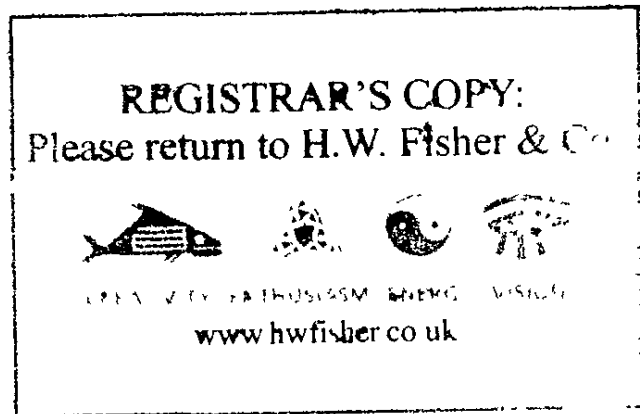


LOCHINVAR LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



LOCHINVAR LIMITED

COMPANY INFORMATION

Directors	D J Pepper J J Kita A G Rajendra J F Stern
Secretary	J F Stern
Company number	3453820
Registered office	One New Change London EC4M 9AF
Auditors	H W Fisher & Company Acrc House 11-15 William Road London NW1 3ER United Kingdom
Business address	7 Lombard Way The MXI Centre Banbury Oxon OX16 4TJ
Bankers	Barclays Bank Plc Banbury Area Branch Banbury Oxon OX16

LOCHINVAR LIMITED

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LOCHINVAR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

Principal activities and review of the business

The principal activity of the company continues to be that of supplying equipment to the heating industry in the UK and Ireland

As far as normal operating results are concerned, this year the company enjoyed record sales with gross margins holding up well in the face of challenging market conditions. Despite a slowdown in Commercial/Industrial new build projects, the replacement and refurbishment market enabled us to achieve growth in sales. Previous rapid growth in Solar thermal as a renewable technology slowed down considerably in 2011, largely as a result of property owners and investors showing a preference for Solar PV due to the related advantageous Feed-in-tariffs.

During August 2011 the company was acquired by A O Smith Corporation. The associated acquisition costs and dividends resulted in a loss for the year. However despite this the company still shows a strong Balance Sheet.

The company made a pre-tax loss of £490,839 (2010 - a profit of £394,120) for the year on a turnover of £7,516,204 (2010 - £7,400,922).

At 31 December 2011 the company had net assets of £2,240,412 (2010 - £3,605,987).

We expect 2012 will be another challenging year but there are encouraging signs with several Building Services design companies reporting growing order books. The Solar thermal market should see an upsurge following modifications to Feed-in-tariffs and the long awaited launch of the Renewable Heat Incentive in December 2011.

The company continues to purchase goods in Euro's and Dollars where we are exposed to some risk in the movement of these currencies against Sterling. We continue to monitor exchange rates and take out forward contracts to manage the risk. As a result of the acquisition by A O Smith Corporation, our foreign exchange exposure is likely to reduce during 2012 particularly as part of our product range will be supplied by a European group factory where we are likely to purchase goods in Sterling. This change will also provide other benefits, specifically a reduction in lead-time for products.

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

Dividends

An interim ordinary dividend was paid amounting to £951,000. The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

W I Vallett	(Resigned 26 August 2011)
I A Vallett	(Resigned 26 August 2011)
J W Vallett	(Resigned 26 August 2011)
D J Pepper	
J J Kita	(Appointed 26 August 2011)
A G Rajendra	(Appointed 26 August 2011)
J F Stern	(Appointed 26 August 2011)

LOCHINVAR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.


Auditors

The auditors, H W Fisher & Company, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board

x

x


JOHN J KITA

2

Dated 5/12/12

LOCHINVAR LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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). 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 judgements and accounting estimates that are reasonable and prudent,
- 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 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.

LOCHINVAR LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LOCHINVAR LIMITED

We have audited the financial statements of Lochinvar Limited for the year ended 31 December 2011 set out on pages 5 to 18. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement on page 3, 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its loss 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.

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.

