

GAS MEASUREMENT INSTRUMENTS LIMITED

Registered No SC025020

REPORT AND ACCOUNTS

2006

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

Directors	Derek C Manson	Chairman
	Douglas H C Cunningham	Managing
	David S Hunter	Financial
	George McGregor	Engineering
	Martin Rennie	Sales
Secretary	David S Hunter	
Registered Office	Inchinnan Business Park Renfrew Strathclyde PA4 9RG	
Registration Number	SC025020	
Bankers	Clydesdale Bank plc St Vincent Place Glasgow G1	
Auditors	Ernst & Young LLP George House 50 George Square Glasgow G2 1RR	
Solicitors	Biggart Baillie Dalmore House 310 St Vincent Street Glasgow G2 5QR	

GAS MEASUREMENT INSTRUMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2006, to be submitted to the sixtieth Annual General Meeting to be held at the Registered Office on 21 March 2007 at 2 00pm

Results and dividends :

The trading profit for the year, after taxation, amounted to £255,649 An ordinary dividend of £200,000 was paid during the year

This leaves a profit of £55,649 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

The company's key financial performance indicators during the year were as follows

	2006 £'000	2005 £'000
Turnover	6,458	6,356
Profit/(loss) on ordinary activities before taxation	346	(49)
Shareholders' funds	4,058	4,003

Turnover increased by 1.6%, which in challenging market conditions, confirmed the effectiveness of the current marketing strategy

The loss in 2005, which was the result of a combination of non recurring factors, was followed in 2006 by a return to the trend of consistent profitability The level of profitability in 2006 reflected strengthening, ongoing trading

Shareholders' funds increased by 1.3% due to retained earnings This increase was after paying a £200,000 dividend to GMI Group Limited

The directors believe that the improvement in performance in 2006 can be sustained during 2007 and hope to see both growth in turnover and profitability

GAS MEASUREMENT INSTRUMENTS LIMITED

DIRECTORS' REPORT
(continued)

Principal risks and uncertainties

The principal financial risks and uncertainties facing the company are believed to be credit and foreign currency risk

- Credit risk

The company aims to mitigate credit risk by continuing to trade with its key customers. In addition, the company performs credit checks on its customers and tailors its credit terms accordingly

- Exchange rate risk

The company buys and sells goods and services denominated in currencies other than sterling. The company manages such receipts and payments through operation of other denominated currency bank accounts. As a result of the value of the company's non sterling revenues, cash flows can be affected significantly by movements in exchange rates

The company seeks to mitigate its exposure to currency movements by using various currency hedging tools, such as entering into forward currency contracts and currency swaps. With an element of purchases and salaries paid in the same currency as non sterling revenues received, the company takes advantage of a degree of natural hedging

Directors and their interests

The directors at 31 December 2006 were as follows

D C Manson
D S Hunter
D H C Cunningham
G McGregor
M Rennie (appointed 1/7/06)

No director held any shares in the company during the year

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)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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



D S Hunter
Director and Secretary

2 March 2007

GAS MEASUREMENT INSTRUMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

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 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. 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Total Recognised Gains and Losses and the related notes 1 to 24. These financial statements have been prepared under 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

6/3/07

GAS MEASUREMENT INSTRUMENTS LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2006

	notes	2006 £	2005 £
Turnover	2	6,457,922	6,355,563
Cost of sales		(3,394,559)	(3,744,830)
Gross profit		3,063,363	2,610,733
Distribution costs		(121,294)	(119,102)
Administrative expenses		(2,587,153)	(2,561,157)
Operating profit/(loss)	3	354,916	(69,526)
Interest receivable	6	20,917	24,422
Interest payable	7	(29,967)	(4,330)
Profit/(loss) on ordinary activities before taxation		345,866	(49,434)
Tax on profit on ordinary activities	8	(90,217)	(93)
Profit/(loss) for the Financial Year	17	255,649	(49,527)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2006

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £255,649 in the year ended 31 December 2006 and the loss of £49,527 in the year ended 31 December 2005

The notes on pages 12 to 22 form part of these accounts

GAS MEASUREMENT INSTRUMENTS LIMITED

BALANCE SHEET
at 31 December 2006

	notes	2006 £	2005 £
Fixed assets .			
Tangible assets	10	<u>1,027,666</u>	<u>988,210</u>
Current assets .			
Stocks	11	858,144	852,696
Debtors	12	2,979,754	3,011,775
Cash at bank and in hand		<u>575,562</u>	<u>361,700</u>
		4,413,460	4,226,171
Creditors: amounts falling due within one year	13	<u>1,072,714</u>	<u>833,342</u>
Net current assets		3,340,746	3,392,829
Total assets less current liabilities		4,368,412	4,381,039
Creditors: amounts falling due after more than one year			
Loans	14	293,110	375,000
Provision for liabilities and charges .			
Deferred taxation	15	<u>17,121</u>	<u>3,507</u>
		4,058,181	4,002,532
Capital and reserves .			
Called up share capital	16	27,440	27,440
Capital redemption reserve		3,500	3,500
Share premium account		279,180	279,180
Revaluation reserve		672,500	701,800
Profit and loss account		<u>3,075,561</u>	<u>2,990,612</u>
Equity shareholders' funds	17	<u>4,058,181</u>	<u>4,002,532</u>

