

GAS MEASUREMENT INSTRUMENTS LIMITED**REPORT AND ACCOUNTS**

1994

25020

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

Directors	Derek C Manson	Managing
	James A Sheriff	Technical
	James G Milne	Commercial
	Jonathan G Cooper	Sales – Appointed 15/11/94
	Frances Rattray	Chairman – Elected 15/11/94
	Carolyn Rattray	
	Alistair Rattray	
	Robert C Wallace	Appointed 15/02/94
Secretary	James G Milne	
Registered Office	Inchinnan Estate Renfrew Strathclyde PA4 9RG	
Registration Number	25020	
Bankers	Clydesdale Bank plc St. Vincent Place Glasgow G1	
Auditors	Ernst & Young 50 George Square Glasgow G2 1RR	

GAS MEASUREMENT INSTRUMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 1994, to be submitted to the forty-seventh Annual General Meeting to be held at the Registered Office on Tuesday, 28th March 1995 at 3:00pm.

Results and dividends :

The trading profit for the year, after taxation , amounted to £194,102. The directors recommend that no dividend be paid.

The redemption of shares noted at note 21 to the accounts leaves £124,102 to be added to retained earnings.

Business review and prospects :

The company's principal activities during the year were the 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 1994 and their interests in the ordinary share capital of the company were as follows :

	At 31 December 1994		At 1 January 1994	
	Ord. Shares	Options	Ord. Shares	Options
J G Milne	1,500	1,980	1,500	1,980
J A Sheriff	1,500	1,980	1,500	1,980
D C Manson	3,250	1,980	3,250	1,980
Mrs F Rattray	3,125		3,125	
Miss C Rattray	6,187		6,187	
A F Rattray	5,938		5,938	

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

Options to acquire Ordinary Shares in the capital of the Company were issued to the above named Directors on 24th April 1991, at a subscription price of £48.00 per share and may be exercised during the period 25th April 1994, to 24th April 2001, or earlier in the event that a general offer is made to acquire all of the shares in the Company.

The above options were exercised as follows :—

	Date	Options Exercised
D C Manson	16/01/95	1,980
J G Milne	16/01/95	1,980
J A Sheriff	26/01/95	1,980

GAS MEASUREMENT INSTRUMENTS LIMITED

DIRECTORS' REPORT
(continued)**Fixed Assets :**

Movements in fixed assets are shown at note 11 to the accounts.

Close Company :

The company is a close company within the provisions of the Income and Corporation Taxes Act, 1988.

Auditors :

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

A handwritten signature in cursive script, appearing to read 'J G Milne', is written over the printed name and title.

J G Milne
Secretary

14th March 1995.

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 the apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 of fraud and other irregularities.

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

We have audited the accounts on pages 7 to 21, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

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 the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG

Chartered Accountants
Registered Auditor
Glasgow

14 March 1995

GAS MEASUREMENT INSTRUMENTS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1994

	notes	1994 £	1993 £
Turnover	2	5,251,751	5,541,553
Cost of sales		(3,073,051)	(3,224,122)
Gross profit		2,178,700	2,317,431
Distribution costs		(88,132)	(72,214)
Administrative expenses		(1,818,640)	(1,622,999)
Operating profit	3	271,928	622,218
Interest receivable	6	8,374	11,236
Interest payable	7	(8,312)	(10,789)
Profit on ordinary activities before exceptional item		271,990	622,665
Exceptional item		—	250,000
Profit on ordinary activities before taxation		271,990	872,665
Tax on profit on ordinary activities	8	(77,888)	(285,926)
Profit on ordinary activities after taxation		194,102	586,739
Dividends	9	—	(90,500)
Redemption of shares		—	(15,000)
Retained earnings for the year		194,102	481,239
Retained profit brought forward		2,032,571	1,551,332
Transfer to Capital Redemption Reserve	21	(1,000)	—
Premium on redemption of shares	21	(69,000)	—
Retained profit carried forward		2,156,673	2,032,571

