

ALFRED H KNIGHT INTERNATIONAL LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006



Company Registration Number 900322

Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

ALFRED H KNIGHT INTERNATIONAL LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

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ALFRED H KNIGHT INTERNATIONAL LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

The directors present their report and the financial statements of the company for the year ended 31 March 2006.

Principal activities and business review

The principal activity of the company and its subsidiaries during the year continued to be that of assaying and sampling.

The directors consider the state of the company and its subsidiaries affairs to be satisfactory.

Results and dividends

The loss for the year, after taxation, amounted to £57,771. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds; and

- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and

- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Where appropriate, funds are held primarily in short term variable rate deposit accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable banks and the directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

Directors

The directors who served the company during the year were as follows:

DJL Knight
JFL Knight
AM Katz
RK Knight

The company is a wholly owned subsidiary of Alfred H Knight UK Holdings Limited. The interests of the group directors are disclosed in the financial statements of the ultimate parent company.

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 year. In preparing those financial statements, the directors are required to:

ALFRED H KNIGHT INTERNATIONAL LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2006

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

In so far as the directors are aware:


- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Registered office:
Eccleston Grange
Prescot Road
St Helens
Merseyside
WA10 3BQ

Signed by order of the directors

X


(Date)

S Sadler
Company Secretary

Approved by the directors on X 23 August 2006

ALFRED H KNIGHT INTERNATIONAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO ALFRED H KNIGHT
INTERNATIONAL LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of Alfred H Knight International Limited for the year ended 31 March 2006 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date: *8 September 2006*

ALFRED H KNIGHT INTERNATIONAL LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
Gross profit		5,190,879	4,433,809
Administrative expenses		(5,194,503)	(4,383,425)
Operating (loss)/profit	2	<u>(3,624)</u>	<u>50,384</u>
Income from shares in group undertakings	5	8,955	12,934
Interest receivable		3,327	359
Interest payable and similar charges	6	(4,824)	(3,075)
Profit on ordinary activities before taxation		<u>3,834</u>	<u>60,602</u>
Tax on profit on ordinary activities	7	(61,605)	(12,371)
(Loss)/profit for the financial year		<u><u>(57,771)</u></u>	<u><u>48,231</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 6 to 15 form part of these abbreviated accounts.

ALFRED H KNIGHT INTERNATIONAL LIMITED

ABBREVIATED BALANCE SHEET

31 MARCH 2006

	Note	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	8		375,444		378,222
Investments	9		—		137,449
			<u>375,444</u>		<u>515,671</u>
Current assets					
Stocks	10	137,264		114,513	
Debtors	11	2,868,072		2,529,185	
Cash at bank and in hand		347,582		508,950	
		<u>3,352,918</u>		<u>3,152,648</u>	
Creditors: Amounts falling due within one year	12	<u>(1,865,035)</u>		<u>(1,806,329)</u>	
Net current assets			1,487,883		1,346,319
Total assets less current liabilities			<u>1,863,327</u>		<u>1,861,990</u>
Creditors: Amounts falling due after more than one year	13		(61,500)		(2,392)
			<u>1,801,827</u>		<u>1,859,598</u>
Capital and reserves					
Called-up share capital	18		100,000		100,000
Share premium account	19		19,085		19,085
Profit and loss account	20		1,682,742		1,740,513
Shareholders' funds	21		<u>1,801,827</u>		<u>1,859,598</u>

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

These abbreviated accounts were approved by the directors on the ^(date) 23 April 2006 and are signed on their behalf by:


DJL Knight


JFL Knight

The notes on pages 6 to 15 form part of these abbreviated accounts.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

1. Accounting policies

Basis of accounting

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

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)'; and

-the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)''.

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.

The adoption of FRS21 'Events after the balance sheet date' has had no effect on the retained profits or net assets reported in this or the prior year.

FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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.

The adoption of FRS 25 'Financial instruments: disclosure and presentation' has had no effect on the retained profits or net assets previously reported.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

1. Accounting policies *(continued)*

Related parties transactions

Under Financial Reporting Standard 8, the company is exempt from disclosing transactions with group companies as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Alfred H Knight Holdings Limited.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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:

Plant & Machinery	- 20% to 33.33% straight line
Motor Vehicles	- 25% to 33.33% straight line

Precious metal assets are included in plant and equipment at an amount represented by the quantity held at the year end and valued at the metal price at that date.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 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 that result in an obligation to pay more or a right to pay less tax. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

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.

