

GAS MEASUREMENT INSTRUMENTS LIMITED

Registered No. SC025020

REPORT AND ACCOUNTS

2000

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

Directors	Derek C Manson James A Sheriff Douglas H C Cunningham David S Hunter	Chairman Managing Sales Financial
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Secretary	David S Hunter
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Registered Office	Inchinnan Business Park Renfrew Strathclyde PA4 9RG
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Registration Number	SC025020
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Bankers	Clydesdale Bank plc St. Vincent Place Glasgow G1
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Auditors	Ernst & Young George House 50 George Square Glasgow G2 1RR
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Solicitors	Biggart, Baillie & Gifford 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 2000, to be submitted to the fifty-fourth Annual General Meeting to be held at the Registered Office on 26 March 2001 at 2:00pm.

Results and dividends :

The trading profit for the year, after taxation , amounted to £455,163. The directors recommend that the following dividend be paid:

Ordinary	£400,000
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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 31st December 2000 and their interests in the ordinary share capital of the company were as follows :

	At 31 December 2000 Ord. Shares	At 1 January 2000 Ord. Shares
J A Sheriff	-	-
D C Manson	-	-
D S Hunter	-	-
D H C Cunningham	-	-

T G Whittaker was a director until his resignation on 1 May 2000.

The Articles of Association adopted on 14th 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 re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting. Ernst & Young has stated that, subject to the approval of its partners, it is intending to transfer its business to a limited liability partnership during the year.

If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

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
Secretary

28th February 2001

GAS MEASUREMENT INSTRUMENTS LIMITED**DIRECTORS' RESPONSIBILITIES**

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.

REPORT OF THE AUDITORS
to the shareholders of Gas Measurement Instruments Limited

We have audited the accounts on pages 7 to 20, which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 5, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

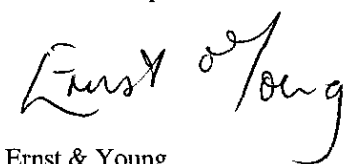
Basis of opinion

We conducted our audit in accordance with 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young
Registered Auditor
Glasgow

28 February 2001

GAS MEASUREMENT INSTRUMENTS LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2000

	notes	2000 £	1999 £
Turnover	2	6,245,462	6,050,090
Cost of sales		(2,993,007)	(3,146,858)
Gross profit		3,252,455	2,903,232
Distribution costs		(105,155)	(100,885)
Administrative expenses		(2,523,695)	(2,489,520)
Operating profit	3	623,605	312,827
Interest receivable	6	45,157	21,088
Interest payable	7	(3,876)	(5,449)
Profit on ordinary activities before taxation		664,886	328,466
Tax on profit on ordinary activities	8	(209,723)	(100,098)
Profit for the Financial Year	18	455,163	228,368
Dividends:	9,18	400,000	600,000
Profit/(loss) retained for the Financial Year		55,163	(371,632)

The notes on pages 11 to 20 form part of these accounts.

GAS MEASUREMENT INSTRUMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2000

	2000 £	1999 £
Profit for the financial year	455,163	228,368
Unrealised surplus on revaluation of freehold land and buildings	-	313,500
Total recognised gains and losses relating to the year	<u>455,163</u>	<u>541,868</u>

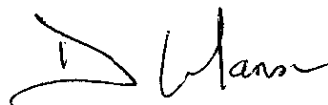
The notes on pages 11 to 20 form part of these accounts.

GAS MEASUREMENT INSTRUMENTS LIMITED

BALANCE SHEET
at 31 December 2000

	notes	2000 £	1,999 £
Fixed assets :			
Tangible assets	10	1,040,487	1,059,463
		<u>1,040,487</u>	<u>1,059,463</u>
Current assets :			
Stocks	11	557,817	468,571
Debtors	12	2,370,452	2,392,483
Cash at bank and in hand		678,003	545,098
		<u>3,606,272</u>	<u>3,406,152</u>
Creditors: amounts falling due within one year	13	969,654	844,268
Net current assets		<u>2,636,618</u>	<u>2,561,884</u>
Total assets less current liabilities		<u>3,677,105</u>	<u>3,621,347</u>
Creditors: amounts falling due after more than one year	14	12,807	14,413
		<u>3,664,298</u>	<u>3,606,934</u>
Provision for liabilities and charges :			
Deferred taxation	16	32,112	29,911
		<u>3,632,186</u>	<u>3,577,023</u>
Capital and reserves :			
Called up share capital	17	27,440	27,440
Capital redemption reserve		3,500	3,500
Share premium account		279,180	279,180
Revaluation reserve		546,000	546,000
Profit and loss account		2,776,066	2,720,903
	18	<u>3,632,186</u>	<u>3,577,023</u>

D C Manson



Director

28th February 2001

The notes on pages 11 to 20 form part of these accounts.

