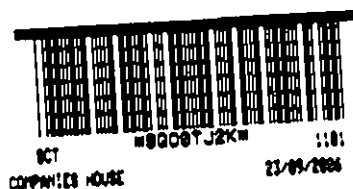


COMPANY REGISTRATION NUMBER 83677

KNAPPERNA INVESTMENTS LIMITED
ABBREVIATED ACCOUNTS
FOR
30 JUNE 2006



WILLIAMSON & DUNN
Chartered Accountants
3 West Craibstone Street
Aberdeen
AB11 6YW

KNAPPERNA INVESTMENTS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 JUNE 2006

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KNAPPERNA INVESTMENTS LIMITED

ABBREVIATED BALANCE SHEET

30 JUNE 2006

	Note	2006 £	£	2005 £	£
FIXED ASSETS	2				
Tangible assets			186,975		191,405
Investments			432,085		417,247
			<u>619,060</u>		<u>608,652</u>
CURRENT ASSETS					
Debtors		33,834		42,154	
Cash at bank and in hand		24,831		66,493	
		<u>58,665</u>		<u>108,647</u>	
CREDITORS: Amounts falling due within one year		<u>13,994</u>		<u>8,481</u>	
NET CURRENT ASSETS			<u>44,671</u>		<u>100,166</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>663,731</u>		<u>708,818</u>
PROVISIONS FOR LIABILITIES AND CHARGES			<u>16,899</u>		<u>15,992</u>
			<u>646,832</u>		<u>692,826</u>

The Balance sheet continues on the following page.
The notes on pages 3 to 5 form part of these abbreviated accounts.

KNAPPERNA INVESTMENTS LIMITED

ABBREVIATED BALANCE SHEET *(continued)*

30 JUNE 2006

	Note	2006 £	2005 £
CAPITAL AND RESERVES			
Called-up equity share capital	3	6,100	6,100
Profit and loss account		<u>640,732</u>	<u>686,726</u>
SHAREHOLDERS' FUNDS		<u>646,832</u>	<u>692,826</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) 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 financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 18th Sep. 2006 and are signed on their behalf by:



MR LEONARD DAVIDSON

The notes on pages 3 to 5 form part of these abbreviated accounts.

KNAPPERNA INVESTMENTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-FRS 21 'Events after the Balance Sheet date (IAS 10)'.

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Property	- over	50 years
Office equipment	- over	6 years

KNAPPERNA INVESTMENTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

KNAPPERNA INVESTMENTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 JUNE 2006

2. FIXED ASSETS

	Tangible Assets £	Investments £	Total £
COST			
At 1 July 2005	261,934	417,247	679,181
Additions	1,145	14,838	15,983
At 30 June 2006	263,079	432,085	695,164
DEPRECIATION			
At 1 July 2005	70,529	—	70,529
Charge for year	5,575	—	5,575
At 30 June 2006	76,104	—	76,104
NET BOOK VALUE			
At 30 June 2006	186,975	432,085	619,060
At 30 June 2005	191,405	417,247	608,652

The market value of the above investments as at 30 June 2006 was £507,009 (2005 - £467,239).

3. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
10,000 Ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	6,000	6,000	6,000	6,000
Ordinary Class A shares of £1 each	100	100	100	100
	6,100	6,100	6,100	6,100