Lennox Industries

Directors' report and financial statements

Registered number 671868

31 December 2008

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008

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 activity

The principal activities of the Company continue to be the manufacture and sale of commercial heating and air conditioning equipment, service, spares and maintenance

Business review

The directors see progress with the results for the year ended 31 December 2008, which shows a loss for the year of £192,750 This compares to a profit for the previous year of £3,134,126 The result for the year has been positively impacted by the write-off of the inter-company loan with LGL Holland BV as at 31 December 2008 The impact of this write-off has been a positive impact on the profit and loss account of £723,387 (2007 £4,078,799)

Turnover for the year ended 31 December 2008 is £8,564,932, compared to £8,901,976 in the previous year, an decrease of 3 8% This is due to a decrease in sales of Air Handling Units and Close Control Units which are externally sourced from European companies outside the Lennox group and partially offset by an increase in sales of Rooftop products which are internally sourced from the Lennox European group

Gross profit as a percentage of sales is 16 4% in 2008, compared to 16 0% in 2007 Margins are similar across most product ranges during the year, with improved margins being achieved on Spare parts Margins have also been positively impacted in 2008 due to lower warranty and freight costs

The balance sheet show that the company's financial position at the year-end has improved as a write-off of the inter-company loan

Future prospects

In 2009 a company restructuring has been undertaken and the office functions have been transferred across to the Lennox Shared Services Centre based in the Netherlands The UK office in Northampton was closed on 31st March 2009

For 2009 the turnover of the company will be based on commission received from Lennox Benelux B V , which is an inter-company Lennox company based in the Netherlands This commission will be based on a mark-up of Lennox Industries local costs

Principal risks and uncertainties

Due to the nature of the Company's assets and liabilities contained within the balance sheet the main financial risk that the directors consider relevant is credit risk This risk is mitigated by rigorous credit control policies to minimise the risk of customer debt default

Dividend

No dividend is proposed for either the ordinary or preference shares for the year *(2007 £nil)*

Directors' report *(continued)*

Directors

The directors who held office during and subsequent to the yearend were as follows

BD Houghton (resigned 30 September 2008)
WF Stoll (resigned 30 September 2008)
DMA Birtles (resigned 31 March 2009)
HJ Bizios
P Kohler (appointed 4 November 2008, resigned 24 February 2009)
LGL Holland BV (appointed 4 November 2008)
JH Peeraer (appointed 1 September 2009)

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any disclosable political expenditure during the year *(2007 £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 will therefore continue in office

By order of the board

J H Peeraer
Director

Kings House
40 Billings 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)

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 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 un less 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 enable them to ensure that its financial statements comply with the Companies Act 1985 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 auditors' report to the members of Lennox Industries

We have audited the financial statements of Lennox Industries for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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

Independent auditors' report to the members of Lennox Industries
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

Chartered Accountants
Registered Auditor

6 September, 2010.

Profit and loss account
for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	**8,564,932**	8,901,976
Cost of sales		**(7,163,734)**	(7,479,145)
Gross profit		**1,401,198**	1,422,831
Administration expenses		**(2,107,714)**	(1,899,907)
Exceptional other operating income	3	**723,387**	4,078,799
Operating profit		**16,871**	3,601,723
Interest payable and similar charges	6	**(209,621)**	(467,597)
(Loss)/profit on ordinary activities before taxation	3	**(192,750)**	3,134,126
Taxation on ordinary activities	7	**-**	-
(Loss)/profit for the year	16	**(192,750)**	3,134,126

All of the company's activities are derived from continuing operations

Balance sheet
at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	13,363	33,962
Investments	9	32,765	32,765
		46,128	66,727
Current assets			
Stocks	10	-	516,802
Debtors	11	1,945,552	2,074,338
Cash at bank and in hand		270,127	326,066
		2,215,679	2,917,206
Creditors: amounts falling due within one year	12	(1,854,582)	(2,458,369)
Net current assets		361,097	458,837
Total assets less current liabilities		407,225	525,564
Provisions for liabilities and charges	13	(25,297)	(116,886)
Net assets before pension liabilities		381,928	408,678
Pension liabilities	18	(3,107,000)	(2,474,000)
Net liabilities		(2,725,072)	(2,065,322)
Capital and reserves			
Called up share capital	15	314,040	314,040
Capital contribution account	16	5,898,734	5,898,734
Share premium account	16	2,520,760	2,520,760
Profit and loss account	16	(11,458,606)	(10,798,856)
Total shareholders' deficit	17	(2,725,072)	(2,065,322)