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

GAS MEASUREMENT INSTRUMENTS LIMITED

BALANCE SHEET
at 31 December 1994

	notes	1994 £	1993 £
Fixed assets :			
Tangible assets	11	1,089,980	1,076,486
Investments	12	—	8,607
		<u>1,089,980</u>	<u>1,085,093</u>
Current assets :			
Stocks	13	757,984	812,782
Debtors	14	1,217,036	1,277,037
Cash at bank and in hand		120,055	378,859
		<u>2,095,075</u>	<u>2,468,678</u>
Creditors: amounts falling due within one year	16	<u>701,576</u>	<u>1,172,973</u>
Net current assets		<u>1,393,499</u>	<u>1,295,705</u>
Total assets less current liabilities		<u>2,483,479</u>	<u>2,380,798</u>
Creditors: amounts falling due after more than one year	17	<u>10,638</u>	<u>46,503</u>
		<u>2,472,841</u>	<u>2,334,295</u>
Provision for liabilities and charges :			
Deferred taxation	20	58,668	44,224
		<u>2,414,173</u>	<u>2,290,071</u>
Capital and reserves :			
Called up share capital	21	21,500	22,500
Capital redemption reserve		3,500	2,500
Capital revaluation reserve		232,500	232,500
Profit and loss account		2,156,673	2,032,571
	22	<u>2,414,173</u>	<u>2,290,071</u>

D C Manson

J G Milne

) Directors

14th March 1995

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 1994

	notes	1994 £	1993 £
Net cash inflow from operating activities	3	318,635	820,937
Returns on investments and servicing of finance :			
Interest received	6	8,374	11,236
Interest element of hire purchase payments	7	(4,604)	(3,363)
Interest paid	7	(3,708)	(7,426)
Dividends paid		—	(90,500)
Net cash outflow from returns on investments and servicing of finance		62	(90,053)
Taxation			
Corporation tax paid (including advance corporation tax)		(247,002)	(121,812)
Investing activities :			
Payments to acquire tangible fixed assets		(172,291)	(214,996)
Receipts from sales of tangible fixed assets		31,397	54,071
Repayments from investments	12	3,286	35,656
Net cash outflow from investing activities		(137,608)	(125,269)
Net cash inflow before financing		(65,913)	483,803
Financing :			
Redemption of share capital	21	70,000	15,000
Capital element of hire purchase payments	19	66,641	69,366
Repayment of long term loan	18	56,250	56,250
Net cash outflow from financing		192,891	140,616
Increase in cash and cash equivalents	15	(258,804)	343,187
		(65,913)	483,803

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

GAS MEASUREMENT INSTRUMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1994

	notes	1994 £	1993 £
Profit on ordinary activities after taxation		194,102	586,739
Redemption of shares		(70,000)	(15,000)
		<hr/>	<hr/>
Unrealised surplus on revaluation of freehold land and buildings	22	124,102	571,739
	11	—	232,500
		<hr/>	<hr/>
Total recognised gains and losses related to the year		124,102	804,239
		<hr/>	<hr/>

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

GAS MEASUREMENT INSTRUMENTS LIMITED**NOTES TO THE ACCOUNTS at 31 December 1994****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) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis. The rates used are as follows :

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

c) Stocks

Stocks are stated at the lower of cost and net realisable value as follows :

Cost incurred in bringing each product to its present location and condition:

Raw materials – purchase cost on a first-in, first-out basis.
Work-in-progress and finished goods – cost of direct materials and labour plus attributable overheads based on normal level of activity.

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

d) Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994 (continued)

1 ACCOUNTING POLICIES : (continued)

e) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

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

All differences are taken to the profit and loss account.

f) Research and development

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

g) Operating Leases

Rental payments in respect of operating leases are charged against operating profit in the year in which they are incurred.

h) Group Accounts

The company is not required to prepare group accounts by virtue of s 229 (5) of the Companies Act 1985.

