

Lennox Industries

**Directors' report and financial
statements**

Registered number 671868

31 December 2010

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	2
Independent auditor's report to the members of Lennox Industries	3
Profit and loss account	5
Balance sheet	6
Statement of total recognised gains and losses	7
Notes	8

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2010.

Parent company

Lennox Industries is a subsidiary of HCF-Lennox Limited, a company registered in England and Wales

The results of Lennox Industries are consolidated within the results of LGL Netherlands BV. The ultimate group of which Lennox Industries is a member and for which group financial statements are prepared is headed by Lennox International Inc., the ultimate parent undertaking, a company registered in Iowa, USA.

Principal activities

The principal activity of the Company is that of a sales and marketing agency in the United Kingdom for commercial heating and air conditioning equipment, service, spares and maintenance.

Business review

The Company recorded a loss before taxation for the year ended 31 December 2010 of £58,405 (2009: £525,949)

During the prior year the Company's trade was transferred to the Lennox Benelux BV, a company registered in the Netherlands. Lennox Industries will receive commission for the missed turnover according to the OECD guidelines.

Dividend

No dividend is proposed for either the ordinary or preference shares for the year (2009 £nil)

Directors

The directors who held office during and subsequent to the year end were as follows:

H J Bizios
LGL Holland BV
J H Peeraer

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any disclosable political expenditure during the year (2009 £nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board


J H Peeraer
Director

Kings House
40 Billing Road
Northampton
Northants
NN1 5BA

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to.

- select suitable accounting policies and then apply them consistently,
- make judgments 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; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Altius House
One North Fourth Street
Milton Keynes
MK9 1NE
United Kingdom

Independent auditor's report to the members of Lennox Industries

We have audited the financial statements of Lennox Industries for the year ended 31 December 2010 set out on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 2, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 loss for the year then ended,
- have been properly prepared in accordance with UK 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 Lennox Industries
(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.

B J Stapleton

B J Stapleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Date *27 September 2011*

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £	2009 £
Turnover	2	1,622,268	1,943,568
Cost of sales		(742,936)	(792,144)
Gross profit		879,332	1,151,424
Administrative expenses	3	(630,893)	(1,462,401)
Operating profit/(loss)		248,439	(310,977)
Interest payable and similar charges	6	(306,844)	(214,972)
Loss on ordinary activities before taxation	3	(58,405)	(525,949)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	15	(58,405)	(525,949)

On 1 March 2009 the Company transferred its trade to Lennox Benelux BV in the Netherlands, adopting a new operating model as set out in note 1. The turnover and operating loss for 2009 include £334,245 and £625,011 respectively which relate to discontinued operations. See note 2 for further details.

Balance sheet
at 31 December 2010

	<i>Note</i>	2010 £	2009 £
Fixed assets			
Tangible assets	8	-	-
Investments	9	32,765	32,765
		<u>32,765</u>	<u>32,765</u>
Current assets			
Debtors	10	1,533,614	425,381
Cash at bank and in hand		7,946	342,405
		<u>1,541,560</u>	<u>767,786</u>
Creditors: amounts falling due within one year	11	(2,628,751)	(1,400,872)
Net current liabilities		<u>(1,087,191)</u>	<u>(633,086)</u>
Total assets less current liabilities		<u>(1,054,426)</u>	<u>(600,321)</u>
Provisions for liabilities	12	-	(22,063)
Net liabilities excluding pension liabilities		<u>(1,054,426)</u>	<u>(622,384)</u>
Pension liabilities	18	(2,717,000)	(3,711,637)
Net liabilities including pension liabilities		<u>(3,771,426)</u>	<u>(4,334,021)</u>
Capital and reserves			
Called up share capital	14	314,040	314,040
Capital contribution account	15	5,898,734	5,898,734
Share premium account	15	2,520,760	2,520,760
Profit and loss account	15	(12,504,960)	(13,067,555)
Shareholders' deficit	16	<u>(3,771,426)</u>	<u>(4,334,021)</u>