D C Manson



Director

2nd March 2007

The notes on pages 12 to 22 form part of these accounts

GAS MEASUREMENT INSTRUMENTS LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2006

	notes	2006 £	2005 £
Net cash inflow/(outflow) from operating activities	18	645,868	(1,036,910)
Returns on investments and servicing of finance :			
Interest received	6	20,917	24,422
Interest paid	7	(29,967)	(4,330)
Taxation :			
Corporation tax paid		(1,032)	(23,903)
Capital expenditure and financial investment :			
Payments to acquire tangible fixed assets		(153,933)	(119,584)
Receipts from sales of tangible fixed assets		19,489	24,565
Equity dividends paid :			
Dividend to Group Company		(200,000)	
		301,342	(1,135,740)
Financing :			
New loan			500,000
Repayment of loan		(87,480)	(25,000)
Increase/(decrease) in cash		213,862	(660,740)
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash		213,862	(660,740)
Cash inflow from new loan		-	(500,000)
Repayment of loan		87,480	25,000
Movement in net funds/(debt)	18	301,342	(1,135,740)
Net funds at 1 January	18	(113,300)	1,022,440
Net funds/(debt) at 31 December	18	188,042	(113,300)

The notes on pages 12 to 22 form part of these accounts

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2006

1 ACCOUNTING POLICIES :

a) Basis of preparation

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. The accounts are prepared in accordance with applicable accounting standards.

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 2005
(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 commitments

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

2 TURNOVER :

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

	2006 £	2005 £
United Kingdom	3,408,631	3,690,076
Europe	953,431	990,633
North and South America	1,484,937	1,197,882
Rest of World	610,923	476,972
	6,457,922	6,355,563

This is stated after charging

This is stated after charging	2006 £	2005 £
Depreciation of owned fixed assets	<u>100,670</u>	<u>103,036</u>
Development expenditure written off	756,767	722,501
Auditors' remuneration audit services	11,000	10,500
non audit services	8,252	8,400
Gain on sale of Fixed Assets	(5,682)	(8,217)
Operating lease rentals land and buildings	19,750	19,750
plant and machinery	7,320	6,614

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2006
(continued)

4 DIRECTORS' EMOLUMENTS .	2006 £	2005 £
Emoluments	374,255	410,348
Company contributions paid to money purchase pension schemes	32,074	34,927
	2006 No.	2005 No
Members of money purchase pension schemes	5	4
	2006 £	2005 £
The amounts in respect of the highest paid director are as follows		
Emoluments	115,048	99,565
Company contributions paid to money purchase pension schemes	8,755	8,235
5 STAFF COSTS .	2006 £	2005 £
Wages and salaries	2,352,487	2,202,896
Social security costs	229,906	231,678
Other pension costs	77,225	82,753
	2,659,618	2,517,327
The average weekly number of employees during the year was as follows	No	No
Office and management	52	53
Manufacturing	32	30
	84	83
6 INTEREST RECEIVABLE .	2006 £	2005 £
Bank interest and short term deposits	20,917	24,422

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2006
(continued)

7 INTEREST PAYABLE .	notes	2006 £	2005 £
Bank loan interest		29,967	4,330
8 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES :		2006 £	2005 £
(a) Based on the profit/(loss) for the year			
Corporation tax		88,994	1,003
Corporation tax overprovided in previous years		(12,391)	(832)
Total current tax		76,603	171
Deferred taxation	15	13,614	(78)
		90,217	93

(b) Factors affecting the tax charge for the year

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	345,866	(49,434)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 19%)	103,760	(9,392)
Expenses not deductible for tax purposes	10,393	9,031
Capital allowances in excess of depreciation	(7,623)	(4,146)
Adjustments in respect of previous periods	(12,391)	(832)
Other timing differences	(6,115)	5,510
Marginal relief	(11,421)	
	76,603	171

(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 2006
(continued)

9 DIVIDENDS .	2006 £	2005 £		
Equity dividends on ordinary shares				
Interim paid	200,000			
10 TANGIBLE FIXED ASSETS:				
	Land, Bldgs & Leasehold Improvements £	Plant and Fixtures £	Motor Vehicles £	Total £
Cost or valuation .				
At 1 January 2006	951,223	560,262	306,547	1,818,032
Additions	38,850	74,312	40,771	153,933
Disposals		(71,936)	(107,264)	(179,200)
At 31 December 2006	990,073	562,638	240,054	1,792,765
Cost	210,073	562,638	240,054	1,012,765
Valuation	780,000			780,000
	990,073	562,638	240,054	1,792,765
Depreciation .				
At 1 January 2006	179,932	459,293	190,597	829,822
Charge for year	32,211	23,809	44,650	100,670
Disposals		(63,764)	(101,629)	(165,393)
At 31 December 2006	212,143	419,338	133,618	765,099
Net Book Value :				
At 31 December 2006	777,930	143,300	106,436	1,027,666
At 1 January 2006	771,291	100,969	115,950	988,210