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 manufacture, distribution and installation of electronic gas detection instruments and systems.

An analysis of turnover by market is given below :

	1994 £	1993 £
United Kingdom	3,049,143	4,111,306
Exports	2,202,608	1,430,247
	<u>5,251,751</u>	<u>5,541,553</u>

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

3 OPERATING PROFIT :

a) This is stated after charging :	1994 £	1993 £
Development expenditure written off	564,816	521,113
Directors' remuneration (see note 4)	265,814	288,575
Auditors' remuneration – audit services	10,000	9,600
non–audit services	14,202	1,567
Depreciation of owned assets	154,537	160,110
Depreciation of assets held under hire purchase agreements	36,556	15,503
Operating lease rentals – land and buildings	19,500	19,500
Hire of plant and machinery	2,966	3,337
(Profit) / Loss on disposal of fixed assets	(15,647)	(32,483)

b) Reconciliation of operating profit to net cash inflow from operating activities:	1994 £	1993 £
Operating profit	271,928	622,218
Depreciation	191,093	175,613
(Profit) / Loss on disposal of fixed assets	(15,647)	(32,483)
Provision for loss on investment	5,321	—
Exceptional Item	—	250,000
Decrease / (increase) in stocks	54,798	(209,751)
Decrease / (increase) in debtors	60,001	3,698
(Decrease) / increase in creditors	(248,859)	11,642
Net cash inflow from operating activities	318,635	820,937

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

4 DIRECTORS' REMUNERATION :

	1994 £	1993 £
Fees	2,000	4,000
Other emoluments (including pension contributions)	263,814	284,575
	<u>265,814</u>	<u>288,575</u>
Emoluments (excluding pension contributions) of the former chairman who was also the highest paid director	—	67,651
Emoluments (excluding pension contributions) of the present chairman	23,478	—
Emoluments (excluding pension contributions) of the highest paid director	<u>66,681</u>	<u>—</u>

Emoluments (excluding pension contributions) of the directors fell within the following ranges :

	1994 No.	1993 No.
£ 0 — £ 5,000	—	2
£ 5,001 — £10,000	2	—
£10,001 — £15,000	2	—
£20,001 — £25,000	1	1
£45,001 — £50,000	1	—
£50,001 — £55,000	1	1
£55,001 — £60,000	—	2
£65,001 — £70,000	1	1

5 STAFF COSTS :

	1994 £	1993 £
Wages and salaries	1,562,148	1,596,504
Social security costs	156,806	157,292
Other pension costs	98,469	69,436
	<u>1,817,423</u>	<u>1,823,232</u>

The average weekly number of employees during the year was made up as follows :

	No.	No.
Office and management	61	60
Manufacturing	41	39
	<u>102</u>	<u>99</u>

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

6 INTEREST RECEIVABLE :	1994 £	1993 £
Bank interest and short term deposits	8,374	11,236
	<hr/>	<hr/>
7 INTEREST PAYABLE :	1994 £	1993 £
Bank loans and overdraft	3,708	7,426
Hire purchase loans wholly repayable within five years	4,604	3,363
	<hr/>	<hr/>
	8,312	10,789
	<hr/>	<hr/>
8 TAX ON PROFIT ON ORDINARY ACTIVITIES :	1994 £	1993 £
Based on the profit for the year :		
Corporation tax at 33% (1993 33.00%) adjusted for marginal relief.	67,145	262,635
Deferred taxation	10,640	21,745
	<hr/>	<hr/>
	77,785	284,380
	<hr/>	<hr/>
Corporation tax over provided in previous years	(3,701)	—
Deferred taxation under provided in previous years	3,804	1,546
	<hr/>	<hr/>
	77,888	285,926
	<hr/>	<hr/>
9 DIVIDENDS :	1994 £	1993 £
Ordinary – interim paid	—	45,500
Ordinary – final paid	—	45,000
	<hr/>	<hr/>
	—	90,500
	<hr/>	<hr/>
10 EXCEPTIONAL ITEM	1994 £	1993 £
Key man insurance due to death of C A F Rattray	—	250,000
	<hr/>	<hr/>
Taxation credit / (charge)	—	(82,500)
	<hr/>	<hr/>