These financial statements were approved by the board of directors on 14/9/2011 and were signed on its behalf by:

J H Peetzer
Director

Company registered number 671868

Statement of total recognised gains and losses
for the year ended 31 December 2010

	2010 £	2009 £
Loss for the financial year	(58,405)	(525,949)
Actuarial gains/(losses) recognised in the defined benefit pension schemes	621,000	(1,083,000)
Total recognised gains/(losses) relating to the financial year	562,595	(1,608,949)
Total recognised gains/(losses) since the last annual report	562,595	(1,608,949)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of HCF-Lennox Limited which in turn is a wholly owned subsidiary of LGL Netherlands BV, incorporated in the Netherlands, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

Going concern

The accounts have been prepared on a going concern basis notwithstanding net liabilities of £3,771,426 at the year end and the Company's reliance on Lennox Benelux BV's continued employment of the Company in the sale of commercial heating and air conditioning equipment and servicing. In order to assess the going concern of the Company, the directors have therefore considered the likelihood of the Company remaining as a local sales office and are confident that this will continue for at least 12 months from the date of approving these financial statements. The directors have also received written confirmation from its immediate parent company, LGL Netherlands BV, that it will continue to any provide financial support required by the Company to enable it to meet its financial obligations arising in the ordinary course of business for foreseeable future and for a period of not less than twelve months from the date of approval of these financial statements.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Post-retirement benefits

The Company operates a defined contribution pension scheme and a defined benefit pension scheme.

The assets of the defined contribution pension scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The assets of the defined benefit pension scheme are held separately from those of the Company. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Turnover

Turnover for the year represents commission earned on equipment sales generated by Lennox Industries on behalf of Lennox BV and other related income being the reimbursement by Lennox BV for its costs incurred

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Fixed asset investments are shown at cost less provisions for impairment.

2 Turnover and analysis of continuing and discontinued operations

Turnover

All turnover was derived from the Company's principal activity as set out in note 1.

Analysis of continuing and discontinued operations

On 1 March 2009 the Company transferred its trade to Lennox Benelux BV in the Netherlands, adopting a new operating model as set out in note 1. Accordingly, the results can be analysed as follows

	2010 £	2009 £	2009 £	2009 £
	Continuing operations	Continuing operations	Discontinued operations	Total
Turnover	1,622,268	1,609,323	334,245	1,943,568
Cost of sales	(742,936)	(439,694)	(352,450)	(792,144)
Gross (loss)/profit	879,332	1,169,629	(18,205)	1,151,424
Administrative expenses	(630,893)	(625,680)	(125,136)	(750,816)
Administrative expenses – exceptional items (see note 3)	-	(229,915)	(481,670)	(711,585)
Total administrative expenses	(630,893)	(855,595)	(606,806)	(1,462,401)
Operating (loss)/profit	248,439	314,034	(625,011)	(310,977)

Notes (continued)

3 Loss on ordinary activities before taxation

	2010 £	2009 £
<i>Loss on ordinary activities before taxation is stated after charging / (crediting):</i>		
Depreciation on owned tangible fixed assets	-	13,363
Hire of plant and machinery under operating leases	22,301	15,944
Other operating lease rentals	5,111	29,253
Other exchange losses/(gains)	25,027	(65,117)
Exceptional other operating loss - see below	-	711,585
<i>Auditors' remuneration.</i>		
Audit of these financial statements	19,000	20,102
Other services relating to taxation	7,000	6,650
	<u> </u>	<u> </u>

The presentation of the profit and loss account reflects the current operational activity of the business. The exceptional other operating loss represents restructuring costs following restructuring of the Company's trading activities in the UK. Restructuring costs incurred in 2009 are treated as allowable for tax purposes.

