

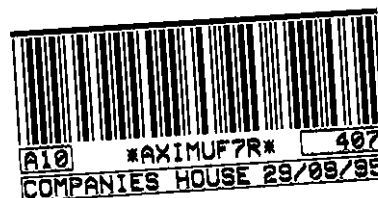
ARTHUR ANDERSEN

ARTHUR ANDERSEN & CO. SC

Lennox Industries Limited

Financial statements for year ended 31 December 1994
together with directors' and auditors' reports

Registered number: 671868



Directors' report

For the year ended 31 December 1994

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 1994.

Principal activity and business review

The principal activity of the company continues to be the design, manufacture and sale of both commercial and residential heating and air conditioning equipment.

Turnover increased by £3,250,878 (56%) during the year but operating losses also rose by £977,209 (74%). The increase in operating losses is partly explained by profit of £1.1 million recognised in the prior year profit and loss account in connection with the sale of the company's former premises in Basingstoke.

During the year, loans and accrued interest of £5,898,734 payable to the ultimate parent company were converted into a non-interest bearing capital reserve which the directors consider to be non-distributable. This transfer was made in order to provide a stronger financial position to fund the company's future operating activities.

Results and dividends

Results are as follows:

	£
Retained profit at 31 December 1993	(1,114,206)
Loss for the financial year after taxation	(2,515,288)
Retained profit at 31 December 1994	<u>(3,629,494)</u>

No dividend is proposed for the year.

Directors and their interests

The directors who served during the year are as shown below:

P.R.J. Lamb (Chairman and managing director)
T.J. Keefe (USA)
J.W. Norris Jnr (USA)
C.W. Wyant Jnr (USA)

The directors who held office at 31 December 1994 had no interests in the shares and debentures of the company which require disclosure under the Companies Act 1985.

Transactions in which one of the directors had a material interest during the year are set out in note 6.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which 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.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 8 to the financial statements.

By order of the Board

PO Box 174
Westgate Interchange
Northampton
NN5 5AG



M.E. Brockett

Company Secretary

20 September 1995

Auditors' report

Nottingham

To the Shareholders of Lennox Industries Limited.

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 9.

Respective responsibilities of directors and auditors

As described in the directors' report, the directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

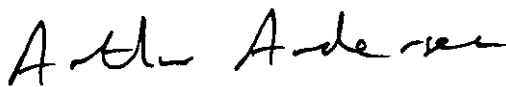
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1994 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

Fothergill House
16 King Street
Nottingham
NG1 2AS

20 September 1995

Profit and loss account

For the year ended 31 December 1994

	Notes	1994 £	1993 £
Turnover	2	9,066,628	5,815,750
Changes in stocks of finished goods and work in progress		91,961	777,770
Other operating expenses (net)	3	(11,445,557)	(9,024,161)
Profit/(loss) on sale of property and other fixed assets in continuing operations		(9,777)	1,111,105
Operating loss		(2,296,745)	(1,319,536)
Interest receivable and similar income		5,812	22,692
Interest payable and similar charges	4	(224,355)	(180,143)
Loss for the financial year	5	(2,515,288)	(1,476,987)

For both years, there are no recognised gains or losses other than the loss for the financial year. The movement in the profit and loss account is set out in note 16.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 1994

	Notes	1994 £	1993 £
Fixed assets			
Tangible assets	8	1,614,713	1,279,480
Investment	9	32,765	32,765
		<u>1,647,478</u>	<u>1,312,244</u>
Current assets			
Stocks	10	4,804,265	3,560,334
Debtors	11	2,654,490	2,402,847
Cash at bank and in hand		579,771	230,713
		<u>8,038,526</u>	<u>6,193,894</u>
Creditors: Amounts falling due within one year	12	2,092,754	(3,127,567)
Net current assets		<u>5,945,772</u>	<u>3,066,327</u>
Total assets less current liabilities		7,887,065	4,378,572
Creditors: Amounts falling due after more than one year	13	(2,510,210)	(2,678,978)
Net assets		<u>5,083,040</u>	<u>1,699,594</u>
Capital and reserves			
Called up share capital	15	313,900	313,900
Capital contribution account	16	5,898,734	-
Share premium account	16	2,499,900	2,499,900
Profit and loss account	16	(3,629,494)	(1,114,206)
		<u>5,083,040</u>	<u>1,699,594</u>
Shareholders funds:			
Equity interests		4,783,040	1,399,594
Non-equity interests		<u>300,000</u>	<u>300,000</u>

Signed on behalf of the Board



P.R.J. Lamb

Director

20 September 1995

The accompanying notes are an integral part of this balance sheet.