M B Davis (Senior Statutory Auditor)

for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

Dated

16 May 2012

LOCHINVAR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	7,516,204	7,400,922
Cost of sales		(4,558,835)	(4,509,951)
Gross profit		2,957,369	2,890,971
Administrative expenses		(3,456,124)	(2,513,671)
Operating (loss)/profit	3	(498,755)	377,300
Investment income		1,847	8,191
Other interest receivable and similar income		7,216	9,465
Interest payable and similar charges	6	(1,147)	(836)
(Loss)/profit on ordinary activities before taxation		(490,839)	394,120
Tax on (loss)/profit on ordinary activities	7	76,264	(121,243)
(Loss)/profit for the year	19	(414,575)	272,877

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

LOCHINVAR LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2011**

	Notes	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	9		-		181,997
Tangible assets	10		200,901		203,669
			<u>200,901</u>		<u>385,666</u>
Current assets					
Stocks	11	1,821,524		1,690,448	
Debtors	12	1,358,990		1,406,153	
Cash at bank and in hand		409,704		1,794,017	
		<u>3,590,218</u>		<u>4,890,618</u>	
Creditors amounts falling due within one year	13	<u>(1,525,570)</u>		<u>(1,637,587)</u>	
Net current assets			<u>2,064,648</u>		<u>3,253,031</u>
Total assets less current liabilities			<u>2,265,549</u>		<u>3,638,697</u>
Creditors amounts falling due after more than one year	14		(3,750)		(8,170)
Provisions for liabilities	15		(21,387)		(24,540)
			<u>2,240,412</u>		<u>3,605,987</u>
Capital and reserves					
Called up share capital	18		400,002		400,002
Profit and loss account	19		1,840,410		3,205,985
Shareholders' funds	20		<u>2,240,412</u>		<u>3,605,987</u>

Approved by the Board and authorised for issue on 05/11/12

> John J Kite

> Jason J Kite

Director

LOCHINVAR LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	£	2011 £	£	2010 £
Net cash (outflow)/inflow from operating activities	21		(257,960)		825,592
Returns on investments and servicing of finance					
Interest received		7,216		9,465	
Interest element of finance lease rentals		(1,147)		(836)	
Other income (cash basis)		1,847		8,191	
Net cash inflow for returns on investments and servicing of finance			7,916		16,820
Taxation			(107,016)		(176,632)
Capital expenditure					
Payments to acquire tangible fixed assets		(81,916)		(132,566)	
Receipts from sales of tangible fixed assets		10,083		34,479	
Net cash outflow for capital expenditure			(71,833)		(98,087)
Equity dividends paid			(951,000)		(102,000)
Net cash (outflow)/inflow before financing			(1,379,893)		465,693
Financing					
Capital element of finance leases		(4,420)		(4,420)	
Net cash outflow from financing			(4,420)		(4,420)
(Decrease)/increase in cash in the year	23, 22		(1,384,313)		461,273

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Revenue recognition

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.3 Goodwill

Acquired goodwill is initially recognised at cost and then amortised over its estimated useful life of 20 years

Where there is an indication that the value of the goodwill may have been impaired, an impairment review is carried out. If the impairment review indicates that the recoverable amount is lower than the current value, the goodwill is written down to the recoverable amount. The remaining recoverable amount is then amortised over the revised useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leaschold property	over the term of the lease
Plant and machinery	25% Reducing balance
Computer equipment	33.3% Straight line
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

1.5 Leasing

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

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

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies (Continued)

19 Foreign currency translation

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account

2 Turnover

Geographical market

	Turnover 2011 £	2010 £
UK	7,320,648	7,164,190
Rest of world	195,556	236,732
	<u>7,516,204</u>	<u>7,400,922</u>

3 Operating (loss)/profit

	2011 £	2010 £
Operating (loss)/profit is stated after charging		
Amortisation of intangible fixed assets	26,001	26,001
Impairment of intangible fixed assets	155,996	-
Depreciation of owned tangible fixed assets	67,168	60,350
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	2,490	4,285
Loss on disposal of tangible fixed assets	4,943	11,073
Loss on foreign exchange transactions	-	130,427
Operating lease rentals		
- Plant and machinery	73,572	67,111
- Other assets	109,425	112,885
Auditors' remuneration (including expenses and benefits in kind)	18,000	15,000
and after crediting		
Profit on foreign exchange transactions	<u>15,941</u>	<u>-</u>

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

4	Directors' emoluments	2011 £	2010 £
	Emoluments for qualifying services	466,623	139,613
	Company pension contributions to money purchase schemes	166,216	4,731
		<u>632,839</u>	<u>144,344</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2010 - 1)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	466,623	139,613
Company pension contributions to money purchase schemes	166,216	4,731
	<u>632,839</u>	<u>144,344</u>

5 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Selling and administration	34	35
	<u>34</u>	<u>35</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,876,603	1,246,655
Social security costs	225,335	144,232
Other pension costs	189,228	23,391
	<u>2,291,166</u>	<u>1,414,278</u>