4 Remuneration of directors

All directors are remunerated by other group companies

There are no retirement benefits accruing for any of the directors under money purchase or defined benefit schemes

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2010	2009
Sales and distribution	7	10
Administration	-	-
	<u> </u>	<u> </u>
	7	10
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and salaries	301,848	952,147
Social security costs	30,778	43,714
Other pension costs (see below)	327,555	236,342
	<u> </u>	<u> </u>
	660,181	1,232,203
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs (continued)

'Other pension costs' comprises of amounts payable to defined contribution schemes amounting to £15,555 (2009: £13,342), service costs in respect of the defined benefit scheme amounting to £14,000 (2009: £22,000) and net finance costs (see note 6) in respect of the defined benefit scheme of £298,000 (2009: £201,000).

6 Interest payable and similar charges

	2010 £	2009 £
On loans from group undertakings	8,844	13,972
Finance costs on pension deficit (See note 19)	298,000	201,000
	<u>306,844</u>	<u>214,972</u>

7 Taxation on ordinary activities

Analysis of charge in period

	2010 £	2009 £
<i>Current tax</i>		
Current tax on income for the period	-	-
<i>Deferred tax</i>		
Origination/(reversal) of timing differences in year	-	-
Total deferred tax	-	-
Tax on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax credit for the period is lower (2009: lower) than the standard rate of corporation tax in the UK of 28%. The differences are explained below:

	2010 £	2009 £
Loss on ordinary activities before tax	(58,405)	(525,949)
Tax on (loss)/profit on ordinary activities at 28% (2009: 28%)	(16,353)	(147,265)
<i>Effects of</i>		
Expenses not deductible for tax purposes	6,483	42,029
Difference between capital allowances and depreciation	-	2,653
Other short term timing differences	(88,415)	(38,093)
Timing differences on pension deficit	(100,710)	(46,602)
Impact of rate differences between deferred and current tax	(1,542)	3,758
Losses relieved outside the period	53,039	-
Unutilised tax losses	147,498	183,520
Total current tax charge (see above)	-	-

Notes (continued)

7 Taxation on ordinary activities (continued)

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and has no effect on the financial statements as the company does not have a recognised deferred tax balance as at 31 December 2010.

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011. The effect of the rate change has not been reflected in the financial statements as it was not substantively enacted at the balance sheet date and has not been disclosed as the company does not have a recognised deferred tax balance as at 31 December 2010.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the financial statements

8 Tangible fixed assets

	Improvements to long leasehold £	Plant and machinery £	Total £
Cost			
At beginning of year	104,557	277,178	381,735
Disposals	(104,557)	(277,178)	(381,735)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	104,557	277,178	381,735
Disposals	(104,557)	(277,178)	(381,735)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At beginning and end of year	-	-	-
	<hr/>	<hr/>	<hr/>

9 Fixed asset investments

	2010 £	2009 £
Investments at cost	32,765	32,765
	<hr/>	<hr/>

The Company owns 100% of the ordinary share capital of Environheat Limited, a dormant company registered in England and Wales. The aggregate capital and reserves of Environheat Limited at 31 December 2010 were £32,765 (2009: £32,765)

Notes (continued)

10 Debtors

	2010 £	2009 £
Trade debtors	21,754	18,628
Amounts owed by group undertakings	1,501,306	401,128
Other debtors	700	3,572
Prepayments and accrued income	9,854	2,053
	<u>1,533,614</u>	<u>425,381</u>

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	9,923	46,330
Amounts owed to group undertakings	2,407,633	1,265,764
Taxation and social security	117,861	991
Other creditors	9,696	13,955
Accruals and deferred income	83,638	73,832
	<u>2,628,751</u>	<u>1,400,872</u>

12 Provisions for liabilities

	Warranty provision £
At beginning of year	22,063
Released during year	(22,063)
At end of year	<u>-</u>

13 Deferred taxation

The elements of deferred taxation are as follows

	Unprovided 2010 £	2009 £
Other short term timing differences	-	5,957
Tax losses carried forward	147,498	183,520
	<u>147,498</u>	<u>189,477</u>

The directors have assessed the likelihood of the deferred tax balances reversing in the near future. In accordance with FRS19 they have not recognised a deferred tax asset which is unlikely to be able to be utilised in the near future.

