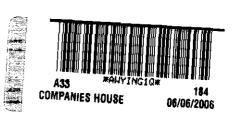
26 MAY 2006

GRASSROOTS SYSTEMS LIMITED

Abbreviated Accounts

for the year ended 31 January 2006



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Accountants' Report to the Shareholders on the Unaudited Financial Statements of GRASSROOTS SYSTEMS LIMITED

The following reproduces the text of the report prepared for the purposes of Section 249A(2) Companies Act 1985 in respect of the company's financial statements, from which the abbreviated accounts (set out on pages 2 to 5) have been prepared.

'We report on the financial statements for the year ended 31 January 2006 set out on pages page 3 to 5

Respective responsibilities of directors and reporting accountants

As described on page 5 the company's directors are responsible for the preparation of financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
- (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
- (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that , fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1) '

Sandison Rouse and Co

Chartered Accountants and Reporting Accountants

Richmond House 48 Bromyard Road St Johns Worcester WR2 5BT

Date: 9 May 2006

Abbreviated Balance Sheet as at 31 January 2006

		2006		2005	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	2		1,548		2,689
Current Assets					
Debtors		16,841		7,645	
Cash at bank and in hand		29,197		15,666	
		46,038		23,311	
Creditors: amounts falling					
due within one year		(26,702)		(14,876)	
Net Current Assets			19,336		8,435
Total Assets Less Current					
Liabilities			20,884		11,124
Capital and Reserves					
Called up share capital	3		2		2
Profit and loss account			20,882		11,122
Shareholders' Funds			20,884		11,124

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

Abbreviated Balance Sheet (continued)

Directors' statements required by Section 249B(4) for the year ended 31 January 2006

In approving these abbreviated accounts as directors of the company we hereby confirm:

- (a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985;
- (b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31 January 2006 and
- (c) that we acknowledge our responsibilities for:
- (1) ensuring that the company keeps accounting records which comply with Section 221, and
- (2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The abbreviated accounts were approved by the Board on 9 May 2006 and signed on its behalf by

Miss M Hargreaves
Director

M. Hay received

Notes to the Abbreviated Financial Statements for the year ended 31 January 2006

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings

and equipment

25% Straight Line

1.4. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2.	Fixed assets	Tangible fixed assets
		£
	Cost	
	At 1 February 2005	6,200
	Additions	159
	At 31 January 2006	6,359
	Depreciation	
	Charge for year	1,300
	At 31 January 2006	4,811
	Net book values	 : -
	At 31 January 2006	1,548
	At 31 January 2005	2,689

Notes to the Abbreviated Financial Statements for the year ended 31 January 2006

3.	Share capital	2006	2005
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
			
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	2	2
	•		