

**GAS MEASUREMENT INSTRUMENTS LIMITED**

Registered No. SC025020

**REPORT AND ACCOUNTS**

**2008**

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

<b>Directors</b>	Derek C Manson Mark S Robinson David S Hunter George McGregor Martin Rennie	Chairman Managing Financial Engineering Sales
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<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 2008, to be submitted to the sixty-second Annual General Meeting to be held at the Registered Office on 27 March 2009 at 2.00pm.

### **Results and dividends :**

The trading profit for the year, after taxation, amounted to £430,947. No ordinary dividend was paid during the year.

### **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:

	2008 £'000	2007 £'000
Turnover	7,209	7,585
Profit on ordinary activities before taxation	591	159
Shareholders' funds	4,851	4,421

Turnover decreased by 5%, which although disappointing, was considered acceptable given the current challenging market and economic conditions.

Following a successful year in 2007, the company continued its positive progress during 2008, with ongoing business improvements resulting in significantly increased profitability.

Shareholders' funds increased by 10% due to retained earnings.

The directors believe that the decline in turnover in 2008 can be reversed during 2009 and hope to maintain the increased level of profitability achieved during 2008.

**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.

**Research and development:**

Research and development activities were focused on extending the range of specialist products for the gas distribution and marine markets.

**Directors :**

The directors at 31 December 2008 were as follows:

D C Manson  
M S Robinson (appointed 15/9/08)  
D S Hunter  
G McGregor  
M Rennie

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

**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

**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 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. 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 financial statements for the year ended 31 December 2008 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 25. 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' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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.

## **Independent auditors' report**

**to the members of Gas Measurement Instruments Limited**

### **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 2008 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

26<sup>th</sup> March 2009



**GAS MEASUREMENT INSTRUMENTS LIMITED****PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2008

	notes	2008 £	2007 £
<b>Turnover</b>	2	<b>7,208,526</b>	7,585,067
Cost of sales		<b>(3,802,654)</b>	(4,051,832)
<b>Gross profit</b>		<b>3,405,872</b>	3,533,235
Distribution costs		<b>(100,873)</b>	(98,755)
Administrative expenses		<b>(2,732,219)</b>	(3,273,173)
<b>Operating profit</b>	3	<b>572,780</b>	161,307
Interest receivable	6	<b>34,981</b>	23,519
Interest payable	7	<b>(17,190)</b>	(26,176)
<b>Profit on ordinary activities before taxation</b>		<b>590,571</b>	158,650
Tax on profit on ordinary activities	8	<b>(159,624)</b>	(19,291)
<b>Profit for the Financial Year</b>	17	<b>430,947</b>	139,359

All of the above operations are continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 December 2008

	2008 £	2007 £
<b>Profit for the financial year</b>	430,947	139,359
Surplus on revaluation of land and buildings	-	223,000
<b>Total Recognised gains and losses relating to the year</b>	<b>430,947</b>	<b>362,359</b>

The notes on pages 12 to 23 form part of these accounts.

## GAS MEASUREMENT INSTRUMENTS LIMITED

BALANCE SHEET  
at 31 December 2008

	notes	2008 £	2007 £
<b>Fixed assets :</b>			
Tangible assets	9	<u>1,286,859</u>	<u>1,205,373</u>
<b>Current assets :</b>			
Stocks	10	940,064	1,044,954
Debtors	11	2,920,849	3,071,629
Cash at bank and in hand		<u>1,313,667</u>	<u>278,627</u>
		<u>5,174,580</u>	<u>4,395,210</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>1,320,870</u>	<u>969,851</u>
<b>Net current assets</b>		<u>3,853,710</u>	<u>3,425,359</u>
<b>Total assets less current liabilities</b>		<u>5,140,569</u>	<u>4,630,732</u>
<b>Creditors: amounts falling due after more than one year</b>			
Loans	13	73,298	193,691
<b>Provision for liabilities and charges :</b>			
Deferred taxation	14	25,318	16,501
<b>Accruals and deferred income:</b>			
Government grants	15	<u>190,466</u>	<u>-</u>
		<u>4,851,487</u>	<u>4,420,540</u>
<b>Capital and reserves :</b>			
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		800,900	822,500
Profit and loss account		<u>3,740,467</u>	<u>3,287,920</u>
<b>Equity shareholders' funds</b>	17	<u>4,851,487</u>	<u>4,420,540</u>

D C Manson

 Director

The notes on pages 12 to 23 form part of these accounts.