Notes (continued)

14 Called up share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
14,040 ordinary shares of £1 each	14,040	14,040
300,000 redeemable non-cumulative preference shares of £1 each	300,000	300,000
	<u>314,040</u>	<u>314,040</u>

Non-cumulative preference shares entitled to 6% of profits available for distribution. These shares may, at the Company's option, be redeemed at par either wholly or in part at any time. They also carry the right to priority of capital on winding up, but no voting rights are attached.

15 Reserves

	Capital contribution account £	Share premium account £	Profit and loss account £	Total £
At beginning of year	5,898,734	2,520,760	(13,067,555)	(4,648,061)
Loss for the year	-	-	(58,405)	(58,405)
Actuarial gains recognised in the pension schemes	-	-	621,000	621,000
	<u>5,898,734</u>	<u>2,520,760</u>	<u>(12,504,960)</u>	<u>(4,085,466)</u>

The capital contribution account arose from the conversion of certain loans and accrued interest payable to the ultimate parent company and is not considered by the directors to be distributable.

16 Reconciliation of movements in shareholders' deficit

	2010 £	2009 £
Opening shareholders' deficit	(4,334,021)	(2,725,072)
Loss for the financial year	(58,405)	(525,949)
Other recognised gains/(losses) in the year	621,000	(1,083,000)
	<u>(3,771,426)</u>	<u>(4,334,021)</u>

Notes (continued)

17 Commitments

(a) Capital commitments

The Company had no capital commitments at either year end

(b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2010 Other	2009 Other
	£	£
Operating leases which expire		
Within one year	6,105	18,429
In the second to fifth years inclusive	18,293	12,783
Over five years	-	-
	<u>24,398</u>	<u>31,212</u>

18 Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £15,555 (2009 £13,342)

Defined benefit scheme

The Company operates two defined benefit pension schemes. The contribution to the defined benefit schemes is determined by a qualified actuary.

Full actuarial valuations were carried out at 1 January 2010 and updated for FRS 17 purposes to 31 December 2010 by a qualified independent actuary.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2010 £	2009 £
Present value of funded defined benefit obligations		
Fair value of plan assets	7,481,000	6,517,000
	<u> </u>	<u> </u>
Present value of unfunded defined benefit obligations	(10,198,000)	(10,229,000)
	<u> </u>	<u> </u>
Net liability	(2,717,000)	(3,712,000)
	<u> </u>	<u> </u>
Unprovided deferred tax asset (at 27%)	733,590	1,039,360
	<u> </u>	<u> </u>

Notes (continued)

18 Pension scheme (continued)

Movements in present value of defined benefit obligation

	2010 £	2009 £
At 1 January	10,229,000	9,252,000
Current service cost	14,000	22,000
Interest cost	567,000	515,000
Actuarial (gains)/losses	(323,000)	887,000
Contributions by members	2,000	8,000
Benefits paid	(291,000)	(455,000)
	<hr/>	<hr/>
At 31 December	10,198,000	10,229,000
	<hr/>	<hr/>

Movements in fair value of plan assets

	2010 £	2009 £
At 1 January	6,517,000	6,145,000
Expected return on plan assets	269,000	314,000
Actuarial gains/(losses)	298,000	(196,000)
Contributions by employer	686,000	701,000
Contributions by members	2,000	8,000
Benefits paid	(291,000)	(455,000)
	<hr/>	<hr/>
At 31 December	7,481,000	6,517,000
	<hr/>	<hr/>

Expense recognised in the profit and loss account

	2010 £	2009 £
Current service cost	(14,000)	(22,000)
Interest on defined benefit pension plan obligation	269,000	314,000
Expected return on defined benefit pension plan assets	(567,000)	(515,000)
	<hr/>	<hr/>
Total	(312,000)	(223,000)
	<hr/>	<hr/>

Notes (continued)

18 Pension scheme (continued)

The expense is recognised in the following line items in the profit and loss account.

