

Company Registration No. 3528648 (England and Wales)

GRASSNET SYSTEMS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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COMPANIES HOUSE

GRASSNET SYSTEMS LIMITED

COMPANY INFORMATION

Directors	M P L Burgin H J A Roche
Secretary	M Toben
Company number	3528648
Registered office	Chatham Court, Lesbourne Road Reigate Surrey RH2 7LD
Auditors	Berg Kaprow Lewis LLP Chartered Accountants 35 Ballards Lane London N3 1XW
Business address	The Rickyard, Eashing Lane Godalming Surrey Great Britain GU7 2QA

GRASSNET SYSTEMS LIMITED

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GRASSNET SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006

The directors present their report and financial statements for the year ended 30 June 2006.

Principal activities and review of the business

The principal activity of the company continued to be that of running conference facilities.

The directors have noted the results for the year and expect further improvements in the following year. The detailed review of business has been included in the directors' report of Longcrest Plc's group accounts, available from the Companies House.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 July 2005:

M P L Burgin
H J A Roche

Directors' interests

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

	Ordinary shares of £ 1 each	
	30 June 2006	1 July 2005
M P L Burgin	-	-
H J A Roche	-	-

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Berg Kaprow Lewis LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

GRASSNET SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which 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.

Statement of disclosure to auditor

(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 P L Burgin

Director

26-1-2007

GRASSNET SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRASSNET SYSTEMS LIMITED

We have audited the financial statements of Grassnet Systems Limited for the year ended 30 June 2006 set out on pages 5 to 10. 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 auditors' 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 the 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).

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 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 judgements 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.

GRASSNET SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF GRASSNET SYSTEMS LIMITED

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 30 June 2006 and of its profit for the year then ended; and
- 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.

Berg Kaprow Lewis LLP

Berg Kaprow Lewis LLP

29-1-2007

Chartered Accountants
Registered Auditor

Chartered Accountants
35 Ballards Lane
London
N3 1XW

GRASSNET SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 £
Turnover	2	320,540	346,420
Cost of sales		(234,538)	(242,227)
Gross profit		86,002	104,193
Administrative expenses		(51,314)	(90,513)
Operating profit	3	34,688	13,680
Other interest receivable and similar income	4	549	1,305
Profit on ordinary activities before taxation		35,237	14,985
Tax on profit on ordinary activities	5	(82)	-
Profit for the year	9	35,155	14,985

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

GRASSNET SYSTEMS LIMITED

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006 £	£	2005 £	£
Current assets					
Debtors	6	133,061		48,205	
Cash at bank and in hand		20,940		19,430	
		<u>154,001</u>		<u>67,635</u>	
Creditors: amounts falling due within one year	7	<u>(499,622)</u>		<u>(448,411)</u>	
Total assets less current liabilities			<u>(345,621)</u>		<u>(380,776)</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		<u>(345,721)</u>		<u>(380,876)</u>
Shareholders' funds	10		<u>(345,621)</u>		<u>(380,776)</u>

Approved by the Board and authorised for issue on ~~26-1-2007~~


M P L Burgin
Director

GRASSNET SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method.

2 Turnover

Geographical market

	Turnover	
	2006	2005
	£	£
United Kingdom	320,540	346,420
	<u>320,540</u>	<u>346,420</u>

3 Operating profit

Operating profit is stated after charging:
Auditors' remuneration

2006	2005
£	£
1,850	1,850
<u>1,850</u>	<u>1,850</u>

4 Investment income

Bank interest

2006	2005
£	£
549	1,305
<u>549</u>	<u>1,305</u>

GRASSNET SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

5	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U.K. corporation tax	82	-
		<hr/>	<hr/>
	Current tax charge	82	-
		82	-
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	35,237	14,985
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005: 19.00%)	6,695	2,847
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	60	155
	Tax losses utilised	(6,428)	-
	Other tax adjustments	(245)	(3,002)
		<hr/>	<hr/>
		(6,613)	(2,847)
		<hr/>	<hr/>
	Current tax charge	82	-
		<hr/>	<hr/>
6	Debtors	2006	2005
		£	£
	Trade debtors	102,006	44,256
	Amounts owed by parent and fellow subsidiary undertakings	31,055	3,949
		<hr/>	<hr/>
		133,061	48,205
		<hr/>	<hr/>
7	Creditors: amounts falling due within one year	2006	2005
		£	£
	Trade creditors	50,624	5,056
	Amounts owed to parent and fellow subsidiary undertakings	430,880	431,472
	Corporation tax	82	-
	Other taxes and social security costs	8,068	3,607
	Accruals and deferred income	9,968	8,276
		<hr/>	<hr/>
		499,622	448,411
		<hr/>	<hr/>

GRASSNET SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

8	Share capital	2006	2005
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
	Allotted, called up and fully paid		
	100 Ordinary shares of £1 each	100	100
9	Statement of movements on profit and loss account		Profit and loss account £
	Balance at 1 July 2005		(380,876)
	Profit for the year		35,155
	Balance at 30 June 2006		(345,721)
10	Reconciliation of movements in shareholders' funds	2006	2005
		£	£
	Profit for the financial year	35,155	14,985
	Opening shareholders' funds	(380,776)	(395,761)
	Closing shareholders' funds	(345,621)	(380,776)

GRASSNET SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

11 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2006 Number	2005 Number
Production staff	1	1
Administrative staff	-	1
	<u>1</u>	<u>2</u>

Employment costs

	2006 £	2005 £
Wages and salaries	29,839	45,916
Social security costs	2,438	4,604
	<u>32,277</u>	<u>50,520</u>

12 Control

The company's ultimate parent company is Longcrest Plc and it owns the whole of the issued share capital.

13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from including related party disclosures on the basis that the details of the subsidiary are included in the publicly available consolidated accounts.

The company is under the control of Longcrest Plc, a company incorporated in the UK. The ultimate controller of Longcrest Plc is M P L Burgin, the managing director and majority shareholder.