## GAS MEASUREMENT INSTRUMENTS LIMITED

**CASH FLOW STATEMENT**  
for the year ended 31 December 2008

	notes	2008 £	2007 £
<b>Net cash inflow/(outflow) from operating activities</b>	18	<b>1,124,714</b>	<b>(128,678)</b>
<b>Returns on investments and servicing of finance :</b>			
Interest received	6	34,981	23,519
Interest paid	7	(17,190)	(26,176)
		<b>17,791</b>	<b>(2,657)</b>
<b>Taxation :</b>			
Corporation tax paid		(4,976)	(76,574)
<b>Capital expenditure and financial investment :</b>			
Payments to acquire tangible fixed assets		(214,372)	(80,694)
Receipts from sales of tangible fixed assets		7,369	11,633
Receipt of government grant		190,466	-
		<b>(16,537)</b>	<b>(69,061)</b>
		<b>1,120,992</b>	<b>(276,970)</b>
<b>Financing :</b>			
Repayment of loan		(103,568)	(91,622)
<b>Increase/(decrease) in cash</b>		<b>1,017,424</b>	<b>(368,592)</b>
<b>Reconciliation of net cash flow to movement in net funds/(debt)</b>			
Increase/(decrease) in cash		1,017,424	(368,592)
Repayment of loan		103,568	91,622
<b>Movement in net funds/(debt)</b>	18	<b>1,120,992</b>	<b>(276,970)</b>
<b>Net (debt)/funds at 1 January</b>	18	<b>(88,928)</b>	<b>188,042</b>
<b>Net funds/(debt) at 31 December</b>	18	<b>1,032,064</b>	<b>(88,928)</b>

The notes on pages 12 to 23 form part of these accounts.

# **GAS MEASUREMENT INSTRUMENTS LIMITED**

## **NOTES TO THE ACCOUNTS at 31 December 2008**

### **1 ACCOUNTING POLICIES :**

#### **a) Basis of preparation**

The financial statements of Gas Measurement Instruments Ltd were approved for issue by the Board of Directors on 26 March 2009.

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 19 December 2007 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 fixtures	10 - 20%
Motor vehicles	25%

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.

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.

#### **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 latest cost 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 2008  
(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.

**j) Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2008  
(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 :

	2008 £	2007 £
United Kingdom	3,916,967	3,856,359
Europe	1,310,664	1,205,356
North and South America	1,251,065	1,955,294
Rest of World	729,830	568,058
	<u>7,208,526</u>	<u>7,585,067</u>

**3 OPERATING PROFIT :**

This is stated after charging or crediting :

	2008 £	2007 £
Depreciation of owned fixed assets	127,412	118,847
Development expenditure written off	757,062	756,011
Auditors' remuneration - audit services	11,500	11,000
- non-audit services	9,000	7,650
Gain on sale of fixed assets	(1,895)	(4,493)
(Gain)/loss on foreign exchange	(150,959)	45,972
Operating lease rentals - land and buildings	32,000	21,791
- plant and machinery	7,711	6,044
	<u>7,711</u>	<u>6,044</u>

**GAS MEASUREMENT INSTRUMENTS LIMITED****NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)**

<b>4 DIRECTORS' EMOLUMENTS :</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>339,068</b>	<b>395,721</b>
Company contributions paid to money purchase pension schemes	<b>28,778</b>	<b>72,955</b>
	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
Members of money purchase pension schemes	<b>4</b>	<b>5</b>
	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
The amounts in respect of the highest paid director are as follows:		
Emoluments	<b>92,940</b>	<b>94,812</b>
Company contributions paid to money purchase pension schemes	<b>8,400</b>	<b>45,607</b>
<b>5 STAFF COSTS :</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,449,583</b>	<b>2,504,499</b>
Social security costs	<b>250,683</b>	<b>242,228</b>
Other pension costs	<b>71,677</b>	<b>118,019</b>
	<b>2,771,943</b>	<b>2,864,746</b>
The average weekly number of employees during the year was as follows :	<b>No.</b>	<b>No.</b>
Office and management	<b>56</b>	<b>52</b>
Manufacturing	<b>31</b>	<b>36</b>
	<b>87</b>	<b>88</b>
<b>6 INTEREST RECEIVABLE :</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank interest and short term deposits	<b>34,981</b>	<b>23,519</b>

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)