	2010 £	2009 £
Administrative expenses	(14,000)	(22,000)
Net finance costs on pension deficit		
Interest on defined benefit pension plan obligation	269,000	314,000
Expected return on defined benefit pension plan assets	(567,000)	(515,000)
	(298,000)	(201,000)
Total	(312,000)	(223,000)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £621,000 (2009: £1,083,000).

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17 are £621,000 (2009 £1,083,000).

The fair value of the plan assets and the return on those assets were as follows

	2010 Fair value £	2009 Fair value £
Equities	4,393,000	-
Corporate bonds	2,605,000	-
Other	483,000	6,517,000
	7,481,000	6,517,000
Actual return on plan assets	567,000	515,000

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2010 %	2009 %
Discount rate	5.5%	5.6%
Expected rate of return on plan assets	3.9%	4.0%
Expected return on plan assets at beginning of the period	4.0%	5.0%
Future salary increases	4.5%	4.5%
Future pension increases	3.5%	3.5%
Inflation - RPI	3.5%	3.5%
Inflation - CPI	2.9%	-

Notes (continued)

18 Pension scheme (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.3 years.
- Future retiree upon reaching 65: 23.2 years.

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2010 £	2009 £	2008 £	2007 £	2006 £
Present value of scheme liabilities	10,198,000	10,229,000	9,252,000	8,576,000	9,026,000
Fair value of scheme assets	7,481,000	6,517,000	6,145,000	6,102,000	6,121,000
Deficit	2,717,000	3,712,000	3,107,000	2,474,000	2,905,000

Experience adjustments

	2010 £	2009 £	2008 £	2007 £	2006 £
Difference between expected and actual return on plan assets					
- amount (£)	(298,000)	(196,000)	(173,000)	(130,000)	(40,000)
- percentage of scheme assets	(4%)	(3%)	(3%)	(2%)	(1%)
Experience gains and losses on scheme liabilities					
- amount (£)	9,000	-	794,000	-	-
- percentage of scheme liabilities	0%	0%	9%	0%	0%

The Company expects to contribute approximately £685,000 to its defined benefit plans in the next financial year.

19 Contingent liabilities

There were no contingent liabilities at 31 December 2010 (2009 £nil)

20 Transactions with related parties

The Company has taken advantage of the exemption in FRS 8 not to disclose related party transactions within the group as it is a wholly owned subsidiary of a company whose financial statements, in which the Company is included, are available to the public. There were no other related party transactions.

Notes (continued)

21 Ultimate parent company and controlling party

Lennox Industries is a subsidiary of HCF-Lennox Limited, a company registered in England and Wales.

The results of Lennox Industries are consolidated within the results of LGL Netherlands BV. The financial statements of LGL Netherlands BV are available to the public from LGL Netherlands BV, Watergoorweg 87, PO Box 128, 3860 BA Nijkerk, The Netherlands.

The ultimate group of which Lennox Industries is a member and for which group financial statements are drawn up is that headed by Lennox International Inc., the ultimate parent undertaking, a company registered in Delaware, USA. The financial statements of Lennox International Inc. are available to the public from 2140 Lake Park Boulevard, Richardson, TX, 75080, USA.

Lennox International Inc. is a public company registered with the U.S. Securities and Exchange Commission and traded on the New York Stock Exchange. It is controlled by a diverse group of shareholders.

22 Subsequent events

On 4 July 2011 a striking off application was made by Environheat Limited, a dormant company registered in England and Wales. Environheat Limited is a wholly owned subsidiary of Lennox Industries.