

**GAS MEASUREMENT INSTRUMENTS LIMITED**

Registered No. SC025020

**REPORT AND ACCOUNTS**

**2010**

|                                    |         |
|------------------------------------|---------|
| Contents :                         | Page 1  |
| Officers and Professional Advisers | 2       |
| Directors' Report                  | 3 - 5   |
| Directors' Responsibilities        | 6       |
| Report of the Auditors             | 7 - 8   |
| Profit and Loss Account            | 9       |
| Balance Sheet                      | 10      |
| Notes to the Accounts              | 11 - 21 |

THURSDAY



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30/06/2011  
COMPANIES HOUSE

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

|                            |   |                                   |
|----------------------------|---|-----------------------------------|
| <b>Directors</b>           | David S Hunter<br>George McGregor<br>Martin Rennie                          | Financial<br>Engineering<br>Sales |
| <b>Secretary</b>           | David S Hunter  |                                   |
| <b>Registered Office</b>   | Inchinnan Business Park<br>Renfrew<br>Strathclyde PA4 9RG                   |                                   |
| <b>Registration Number</b> | SC025020  |                                   |
| <b>Bankers</b>             | Clydesdale Bank plc<br>St. Vincent Place<br>Glasgow G1                      |                                   |
| <b>Auditors</b>            | Ernst & Young LLP<br>G1<br>5 George Square<br>Glasgow G2 1DY                |                                   |
| <b>Solicitors</b>          | Biggart Baillie<br>Dalmore House<br>310 St Vincent Street<br>Glasgow G2 5QR |                                   |

**GAS MEASUREMENT INSTRUMENTS LIMITED**  
Registered No. SC 025020

**DIRECTORS' REPORT**

The Directors present their report and accounts for the year ended 31 December 2010, to be submitted to the sixty-fourth Annual General Meeting to be held at the Registered Office on 20 May 2011 at 2.00pm.

**Results and dividends :**

The trading profit for the year, after taxation, amounted to £860,143. An interim dividend of £70 per ordinary share was paid during the year, amounting to £1,920,800.

**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:

|  | 2010<br>£'000 | 2009<br>£'000 |
|--|---------------|---------------|
| Turnover   | 8,969         | 8,432         |
| Profit on ordinary activities before<br>taxation | 1,154         | 790           |
| Shareholders' funds                              | 4,383         | 5,444         |

Turnover increased by 6%, which in the current challenging market and economic conditions, was considered a significant achievement.

The company built on the solid foundations laid in recent years, with business improvements continuing to contribute towards significantly increased profitability. Investment in new product development and expansion of the worldwide distribution network remain strategic priorities.

Although the company produced significant pre-tax profits, shareholders' funds decreased by 19% due to the payment of an inter-group dividend.

The directors believe that the growth in turnover and improvement in profitability in 2010 can continue into 2011, although it is recognised that market conditions remain difficult.

**GAS MEASUREMENT INSTRUMENTS LIMITED**  
Registered No. SC 025020

**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 who served the company during the year were as follows:

M S Robinson  
D S Hunter  
G McGregor  
M Rennie

M S Robinson was a director until his resignation on 19 February 2010.

The Articles of Association adopted on 22 January 2009 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 Holdings Limited.

**GAS MEASUREMENT INSTRUMENTS LIMITED**  
Registered No. SC 025020

**DIRECTORS' REPORT**  
(continued)

**Going Concern:**

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to credit and foreign currency risk are described above.

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

**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

20/5/2011

**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 2006. 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 AUDITOR'S REPORT TO THE MEMBERS OF GAS MEASUREMENT INSTRUMENTS LIMITED**

We have audited the financial statements of Gas Measurement Instruments Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GAS MEASUREMENT  
INSTRUMENTS LIMITED (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

Walter Campbell (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow

*20/5/2011*



## GAS MEASUREMENT INSTRUMENTS LIMITED

**PROFIT AND LOSS ACCOUNT**  
 for the year ended 31 December 2010

|  | notes | 2010<br>£        | 2009<br>£        |
|--|-------|------------------|------------------|
| <b>Turnover</b>                                      | 2     | 8,969,002        | 8,432,337        |
| Cost of sales  |       | (4,542,515)      | (4,228,448)      |
| <b>Gross profit</b>                                  |       | <u>4,426,487</u> | <u>4,203,889</u> |
| Distribution costs                                   |       | (106,725)        | (95,923)         |
| Administrative expenses                              |       | (3,152,933)      | (3,300,586)      |
| <b>Operating profit</b>                              | 3     | <u>1,166,829</u> | <u>807,380</u>   |
| Interest receivable                                  | 6     | 810              | 1,150            |
| Interest payable                                     | 7     | (13,245)         | (18,295)         |
| <b>Profit on ordinary activities before taxation</b> |       | <u>1,154,394</u> | <u>790,235</u>   |
| Tax on profit on ordinary activities                 | 8     | (294,251)        | (197,943)        |
| <b>Profit for the financial year</b>                 | 17    | <u>860,143</u>   | <u>592,292</u>   |