These financial statements were approved by the board of directors on 26/8/2010 and were signed on its behalf by:

J H Peeraer
Director

Registered Number: 671868

Statement of total recognised gains and losses
for the year ended 31 December 2008

	2008 £	2007 £
(Loss)/profit for the financial year	**(192,750)**	3,134,126
Movement on actuarial deficit in the pension scheme	**(467,000)**	704,000
Total (losses)/gains relating to the financial year	**(659,750)**	3,838,126
Total recognised (loss)/gains since the last annual report	**(659,750)**	3,838,126

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 group's 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 has taken advantage of the exemption from preparing consolidated financial statements afforded by s228 of the Companies Act 1985 because it 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, which prepares consolidated financial statements which are publicly available The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement

The financial statements present information about the company as an individual undertaking and not about its group

Going concern

These financial statements have been prepared on a going concern basis as LGL Netherlands BV has agreed to continue to support the company to ensure the company meets its liabilities as and when they fall due, for a period of 12 months from the date of signing these financial statements

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows

Improvements to long leasehold property	-	shorter of length of lease and useful economic life
Plant and machinery	-	5-10 years
Motor vehicles	-	4 years

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

Stocks

Stocks are stated at the lower of cost and net realisable value Provision is made for obsolete, slow-moving or defective items where appropriate

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

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs

The company operates pension schemes providing benefits based on final pensionable pay

The two schemes operating are the Lennox Industries Staff Retirement Benefits Scheme for staff employees and the Lennox Industries 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

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate All exchange differences are included in the profit and loss account

Turnover

Turnover comprises the amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes This is recognised when goods are despatched or as services are provided

Leases

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

Investments

Fixed asset investments are shown at cost less provisions for impairment

2 Turnover

All turnover was derived from the company's principal activity

The analysis of turnover by geographical destination is as follows

	2008	2007
	£	£
United Kingdom	**8,252,508**	8,538,231
Rest of Europe	**312,424**	363,745
	8,564,932	8,901,976

Notes *(continued)*

3 (Loss) / profit on ordinary activities before taxation

	2008 £	2007 £
(Loss) / profit on ordinary activities before taxation is stated after charging / (crediting).		
Depreciation on owned tangible fixed assets	**20,599**	36,679
Hire of plant and machinery under operating leases	**54,916**	72,059
Other operating lease rentals	**33,785**	36,685
Other exchange losses	**491,652**	506,068
Exceptional other operating income (see below)	**(723,387)**	(4,078,799)
Auditors' remuneration		
Audit of these financial statements	**24,170**	20,787
Other services relating to taxation	**6,650**	6,850

The exceptional other operating income of £723,387 (2007 £4,078,799) in the profit and loss account represents an intercompany loan written off during the year

4 Remuneration of directors

Directors' remuneration was as follows

	2008 £	2007 £
Emoluments	**193,042**	243,029
Company contributions to money purchase pension schemes	**6,439**	7,447
Compensation for loss of office	**118,000**	-
	317,481	250,476

The aggregate emoluments of the highest paid director was £217,588 (*2007 £160,023*) and company pension contributions of £6,439 (*2007 £7,447*) were made on his behalf All costs attributable to this director are fully recharged to HVAC Europe

One director *(2007 one)* was a member of the company pension scheme during the year

Notes *(continued)*

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	
	2008	2007
Sales and distribution	**22**	23
Administration	**6**	7
	28	30

The aggregate payroll costs of these persons were as follows

	2008	2007
	£	£
Wages and salaries	**1,290,890**	1,326,318
Social security costs	**120,058**	120,357
Other pension costs (see below)	**254,439**	377,854
	1,919,826	1,824,529

'Other pension costs' comprises of amounts payable to defined contribution schemes amounting to £6,439 *(2007 £12,854)*, service costs in respect of the defined benefit scheme amounting to £65,000 *(2007 £98,000)* and net finance costs (see note 6) in respect of the defined benefit scheme of £183,000 *(2007 £267,000)*

6 Interest payable and similar charges

	2008	2007
	£	£
Other interest payable	-	(17,225)
Loans from group undertakings	**26,621**	217,822
Finance costs of pension deficit	**183,000**	267,000
	209,621	467,597