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

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2006
(continued)

10 TANGIBLE FIXED ASSETS (continued)

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

	£
<i>Cost</i>	
At 1 January 2006 and 31 December 2006	375,000
<i>Cumulative depreciation based on cost</i>	
At 1 January 2006	252,500
At 31 December 2006	267,500

11 STOCKS :

	2006 £	2005 £
Raw materials and consumables	736,428	716,674
Work in progress	58,475	105,226
Finished goods and goods for resale	63,241	30,796
	858,144	852,696

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

12 DEBTORS .

	2006 £	2005 £
Trade debtors	1,310,987	1,024,857
Other debtors	1,700	1,700
Prepayments and accrued income	139,910	160,415
Amounts owed by parent undertaking	1,527,157	1,824,803
	2,979,754	3,011,775

13 CREDITORS · Amounts falling due within one year

	2006 £	2005 £
Trade creditors	569,727	403,863
Corporation tax	76,574	1,003
Other taxes and social security costs	73,562	88,277
Current instalments due on bank loan (note 14)	94,410	100,000
Accruals	258,441	240,199
	1,072,714	833,342

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2006
(continued)

14 LOANS.	2006	2005
	£	£
Wholly repayable within five years		
Bank loan of £500,000	387,520	475,000
Less included in creditors amounts falling due within one year	(94,410)	(100,000)
	293,110	375,000
Amounts repayable		
In one year or less	94,410	100,000
In more than one year but not more than two years	100,646	100,000
In more than two years but not more than five years	192,464	275,000
	387,520	475,000

The loan has been secured by a standard security on Block 2, Inchinnan Business Park, Renfrew, a floating charge on the assets held by GMI Group Limited and cross guarantees without limits

15 PROVISIONS FOR LIABILITIES AND CHARGES

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

	notes	2006	2005
		£	£
At 1 January		3,507	3,585
Profit and loss account/(release for the year)	8	13,738	(79)
Adjustment relating to prior year	8	(124)	1
At 31 December		17,121	3,507
Full provision for deferred taxation has been made as follows			
Accelerated capital allowances		25,221	17,307
Other timing differences		(8,100)	(13,800)
		17,121	3,507

16 SHARE CAPITAL

		2006	2005
		No	No
Authorised	Ordinary shares of £1 each	50,000	50,000
Issued	Allotted, called up and fully paid	£ 27,440	£ 27,440

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2006
(continued)

17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £	Redemp'n Reserve £	Share Premium £	Revalua'n Reserve £	Profit & Loss Account £	Total £
At 1 January 2005	27,440	3,500	279,180	718,000	3,023,939	4,052,059
Loss for the year					(49,527)	(49,527)
Transfer in respect of dep'n on revalued assets				(16,200)	16,200	
At 1 January 2006	27,440	3,500	279,180	701,800	2,990,612	4,002,532
Profit for the year					255,649	255,649
Dividend paid					(200,000)	(200,000)
Transfer in respect of dep'n on revalued assets				(29,300)	29,300	
At 31 December 2006	27,440	3,500	279,180	672,500	3,075,561	4,058,181

18 NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of operating loss/profit to net cash inflow from operating activities	2006 £	2005 £
Operating profit/(loss)	354,916	(69,526)
Depreciation	100,670	103,036
Gain on sale on disposal of fixed assets	(5,682)	(8,217)
Increase in stocks	(5,448)	(15,900)
Decrease/(increase) in debtors	32,021	(988,912)
Increase/(decrease) in creditors	169,391	(57,391)
Net cash inflow/(outflow) from operating activities	645,868	(1,036,910)

b) Analysis of changes in net funds

	At 1 Jan 2006 £	Cash Flows £	Non Cash Changes £	At 31 Dec 2006 £
Cash at bank and in hand	361,700	213,862		575,562
Debt due within one year	(100,000)	87,480	(87,480)	(100,000)
Debt due after one year	(375,000)		87,480	(287,520)
	(113,300)	301,342		188,042

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2006
(continued)**19 CAPITAL COMMITMENTS ·**

Amounts contracted for but not provided in the financial statements amounted to £Nil (2005 £Nil)

20 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

	2006 £	2005 £
Directors	32,154	34,927
Employees	45,071	47,826
	<hr/> 77,225 <hr/>	<hr/> 82,753 <hr/>

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

21 OTHER FINANCIAL COMMITMENTS .

Operating leases

At 31 December 2006, the company had annual commitments under non cancellable operating leases as set out below

	2006 £	Land and buildings 2005 £
Operating leases which expire		
Within one year	4,938	
In two to five years		19,750
	<hr/>	<hr/>

GAS MEASUREMENT INSTRUMENTS LIMITED

**NOTES TO THE ACCOUNTS at 31 December 2006
(continued)**

22 CONTINGENT LIABILITY :

Cross guarantees exist between group companies in favour of the group's bank. At 31 December 2006, group companies' combined bank borrowings amounted to £387,520 (gross) and £Nil (net of credit balances)

23 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.

24 RELATED PARTY TRANSACTIONS :

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