GAS MEASUREMENT INSTRUMENTS LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2000

	notes	2000 £	1999 £
Net cash Inflow from operating activities	19	754,977	653,733
Returns on investments and servicing of finance :			
Interest received	6	45,157	21,088
Interest element of finance lease and hire purchase payments	7	(3,876)	(5,449)
Taxation :			
Corporation tax paid (including advance corporation tax)		(105,191)	(16,889)
Capital expenditure and financial investment :			
Payments to acquire tangible fixed assets		(99,775)	(18,531)
Receipts from sales of tangible fixed assets		14,357	22,172
Equity dividends paid :			
Dividend to Group Company		(400,000)	(600,000)
		205,649	56,124
Financing :			
Repayment of capital element of finance leases and hire purchase payments		(72,745)	(78,830)
Increase/(decrease) in cash		132,904	(22,706)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash		132,904	(22,706)
Cash used to repay capital element of finance leases and hire purchase contracts		72,745	78,830
Change in net funds resulting from cash flows		205,649	56,124
New finance leases and hire purchase contracts		(49,432)	(81,473)
Movement in net funds	19	156,217	(25,349)
Net funds at 1 January	19	469,455	494,804
Net funds at 31 December	19	625,672	469,455

The notes on pages 11 to 20 form part of these accounts.

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000

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 31 December 1999 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 Land & 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.

e) Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000
(continued)**1 ACCOUNTING POLICIES : (continued)****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.

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 totally 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 :

	2000 £	1999 £
United Kingdom	3,496,110	3,926,534
Europe	766,428	742,752
North and South America	1,735,094	1,072,393
Rest of World	247,830	308,411
	<u>6,245,462</u>	<u>6,050,090</u>

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000
(continued)**3 OPERATING PROFIT :**

This is stated after charging :	2000 £	1999 £
Depreciation of owned fixed assets	130,986	129,851
Depreciation of assets held under finance leases and hire purchase contracts	30,591	37,258
	<u>161,577</u>	<u>167,109</u>
Development expenditure written off	633,472	527,987
Auditors' remuneration - audit services	9,750	9,450
- non-audit services	6,850	14,290
Operating lease rentals - land and buildings	19,750	19,750
- plant and machinery	9,150	6,068
	<u>688,362</u>	<u>607,835</u>

4 DIRECTORS' EMOLUMENTS :

	2000 £	1999 £
Emoluments	<u>270,342</u>	<u>283,093</u>
Company contributions paid to money purchase pension schemes	<u>24,855</u>	<u>32,236</u>

	2000 No.	1999 No.
Members of money purchase pension schemes	<u>4</u>	<u>4</u>

	2000 £	1999 £
The amounts in respect of the highest paid director are as follows:		
Emoluments	<u>78,746</u>	<u>79,961</u>
Company contributions paid to money purchase pension schemes	<u>7,327</u>	<u>7,059</u>

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000
(continued)

5 STAFF COSTS :	notes	2000 £	1999 £
Wages and salaries		1,898,329	1,803,955
Social security costs		198,925	181,296
Other pension costs		73,539	81,609
		2,170,793	2,066,860
The average weekly number of employees during the year was as follows :			
		No.	No.
Office and management		56	55
Manufacturing		30	31
		86	86
6 INTEREST RECEIVABLE :			
		2000 £	1999 £
Bank interest and short term deposits		45,157	21,088
7 INTEREST PAYABLE :			
		2000 £	1999 £
Finance charges payable under finance leases and hire purchase contracts		3,876	5,449
		3,876	5,449
8 TAX ON PROFIT ON ORDINARY ACTIVITIES :			
		2000 £	1999 £
U K Corporation tax		211,155	108,824
Deferred taxation	16	(3,220)	(6,761)
		207,935	102,063
Corporation tax (over)/under provided in prev. year		(3,633)	420
Deferred tax under/(over) provided in previous year	16	5,421	(2,385)
		209,723	100,098

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000
(continued)

9 DIVIDENDS :	2000	1999
	£	£
Equity dividends on ordinary shares:		
Final paid	400,000	600,000

10 TANGIBLE FIXED ASSETS:

	Land, Bldgs & Leasehold Improvements £	Plant and Fixtures £	Motor Vehicles £	Total £
Cost or valuation :				
At 1 January 2000	860,011	742,487	381,732	1,984,230
Additions	1,687	17,311	130,209	149,207
Disposals	-	(76,254)	(68,065)	(144,319)
At 31 December 2000	861,698	683,544	443,876	1,989,118
Depreciation :				
At 1 January 2000	104,902	595,033	224,832	924,767
Charge for year	34,480	48,645	78,452	161,577
Disposals	-	(76,186)	(61,527)	(137,713)
At 31 December 2000	139,382	567,492	241,757	948,631
Net Book Value :				
At 31 December 2000	722,316	116,052	202,119	1,040,487
At 1 January 2000	755,109	147,454	156,900	1,059,463

The net book value of motor vehicles includes an amount of £80,992 (1999 £123,799) in respect of assets held under finance leases and hire purchase contracts.