Notes *(continued)*

7 Taxation on ordinary activities

Analysis of charge in period

	2008 £	2007 £
Current tax		
Current tax on income for the period	-	-
Deferred tax		
Origination/(reversal) of timing differences in year	-	-
Origination/ (reversal) of timing differences in prior year	-	-
Total deferred tax	-	-
Tax on ordinary activities	-	-

Factors affecting the tax charge for the current period

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss) / profit before tax is as follows

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	**(192,750)**	3,134,126
Tax on (loss)/profit on ordinary activities at 28% *(2007 30%)*	**(53,970)**	940,238
Effects of		
Expenses not deductible for tax purposes	**2,435**	3,449
Difference between capital allowances and depreciation	**5,768**	(33,559)
Other short term timing differences	**(19,994)**	(5,813)
Timing differences on pension deficit	**46,480**	81,900
Other movements	-	(5,135)
Income not subject to taxation	**(202,548)**	(1,223,640)
Unutilised tax losses	**221,829**	242,560
Total current tax charge (see above)	-	-

Notes *(continued)*

8 Tangible fixed assets

	Improvements to long leasehold £	Plant and machinery £	Total £
Cost			
At beginning of year	104,557	277,178	381,735
Additions	-	-	-
At end of year	104,557	277,178	381,735
Depreciation			
At beginning of year	83,685	264,088	347,773
Charge for year	15,630	4,969	20,599
At end of year	99,315	269,057	368,372
Net book value			
At 31 December 2008	**5,242**	**8,121**	**13,363**
At 31 December 2007	20,872	13,090	33,962

9 Fixed asset investments

	2008 £	2007 £
Investments at cost	**32,765**	32,765

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 2008 were £32,765 *(2007 £32,765)*

10 Stocks

	2008 £	2007 £
Finished goods and goods for resale	-	516,802

There is no material difference between the balance sheet value of stocks and their replacement cost

Notes *(continued)*

11 Debtors

	2008 £	2007 £
Trade debtors	**1,253,004**	1,668,640
Amounts owed by group undertakings	**550,686**	356,092
Other debtors	**82,223**	6,421
Prepayments and accrued income	**59,639**	43,185
	1,945,552	2,074,338

12 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	**763,345**	81,067
Amounts owed to group undertakings	**562,751**	1,495,605
Taxation and social security	**294,719**	377,870
Other creditors	**132,763**	377,682
Accruals and deferred income	**101,004**	126,145
	1,854,582	2,458,369

13 Provisions for liabilities and charges

	Warranty provision £
At beginning of year	116,886
Released during the year	(91,589)
At end of year	**25,297**

14 Deferred taxation

The elements of deferred taxation are as follows

	Unprovided 2008 £	Unprovided 2007 £
Accelerated capital allowances	**120,217**	117,782
Other short term timing differences	**23,412**	43,406
Tax losses carried forward	**6,539,093**	6,317,264
	6,682,722	6,478,452

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)*

15 Called up share capital

	2008 £	2007 £
Authorised		
15,000 ordinary shares of £1 each	**15,000**	15,000
470,000 redeemable non-cumulative preference shares of £1each	**470,000**	470,000
	485,000	485,000
Allotted, called up and fully paid		
14,040 ordinary shares of £1 each	**14,040**	14,040
300,000 redeemable non-cumulative preference shares of £1each	**300,000**	300,000
	314,040	314,040

Non-equity shareholders' funds relate to non-cumulative preference shares which are 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

16 Reserves

	Capital contribution account £	Share premium account £	Profit and loss account £	Total £
At beginning of year	5,898,734	2,520,760	(10,798,856)	(2,379,362)
Loss for the year	-	-	(192,750)	(192,750)
Other recognised gains in the year	-	-	(467,000)	(467,000)
At end of year	5,898,734	2,520,760	(11,458,606)	(3,039,112)

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

17 Reconciliation of movements in shareholders' deficit

	2008 £	2007 £
Opening shareholders' deficit	**(2,065,322)**	(5,903,448)
(Loss)/profit for the financial year	**(192,750)**	3,134,126
Other recognised (losses)/gains in the year	**(467,000)**	704,000
Closing shareholders' deficit	**(2,725,072)**	(2,065,322)

Notes *(continued)*

18 Commitments

(a) Capital commitments

The company had no capital commitments at either year end

(b) Pension commitments

The group operates two pension schemes in the UK – a Defined Contribution Scheme and a Defined Benefits Scheme The contribution to the defined benefit scheme is determined by a qualified actuary

Full actuarial valuations were carried out at 1 January 2008 and updated for FRS 17 purposes to 31 December 2008 by a qualified independent actuary

