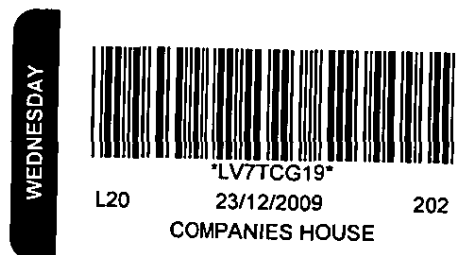

GRASSNET SYSTEMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009



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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 London N3 1XW

GRASSNET SYSTEMS LIMITED

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GRASSNET SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report and the financial statements for the year ended 30 June 2009.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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). Under company law the 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 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 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. 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 company has taken advantage of the exemptions under section 415A of the Companies Act 2006 (provisions relating to the directors' report and non-inclusion of business review).

RESULTS

The profit for the year, after taxation, amounted to £333,070 (2008 - £6,213). The profit in the year resulted from writing off loans from a fellow subsidiary totalling £331,350.

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 2009**

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 21/12/2009 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 2009, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GRASSNET SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRASSNET SYSTEMS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Berg Kaprow Lewis LLP

Steven Hocking-Robinson (Senior statutory auditor)

for and on behalf of

BERG KAPROW LEWIS LLP

Chartered Accountants

Registered Auditor

London

Date: *23-12-09*

GRASSNET SYSTEMS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	46,989	38,950
Cost of sales		(30,542)	(19,782)
GROSS PROFIT		16,447	19,168
Administrative expenses		(14,742)	(11,577)
Exceptional : Loans from fellow subsidiary written off		331,350	-
Total administrative expenses		316,608	(11,577)
OPERATING PROFIT	3	333,055	7,591
Interest receivable		17	200
Interest payable	6	(2)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		333,070	7,791
Tax on profit on ordinary activities	7	-	(1,578)
PROFIT FOR THE FINANCIAL YEAR	10	333,070	6,213

All amounts relate to continuing operations.

There were no recognised gains and losses for 2009 or 2008 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
REGISTERED NUMBER: 3528648

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	£	2009 £	£	2008 £
CURRENT ASSETS					
Cash at bank		1,233		1,512	
CREDITORS: amounts falling due within one year	8	(1,776)		(335,125)	
NET CURRENT LIABILITIES			(543)		(333,613)
TOTAL ASSETS LESS CURRENT LIABILITIES			(543)		(333,613)
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Profit and loss account	10		(643)		(333,713)
SHAREHOLDERS' DEFICIT	11		(543)		(333,613)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2009.



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 2009

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

The operating profit is stated after charging:

	2009 £	2008 £
Exceptional item	(331,350)	-

During the year, no director received any emoluments (2008 - £NIL).

The exceptional item relates to loans from a fellow subsidiary being written off to Profit and Loss Account.

4. AUDITORS' REMUNERATION

	2009 £	2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	1,500	2,250

GRASSNET SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

5. STAFF COSTS

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

	2009 No.	2008 No.
Directors	<u>2</u>	<u>2</u>

6. INTEREST PAYABLE

	2009 £	2008 £
Other interest payable	<u>2</u>	<u>-</u>

7. TAXATION

	2009 £	2008 £
UK corporation tax charge on profit for the year	<u>-</u>	<u>1,578</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2008 - the same as) the standard rate of corporation tax in the UK (21%). The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>333,070</u>	<u>7,791</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2008 - 20.25%)	69,945	1,578
EFFECTS OF:		
Fellow subsidiary loans written off - not taxable	(69,584)	-
Utilisation of tax losses	(361)	-
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>-</u>	<u>1,578</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 2009**

**8. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009	2008
	£	£
Amounts owed to group undertakings	-	331,521
Corporation tax	-	1,578
Accruals and deferred income	1,776	2,026
	<u>1,776</u>	<u>335,125</u>

9. SHARE CAPITAL

	2009	2008
	£	£
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 2008	(333,713)
Profit for the year	333,070
	<u> </u>
At 30 June 2009	<u>(643)</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2009	2008
	£	£
Opening shareholders' deficit	(333,613)	(339,826)
Profit for the year	333,070	6,213
	<u> </u>	<u> </u>
Closing shareholders' deficit	<u>(543)</u>	<u>(333,613)</u>

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 accounts of the parent company, Longcrest plc.

GRASSNET SYSTEMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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. M P L Burgin, director, is the controlling party in Longcrest plc.