All of the above operations are continuing.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
 for the year ended 31 December 2010

|   | 2010<br>£      | 2009<br>£      |
|---|----------------|----------------|
| <b>Profit for the financial year</b>                          | <u>860,143</u> | <u>592,292</u> |
| <b>Total Recognised gains and losses relating to the year</b> | <u>860,143</u> | <u>592,292</u> |

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

## GAS MEASUREMENT INSTRUMENTS LIMITED

BALANCE SHEET  
at 31 December 2010

|  | notes | 2010<br>£        | 2009<br>£        |
|--|-------|------------------|------------------|
| <b>Fixed assets :</b>  |       |                  |                  |
| Tangible assets  | 9     | <u>1,157,270</u> | <u>1,231,057</u> |
| <b>Current assets :</b>  |       |                  |                  |
| Stocks   | 10    | 854,692          | 958,232          |
| Debtors  | 11    | 3,050,821        | 4,871,200        |
| Cash at bank and in hand                                       |       | <u>716,846</u>   | <u>516,034</u>   |
|  |       | <u>4,622,359</u> | <u>6,345,466</u> |
| <b>Creditors: amounts falling due within one year</b>          | 12    | <u>1,304,069</u> | <u>1,415,649</u> |
| <b>Net current assets</b>                                      |       | <u>3,318,290</u> | <u>4,929,817</u> |
| <b>Total assets less current liabilities</b>                   |       | <u>4,475,560</u> | <u>6,160,874</u> |
| <b>Creditors: amounts falling due after more than one year</b> |       |                  |                  |
| Loans  | 13    | -                | 558,235          |
| <b>Provision for liabilities and charges :</b>                 |       |                  |                  |
| Deferred taxation  | 14    | 27,006           | 18,460           |
| <b>Accruals and deferred income:</b>                           |       |                  |                  |
| Government grants  | 15    | <u>65,432</u>    | <u>140,400</u>   |
|  |       | <u>4,383,122</u> | <u>5,443,779</u> |
| <b>Capital and reserves :</b>                                  |       |                  |                  |
| Called up equity share capital                                 | 16/17 | 27,440           | 27,440           |
| Capital redemption reserve                                     | 17    | 3,500            | 3,500            |
| Share premium account  | 17    | 279,180          | 279,180          |
| Revaluation reserve  | 17    | 757,700          | 779,300          |
| Profit and loss account  | 17    | <u>3,315,302</u> | <u>4,354,359</u> |
| <b>Equity shareholders' funds</b>                              | 17    | <u>4,383,122</u> | <u>5,443,779</u> |

  
G McGregor

Director

20/5/2011

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

# **GAS MEASUREMENT INSTRUMENTS LIMITED**

## **NOTES TO THE ACCOUNTS at 31 December 2010**

### **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 20 May 2011.

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 2010  
(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**

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 2010  
(continued)**1 ACCOUNTING POLICIES : (continued)**

## k) Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements as it is a wholly owned subsidiary undertaking of GMI Group Holdings Limited, which will produce a consolidated cash flow statement. The financial statements of this company are publicly available.

**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 :

|                         | 2010<br>£        | 2009<br>£        |
|-------------------------|------------------|------------------|
| United Kingdom          | 3,854,239        | 4,080,031        |
| Europe                  | 1,045,969        | 1,441,394        |
| North and South America | 2,676,636        | 2,152,296        |
| Rest of World           | 1,392,158        | 758,616          |
|                         | <u>8,969,002</u> | <u>8,432,337</u> |

