

**GAS MEASUREMENT INSTRUMENTS LIMITED**

Registered No. SC025020

**REPORT AND ACCOUNTS**

**2004**

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**GAS MEASUREMENT INSTRUMENTS LIMITED****OFFICERS AND PROFESSIONAL ADVISORS**

<b>Directors</b>	Derek C Manson	Chairman
	James A Sheriff	Managing
	Douglas H C Cunningham	Sales
	David S Hunter	Financial
	Dr John R Gilchrist	Technical

<b>Secretary</b>	David S Hunter
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<b>Registered Office</b>	Inchinnan Business Park Renfrew Strathclyde PA4 9RG
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<b>Registration Number</b>	SC025020
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<b>Bankers</b>	Clydesdale Bank plc St. Vincent Place Glasgow G1
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<b>Auditors</b>	Ernst & Young LLP George House 50 George Square Glasgow G2 1RR
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<b>Solicitors</b>	Biggart Baillie Dalmore House 310 St Vincent Street Glasgow G2 5QR
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# **GAS MEASUREMENT INSTRUMENTS LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report and accounts for the year ended 31 December 2004, to be submitted to the fifty-eighth Annual General Meeting to be held at the Registered Office on 23 March 2005 at 2.00pm.

### **Results and dividends :**

The trading profit for the year, after taxation, amounted to £148,412. The directors recommend that the following dividend be paid:

Ordinary	£100,000
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This leaves a profit of £48,412 to be transferred to reserves.

### **Principal Activity and Review of the Business**

The company's principal activities during the year continued to be the development, manufacture, distribution and installation of electronic gas detection instruments and systems. Ongoing research and development of micro-processor based instrumentation has secured existing markets and offers the opportunity for continued expansion.

### **Directors and their interests :**

The directors at 31 December 2004 and their interests in the ordinary share capital of the company were as follows:

	At 31 December 2004	At 1 January 2004
J A Sheriff	-	-
D C Manson	-	-
D S Hunter	-	-
D H C Cunningham	-	-
J R Gilchrist	-	-

The Articles of Association adopted on 14 March 1989 state that the Directors shall not be liable to retirement by rotation.

All of the Issued Share Capital of the Company is held by GMI Group Limited. The directors' interests in the share capital of GMI Group Limited are disclosed in the accounts of that company.

**GAS MEASUREMENT INSTRUMENTS LIMITED**

**DIRECTORS' REPORT**  
(continued)

**Auditors :**

A resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the forthcoming annual general meeting.

On behalf of the board

A handwritten signature in black ink, appearing to read 'D S Hunter', written in a cursive style.

D S Hunter  
Director and Secretary

25 February 2005

**GAS MEASUREMENT INSTRUMENTS LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

## **Independent auditors' report to the members of Gas Measurement Instruments Limited**

We have audited the company's accounts for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 23. These accounts have been prepared on the basis of 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company 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.

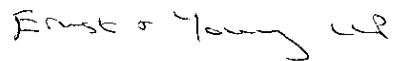
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Glasgow

25 February 2005

**GAS MEASUREMENT INSTRUMENTS LIMITED****PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2004

	notes	2004 £	2003 £
<b>Turnover</b>	2	<b>6,077,759</b>	6,057,514
Cost of sales		<b>(3,179,996)</b>	(3,252,515)
<b>Gross profit</b>		<b>2,897,763</b>	2,804,999
Distribution costs		<b>(118,456)</b>	(103,810)
Administrative expenses		<b>(2,653,430)</b>	(2,634,102)
<b>Operating profit</b>	3	<b>125,877</b>	67,087
Interest receivable	6	<b>23,899</b>	28,430
Interest payable	7	-	(153)
<b>Profit on ordinary activities before taxation</b>		<b>149,776</b>	95,364
Tax on profit on ordinary activities	8	<b>(1,364)</b>	16,980
<b>Profit for the Financial Year</b>	16	<b>148,412</b>	112,344
Dividends:	9,16	<b>(100,000)</b>	-
<b>Profit retained for the Financial Year</b>		<b>48,412</b>	112,344

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 December 2004

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £148,412 in the year ended 31 December 2004 and the profit of £112,344 in the year ended 31 December 2003.