Investment income

Investment income comprises dividends declared during the accounting period and interest receivable on unlisted investments.

Fixed asset investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

2. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2006	2005
	£	£
Depreciation of owned fixed assets	98,400	91,477
Depreciation of assets held under hire purchase agreements	39,408	15,946
(Profit)/loss on disposal of fixed assets	—	(5,100)
Auditor's remuneration	12,600	12,000
Net profit on foreign currency translation	(108,042)	(2,343)
Operating leases-motor vehicles	5,024	5,025
Management income	(8,955)	(183,129)
Management charges	<u>3,041,997</u>	<u>2,542,668</u>

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

3. Pension scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £145,617 (2005 : £109,664).

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2006 No	2005 No
Office and production	<u>130</u>	<u>128</u>

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	2,402,046	2,209,017
Social security costs	253,442	233,914
Other pension costs	145,617	109,664
	<u>2,801,105</u>	<u>2,552,595</u>

The directors received no remuneration in this year or the previous year.

5. Income from shares in group undertakings

	2006 £	2005 £
Income from group undertakings	<u>8,955</u>	<u>12,934</u>

6. Interest payable and similar charges

	2006 £	2005 £
Finance charges	<u>4,824</u>	<u>3,075</u>

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2006	2005
	£	£
UK taxation		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	-	-
Over provision in prior year	7,763	(10,953)
	<u>7,763</u>	<u>(10,953)</u>
Foreign tax		
Current tax on income for the year	53,842	23,324
	<u>61,605</u>	<u>12,371</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006	2005
	£	£
Profit on ordinary activities before taxation	<u>3,834</u>	<u>60,602</u>
Profit on ordinary activities by rate of tax	1,150	18,181
Effects of:		
Expenses not deductible for tax purposes	38,875	4,178
Difference between depreciation for the year and capital allowances	(1,940)	(14,959)
Adjustments to the tax charge in respect of prior years	7,763	(10,953)
Overseas tax	53,683	23,324
Group relief	-	(7,284)
Tax at lower rate	-	(116)
Double tax relief	<u>(37,926)</u>	<u>-</u>
Total current tax (note 7(a))	<u>61,605</u>	<u>12,371</u>

(c) Factors that may affect future tax charges

There are no factors affecting the future tax charge of the company.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

8. Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Total £
Cost			
At 1 April 2005	1,912,497	11,473	1,923,970
Additions	135,030	—	135,030
At 31 March 2006	<u>2,047,527</u>	<u>11,473</u>	<u>2,059,000</u>
Depreciation			
At 1 April 2005	1,534,275	11,473	1,545,748
Charge for the year	137,808	—	137,808
At 31 March 2006	<u>1,672,083</u>	<u>11,473</u>	<u>1,683,556</u>
Net book value			
At 31 March 2006	<u>375,444</u>	<u>—</u>	<u>375,444</u>
At 31 March 2005	<u>378,222</u>	<u>—</u>	<u>378,222</u>

Hire purchase agreements

Included within the net book value of £375,444 is £100,550 (2005 - £18,604) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £39,408 (2005 - £15,946).

9. Investments

	Subsidiary undertakings £	Associate undertakings £	Total £
Cost			
At 1 April 2005	150,715	3,500	154,215
Disposals	(137,449)	—	(137,449)
At 31 March 2006	<u>13,266</u>	<u>3,500</u>	<u>16,766</u>
Amounts written off			
At 1 April 2005 and 31 March 2006	<u>13,266</u>	<u>3,500</u>	<u>16,766</u>
Net book value			
At 31 March 2006	<u>—</u>	<u>—</u>	<u>—</u>
At 31 March 2005	<u>137,449</u>	<u>—</u>	<u>137,449</u>

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

9. Investments *(continued)*

Name of company	Country of incorporation	Details of investments	Proportion held by company	Nature of business
Alfred H Knight International (Deutschland) GMBH	Germany	Ordinary	100%	Sampling and assaying
Alfred H Knight Bolivia Ltda	Bolivia	Ordinary	50%	Sampling and assaying
Knight International Surveys Limited	UK	Ordinary	100%	Dormant and assaying
Principal associate undertakings				
Bootle Analytical Laboratory (Consultants) Limited	UK	Ordinary	45%	Sampling and assaying

During the year the company disposed of its investment in Alfred H Knight de Mexico S.A.DE.C.V.

