance sheet date give the Company the right to pay less tax in future, and it is considered to be more likely than not that the asset will be recovered. Deferred tax balances are not discounted.

2 Other operating costs

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Group recharges	105	-
Write-down of fixed asset investments (note 9)	8,125	-
	<u>8,230</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2006

3 Interest receivable

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Interest receivable from group undertakings	-	1,850

The interest receivable from group undertaking represents a recharge of interest made by the Company on funding utilised by National Railway Supplies Limited to finance working capital

4 Interest payable

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Payable on redeemable preference shares	-	8
Interest payable on loans from group undertakings	-	1,850
	-	1,858

5 Dividends

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Receivable		
Dividends received from group companies	30,326	-
Payable		
Interim ordinary dividend - paid during the year	22,096	-

6 Profit on ordinary activities before taxation

Auditors' remuneration is borne by National Railway Supplies Limited, a group company whose immediate holding company, Gresty Road 2005 Limited, is a wholly owned subsidiary of Gresty Road 2005 Holdings Limited. The remuneration amounted to £2,000 in respect of audit fees (2005 – £2,000) and £3,000 in respect of other services relating to taxation (2005 – £3,000) on behalf of the Company.

7 Employees

The Company has no employees (31 December 2005 - Nil). The contracts of the directors are with other group companies and the directors did not receive any emoluments in respect of services provided to the Company (31 December 2005 - £Nil).

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2006

8 Tax on profit on ordinary activities

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
The taxation charge comprises:		
Current tax:		
UK corporation tax at 30% on profits for the year	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (31 December 2005 - 30%). There is no difference between the actual charge for the current year and previous year and the standard rate

9 Investments

	Gresty Road 2005 Limited £'000	Hazefamous Limited £'000	Total £'000
Cost			
As at 1 January 2006	46,799	2,516	49,315
Reclassification of Debenture to Amounts due from Group company during the year	(41,016)	-	(41,016)
As at 31 December 2006	5,783	2,516	8,299
Provisions			
Impairment during the year	(5,773)	(2,352)	(8,125)
Net book value			
As at 31 December 2006	10	164	174

The investment in Gresty Road 2005 Limited, a subsidiary undertaking, represents the Company's interest in 100% of the share capital of that company. Gresty Road 2005 Limited acts as the holding company of National Railway Supplies Limited, a company whose principal activity during the year was the supply and manufacture of railway infrastructure products and related services.

On the 30 November 2006, a Deed of Waiver was executed whereby the Company has waived any entitlement to receive interest on its holding of Debenture loan stock issued by Gresty Road 2005 Limited. Consequently, the Debenture capital sum of £41,016,000 has been reclassified as an Inter-Company debtor during the year.

NOTES TO FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2006

9 Investments (continued)

The investment in Hazefamous Limited, a subsidiary undertaking, represents the Company's interest in 100% of the share capital of that company. Hazefamous Limited acts as the holding company of Dorman Traffic Products Limited, a company whose principal activity during the year was the supply and manufacture of electrical engineering equipment for the road and rail industries.

On the 30 November 2006 the trade, specific assets and liabilities of National Railway Supplies Limited, the principal trading subsidiary of Gresty Road 2005 Limited, and also Dorman Traffic Products Limited, the principal trading subsidiary of Hazefamous Limited, were transferred to Railpart Limited, a fellow group subsidiary. With effect from this date, both National Railway Supplies Limited and Dorman Traffic Products Limited ceased to trade. As a consequence, the Company has made a total impairment provision write down of £8 125 million against these investments during the year.

10 Debtors

	As at 31 December 2006 £'000	As at 31 December 2005 £'000
Debtors due within one year		
Amounts owed by group undertakings	69,010	19,833

At 31 December 2006 there is an unprovided deferred tax asset of £0.5 million (2005 - £0.5 million) in relation to trading losses. No asset has been recognised in relation to these losses as the Company does not trade and the losses are currently trapped.

11 Creditors Amounts falling due within one year

	As at 31 December 2006 £'000	As at 31 December 2005 £'000
Amounts owed to group undertakings	68,684	68,684

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2006

12 Called-up share capital

	As at 31 December 2006 £'000	As at 31 December 2005 £'000
Authorised		
475,000 ordinary 'M' shares of £1 each	475	475
25,000 ordinary 'A' shares of £1 each	25	25
	<u>500</u>	<u>500</u>
	As at 31 December 2006 £'000	As at 31 December 2005 £'000
Allotted, called-up and fully paid		
475,000 ordinary 'M' shares of £1 each	475	475
25,000 ordinary 'A' shares of £1 each	25	25
	<u>500</u>	<u>500</u>

The ordinary 'M' shares rank par passu with the ordinary 'A' shares in all respects and carry equal voting rights

13 Reserves

	Profit and loss account £'000
As at 1 January 2006 and at 31 December 2006	<u>-</u>

14 Reconciliation of movements in equity shareholders' funds

	As at 31 December 2006 £'000	As at 31 December 2005 £'000
Equity shareholders funds at start and end of year	<u>500</u>	<u>500</u>

NOTES TO FINANCIAL STATEMENTS (continued)**For the year ended 31 December 2006****15 Guarantees and other financial commitments**

The Company has given security by way of fixed and floating charges over certain of the Company's assets to guarantee bank loans provided to its parent company and certain fellow subsidiary undertakings. The amount outstanding under such arrangements at 31 December 2006 was £9.5 million (31 December 2005 - £10.7 million).

16 Related party transactions

The Company has taken advantage of the exemption provided by FRS 8 not to disclose transactions with other group companies, which are at least 90% owned by Unipart Group of Companies Limited (formerly UGC Limited), on the grounds that 100% of its voting rights are controlled within the group. There were no other related party transactions requiring disclosure.

17 Ultimate parent company

The immediate parent company is Unipart Rail Holdings Limited, a company registered in England and Wales.

The ultimate parent company and controlling party is Unipart Group of Companies Limited (formerly UGC Limited), a company registered in England and Wales. Copies of Unipart Group of Companies Limited's consolidated financial statements can be obtained from the Company Secretary at Unipart House, Cowley, Oxford, OX4 2PG.