**3 OPERATING PROFIT :**

This is stated after charging or crediting :

|  | 2010<br>£ | 2009<br>£ |
|--|-----------|-----------|
| Depreciation of owned fixed assets           | 141,718   | 158,763   |
| Development expenditure written off          | 715,917   | 674,446   |
| Release of government grant                  | (74,968)  | (93,318)  |
| Auditors' remuneration - audit services      | 13,500    | 12,500    |
| - non-audit services                         | 3,250     | -         |
| Gain on sale of fixed assets                 | (6,602)   | (2,176)   |
| (Gain)/loss on foreign exchange              | (56,716)  | 73,807    |
| Operating lease rentals - land and buildings | 32,000    | 32,000    |
| - plant and machinery                        | 5,203     | 8,283     |
|  | <u></u>   | <u></u>   |

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2010  
(continued)

|   |                  |                  |
|---|------------------|------------------|
| <b>4 DIRECTORS' EMOLUMENTS :</b>  | <b>2010</b>      | <b>2009</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Emoluments  | <u>261,894</u>   | <u>420,537</u>   |
| Company contributions paid to money purchase pension schemes            | <u>22,193</u>    | <u>23,636</u>    |
| Members of money purchase pension schemes                               | <u>3</u>         | <u>3</u>         |
| The amounts in respect of the highest paid director are as follows:     |                  |                  |
| Emoluments  | <u>83,464</u>    | <u>99,735</u>    |
| Compensation for loss of office   | <u>-</u>         | <u>61,128</u>    |
| Company contributions paid to money purchase pension schemes            | <u>7,398</u>     | <u>-</u>         |
| <b>5 STAFF COSTS :</b>  | <b>2010</b>      | <b>2009</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Wages and salaries  | 2,799,358        | 2,915,026        |
| Social security costs   | 286,235          | 284,822          |
| Other pension costs   | 64,828           | 65,410           |
|   | <u>3,150,421</u> | <u>3,265,258</u> |
| The average weekly number of employees during the year was as follows : |                  |                  |
|   | <b>No.</b>       | <b>No.</b>       |
| Office and management   | 58               | 58               |
| Manufacturing   | 33               | 32               |
|   | <u>91</u>        | <u>90</u>        |
| <b>6 INTEREST RECEIVABLE :</b>  | <b>2010</b>      | <b>2009</b>      |
|   | <b>£</b>         | <b>£</b>         |
| Bank interest and short term deposits                                   | <u>810</u>       | <u>1,150</u>     |

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2010  
(continued)

| <b>7 INTEREST PAYABLE :</b>                     | <b>2010</b>     | <b>2009</b>     |
|---|-----------------|-----------------|
|   | <b>£</b>        | <b>£</b>        |
| Bank loan interest                              | <b>13,245</b>   | <b>18,295</b>   |
|   | <hr/>           | <hr/>           |
| <b>8 TAX ON PROFIT ON ORDINARY ACTIVITIES :</b> | <b>2010</b>     | <b>2009</b>     |
|   | <b>£</b>        | <b>£</b>        |
| (a) Based on the profit for the year:           |                 |                 |
| Corporation tax                                 | <b>328,703</b>  | <b>224,918</b>  |
| Group Relief                                    | <b>-</b>        | <b>289</b>      |
| Corporation tax overprovided in previous years  | <b>(42,998)</b> | <b>(20,406)</b> |
|   | <hr/>           | <hr/>           |
| Total current tax                               | <b>285,705</b>  | <b>204,801</b>  |
| Deferred taxation (note 14)                     | <b>8,546</b>    | <b>(6,858)</b>  |
|   | <hr/>           | <hr/>           |
|   | <b>294,251</b>  | <b>197,943</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>2010</b>      | <b>2009</b>     |
|---|------------------|-----------------|
|   | <b>£</b>         | <b>£</b>        |
| Profit on ordinary activities before tax  | <b>1,154,394</b> | <b>790,235</b>  |
|   | <hr/>            | <hr/>           |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% | <b>323,230</b>   | <b>221,266</b>  |
| Expenses not deductible for tax purposes  | <b>14,107</b>    | <b>13,197</b>   |
| Expenses deductible for tax purposes in excess of accounting expenditure                          | <b>-</b>         | <b>(14,891)</b> |
| Depreciation in excess of capital allowances  | <b>(9,054)</b>   | <b>5,215</b>    |
| Adjustments in respect of previous periods  | <b>(42,998)</b>  | <b>(20,406)</b> |
| Other timing differences  | <b>420</b>       | <b>420</b>      |
|   | <hr/>            | <hr/>           |
|   | <b>285,705</b>   | <b>204,801</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 2010  
(continued)