Cash flow statement

For the year ended 31 December 1994

	Notes	1994 £	1993 £
Net cash outflow from operating activities	18a	<u>(3,089,130)</u>	<u>(3,058,348)</u>
Returns on investments and servicing of finance			
- Interest received		5,812	22,692
- Interest paid		(117,873)	(180,143)
- Interest element of finance lease rentals		(2,833)	-
Net cash outflow from returns on investments and servicing of finance		<u>(114,894)</u>	<u>(157,451)</u>
Taxation			
- Corporation tax refund		-	721,000
Investing activities			
Purchase of tangible fixed assets		(647,783)	(348,974)
Purchase of business assets		-	(768,750)
Sale of tangible fixed assets		3,851	1,259,868
Net cash inflow/(outflow) from investing activities		<u>(643,932)</u>	<u>142,144</u>
Net cash outflow before financing		<u>(3,847,956)</u>	<u>(2,352,655)</u>
Financing			
- Issue of ordinary share capital		-	2,500,000
- Capital element of finance lease payments		(52,955)	(60,175)
- Short term group loans		4,249,969	-
Net cash inflow from financing		<u>4,197,014</u>	<u>2,439,825</u>
Increase in cash and cash equivalents	18b	<u>349,058</u>	<u>87,170</u>

The accompanying notes form an integral part of this cash flow statement.

Notes to the financial statements

For the year ended 31 December 1994

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) *Basis of accounting*

The financial statements are prepared under the historical cost convention, and have been prepared in accordance with applicable accounting standards.

b) *Tangible fixed assets*

Land and buildings are shown at original historical cost. Other fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Leasehold improvements	shorter of length of lease and useful economic life
Plant and machinery	5-10 years (10%-20% per annum)
Motor vehicles	4 years (25% per annum)

Residual value is calculated on prices prevailing at the date of acquisition.

Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

c) *Stocks*

Stocks are stated at the lower of cost and net realisable value.

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

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Work-in-progress	-	cost of direct materials and labour, plus a reasonable proportion
and finished goods		of manufacturing overheads based on normal levels of activity.

Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Notes to the financial statements (continued)

d) Taxation

Corporation tax is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences, which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in note 14.

e) Pension costs

The group operates pension schemes providing benefits based on final pensionable pay.

The two schemes operating are the Retirement Scheme for staff employees and the Retirement Benefits Scheme for hourly paid employees. The assets of the schemes are held separately from those of the company, being invested with insurance companies. The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the estimated average remaining working life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid to independent pension schemes is shown as a separately identified liability or asset in the balance sheet.

f) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

g) Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes, trade discounts) of goods and services in the normal course of business.

Notes to the financial statements (continued)

h) Leases

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Further information on charges in the year and future commitments is given in note 19.

i) Consolidation

Consolidated group financial statements have not been prepared, as permitted under the exemptions given under Section 229 of the Companies Act 1985, because the directors consider that consolidation of the company's subsidiary (which did not trade during the year) would be of no real value to the company's members due to the insignificant amounts involved.

2 Turnover

The geographical analysis of turnover by destination is as follows:

	1994 £	1993 £
United Kingdom	6,748,507	3,865,252
Europe	1,677,085	1,836,019
Other	641,036	114,479
	<u>9,066,628</u>	<u>5,815,750</u>

3 Other operating expenses (net)

	1994 £	1993 £
Raw materials and consumables	3,366,587	2,153,651
Staff costs (note 6)	3,336,779	2,170,720
Depreciation	298,922	208,860
Other charges	4,441,940	4,061,832
Relocation costs	1,329	429,098
	<u>11,445,557</u>	<u>9,024,161</u>

Notes to the financial statements (continued)

4 Interest payable and similar charges

	1994 £	1993 £
On loans from other group undertakings:		
- repayable within 5 years, by instalments	<u>224,355</u>	<u>180,143</u>

5 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	1994 £	1993 £
Hire of plant and machinery under operating leases	138,065	117,439
Other operating lease rentals	487,000	193,520
Auditors' remuneration	14,500	12,250
Loss/(profit) on sale of fixed assets	<u>9,777</u>	<u>(1,111,105)</u>

Remuneration of the company's auditors for provision of non-audit services to the company and its subsidiary undertaking was £7,500 (1993: £15,000).

