GrantRail Limited

Directors' report and financial statements

Registered number 03184313

31 December 2006

Contents

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2006

Business review and principal activities

The company is a wholly owned subsidiary of GrantRail Group Limited

The company's principal activities are track laying and maintenance for railways, tramlines and similar tracks operated by Network Rail, London Underground, local authorities and industrial and freight companies in the UK and Eire There have not been any significant changes in the company's principal activities during the year under review The directors are not, at the date of this report, aware of any major changes in the company's activities in the next year

The directors believe that innovation and investment hold the key to the safe and cost effective provision of renewal and maintenance of the railway infrastructure, and the company is at the forefront of innovative cost effective engineering solutions to deliver lifetime value to its customers In 2006 a Director of Technology and Innovation was appointed, charged with the task of identifying and implementing strategic approaches in engineering, track renewals and business systems Through its ultimate parent companies, the company is also leveraging its strong links with technological success stories on continental railways, identifying a technological edge as a means of improving safety and quality, reducing possession times and delivering cost savings For example, in 2007 UK trials of Ice Solution will take place, an advanced geothermal switch-heating system with a low carbon footprint which has proved successful in Europe

Network Rail is the company's principal customer and supply partner, and 2006 was the third year of the national five year contracts for Plain Line Track Renewals and Switch and Crossing Installations A lot of management time and effort has been invested in developing a close working relationship with Network Rail to provide high quality and safe track renewals The company has also been awarded a multi-million pound contract for more work on the West Coast Main Line, for the design and implementation of the Nuneaton Area Remodelling

The company's joint venture with Trackwork Limited to replace track on the Jubilee, Northern and Piccadilly Lines for Tube Lines on the London Underground has continued to progress, helping deliver innovative solutions and constant refinement of process

During the year the company's Projects business gained its first success in Scotland, when it was appointed as principal contractor to First ScotRail for the refurbishment and upgrade of Slateford Depot In early 2007, with its joint venture partner Skanska UK, the company was awarded a multi-million pound contract for an extension to the Docklands Light Railway, which will play a key role in London's transport plans for the 2012 Olympic Games

As shown in the profit and loss account on page 6, the company's turnover has decreased by 20% over the prior period Less work has been done for Network Rail on the national contract, reflecting budgetary constraints and re-phasing of the workbank, plus the impact of the award of a national tamping contract by Network Rail to a sister company This shortfall has been partly offset by increased turnover in the Projects business on the ongoing White City and Integrated Kent Franchise contracts, plus the new Nuneaton and Slateford Yard contracts Profit after tax is 60% higher than that achieved the previous year, largely reflecting the settlement of a number of contracts following earlier prudence in recognising profits The directors believe that the company is well positioned in the marketplace, and that its focus on high quality, innovative and cost effective services to the rail industry will lead to future growth

The balance sheet on page 7 of the financial statements shows that the company's financial position at the year end is consistent with the prior year after taking account of the dividend payment made during the year The cash balance has improved following the favourable settlement of a number of contracts

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements

Directors' report *(continued)*

Principal risks and uncertainties

Network Rail has announced that the number of track renewal framework contractors is to be reduced from six to four During a six month review in the first half of 2007 Network Rail will measure the performance of its contractors across a number of key areas, including safety records, volumes achieved, finishing jobs on time, unit costs and business behaviours This decision represents both a risk and an opportunity to the company The directors believe that the company is well positioned to be one of the four contractors selected Investment in innovation and technology, an open and collaborative approach to working with customers and partners, and a sustained investment in the safety and development of employees all help to demonstrate this The company has bettered the Network Rail accident frequency target for the last two years and is on course to make it three years in succession

The company's metro and light rail skills and technology are dependent on government and local authority funding for city trams and similar projects Political and funding issues have meant that the MerseyTram system for Liverpool awarded to M-PACT, the company's joint venture with Laing O'Rourke Civil Engineering Limited, has not yet gone ahead The directors are disappointed with this outcome, but remain convinced that the company's innovative products and predominance in the building of light rail passenger transport systems in the UK can be a major benefit to other cities, and will continue to bid for work in this area

The risk of the company losing key railway engineering staff is significant, as approaches continue to be made from competitors for all levels of scarce resources on a regular basis The company pays close attention to the demands of the market place, and is committed to sustained investment in the safety and development of its employees As part of a wider GrantRail Group initiative, the company is participating in a major training initiative to further raise project management standards, and launching exciting opportunities for graduates recruited to its engineering and management disciplines These initiatives will help the company succeed in recruiting and retaining the best people in a highly competitive market

The company is financed by share capital and appropriate banking facilities It has limited interest rate exposure due to the small amount of debt carried and the positive cash balances held