The notes on pages 11 to 21 form part of these accounts.

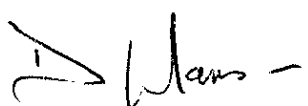


## GAS MEASUREMENT INSTRUMENTS LIMITED

**BALANCE SHEET**  
 at 31 December 2004

	notes	2004 £	2003 £
<b>Fixed assets :</b>			
Tangible assets	10	<u>988,010</u>	<u>871,867</u>
<b>Current assets :</b>			
Stocks	11	836,796	593,774
Debtors	12	2,022,863	2,119,367
Cash at bank and in hand		<u>1,022,440</u>	<u>880,043</u>
		<b>3,882,099</b>	<b>3,593,184</b>
<b>Creditors: amounts falling due within one year</b>	13	<u>814,465</u>	<u>625,122</u>
<b>Net current assets</b>		<b>3,067,634</b>	<b>2,968,062</b>
<b>Total assets less current liabilities</b>		<b>4,055,644</b>	<b>3,839,929</b>
<b>Provision for liabilities and charges :</b>			
Deferred taxation	14	<u>3,585</u>	<u>8,282</u>
		<b>4,052,059</b>	<b>3,831,647</b>
<b>Capital and reserves :</b>			
Called up share capital	15	27,440	27,440
Capital redemption reserve		3,500	3,500
Share premium account		279,180	279,180
Revaluation reserve		718,000	546,000
Profit and loss account		<u>3,023,939</u>	<u>2,975,527</u>
<b>Equity shareholders' funds</b>	16	<b>4,052,059</b>	<b>3,831,647</b>

D C Manson



Director

25 February 2005

The notes on pages 11 to 21 form part of these accounts.

## GAS MEASUREMENT INSTRUMENTS LIMITED

**CASH FLOW STATEMENT**  
for the year ended 31 December 2004

	notes	2004 £	2003 £
<b>Net cash Inflow from operating activities</b>	17	<b>287,041</b>	24,612
<b>Returns on investments and servicing of finance :</b>			
Interest received	6	23,899	28,430
Interest element of finance lease and hire purchase payments	7	-	(153)
<b>Taxation :</b>			
Corporation tax paid		(8,620)	(60,532)
<b>Capital expenditure and financial investment :</b>			
Payments to acquire tangible fixed assets		(81,990)	(93,718)
Receipts from sales of tangible fixed assets		22,067	12,975
<b>Equity dividends paid :</b>			
Dividend to Group Company		(100,000)	-
		<b>142,397</b>	(88,386)
<b>Financing :</b>			
Repayment of capital element of finance leases and hire purchase payments		-	(3,637)
<b>Increase/(decrease) in cash</b>		<b>142,397</b>	(92,023)
<b>Reconciliation of net cash flow to movement in net funds</b>			
<b>Increase/(decrease) in cash</b>		<b>142,397</b>	(92,023)
Cash used to repay capital element of finance leases and hire purchase contracts		-	3,637
<b>Movement in net funds</b>	17	<b>142,397</b>	(88,386)
<b>Net funds at 1 January</b>	17	<b>880,043</b>	968,429
<b>Net funds at 31 December</b>	17	<b>1,022,440</b>	<b>880,043</b>

The notes on pages 11 to 21 form part of these accounts.

# **GAS MEASUREMENT INSTRUMENTS LIMITED**

## **NOTES TO THE ACCOUNTS at 31 December 2004**

### **1 ACCOUNTING POLICIES :**

#### **a) Accounting convention**

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

#### **b) Fixed assets**

All fixed assets are initially recorded at cost. Freehold land and buildings have subsequently been revalued as at 11 August 2004 with the revaluation surplus being taken to the revaluation reserve.

#### **c) Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or valuation, of each asset evenly over its expected useful life as follows:

Freehold Buildings	4%
Leasehold improvements	10%
Plant and equipment	10%
Office equipment and computers	20%
Vehicles	25%

An amount equal to the excess of the annual depreciation charge on revalued assets over the *notional historical cost depreciation charge on those assets* is transferred annually from the revaluation reserve to the profit and loss reserve.