6 Staff costs

Particulars of employee costs (including executive directors) are as shown below:

	1994 £	1993 £
Employee costs during the year amounted to:		
Wages and salaries	2,900,735	1,861,882
Social security costs	247,322	164,601
Other pension costs	<u>188,722</u>	<u>144,237</u>
	<u>3,336,779</u>	<u>2,170,720</u>

The average weekly number of persons employed during the year was as follows:

	1994 Number	1993 Number
Production	135	78
Selling and distribution	37	27
Administration	<u>17</u>	<u>15</u>
	<u>189</u>	<u>120</u>

Notes to the financial statements (continued)

6 Staff costs (continued)

Directors' remuneration in respect of directors of the company was as follows:

	1994 £	1993 £
Fees as directors	-	152,587
Other emoluments (including pension contributions)	93,812	60,484
	<u>93,812</u>	<u>213,071</u>

The directors remuneration shown above (excluding pensions and pension contributions) included:

	1994 £	1993 £
Chairman and highest paid director	<u>86,648</u>	<u>117,718</u>

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

	1994 Number	1993 Number
£0 - £5,000	3	3
£30,001 - £35,000	-	1
£85,001 - £90,000	1	-
£115,001 - £120,000	<u>-</u>	<u>1</u>

P.R.J. Lamb is the majority shareholder of L J Properties Limited, a company which own premises at Ross Road, Northampton, which are leased by Lennox Industries Limited. The lease, dated 26 May 1989, is a 21 year lease subject to a 10 year break per the deed of variation dated July 1992. The current annual rental is £170,000. The directors consider these arrangements have been entered into on an arms length basis.

7 Tax on loss on ordinary activities

Taxation is based on the loss for the year and comprises:

	1994 £	1993 £
Corporation tax at 33%	-	-
Adjustment of current taxation in respect of prior year	-	66,000
Adjustment of deferred taxation in respect of timing differences	-	(66,000)
	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

8 Tangible fixed assets

The movement in the year was as follows:

	Improvements to long leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
Beginning of year	379,526	1,771,749	40,004	2,191,279
Additions	97,634	542,149	8,000	647,783
Disposals	-	(38,550)	(26,109)	(64,659)
End of year	<u>477,160</u>	<u>2,275,348</u>	<u>21,895</u>	<u>2,774,403</u>
Depreciation				
Beginning of year	66,301	813,605	31,893	911,799
Charge	45,905	246,692	6,325	298,922
Disposals	-	(26,334)	(24,697)	(51,031)
End of year	<u>112,206</u>	<u>1,033,963</u>	<u>13,521</u>	<u>1,159,690</u>
Net book value				
Beginning of year	<u>313,225</u>	<u>958,144</u>	<u>8,111</u>	<u>1,279,480</u>
End of year	<u>364,954</u>	<u>1,241,385</u>	<u>8,374</u>	<u>1,614,713</u>

Included within the above are assets held under finance leases with a net book value of £32,926 (1993: £47,691). The depreciation charge in respect of these assets was £14,766 (1993: £14,766).

9 Fixed asset investments

	1994 £	1993 £
Investment at cost	<u>32,765</u>	<u>32,765</u>

The investment represents 100% of the ordinary share capital of Environheat Limited, a dormant company registered in England and Wales. Consolidated accounts have not been prepared for the group on the basis that there is no material difference between the company and group accounts.

Notes to the financial statements (continued)

10 Stocks

The following are included in the net book value of stocks:

	1994 £	1993 £
Raw materials and consumables	2,644,384	1,492,414
Work-in-progress	345,004	283,461
Finished goods and goods for resale	1,814,877	1,784,459
	<u>4,804,265</u>	<u>3,560,334</u>

The directors do not consider that the carrying value of stocks at the end of the year is materially different from replacement cost.