<b>7 INTEREST PAYABLE :</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loan interest	<b>17,190</b>	<b>26,176</b>
	<hr/>	<hr/>
<b>8 TAX ON PROFIT ON ORDINARY ACTIVITIES :</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
(a) Based on the profit for the year:		
Corporation tax	<b>165,742</b>	<b>45,220</b>
Corporation tax overprovided in previous years	<b>(14,935)</b>	<b>(25,309)</b>
	<hr/>	<hr/>
Total current tax	<b>150,807</b>	<b>19,911</b>
Deferred taxation (note 14)	<b>8,817</b>	<b>(620)</b>
	<hr/>	<hr/>
	<b>159,624</b>	<b>19,291</b>
	<hr/>	<hr/>

(b) Factors affecting the tax charge 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>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>590,571</b>	<b>158,650</b>
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 : 30%)	<b>168,313</b>	<b>47,595</b>
Expenses not deductible for tax purposes	<b>10,629</b>	<b>10,786</b>
Depreciation in excess of capital allowances	<b>(8,690)</b>	<b>3,435</b>
Adjustments in respect of previous periods	<b>(14,935)</b>	<b>(25,309)</b>
Other timing differences	<b>(285)</b>	<b>(1,500)</b>
Marginal relief	<b>(4,225)</b>	<b>(15,096)</b>
	<hr/>	<hr/>
	<b>150,807</b>	<b>19,911</b>
	<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 2008  
(continued)

## 9 TANGIBLE FIXED ASSETS:

	Land, Bldgs & Leasehold Improvements £	Plant and Fixtures £	Motor Vehicles £	Total £
<b>Cost or valuation :</b>				
<b>At 1 January 2008</b>	<b>1,125,073</b>	<b>583,213</b>	<b>220,131</b>	<b>1,928,417</b>
Additions	6,845	138,024	69,503	214,372
Disposals	-	-	(41,208)	(41,208)
<b>At 31 December 2008</b>	<b>1,131,918</b>	<b>721,237</b>	<b>248,426</b>	<b>2,101,581</b>
Cost	216,918	721,237	248,426	1,186,581
Valuation	915,000	-	-	915,000
	<b>1,131,918</b>	<b>721,237</b>	<b>248,426</b>	<b>2,101,581</b>
<b>Depreciation :</b>				
<b>At 1 January 2008</b>	<b>157,821</b>	<b>453,061</b>	<b>112,162</b>	<b>723,044</b>
Charge for year	39,097	35,168	53,147	127,412
Disposals	-	-	(35,734)	(35,734)
<b>At 31 December 2008</b>	<b>196,918</b>	<b>488,229</b>	<b>129,575</b>	<b>814,722</b>
<b>Net Book Value :</b>				
<b>At 31 December 2008</b>	<b>935,000</b>	<b>233,008</b>	<b>118,851</b>	<b>1,286,859</b>
<b>At 1 January 2008</b>	<b>967,252</b>	<b>130,152</b>	<b>107,969</b>	<b>1,205,373</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 19 December 2007 by Graham & Sibbald, Chartered Surveyors, at £915,000.

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)

## 9 TANGIBLE FIXED ASSETS (continued)

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

	£
Cost:	
At 1 January 2008 and 31 December 2008	375,000
Cumulative depreciation based on cost:	
At 1 January 2008	282,500
At 31 December 2008	297,500

## 10 STOCKS :

	2008	2007
	£	£
Raw materials and consumables	842,551	826,170
Work-in-progress	66,499	174,584
Finished goods and goods for resale	31,014	44,200
	<u>940,064</u>	<u>1,044,954</u>

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

## 11 DEBTORS :

	2008	2007
	£	£
Trade debtors	1,212,772	1,406,359
Taxes and social security costs	-	19,359
Other debtors	2,000	1,500
Prepayments and accrued income	187,048	132,882
Amounts owed by parent undertaking	1,519,029	1,511,529
	<u>2,920,849</u>	<u>3,071,629</u>

## 12 CREDITORS : Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	412,649	487,911
Corporation tax	165,742	19,911
Other taxes and social security costs	101,968	68,177
Current instalments due on bank loan (note 13)	119,032	102,207
Bank overdraft	89,273	71,657
Accruals	432,206	219,988
	<u>1,320,870</u>	<u>969,851</u>

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)

<b>13 LOANS:</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wholly repayable within five years:		
Bank loan of £500,000	192,330	295,898
Less: included in creditors: amounts falling due within one year	(119,032)	(102,207)
	<b>73,298</b>	<b>193,691</b>
Amounts repayable:		
In one year or less	119,032	102,207
In more than one year but not more than two years	73,298	108,362
In more than two years but not more than five years	-	85,329
	<b>192,330</b>	<b>295,898</b>

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.