## 9 TANGIBLE FIXED ASSETS:

|                            | Land, Bldgs<br>& Leasehold<br>Improvements<br>£ | Plant<br>and<br>Fixtures<br>£ | Motor<br>Vehicles<br>£ | Total<br>£       |
|----------------------------|---|-------------------------------|------------------------|------------------|
| <b>Cost or valuation :</b> |   |                               |                        |                  |
| <b>At 1 January 2010</b>   | <b>1,131,918</b>                                | <b>610,955</b>                | <b>289,801</b>         | <b>2,032,674</b> |
| Additions                  | -   | 50,916                        | 53,844                 | 104,760          |
| Disposals                  | -   | (25,636)                      | (122,570)              | (148,206)        |
| <b>At 31 December 2010</b> | <b>1,131,918</b>                                | <b>636,235</b>                | <b>221,075</b>         | <b>1,989,228</b> |
| Cost                       | 216,918   | 636,235                       | 221,075                | 1,074,228        |
| Valuation                  | 915,000   | -                             | -                      | 915,000          |
|                            | <b>1,131,918</b>                                | <b>636,235</b>                | <b>221,075</b>         | <b>1,989,228</b> |
| <b>Depreciation :</b>      |   |                               |                        |                  |
| <b>At 1 January 2010</b>   | <b>236,412</b>                                  | <b>416,826</b>                | <b>148,379</b>         | <b>801,617</b>   |
| Charge for year            | 39,434  | 41,102                        | 61,182                 | 141,718          |
| Disposals                  | -   | (24,799)                      | (86,578)               | (111,377)        |
| <b>At 31 December 2010</b> | <b>275,846</b>                                  | <b>433,129</b>                | <b>122,983</b>         | <b>831,958</b>   |
| <b>Net Book Value :</b>    |   |                               |                        |                  |
| <b>At 31 December 2010</b> | <b>856,072</b>                                  | <b>203,106</b>                | <b>98,092</b>          | <b>1,157,270</b> |
| <b>At 1 January 2010</b>   | <b>895,506</b>                                  | <b>194,129</b>                | <b>141,422</b>         | <b>1,231,057</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 2010  
(continued)

## 9 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 2010 and 31 December 2010        | 375,000 |
| <i>Cumulative depreciation based on cost:</i> |         |
| At 1 January 2010                             | 312,500 |
| At 31 December 2010                           | 327,500 |

## 10 STOCKS :

|                                     | 2010           | 2009           |
|-------------------------------------|----------------|----------------|
|                                     | £              | £              |
| Raw materials and consumables       | 724,118        | 798,222        |
| Work-in-progress                    | 73,610         | 129,785        |
| Finished goods and goods for resale | 56,964         | 30,225         |
|                                     | <u>854,692</u> | <u>958,232</u> |

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

## 11 DEBTORS :

|                                    | 2010             | 2009             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Trade debtors                      | 1,546,181        | 1,411,765        |
| Taxes and social security costs    | 1,904            | 28,827           |
| Other debtors                      | 2,200            | 2,200            |
| Prepayments and accrued income     | 137,917          | 130,096          |
| Amounts owed by group undertakings | 1,362,619        | 3,298,312        |
|                                    | <u>3,050,821</u> | <u>4,871,200</u> |

The amounts owed by group undertakings includes a loan due from GMI Group Holdings Limited of £nil (2009 : £1,889,822).

## 12 CREDITORS : Amounts falling due within one year

|  | 2010             | 2009             |
|--|------------------|------------------|
|  | £                | £                |
| Trade creditors                                | 582,564          | 653,077          |
| Corporation tax                                | 118,105          | 224,918          |
| Other taxes and social security costs          | 71,934           | 74,963           |
| Amounts owed to group undertakings             | 283              | -                |
| Current instalments due on bank loan (note 13) | -                | 42,660           |
| Accruals                                       | 531,183          | 420,031          |
|  | <u>1,304,069</u> | <u>1,415,649</u> |

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2010  
(continued)

| <b>13 LOANS:</b>   | <b>2010</b> | <b>2009</b>    |
|--|-------------|----------------|
|  | <b>£</b>    | <b>£</b>       |
| Not wholly repayable within five years:                          |             |                |
| Bank loan of £640,000  | -           | 600,895        |
| Less: included in creditors: amounts falling due within one year | -           | (42,660)       |
|  | <u>-</u>    | <u>558,235</u> |

The loan was repaid in full during the year.