11 Debtors

The following are included in the net book value of debtors:

	1994 £	1993 £
Amounts falling due within one year:		
Trade debtors	2,427,769	2,065,036
Corporation tax recoverable	58,828	58,828
VAT	-	71,305
Prepayments and accrued income	167,893	207,678
	<u>2,654,490</u>	<u>2,402,847</u>

12 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1994 £	1993 £
Trade creditors	855,326	745,911
Amounts owed to other group undertakings	721,899	1,816,816
Amounts owed to subsidiary undertaking	32,765	32,765
Obligations under finance leases	37,098	52,956
Social security and PAYE	89,017	82,392
Accruals and deferred income	356,649	396,727
	<u>2,092,754</u>	<u>3,127,567</u>

Notes to the financial statements (continued)

13 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	1994 £	1993 £
Amounts owed to other group undertakings	2,435,897	2,567,568
Obligations under finance leases	74,313	111,410
	<u>2,510,210</u>	<u>2,678,978</u>

The amounts owed to other group undertakings is repayable in 1996 and is unsecured and bear interest at 11% per annum fixed rate.

All other amounts fall due for repayment within 2 to 5 years.

14 Deferred taxation

Provisions for liabilities and charges comprise:

	1994 £	1993 £
Deferred taxation	-	-
	<u>-</u>	<u>-</u>
	£	£
Excess of tax allowances over book depreciation of fixed assets	58,000	-
Other timing differences	(58,000)	-
	<u>-</u>	<u>-</u>
	-	-
	<u>-</u>	<u>-</u>

The movement on deferred taxation comprises:

	1994 £	1993 £
Beginning of year	-	66,000
Credited to profit and loss, in respect of timing differences	-	(66,000)
	<u>-</u>	<u>-</u>
End of year	-	-
	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

15 Called-up share capital

	1994 £	1993 £
<i>Authorised</i>		
14,000 ordinary shares of £1 each	14,000	14,000
470,000 4.5% redeemable non-cumulative preference shares of £1 each	470,000	470,000
	<u>484,000</u>	<u>484,000</u>
<i>Allotted, called-up and fully-paid</i>		
13,900 ordinary shares of £1 each	13,900	13,900
300,000 4.5% redeemable non-cumulative preference shares of £1 each	300,000	300,000
	<u>313,900</u>	<u>313,900</u>

Non-equity shareholders funds relate to the 4.5% non-cumulative preference shares. These shares may, at the company's option, be redeemed at par either wholly or in part at any time. No dividend has been paid or proposed during the year.

16 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	1994 £	1993 £
Distributable		
- profit and loss account	(3,629,494)	(1,114,206)
Non-distributable		
- share premium account	2,499,900	2,499,900
- capital contribution	5,898,734	-
Total reserves	<u>4,769,140</u>	<u>1,385,694</u>

	Capital contribution account £	Share premium account £	Profit and loss account £	Total £
Beginning of year	-	2,499,900	(1,114,206)	1,385,694
Capital contribution from ultimate parent company	5,898,734	-	-	5,898,734
Retained loss for the year	-	-	(2,515,288)	(2,515,288)
End of year	<u>5,898,734</u>	<u>2,499,900</u>	<u>(3,629,494)</u>	<u>4,769,140</u>

The capital contribution arises from the conversion of certain losses and accrual interest payable to the ultimate parent company.

Notes to the financial statements (continued)

17 Reconciliation of opening shareholders' funds to closing shareholders' funds

	1994 £	1993 £
Shareholders' funds at beginning of year	1,699,594	676,581
Loss for the year	(2,515,288)	(1,476,987)
Issue of new shares	-	2,500,000
Capital contribution	5,898,734	-
Shareholders' funds at end of year	<u>5,083,040</u>	<u>1,699,594</u>

18 Cash flow information

a) Reconciliation of operating loss to net cash outflow from operating activities.

	1994 £	1993 £
Operating loss	(2,296,745)	(1,319,536)
Depreciation	298,922	208,860
Loss/(profit) on sale of tangible fixed assets	9,777	(1,111,105)
Foreign exchange (gains)/losses on inter company loans	131,671	98,869
Increase in stocks	(1,243,931)	(848,462)
(Increase)/decrease in debtors	(251,643)	464,185
Increase/(decrease) in creditors	526,161	(551,159)
Net cash outflow from operating activities	<u>(3,089,130)</u>	<u>(3,058,348)</u>

b) Analysis of the balances of cash and cash equivalents.