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities As part of its Environmental Management System, the company has formal business procedures to control operations with potential environmental impacts These procedures include waste management, pollution prevention and noise management The company's employees are put through training to ensure they understand their individual roles and responsibilities in relation to environmental management Training programmes include spill response and 'duty of care' for employees involved with waste management Practical ways in which the company is caring for the environment include widespread use of drip trays at GrantRail work sites and stores, standard issue of oil spill kits with plant and machinery, use of biodegradable oils in our machines, use of super-silenced generators for provision of lighting at work sites, making repairs to any grass verges damaged during engineering operations in wet weather, provision of a central reporting line – the GrantRail Control Centre – for reporting incidents or concerns about possible pollution at work sites with the line incorporating a 24-hour 'helpline' for public use The trials of the low carbon footprint Ice Solution geothermal switch-heating system further show the group's commitment to its environmental responsibilities

Dividend

During the year, dividends of £795,000 were paid *(2005 £3,940,698)*

Directors' report *(continued)*

Directors and their interests

The directors who held office during the year were as follows

JG Edwards
KA Eaton

None of the directors had any disclosable interest in the share capital of the company during the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements

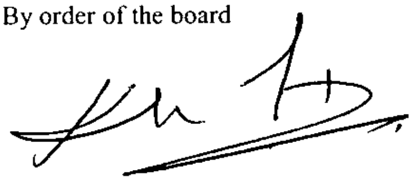
Where appropriate, employees are consulted about matters which affect the progress of the company and which are of interest and concern to them as employees Emphasis is placed on developing greater awareness of the financial and economic factors which affect the performance of the company

The company recognises its responsibilities towards disabled persons and does not discriminate against them in terms of job offers, training or career development and prospects If existing staff become disabled during the course of their employment every practical effort is made to retain their services with whatever training is necessary

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



KA Eaton
Secretary

Registered Office

1 Carolina Court
Lakeside
Doncaster
DN4 5RA

17 April 2007

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

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG LLP
St Nicholas House
Park Row
NOTTINGHAM NG1 6FQ

Report of the independent auditors to the members of GrantRail Limited

We have audited the financial statements of GrantRail Limited 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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 4

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

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

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK 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,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

KPMG LLP

17 April 2007

Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 31 December 2006

	Note	2006 £000	2005 £000
Turnover	2	**88,551**	110,844
Cost of sales		**(78,763)**	(102,504)
Gross profit		**9,788**	8,340
Administrative expenses		**(7,746)**	(6,762)
Operating profit		**2,042**	1,578
Other interest receivable and similar income	4	**708**	277
Interest payable and similar charges	5	**(264)**	(54)
Profit on ordinary activities before taxation	6	**2,486**	1,801
Tax on profit on ordinary activities	7	**(772)**	(733)
Profit for the financial year	17	**1,714**	1,068

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account

The results reported above all derive from continuing operations

Balance sheet
as at 31 December 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
Fixed assets					
Tangible assets	*9*		**435**		295
Investments	*10*		**-**		-
			435		295
Current assets					
Stocks	*11*	**17**		181	
Debtors - due in less than one year	*12*	**24,144**		41,449	
- due in more than one year	*12*	**34**		2,731	
		24,178		44,180	
Cash at bank and in hand		**16,092**		84	
		40,287		44,445	
Creditors amounts falling due within one year	*13*	**(27,616)**		(32,553)	
Net current assets			**12,671**		11,892
Net assets			**13,106**		12,187
Capital and reserves					
Called up share capital	*15*		**4,000**		4,000
Share premium account	*16*		**1,400**		1,400
Profit and loss account	*16*		**7,706**		6,787
Shareholders' funds	*17*		**13,106**		12,187

These financial statements were approved by the board of directors on 17 April 2007 and were signed on its behalf by

JG Edwards
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Cash flow statement

Under Financial Reporting Standard 1 *Cash flow statements (revised)* the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking

Joint arrangements

Where a group company is a party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows Such arrangements are reported in the consolidated financial statements on the same basis

Turnover

Turnover and cost of sales include, for one contract, the essential cost of materials and services provided directly by part of 'the client company' to service that contract The exclusion of such costs would have served to distort the substance of the transaction

Fixed assets and depreciation

No depreciation is provided on freehold land All other assets are depreciated on a straight line basis so as to write-off their cost by equal instalments over their estimated useful economic lives as follows

Plant and equipment	between 10% and 33%
Office furniture	between 20% and 33%
Freehold buildings	2%

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account

Investments

Investments are carried at cost less provisions made for impairment in the carrying value

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks and long term contracts

Stocks are stated at the lower of cost and net realisable value

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years Provision is made for any losses as soon as they are foreseen