**14 DEFERRED TAXATION :**

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

|  | <b>2010</b>          | <b>2009</b>   |
|--|----------------------|---------------|
|  | <b>£</b>             | <b>£</b>      |
| At 1 January   | <b>18,460</b>        | 25,318        |
| Charge/(release) to profit and loss account                    | <b>8,546</b>         | (6,858)       |
|  | <u><b>27,006</b></u> | <u>18,460</u> |
| At 31 December   |                      |               |
|  | <u><b>27,006</b></u> | <u>18,460</u> |
| Full provision for deferred taxation has been made as follows: |                      |               |
| Accelerated capital allowances                                 | <b>33,866</b>        | 25,320        |
| Other timing differences                                       | <b>(6,860)</b>       | (6,860)       |
|  | <u><b>27,006</b></u> | <u>18,460</u> |

The deferred tax liability is stated at 27% (2009 : 28%)

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2010  
(continued)

## 15 GOVERNMENT GRANTS:

2010  
£2009  
£

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

|                  |          |          |
|------------------|----------|----------|
| At 1 January     | 140,400  | 43,252   |
| Received in year | -        | 190,466  |
| Released in year | (74,968) | (93,318) |
| At 31 December   | 65,432   | 140,400  |

## 16 SHARE CAPITAL :

2010  
No.2009  
No.

|              |                            |        |        |
|--------------|----------------------------|--------|--------|
| Authorised : | Ordinary shares of £1 each | 50,000 | 50,000 |
|--------------|----------------------------|--------|--------|

|          |                                    |             |             |
|----------|------------------------------------|-------------|-------------|
| Issued : | Allotted, called up and fully paid | £<br>27,440 | £<br>27,440 |
|----------|------------------------------------|-------------|-------------|

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

|  | Share<br>Capital<br>£ | Redemp'n<br>Reserve<br>£ | Share<br>Premium<br>£ | Revalua'n<br>Reserve<br>£ | Profit & Loss<br>Account<br>£ | Total<br>£  |
|--|-----------------------|--------------------------|-----------------------|---------------------------|-------------------------------|-------------|
| At 1 January 2009                                  | 27,440                | 3,500                    | 279,180               | 800,900                   | 3,740,467                     | 4,851,487   |
| Profit for the year                                | -                     | -                        | -                     | -                         | 592,292                       | 592,292     |
| Transfer in respect of dep'n<br>on revalued assets | -                     | -                        | -                     | (21,600)                  | 21,600                        | -           |
| At 1 January 2010                                  | 27,440                | 3,500                    | 279,180               | 779,300                   | 4,354,359                     | 5,443,779   |
| Profit for the year                                | -                     | -                        | -                     | -                         | 860,143                       | 860,143     |
| Transfer in respect of dep'n<br>on revalued assets | -                     | -                        | -                     | (21,600)                  | 21,600                        | -           |
| Dividends declared and paid                        |                       |                          |                       |                           | (1,920,800)                   | (1,920,800) |
| At 31 December 2010                                | 27,440                | 3,500                    | 279,180               | 757,700                   | 3,315,302                     | 4,383,122   |

## GAS MEASUREMENT INSTRUMENTS LIMITED

NOTES TO THE ACCOUNTS at 31 December 2010  
(continued)**18 CAPITAL COMMITMENTS :**

Amounts contracted for but not provided in the financial statements amounted to £Nil (2009 - £Nil).

**19 PENSION COMMITMENTS :**

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

|           | 2010<br>£    | 2009<br>£    |
|-----------|--------------|--------------|
| Directors | 22,194       | 23,639       |
| Employees | 42,634       | 41,771       |
|           | <hr/> 64,828 | <hr/> 65,410 |

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

**20 OTHER FINANCIAL COMMITMENTS :**

## Operating leases

At 31 December 2010, the company had annual commitments under non-cancellable operating leases as set out below:

|  | 2010<br>£    | Land and<br>buildings<br>2009<br>£ |
|--|--------------|------------------------------------|
| Operating leases which expire:<br>In over five years | <hr/> 32,000 | <hr/> 32,000                       |

**GAS MEASUREMENT INSTRUMENTS LIMITED**

**NOTES TO THE ACCOUNTS at 31 December 2010  
(continued)**

**21 CONTINGENT LIABILITY :**

Cross guarantees exist between group companies in favour of the group's bank. At 31 December 2010, group companies' combined bank borrowings amounted to £Nil.

**22 RELATED PARTY TRANSACTIONS :**

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

**23 ULTIMATE HOLDING COMPANY :**

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