Contributions made by the company to each of the scheme during the year were

	2008	2007
	£	£
Lennox Industries Defined Benefits Scheme	**82,365**	91,547
Lennox Industries Defined Contribution Scheme	**12,885**	12,854
	95,250	104,401

(c) *Scheme assets*

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Long term rate of return expected at 31 December 2008	**Value at 31 December 2008**	Long term rate of return expected at 31 December 2007	Value at 31 December 2007
		£		£
Equities	-		-	-
Bonds	-		-	-
Other	**5.00%**	**6,145,000**	5 00%	6,102,000
		6,145,000		6,102,000
Present value of scheme liabilities		**(9,252,000)**		(8,576,000)
Deficit in the scheme – Pension liability		**(3,107,000)**		(2,474,000)
Unprovided deferred tax asset		**869,960**		692,720

Notes *(continued)*

18 Commitments *(continued)*

The major assumptions used by the actuary were

	2008	2007
Rate of increase in salaries	**4.00%**	4 40%
Rate of increase in pensions in payment	**3.00%**	3 40%
Discount rate	**5 70%**	5 70%
Inflation assumption	**3.00%**	3 40%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Movements in present value of defined benefit obligation

	2008 £	2007 £
At 1 January	**8,576,000**	9,026,000
Current service cost	**65,000**	98,000
Interest cost	**486,000**	450,000
Actuarial losses/(gains)	**294,000**	(834,000)
Contributions by members	**32,000**	37,000
Benefits paid	**(201,000)**	(201,000)
At 31 December	**9,252,000**	6,576,000

Movements in fair value of plan assets

	2008 £	2007 £
At 1 January	**6,102,000**	6,121,000
Interest cost	**486,000**	183,000
Actuarial losses on plan assets	**(173,000)**	(130,000)
Employer contributions	**82,000**	92,000
Contributions by members	**32,000**	37,000
Benefits paid	**(201,000)**	(201,000)
At 31 December	**6,145,000**	6,102,000

Notes *(continued)*

18 Commitments *(continued)*

Analysis of amounts included in administrative expenses

	2008 £	2007 £
Current service cost	**(65,000)**	(98,000)

Analysis of amounts included in other finance income/costs

	2008 £	2007 £
Expected return on pension scheme assets	**303,000**	183,000
Interest on pension scheme liabilities	**(486,000)**	(450,000)
Net return	**(183,000)**	(267,000)

Analysis of amount recognised in statement of total recognised gains and losses

	2008	2007
Actual return less expected return on scheme assets	**(173,000)**	(130,000)
Experience gains and losses arising on scheme liabilities	-	-
Changes in assumptions underlying the present value of scheme liabilities	**(294,000)**	834,000
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	**(467,000)**	704,000

Notes *(continued)*

18 Commitments *(continued)*

History of plans

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

Balance sheet

	2008 £	2007 £	2006 £	2005 £	2004 £
Defined benefit obligation	**9,252,000**	6,576,000	9,026,000	8,696,000	7,382,000
Fair value of plan assets	**6,145,000**	6,102,000	6,121,000	5,975,000	4,966,000
Deficit	**3,107,000**	2,474,000	2,905,000	2,721,000	2,416,000

History of experience gains and losses

	2008 £	2007 £	2006 £	2005 £	2004 £
Difference between expected and actual return on plan assets					
- amount (£)	**(173,000)**	(130,000)	(40,000)	251,000	(289,000)
- percentage of scheme assets	**(3%)**	(2%)	(1%)	4%	(6%)
Experience gains and losses on scheme liabilities					
- amount (£)	**794,000**	-	-	17,000	94,000
- percentage of scheme liabilities	**9%**	0%	0%	0%	1%

The Company expects to contribute approximately £587,000 to its defined benefit plans in the next financial year

(d) Lease commitments

The minimal annual rentals under non-cancellable operating leases are as follows

	2008		2007	
	Land and buildings £	**Other £**	Land and Buildings £	Other £
Operating leases which expire				
Within one year	**25,339**	**6,124**	-	8,498
In the second to fifth years inclusive	-	**60,507**	33,785	44,550
	25,339	**66,631**	33,785	53,048

(e) Other

A fixed and floating charge is held by the Natwest Bank over all the current and future assets of the company

Notes *(continued)*

19 Contingent liabilities

There were no contingent liabilities at 31 December 2008 *(2007 £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

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 Nisker, 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