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 31 December 1999 by Gerald Eve, Chartered Surveyors, at £720,000.

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

	£
Cost:	
At 1 January 2000 and 31 December 2000	375,000
Cumulative depreciation based on cost:	
At 1 January 2000	162,500
At 31 December 2000	177,500

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000
(continued)

11 STOCKS :	notes	2000	1999
		£	£
Raw materials and consumables		464,061	334,270
Work-in-progress		54,431	58,928
Finished goods and goods for resale		39,325	75,373
		<hr/> 557,817	<hr/> 468,571

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

12 DEBTORS :		2000	1999
		£	£
Trade debtors		1,108,274	1,341,909
Other debtors		2,050	2,200
Prepayments and accrued income		18,426	19,246
Amounts owed by parent undertaking		1,241,702	1,029,128
		<hr/> 2,370,452	<hr/> 2,392,483

13 CREDITORS : Amounts falling due within one year		2000	1999
		£	£
Obligations under finance leases and hire purchase contracts	15	39,525	61,231
Trade creditors		422,928	455,193
Corporation tax		211,155	108,824
Other taxes and social security costs		96,248	46,204
Accruals		199,798	172,816
		<hr/> 969,654	<hr/> 844,268

14 CREDITORS : Amounts falling due after more than one year		2000	1999
		£	£
Obligations under finance leases and hire purchase contracts	15	12,807	14,413
		<hr/>	<hr/>

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000
(continued)**15 OBLIGATIONS UNDER FINANCE LEASES AND
HIRE PURCHASE CONTRACTS**

notes	2000	1999
	£	£

The maturity of these amounts is as follows:

Amounts payable :

Within one year	41,187	63,688
In two to five years	13,159	14,637
	54,346	78,325

Less: finance charges allocated to future periods

2,014	2,681
52,332	75,644

Finance leases and hire purchase contracts are analysed as follows:

Current obligations	13	39,525	61,231
Non-current obligations	14	12,807	14,413
		52,332	75,644

16 PROVISIONS FOR LIABILITIES AND CHARGES :

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

		2000	1999
		£	£
At 1 January		29,911	39,057
Charge for the year	8	(3,220)	(6,761)
Adjustment relating to prior year	8	5,421	(2,385)
At 31 December		32,112	29,911

Full provision for deferred taxation has been made as follows:

Capital allowances in advance of depreciation	27,012	29,911
Other timing differences	5,100	-
	32,112	29,911

17 SHARE CAPITAL :

2000	1999
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 2000
(continued)

18 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 1999	27,440	3,500	279,180	232,500	3,092,535	3,635,155
Profit for the year	-	-	-	-	228,368	228,368
Dividend paid	-	-	-	-	(600,000)	(600,000)
Revaluation surplus	-	-	-	313,500	-	313,500
At 1 January 2000	27,440	3,500	279,180	546,000	2,720,903	3,577,023
Profit for the year	-	-	-	-	455,163	455,163
Dividend paid	-	-	-	-	(400,000)	(400,000)
At 31 December '00	27,440	3,500	279,180	546,000	2,776,066	3,632,186

19 NOTES TO THE STATEMENT OF CASH FLOWS :

a) Reconciliation of operating profit to net cash inflow from operating activities	2000 £	1999 £
Operating profit	623,605	312,827
Depreciation	161,577	167,109
(Gain) on sale on disposal of fixed assets	(7,751)	(16,322)
(Increase)/decrease in stocks	(89,246)	40,995
Decrease/(increase) in debtors	22,031	(87,681)
Increase in creditors	44,761	236,805
Net cash inflow from operating activities	754,977	653,733

b) Analysis of changes in net funds

	At 1 Jan 2000 £	Cash Flows £	Other Changes £	At 31 Dec 2000 £
Cash at bank and in hand	545,099	132,904	-	678,003
Finance leases and hire purchase contracts	(75,644)	72,745	(49,432)	(52,331)
	469,455	205,649	(49,432)	625,672

c) Non-cash transactions

During the year, the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of £49,432.

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2000
(continued)**20 CAPITAL COMMITMENTS :**

There were no capital commitments at 31 December 2000.

21 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:

	2000 £	1999 £
Directors	24,856	32,236
Employees	48,683	48,372
	<u>73,539</u>	<u>80,608</u>

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

22 OTHER FINANCIAL COMMITMENTS :

Operating leases

At 31 December 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000 £	Land and buildings 1999 £	2000 £	Other 1999 £
Operating leases which expire:				
In two to five years	-	-	4,109	-
In over five years.	19,750	19,750	-	-
	<u>19,750</u>	<u>19,750</u>	<u>4,109</u>	<u>-</u>

23 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 2000
(continued)

24 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.

25 RELATED PARTY TRANSACTIONS :

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