The carrying values of tangible fixed assets are reviewed for impairment in periods, if events or changes in circumstances indicate the carrying value may not be recoverable.

#### **d) Stocks**

Stocks are stated at the lower of cost and net realisable value.

Costs include all costs incurred in bringing each product to its present location and condition as follows:

- Raw materials - purchase cost on a first-in, first-out basis.
- Work-in-progress and finished goods - cost of direct materials.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**GAS MEASUREMENT INSTRUMENTS LIMITED****NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)****1 ACCOUNTING POLICIES : (continued)****e) 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 right to pay less or to receive more tax, with the exception that 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 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.

**f) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re- translated at *the rate of exchange ruling at the balance sheet date*.

All differences are taken to the profit and loss account.

**g) Research and development**

All expenditure incurred on research and development is written off in the year of expenditure.

**h) Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital payments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**i) Pensions**

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

**GAS MEASUREMENT INSTRUMENTS LIMITED****NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)****2 TURNOVER :**

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax.

The turnover and profit on ordinary activities before taxation is wholly attributable to the continuing activities of manufacture, distribution and installation of electronic gas detection instruments and systems.

An analysis of turnover by market is given below :

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>3,459,856</b>	3,419,066
Europe	<b>765,998</b>	769,116
North and South America	<b>1,448,143</b>	1,479,298
Rest of World	<b>403,762</b>	390,034
	<b><u>6,077,759</u></b>	<b><u>6,057,514</u></b>

**3 OPERATING PROFIT :**

This is stated after charging :

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Depreciation of owned fixed assets	<b>128,535</b>	135,644
Depreciation of assets held under finance leases and hire purchase contracts	<b>-</b>	1,997
	<b><u>128,535</u></b>	<b><u>137,641</u></b>
Development expenditure written off	<b>843,955</b>	774,168
Auditors' remuneration - audit services	<b>10,250</b>	10,250
- non-audit services	<b>13,200</b>	7,895
Operating lease rentals - land and buildings	<b>19,750</b>	19,750
- plant and machinery	<b>5,547</b>	8,489
	<b><u>881,482</u></b>	<b><u>820,592</u></b>

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)

<b>4 DIRECTORS' EMOLUMENTS :</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>385,403</b>	<b>336,403</b>
Company contributions paid to money purchase pension schemes	<b>34,707</b>	<b>30,341</b>
	<b>2004</b>	<b>2003</b>
	<b>No.</b>	<b>No.</b>
Members of money purchase pension schemes	<b>5</b>	<b>5</b>
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
The amounts in respect of the highest paid director are as follows:		
Emoluments	<b>90,514</b>	<b>87,484</b>
Company contributions paid to money purchase pension schemes	<b>7,994</b>	<b>7,761</b>
<b>5 STAFF COSTS :</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,296,403</b>	<b>2,238,716</b>
Social security costs	<b>222,724</b>	<b>228,728</b>
Other pension costs	<b>83,751</b>	<b>85,051</b>
	<b>2,602,878</b>	<b>2,552,495</b>
The average weekly number of employees during the year was as follows :	<b>No.</b>	<b>No.</b>
Office and management	<b>52</b>	<b>59</b>
Manufacturing	<b>30</b>	<b>32</b>
	<b>82</b>	<b>91</b>
<b>6 INTEREST RECEIVABLE :</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank interest and short term deposits	<b>23,899</b>	<b>28,430</b>

**GAS MEASUREMENT INSTRUMENTS LIMITED****NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)**

<b>7 INTEREST PAYABLE :</b>	notes	<b>2004</b> £	<b>2003</b> £
Finance charges payable under finance leases and hire purchase contracts		-	153
		<hr/>	<hr/>

<b>8 TAX ON PROFIT ON ORDINARY ACTIVITIES :</b>		<b>2004</b> £	<b>2003</b> £
(a) Based on the profit for the year:			
Corporation tax		24,735	27,294
Corporation tax overprovided in previous years		(18,674)	(41,560)
		<hr/>	<hr/>
Total current tax		6,061	(14,266)
Deferred taxation	14	(4,697)	(2,714)
		<hr/>	<hr/>
		1,364	(16,980)
		<hr/>	<hr/>

