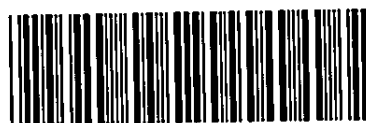

GRASSNET SYSTEMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

TUESDAY



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COMPANIES HOUSE

GRASSNET SYSTEMS LIMITED

COMPANY INFORMATION

DIRECTORS

M P L Burgin
H J A Roche

COMPANY SECRETARY

M Toben

COMPANY NUMBER

3528648

REGISTERED OFFICE

Chatham Court
Lesbourne Road
Reigate
Surrey
RH2 7LD

AUDITORS

Berg Kaprow Lewis LLP
Chartered Accountants & Registered Auditor
35 Ballards Lane
Finchley
London
N3 1XW

GRASSNET SYSTEMS LIMITED

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GRASSNET SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2008

The directors present their report and the financial statements for the year ended 30 June 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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;
- 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 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.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The directors note that the company's performance is below expectations due to the lack of business during the financial year. The company's operating performance statement is included in the group accounts of Longcrest Plc.

RESULTS

The profit for the year, after taxation, amounted to £6,213 (2007 - £5,795).

DIRECTORS

The directors who served during the year were:

M P L Burgin
H J A Roche

GRASSNET SYSTEMS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Berg Kaprow Lewis LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *17th December 2008* and signed on its behalf.



M P L Burgin
Director

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 2008, set out on pages 5 to 10. These financial statements have been prepared in accordance with 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 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 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.

GRASSNET SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT 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 2008 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.

Berg Kaprow Lewis LLP

BERG KAPROW LEWIS LLP

Chartered Accountants
Registered Auditor

London

Date: 18-12-2008

GRASSNET SYSTEMS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 £	2007 £
TURNOVER		38,950	52,365
Cost of sales		<u>(19,782)</u>	<u>(41,943)</u>
GROSS PROFIT		19,168	10,422
Administrative expenses		<u>(11,577)</u>	<u>(3,529)</u>
OPERATING PROFIT	3	7,591	6,893
Interest receivable		<u>200</u>	<u>286</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,791	7,179
Tax on profit on ordinary activities	6	<u>(1,578)</u>	<u>(1,384)</u>
PROFIT FOR THE FINANCIAL YEAR	10	<u>6,213</u>	<u>5,795</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

GRASSNET SYSTEMS LIMITED

**BALANCE SHEET
AS AT 30 JUNE 2008**

	Note	£	2008 £	£	2007 £
CURRENT ASSETS					
Debtors	7	-		46,769	
Cash at bank		1,512		2,248	
		<u>1,512</u>		<u>49,017</u>	
CREDITORS: amounts falling due within one year	8	(335,125)		(388,843)	
NET CURRENT LIABILITIES			(333,613)		(339,826)
TOTAL ASSETS LESS CURRENT LIABILITIES			(333,613)		(339,826)
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Profit and loss account	10		(333,713)		(339,926)
SHAREHOLDERS' DEFICIT	11		(333,613)		(339,826)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *17th December 2008*.



M P L Burgin
Director

The notes on pages 7 to 10 form part of these financial statements.

GRASSNET SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

During the year, no director received any emoluments (2007 - £NIL).

4. AUDITORS' REMUNERATION

	2008 £	2007 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>2,250</u>	<u>1,775</u>

GRASSNET SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

5. STAFF COSTS

Staff costs were as follows:

	2008 £	2007 £
Wages and salaries	-	7,835
Social security costs	-	727
	<u>-</u>	<u>8,562</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2008 No.	2007 No.
Production staff	0	1
Directors	2	2
	<u>2</u>	<u>3</u>

6. TAXATION

	2008 £	2007 £
UK corporation tax charge on profit for the year	<u>1,578</u>	<u>1,384</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2007 - the same as) the standard rate of corporation tax in the UK (20.25%) as set out below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>7,791</u>	<u>7,179</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2007 - 20%)	1,578	1,382

EFFECTS OF:

Expenses not deductible for tax purposes	-	2
	<u>-</u>	<u>2</u>
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>1,578</u>	<u>1,384</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

GRASSNET SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

7. DEBTORS

	2008 £	2007 £
Amounts owed by group undertakings	-	46,769

8. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Amounts owed to group undertakings	331,521	385,098
Corporation tax	1,578	1,384
Accruals and deferred income	2,026	2,361
	<u>335,125</u>	<u>388,843</u>

9. SHARE CAPITAL

	2008 £	2007 £
AUTHORISED		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. RESERVES

	Profit and loss account £
At 1 July 2007	(339,926)
Profit for the year	6,213
At 30 June 2008	<u>(333,713)</u>

GRASSNET SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2008	2007
	£	£
Opening shareholders' deficit	(339,826)	(345,621)
Profit for the year	6,213	5,795
	<hr/>	<hr/>
Closing shareholders' deficit	(333,613)	(339,826)
	<hr/>	<hr/>

12. 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.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent company is Longcrest Plc, incorporated in England and Wales and it owns the whole of the issued share capital of the company.