	1994 £	1993 £
Changes during the year		
At beginning of year	230,713	143,543
Net cash inflow	349,058	87,170
At end of year	<u>579,771</u>	<u>230,713</u>
Analysis of balances		
Cash at bank and in hand	<u>579,771</u>	<u>230,713</u>

Notes to the financial statements (continued)

18 Cash flow information (continued)

c) Analysis of changes in finance

	Share capital and share premium	Capital contribution	Short term group loans	Long term group loans	Finance leases
Balance at 1 January 1993	313,800	-	1,513,815	2,500,000	66,173
Cash inflow/outflow from financing	2,500,000	-	-	-	(60,175)
Effect of foreign exchange differences	-	-	31,301	67,568	-
Inception of finance leases	-	-	-	-	158,368
Balance at 1 January 1994	2,813,800	-	1,545,116	2,567,568	164,366
Cash inflow/(outflow) from financing	-	-	4,249,969	-	(52,955)
Effect of foreign exchange differences	-	-	-	(131,671)	-
Conversion of loans to capital contribution	-	5,795,085	(5,795,085)	-	-
Conversion of accrued interest costs to capital contribution	-	103,649	-	-	-
Balance at 31 December 1994	2,813,800	5,898,734	-	2,435,897	111,411

19 Financial commitments

a) The company had no capital commitments at 31 December 1994 (1993: nil).

b) Pensions

The pension cost charge for the year was £188,722 (1993: £143,328) for the staff scheme and £nil (1993: £909) for the hourly paid scheme.

The pension cost is assessed in accordance with the advice of a professionally qualified actuary. The latest actuarial valuation was as at 1 January 1993 and used the age attainment method. The main actuarial assumptions were that (a) salaries would increase by 7.5% p.a., (b) pensions in payment by 3% p.a., and (c) the return on scheme investments would be 8.5% p.a..

In respect of the scheme for staff employees, the most recent actuarial valuation showed that the market value of the scheme's assets was £1,770,348 and that the actuarial value of those assets represented 149% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The latest actuarial review produced a cost in accordance with SSAP 24 of 2% of pensionable payroll consisting of a regular cost of 10.1% and a variation from regular cost of 8.1%. Due to a number of uncertainties which existed relating to the implementation of certain aspects of the Social Security Act 1990 and the outcome of other pension related litigation cases effecting the future funding requirements of the scheme, it was decided in consultation with the scheme's actuary to maintain and the existing funding rate of 9.9% which forms the basis of the accounting charge until the next actuarial review.

Notes to the financial statements (continued)

19 Financial commitments (continued)

b) Pensions (continued)

In respect of the scheme for hourly paid employees the most recent actuarial valuation showed that the market value of the scheme's assets was £387,715 and that the actuarial value of those assets represent 177% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This scheme was closed to new membership in January 1993. The remaining members still in the company's employment, transferred to the staff scheme.

c) Leases

The company has entered into non-cancellable operating leases in respect of plant and equipment, the payments for which extend over a period up to 3 years. The total annual rental for 1994 was £138,065 (1993: £117,439). The company also leases certain land and buildings on long term operating leases. The annual rental on these leases was £487,000 (1993: £193,520). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The company pays all insurance, maintenance and repairs to the properties.

The minimum annual rentals under the foregoing leases are as follows:

	1994		1993	
	£	£	£	£
	Land and buildings	Other	Land and buildings	Other
Expiring within one year	-	26,585	-	3,531
Expiring between two and five years inclusive	-	80,420	-	5,314
Expiring after five years	487,000	-	487,000	-
	<u>487,000</u>	<u>107,005</u>	<u>487,000</u>	<u>8,845</u>

20 Contingent liabilities

a) The company has guarantees in respect of indemnity losses attributable to third parties of £120,000 (1993: £120,000).

b) The company has unsecured contingent liabilities in respect of discounted bills of exchange (subject to recourse) of £65,086 (1993 - £256).

21 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Lennox International Inc., a company registered in the USA which heads the largest group in which the results of the company are consolidated. The smallest group in which they are consolidated is that headed by Lennox Industries Inc., a company registered in the USA. The consolidated accounts of these groups are available to the public and may be obtained from Lennox International Inc., PO Box 799900, Dallas, Texas, 75379-9900, USA.