(b) Factors affecting the tax charge/(credit) for the year:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2004</b> £	<b>2003</b> £
Profit on ordinary activities before tax	149,776	95,364
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2003 : 30%)	28,457	28,609
(Non taxable income)/disallowed expenses	(5,385)	10,877
Depreciation in advance of capital allowances	1,663	1,645
Adjustments in respect of previous periods	(18,674)	(41,560)
Others	-	(13,837)
	<hr/>	<hr/>
	6,061	(14,266)
	<hr/>	<hr/>

(c) Factors that may affect future tax charges:

At the balance sheet date there are no future factors that will significantly affect future tax charges.

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)

<b>9 DIVIDENDS :</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Equity dividends on ordinary shares:		
Final paid	<b>100,000</b>	<b>-</b>

**10 TANGIBLE FIXED ASSETS:**

	Land, Bldgs & Leasehold Improvements £	Plant and Fixtures £	Motor Vehicles £	Total £
<b>Cost or valuation :</b>				
<b>At 1 January 2004</b>	<b>878,264</b>	<b>584,526</b>	<b>356,927</b>	<b>1,819,717</b>
Additions	3,495	23,380	55,115	81,990
Disposals	-	(79,310)	(70,202)	(149,512)
Revaluations	60,000	-	-	60,000
<b>At 31 December 2004</b>	<b>941,759</b>	<b>528,596</b>	<b>341,840</b>	<b>1,812,195</b>
<b>Depreciation :</b>				
<b>At 1 January 2004</b>	<b>232,685</b>	<b>487,212</b>	<b>227,953</b>	<b>947,850</b>
Charge for year	28,599	26,719	73,217	128,535
Disposals	-	(78,309)	(61,891)	(140,200)
Revaluations	(112,000)	-	-	(112,000)
<b>At 31 December 2004</b>	<b>149,284</b>	<b>435,622</b>	<b>239,279</b>	<b>824,185</b>
<b>Net Book Value :</b>				
<b>At 31 December 2004</b>	<b>792,475</b>	<b>92,974</b>	<b>102,561</b>	<b>988,010</b>
<b>At 1 January 2004</b>	<b>645,579</b>	<b>97,314</b>	<b>128,974</b>	<b>871,867</b>

The freehold land and buildings situated at Renfrew were valued at their open market value for existing use, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on 11 August 2004 by Graham & Sibbald, Chartered Surveyors, at £780,000.

On the historical cost basis, freehold land and buildings would have been included as follows:

	<b>£</b>
<b>Cost:</b>	
At 1 January 2004 and 31 December 2004	<b>375,000</b>
<b>Cumulative depreciation based on cost:</b>	
At 1 January 2004	<b>222,500</b>
At 31 December 2004	<b>237,500</b>



## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)

<b>11 STOCKS :</b>	notes	<b>2004</b>	<b>2003</b>
		£	£
Raw materials and consumables		<b>727,161</b>	526,530
Work-in-progress		<b>50,314</b>	34,494
Finished goods and goods for resale		<b>59,321</b>	32,750
		<hr/> <b>836,796</b> <hr/>	<hr/> <b>593,774</b> <hr/>

*The difference between purchase price or production cost of stocks and their replacement cost is not material.*

<b>12 DEBTORS :</b>		<b>2004</b>	<b>2003</b>
		£	£
Trade debtors		<b>1,197,981</b>	1,177,205
Other debtors		<b>1,850</b>	2,000
Prepayments and accrued income		<b>109,729</b>	110,681
Amounts owed by parent undertaking		<b>713,303</b>	829,481
		<hr/> <b>2,022,863</b> <hr/>	<hr/> <b>2,119,367</b> <hr/>

<b>13 CREDITORS : Amounts falling due within one year</b>		<b>2004</b>	<b>2003</b>
		£	£
Trade creditors		<b>493,391</b>	429,409
Corporation tax		<b>24,735</b>	27,294
Other taxes and social security costs		<b>98,753</b>	77,474
Accruals		<b>197,586</b>	90,945
		<hr/> <b>814,465</b> <hr/>	<hr/> <b>625,122</b> <hr/>