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

11 TANGIBLE FIXED ASSETS:

	Land, Bldgs & Leasehold Improvements £	Plant and Fixtures £	Motor Vehicles £	£	Total £
Cost :					
At 1 January 1994	732,958	649,938	328,412	—	1,711,308
Additions	4,870	89,511	125,956		220,337
Disposals	(6,029)	(56,645)	(112,077)		(174,751)
At 31 December '94	731,799	682,804	342,291	—	1,756,894
Depreciation :					
At 1 January 1994	105,825	371,735	157,262	—	634,822
Provided in 1994	31,799	76,205	83,089		191,093
Disposals	(5,596)	(56,217)	(97,188)		(159,001)
At 31 December '94	132,028	391,723	143,163	—	666,914
Net Book Value :					
At 31 December '94	599,771	291,081	199,128	—	1,089,980
At 1 January 1994	627,133	278,203	171,150	—	1,076,486

The net book value of £1,089,980 includes an amount of £119,104 (1993 £114,300) in respect of assets held under hire purchase agreements.

The freehold land and buildings situated at Renfrew were valued at their open market value for existing use on 31 December 1993 by Gerald Eve, Chartered Surveyors, at £550,000.

The historical cost of land and buildings included at valuation is as follows :

At 1 January 1994 and 31 December 1994 £ 317,500

12 INVESTMENTS

The company owned 99% of the ordinary share capital of Gaz Measures Instruments S. A. a company registered in France. On 5 September 1994 the company was wound up. During 1994 a capital repayment was made as detailed below. (The company did not trade during the year, and has not been consolidated by virtue of s 229 (2) of the Companies Act 1985).

At 1 January	8,607	44,263
Capital Repayment	(3,286)	(35,656)
Loss on investment	(5,321)	—
At 31 December	—	8,607

13 STOCKS :

	1994 £	1993 £
Raw materials and consumables	357,926	392,982
Work-in-progress	137,981	143,642
Finished goods and goods for resale	262,077	276,158
	757,984	812,782

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

14 DEBTORS :

	1994 £	1993 £
Trade debtors	1,213,967	1,259,787
Other debtors	1,800	1,850
Prepayments and accrued income	1,269	15,400
	<u>1,217,036</u>	<u>1,277,037</u>

15 CASH AND CASH EQUIVALENTS :

	1994 £	1993 £
Analysis of balances at 31 December :		
Cash at bank and in hand	120,055	378,859
Bank overdraft	—	—
	<u>120,055</u>	<u>378,859</u>
Analysis of changes during the year :		
Cash at bank and in hand	(258,804)	324,890
Bank overdraft	—	18,297
	<u>(258,804)</u>	<u>343,187</u>

16 CREDITORS : Amounts falling due within one year

	1994 £	1993 £
Trade creditors in respect of operating activities	290,772	475,967
Trade creditors in respect of fixed assets	30,367	28,563
	<u>321,139</u>	<u>504,530</u>
Obligations under hire purchase contracts	51,136	49,733
Bank overdraft (see below)	—	—
Bank loan	14,063	56,250
Current corporation tax	67,145	237,638
ACT	—	13,065
Other taxes and social security costs	83,151	82,359
Accruals	164,942	229,398
	<u>701,576</u>	<u>1,172,973</u>

The bank overdraft is secured by a floating charge over the assets of the company.