10. Stocks

	2006 £	2005 £
Raw materials	12,927	12,697
Work in progress	124,337	101,816
	<u>137,264</u>	<u>114,513</u>

11. Debtors

	2006 £	2005 £
Trade debtors	2,090,538	1,472,047
Amounts owed by group undertakings	660,904	865,427
Other debtors	92,901	157,260
Prepayments and accrued income	23,729	34,451
	<u>2,868,072</u>	<u>2,529,185</u>

The debtors above include the following amounts falling due after more than one year:

	2006 £	2005 £
Other debtors	<u>10,369</u>	<u>5,200</u>

ALFRED H KNIGHT INTERNATIONAL LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 31 MARCH 2006****12. Creditors: Amounts falling due within one year**

	2006	2005
	£	£
Trade creditors	76,369	183,255
Amounts owed to group undertakings	1,238,821	1,235,707
Other taxation and social security	64,545	61,210
Hire purchase agreements	32,392	14,351
Other creditors	3,837	15,371
Accruals and deferred income	449,071	296,435
	<u>1,865,035</u>	<u>1,806,329</u>

There is a fixed charge over book debts dated 28 February 1983.

There is a letter of set off dated 10 August 1984.

13. Creditors: Amounts falling due after more than one year

	2006	2005
	£	£
Hire purchase agreements	<u>61,500</u>	<u>2,392</u>

14. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2006	2005
	£	£
Amounts payable within 1 year	32,392	14,351
Amounts payable between 1 and 2 years	30,000	2,392
Amounts payable between 3 and 5 years	31,500	-
	<u>93,892</u>	<u>16,743</u>

Obligations under hire purchase contracts are secured on the assets concerned.

15. Derivatives

The company holds financial instruments that qualify as derivatives in order to manage its currency risks arising from its operations.

The company places forward contracts for the purchase of US dollars at fixed rates. At the year end the following contracts had not yet matured:

US dollar contract to sell \$500,000 dollars at \$1.7290 to £1 due to mature on 31/05/2006.

US dollar contract to sell \$500,000 dollars at \$1.7398 to £1 due to mature on 02/05/2006.

The directors have been unable to establish a fair value for the fixed exchange rate, the derivative element of these forward purchase contracts.

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

16. Commitments under operating leases

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Assets Other Than Land & buildings</i>	
	2006	2005
	£	£
Operating leases which expire:		
Within 1 year	-	5,024

17. Contingencies

The company has a guarantee bond with an overseas bank worth \$28,395 (2005: \$28,395). The company has a foreign bills facility guaranteeing any foreign cheques that are paid into the company's bank account.

There is a counter indemnity held re Guarantee dated 7 April 1989 to HM Customs and Excise for £1,000 (2005: £1,000).

18. Share capital

Authorised share capital:

	2006	2005
	£	£
500,000 Ordinary shares of £1 each	500,000	500,000

Allotted, called up and fully paid:

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

19. Share premium account

There was no movement on the share premium account during the financial year.

20. Profit and loss account

	2006	2005
	£	£
Balance brought forward	1,740,513	1,692,282
(Loss)/profit for the financial year	(57,771)	48,231
Balance carried forward	1,682,742	1,740,513

ALFRED H KNIGHT INTERNATIONAL LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2006

21. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
(Loss)/profit for the financial year	(57,771)	48,231
Opening shareholders' funds	1,859,598	1,811,367
Closing shareholders' funds	<u>1,801,827</u>	<u>1,859,598</u>

22. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2005 - £84,948).

23. Ultimate parent company

The directors consider the ultimate parent company to be Alfred H Knight Holdings Limited which is the only undertaking that prepares group accounts including the financial statements of the company. Copies of the group accounts can be obtained at the registered office of this company.