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)**14 PROVISIONS FOR LIABILITIES AND CHARGES :**

The movements in deferred taxation during the current and previous years are as follows:

	notes	2004 £	2003 £
At 1 January		8,282	10,996
Release for the year	8	(4,702)	(1,645)
Adjustment relating to prior year	8	5	(1,069)
At 31 December		<u>3,585</u>	<u>8,282</u>

Full provision for deferred taxation has been made as follows:

Capital allowances in advance of depreciation	6,815	13,382
Other timing differences	(3,230)	(5,100)
	<u>3,585</u>	<u>8,282</u>

**15 SHARE CAPITAL :**

		2004 No.	2003 No.
Authorised :	Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Issued :	Allotted, called up and fully paid	<u>£ 27,440</u>	<u>£ 27,440</u>

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)

## 16 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES :

	notes	Share Capital £	Redemp'n Reserve £	Share Premium £	Revalua'n Reserve £	Profit & Loss Account £	Total £
At 1 January 2003		27,440	3,500	279,180	546,000	2,863,183	3,719,303
Profit for the year		-	-	-	-	112,344	112,344
At 1 January 2004		27,440	3,500	279,180	546,000	2,975,527	3,831,647
Profit for the year		-	-	-	-	148,412	148,412
Dividend paid		-	-	-	-	(100,000)	(100,000)
Revaluation surplus	10	-	-	-	172,000	-	172,000
At 31 December 2004		<b>27,440</b>	<b>3,500</b>	<b>279,180</b>	<b>718,000</b>	<b>3,023,939</b>	<b>4,052,059</b>

## 17 NOTES TO THE STATEMENT OF CASH FLOWS :

a) Reconciliation of operating profit to net cash inflow from operating activities		<b>2004</b>	<b>2003</b>
		£	£
Operating profit		<b>125,877</b>	67,087
Depreciation		<b>128,535</b>	137,641
Gain on sale on disposal of fixed assets		<b>(12,755)</b>	(876)
(Increase)/decrease in stocks		<b>(243,022)</b>	59,551
Decrease in debtors		<b>96,504</b>	14,783
Increase/(decrease) in creditors		<b>191,902</b>	(253,574)
Net cash inflow from operating activities		<b>287,041</b>	24,612
b) Analysis of changes in net funds			
	At 1 Jan 2004 £	Cash Flows £	At 31 Dec 2004 £
Cash at bank and in hand	<b>880,043</b>	<b>142,397</b>	<b>1,022,440</b>

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)**18 CAPITAL COMMITMENTS :**

*Amounts contracted for but not provided in the financial statements amounted to £Nil (2003 - £Nil).*

**19 PENSION COMMITMENTS :**

The company has defined contribution pension schemes for its present directors and employees and for employees this operates on the basis of a group personal pension plan. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year in respect of these schemes amounted to:

	2004 £	2003 £
Directors	34,710	30,338
Employees	49,041	54,713
	<u>83,751</u>	<u>85,051</u>

No amounts were outstanding in respect of the above pension schemes at the balance sheet date.

**20 OTHER FINANCIAL COMMITMENTS :**

## Operating leases

At 31 December 2004, the company had annual commitments under non-cancellable operating leases as set out below:

	2004 £	Land and buildings 2003 £
Operating leases which expire: In two to five years	<u>19,750</u>	<u>19,750</u>

**21 CONTINGENT LIABILITY :**

The directors confirm that there are no contingent liabilities at the year end.

**GAS MEASUREMENT INSTRUMENTS LIMITED**

**NOTES TO THE ACCOUNTS at 31 December 2004  
(continued)**

**22 ULTIMATE HOLDING COMPANY :**

In the directors' opinion, the company's immediate and ultimate parent undertaking and controlling party is GMI Group Limited, a company incorporated in Scotland. Copies of the accounts of GMI Group Limited can be obtained from the registered office of that company.

**23 RELATED PARTY TRANSACTIONS :**

The directors have taken advantage of the exemptions allowed under FRS 8 relating to subsidiary undertakings.