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors

Pensions

The company participates in a number of pension arrangements comprising both defined benefit and defined contribution schemes The assets of the defined benefit schemes are held separately from those of the company The company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the schemes as if they were defined contribution schemes As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year For more details of the schemes refer to Note 20

Related party transactions

As the company is a wholly owned subsidiary of GrantRail Group Limited the company has taken advantage of the exemption contained within FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group The consolidated financial statements of GrantRail Group Limited, the ultimate parent company, within which this company is included can be obtained from the registered office

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes *(continued)*

1 Accounting policies *(continued)*

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Turnover

Turnover represents the amounts, excluding value added tax, derived from the provision of goods and services to customers The geographical split between turnover in the United Kingdom and elsewhere is not disclosed as the directors believe it would be seriously prejudicial to the interests of the company

3 Directors and employees

The average number of persons (including directors) employed by the company during the year were

	2006 Number	2005 Number
Administration	**140**	145
Contract and site staff	**610**	703
	750	848
	£000	£000
The aggregate payroll costs of these persons were as follows		
Wages and salaries	**28,434**	26,841
Social security costs	**2,543**	2,474
Pension costs	**978**	138
	31,955	29,453

The company makes pension contributions to an investor's scheme and to railway industry pension schemes on behalf of certain employees

The directors received no remuneration through their employment by the company *(2005 £nil)*

4 Other interest receivable and similar income

	2006 £000	2005 £000
Bank interest receivable	**104**	141
Group interest receivable	**604**	136
	708	277

Notes *(continued)*

5 Interest payable and similar charges

	2006 £000	2005 £000
Bank interest payable	**33**	28
Other interest payable	**230**	19
Finance charges payable in respect of finance leases and hire purchase contracts	**1**	7
	264	54

6 Profit on ordinary activities before taxation

		2006 £000	2005 £000
Profit on ordinary activities before taxation is stated after charging			
Depreciation	- owned assets	**205**	308
	- leased assets	**-**	106
Auditors' remuneration	- audit	**39**	42
	- non-audit services	**79**	52
Amounts paid under operating leases	- other	**1,817**	1,841

7 Tax on profit on ordinary activities

(a) Current tax

		2006 £000	2005 £000
UK corporation tax at 30% *(2005 30%)*	- current year	**824**	552
	- prior year	**20**	188
Total current tax charge		**844**	740
Deferred tax	- current year	**(45)**	21
	- prior year	**(27)**	(28)
		772	733

Notes *(continued)*

7 Tax on profit on ordinary activities *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2005 higher)* than the standard rate of corporation tax in the UK of 30% *(2005 30%)* The differences are explained below

	2006	2005
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**2,486**	1,801
Current tax at 30% *(2005 30%)*	**746**	540
Effects of		
Depreciation for the year in excess of capital allowances	**21**	84
Expenses not deductible	**57**	62
Other timing differences	**-**	(134)
Adjustments to tax charge in respect of previous years	**20**	188
Total current tax charge	**844**	740

(b) Deferred taxation

	2006	2005
	£000	£000
Tax effect of timing differences because of		
Difference between accumulated depreciation and capital allowances	**101**	55
Other timing differences	**48**	22
	149	77

	2006	2005
	£000	£000
Opening balance	**77**	70
Over provision in prior years	**27**	28
Credited/(charged) to the profit and loss account	**45**	(21)
Closing asset (see note 12)	**149**	77

Notes *(continued)*

8 Dividends

	2006 £000	2005 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	**395**	3,268
Interim dividends paid in respect of the current year	**-**	673
Aggregate amount of dividends paid in the financial year	**395**	3,941

9 Tangible fixed assets

	Land and Buildings £000	Plant and equipment £000	Office Furniture £000	Total £000
Cost				
At 1 January 2006	-	475	1,482	1,957
Additions	14	196	135	345
Transfers	69	(69)	-	-
At 31 December 2006	83	602	1,617	2,302
Accumulated depreciation				
At 1 January 2006	-	439	1,223	1,662
Charge for the year	3	90	112	205
Depreciation on transfers	-	-	-	-
At 31 December 2006	3	529	1,335	1,867
Net book value **At 31 December 2006**	**80**	**73**	**282**	**435**
At 31 December 2005	-	36	259	295

Included in the total net book value of fixed assets is £nil *(2005 £nil)* in respect of assets held under finance leases and chattel mortgages Depreciation for the year on these assets was £nil *(2005 £106,000)*

10 Fixed asset investments

Joint arrangements

During the year the company participated in a joint arrangement with Trackwork Limited The result of the arrangement is included in these financial statements according to the contractual agreements The company has a 50% interest in the joint arrangement, whose principal activity is track maintenance and renewal