**14 DEFERRED TAXATION :**

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

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
At 1 January	16,501	17,121
Charge/(release) to profit and loss account	8,817	(620)
At 31 December	<b>25,318</b>	<b>16,501</b>
Full provision for deferred taxation has been made as follows:		
Accelerated capital allowances	31,198	22,661
Other timing differences	(5,880)	(6,160)
	<b>25,318</b>	<b>16,501</b>

The deferred tax liability is stated at 28% (2007 : 28%)

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)

## 15 GOVERNMENT GRANTS:

2008

2007

The movements in government grants during the current year are as follows:

At 1 January	-	-
Received in year	190,466	-
At 31 December	190,466	-

## 16 SHARE CAPITAL :

2008

2007

No.

No.

Authorised :	Ordinary shares of £1 each	50,000	50,000
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Issued :	Allotted, called up and fully paid	£ 27,440	£ 27,440
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## 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 2007	27,440	3,500	279,180	672,500	3,075,561	4,058,181
Profit for the year	-	-	-	-	139,359	139,359
Revaluation surplus	-	-	-	223,000	-	223,000
Transfer in respect of dep'n on revalued assets	-	-	-	(73,000)	73,000	-
At 1 January 2008	27,440	3,500	279,180	822,500	3,287,920	4,420,540
Profit for the year	-	-	-	-	430,947	430,947
Transfer in respect of dep'n on revalued assets	-	-	-	(21,600)	21,600	-
At 31 December 2008	27,440	3,500	279,180	800,900	3,740,467	4,851,487

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)

## 18 NOTES TO THE STATEMENT OF CASH FLOWS :

a) Reconciliation of operating profit to net cash inflow from operating activities	2008 £	2007 £
Operating profit	572,780	161,307
Depreciation	127,412	118,847
Gain on sale on disposal of fixed assets	(1,895)	(4,493)
Decrease/(increase) in stocks	104,890	(186,810)
Decrease/(increase) in debtors	150,780	(91,875)
Increase/(decrease) in creditors	170,747	(125,654)
Net cash inflow/(outflow) from operating activities	<u>1,124,714</u>	<u>(128,678)</u>

## b) Analysis of changes in net funds

	At 1 Jan 2008 £	Cash Flows £	Non Cash Changes £	At 31 Dec 2008 £
Cash at bank and in hand	278,627	1,035,040	-	1,313,667
Bank overdraft	(71,657)	(17,616)	-	(89,273)
	<u>206,970</u>	<u>1,017,424</u>	<u>-</u>	<u>1,224,394</u>
Debt due within one year	(102,207)	103,568	(120,393)	(119,032)
Debt due after one year	(193,691)	-	120,393	(73,298)
	<u>(88,928)</u>	<u>1,120,992</u>	<u>-</u>	<u>1,032,064</u>

## 19 CAPITAL COMMITMENTS :

Amounts contracted for but not provided in the financial statements amounted to £Nil (2007 - £Nil).

**GAS MEASUREMENT INSTRUMENTS LIMITED****NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)****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:

	2008 £	2007 £
Directors	28,898	72,955
Employees	42,779	45,064
	<u>71,677</u>	<u>118,019</u>

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 2008, the company had annual commitments under non-cancellable operating leases as set out below:

	2008 £	Land and buildings 2007 £
Operating leases which expire: In over five years	<u>32,000</u>	<u>32,000</u>

**22 CONTINGENT LIABILITY :**

Cross guarantees exist between group companies in favour of the group's bank. At 31 December 2008, group companies' combined bank borrowings amounted to £192,330 (gross) and £Nil (net of credit balances).

**GAS MEASUREMENT INSTRUMENTS LIMITED**

**NOTES TO THE ACCOUNTS at 31 December 2008  
(continued)**

**23 RELATED PARTY TRANSACTIONS :**

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

**24 POST BALANCE SHEET EVENTS:**

On 22 January 2009, the entire issued share capital of the company's ultimate holding company, GMI Group Ltd, was acquired by GMI Group Holdings Ltd.

**25 ULTIMATE HOLDING COMPANY :**

In the directors' opinion, following the acquisition by GMI Group Holdings Ltd, the company's ultimate parent undertaking and controlling party is GMI Group Holdings Limited, a company incorporated in Scotland.