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

17 CREDITORS : Amounts falling due after more than one year		1994	1993
		£	£
Bank loan	—	14,063	
Obligations under hire purchase contracts	10,638	32,440	
	<u>10,638</u>	<u>46,503</u>	
18 BANK LOAN :		1994	1993
		£	£
Analysis of balances at 31 December :			
Repayable within one year	14,063	56,250	
Repayable within two to five years	—	14,063	
	<u>14,063</u>	<u>70,313</u>	
The bank loan is secured by a fixed charge on the freehold property at Inchinnan.			
Analysis of changes in loan financing during the year :			
Bank loan at 1 January	70,313	126,563	
Net cash outflow from financing	(56,250)	(56,250)	
Bank loan at 31 December	<u>14,063</u>	<u>70,313</u>	
19 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS :		1994	1993
		£	£
Amounts payable :			
Within one year	51,136	49,733	
Within two to five years	10,638	32,440	
	<u>61,774</u>	<u>82,173</u>	
Analysis of changes in hire purchase contracts during the year :			
Obligations at 1 January	82,173	29,059	
Fixed assets purchased during the year on hire purchase	46,242	122,480	
Capital element of hire purchase rental payments	(66,641)	(69,366)	
Obligations at 31 December	<u>61,774</u>	<u>82,173</u>	

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994 (continued)

20 DEFERRED TAXATION :

Deferred taxation provided in the accounts and the potential amounts, including the amounts for which provision has been made, are as follows :

Potential and Provision

	1994 £	1993 £
Accelerated capital allowances	58,668	44,224
	<u>58,668</u>	<u>44,224</u>

21 SHARE CAPITAL :

	1994 No.	1993 No.
Authorised : Ordinary shares of £1 each	50,000	50,000
	£	£
Issued : Allotted, called up and fully paid	<u>21,500</u>	<u>22,500</u>

	1994 £	1993 £
Analysis of changes in share capital during the year :		
At 1 January	22,500	22,750
Net cash outflow from financing	(1,000)	(250)
At 31 December	<u>21,500</u>	<u>22,500</u>

On 8th March 1994, a Written Resolution was passed authorising the Company to contract for an off-market purchase of 1000 of the Company's own shares from Mrs V Donaldson within section 164 of the Companies Act 1985.

Analysis of acquisition :

Cash consideration	70,000
Par value of shares acquired	(1,000)
	<u>69,000</u>
Premium on redemption	<u>69,000</u>

The par value of shares acquired of £1000 has been credited to the capital redemption reserve.

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

22 RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES :

	Share Capital £	Redemption Reserve £	Revaluation Reserve £	Profit & Loss Account £	Total £
At 1 January 1993	22,750	2,250	—	1,551,332	1,576,332
Profit for the year	—	—	—	571,739	571,739
Dividends	—	—	—	(90,500)	(90,500)
Revaluation surplus	—	—	232,500	—	232,500
Redemption of shares	(250)	250	—	—	—
At 1 January 1994	22,500	2,500	232,500	2,032,571	2,290,071
Profit for the year	—	—	—	122,719	122,719
Redemption of shares	(1,000)	1,000	—	—	—
At 31 December 1994	21,500	3,500	232,500	2,155,290	2,412,790

23 CAPITAL COMMITMENTS :

	1994 £	1993 £
Contracted for	65,000	12,300
Authorised by the directors but not contracted for	—	41,500
	65,000	53,800

GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 1994
(continued)

24 PENSION COMMITMENTS :

The company has defined contribution pension schemes for its present directors and employees. The pension cost charge for the year in respect of these schemes amounted to :

	1994 £	1993 £
Directors	49,236	25,539
Employees	49,233	43,897
	<u>98,469</u>	<u>69,436</u>

There was an amount of £22,497 outstanding in respect of the Directors pension scheme at the balance sheet date. (1993 £ Nil)

25 OPERATING LEASES :

	1994 £	1993 £
Operating leases – the company is committed under operating lease agreements to make total annual payments on property leases which expire in :		
Over five years.	<u>19,500</u>	<u>19,500</u>