Notes *(continued)*

11 Stocks

	2006	2005
	£000	£000
Raw materials and consumables	**17**	181

12 Debtors

	2006	2005
	£000	£000
Amounts falling due within one year		
Trade debtors	**16,806**	32,687
Amounts recoverable on contracts	**2,489**	3,791
Amounts owed by group undertakings	**3,287**	3,491
Other debtors	**237**	24
Deferred tax *(see note 7)*	**149**	77
Prepayments and accrued income	**1,176**	1,379
	24,144	41,449
Amounts falling due after more than one year		
Trade debtors	**34**	-
Amounts owed by group undertakings	**-**	2,731
	24,178	44,180

13 Creditors: amounts falling due within one year

	2006	2005
	£000	£000
Obligations under finance leases and similar agreements	**-**	17
Trade creditors	**5,290**	8,965
Amounts due to group undertakings	**3,271**	6,841
Corporation tax	**1,397**	1,916
Taxation and social security	**1,067**	1,145
Other creditors	**3,654**	6,931
Accruals and deferred income	**12,937**	6,738
	27,616	32,553

Notes *(continued)*

14 Analysis of finance leases and chattel mortgages

	2006 £000	2005 £000
This can be analysed as falling due		
In one year	-	17
Between one and two years	-	-
	-	17

The finance leases are secured on the assets to which they relate

15 Called up share capital

	2006 £000	2005 £000
Authorised		
4,000,000 ordinary shares of £1 each	**4,000**	4,000
Issued and fully paid		
2,000,000 'A' ordinary shares of £1 each	**2,000**	2,000
2,000,000 'B' ordinary shares of £1 each	**2,000**	2,000
	4,000	4,000

The 'A' and 'B' ordinary shares rank pari passu but must be issued in equal numbers

16 Reserves

	Share premium £000	Profit and loss account £000
Balance as at 1 January 2006	1,400	6,787
Profit for the year	-	1,714
Dividends on shares classified in shareholders' funds	-	(795)
Balance as at 31 December 2006	**1,400**	**7,706**

17 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Profit for the year	**1,714**	1,068
Dividends on shares classified in shareholders' funds	**(795)**	(3,941)
Net addition to /(reduction in) shareholders' funds	**919**	(2,873)
Opening shareholders' funds	**12,187**	15,060
Closing shareholders' funds	**13,106**	12,187

Notes *(continued)*

18 Capital commitments

Annual commitments under non-cancellable operating leases, relating to plant, equipment, land and buildings are as follows

	Land and buildings		Other	
	2006	2005	**2006**	2005
	£000	£000	**£000**	£000
Operating leases which expire				
Within one year	**158**	44	**160**	160
In the second to fifth years inclusive	**453**	525	**568**	749
In over five years	**243**	221	**-**	-
	854	790	**728**	909

19 Contingent liabilities

The company has provided an unlimited guarantee on behalf of other subsidiary companies to its bankers in respect of overdraft facilities and leases

20 Pensions

The company participates in a number of pension arrangements comprising both defined benefit and defined contribution schemes

The British Steel Pension Scheme provides benefits based on the final pensionable earnings of employees of Corus UK Limited and associated employees Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme is accounted for by the company as if it was a defined contribution scheme

Further details of the British Steel Pension Scheme are disclosed in the Corus plc financial statements

Certain employees, previously transferred into the company under TUPE regulations, participate in the Omnibus Section of the Railways Pension Scheme, a funded UK defined benefit scheme, the assets of which are held in trustee administered funds separate from the company The company is unable to identify its share of the Section's assets and liabilities on a consistent and reasonable basis, and consequently it is accounted for as if it were a defined contribution scheme

Further details of the Railways Pension Scheme can be obtained from the trustees

Notes *(continued)*

21 Ultimate parent company and related party transactions

The company is a subsidiary of GrantRail Group Limited which is owned equally by Corus plc and Koninklijke Volker Wessels Stevin NV

The consolidated financial statements of these companies are available to the public

The company entered into the following aggregated transactions with the controlling parties All transactions were undertaken on normal trading terms

	Income £000	**Expenditure £000**	**Net debtor balance at 31 Dec 06 £000**
Corus plc	**5,035**	**3,678**	**1,600**
Koninklijke Volker Wessels Stevin NV	**4,682**	**408**	**868**

	Income £000	Expenditure £000	Net debtor balance at 31 Dec 05 £000
Corus plc	3,967	4,002	312
Koninklijke Volker Wessels Stevin NV	1,140	564	928

The company had the following transactions in the year with GrantRail Group Limited's joint ventures

	Income £000	**Expenditure £000**	**Net creditor balance at 31 Dec 06 £000**
ALH (Rail Coatings) Limited	**-**	**15**	**39**

	Income £000	Expenditure £000	Net creditor balance at 31 Dec 05 £000
ALH (Rail Coatings) Limited	-	15	24