6 Interest payable

	2011 £	2010 £
Lease finance charges	1,147	836
	<u>1,147</u>	<u>836</u>

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

7	Taxation	2011 £	2010 £
	Domestic current year tax		
	U K corporation tax	-	107,016
	Adjustment for prior years	(73,111)	-
	Current tax charge	(73,111)	107,016
	Deferred tax		
	Deferred tax charge	(3,153)	14,227
		(76,264)	121,243
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(490,839)	394,120
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2010 - 28.00%)	(130,072)	110,354
	Effects of		
	Non deductible expenses	59,288	19,093
	Depreciation add back	25,350	18,098
	Capital allowances	(19,689)	(34,471)
	Tax losses utilised	65,123	-
	Adjustments to previous periods	(73,111)	-
	Marginal rate relief	-	(6,058)
		56,961	(3,338)
	Current tax charge	(73,111)	107,016
8	Dividends	2011 £	2010 £
	Ordinary interim paid	951,000	102,000

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2011	520,000
At 31 December 2011	520,000
Amortisation	
At 1 January 2011	338,003
Charge for the year	26,001
Impairment	155,996
At 31 December 2011	520,000
Net book value	
At 31 December 2011	-
At 31 December 2010	181,997

The goodwill has been fully impaired in the year following the acquisition of Lochinvar Limited by A O Smith Corporation

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Tangible fixed assets

	Computer equipment	Leasehold property	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2011	44,238	124,113	40,865	108,168	162,046	479,430
Additions	20,172	-	1,196	5,625	54,923	81,916
Disposals	-	-	-	-	(34,286)	(34,286)
At 31 December 2011	64,410	124,113	42,061	113,793	182,683	527,060
Depreciation						
At 1 January 2011	26,027	92,438	26,334	94,770	36,192	275,761
On disposals	-	-	-	-	(19,260)	(19,260)
Charge for the year	14,238	7,200	3,924	4,752	39,544	69,658
At 31 December 2011	40,265	99,638	30,258	99,522	56,476	326,159
Net book value						
At 31 December 2011	24,145	24,475	11,803	14,271	126,207	200,901
At 31 December 2010	18,211	31,675	14,531	13,398	125,854	203,669

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £7,469 (2010 - £9,959) in respect of assets held under finance leases or hire purchase contracts

11 Stocks	2011 £	2010 £
Finished goods and goods for resale	1,821,524	1,690,448

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

12 Debtors	2011	2010
	£	£
Trade debtors	1,219,206	1,309,999
Corporation tax	73,111	-
Other debtors	5,806	5,053
Prepayments and accrued income	60,867	91,101
	<u>1,358,990</u>	<u>1,406,153</u>
	<u><u>1,358,990</u></u>	<u><u>1,406,153</u></u>
13 Creditors amounts falling due within one year	2011	2010
	£	£
Net obligations under finance leases	4,420	4,420
Trade creditors	286,294	175,573
Amounts owed to group undertakings	314,322	289,983
Corporation tax	-	107,016
Other taxes and social security costs	122,287	201,395
Other creditors	2,867	-
Accruals and deferred income	795,380	859,200
	<u>1,525,570</u>	<u>1,637,587</u>
	<u><u>1,525,570</u></u>	<u><u>1,637,587</u></u>
14 Creditors amounts falling due after more than one year	2011	2010
	£	£
Net obligations under finance leases	<u>3,750</u>	<u>8,170</u>
Net obligations under finance leases		
Repayable between one and five years	<u>9,644</u>	<u>14,867</u>
	<u>9,644</u>	<u>14,867</u>
Finance charges and interest allocated to future accounting periods	<u>(1,474)</u>	<u>(2,277)</u>
	<u>8,170</u>	<u>12,590</u>
Included in liabilities falling due within one year	<u>(4,420)</u>	<u>(4,420)</u>
	<u>3,750</u>	<u>8,170</u>
	<u><u>3,750</u></u>	<u><u>8,170</u></u>

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

15 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2011	24,540
Profit and loss account	(3,153)
	<hr/>
Balance at 31 December 2011	21,387 <hr/>

The deferred tax liability is made up as follows

Deferred tax is calculated at 25% (2010 - 28%) analysed over the following timing differences

	2011 £	2010 £
Accelerated capital allowances	21,387	24,540
	<hr/>	<hr/>

16 Forward foreign exchange contracts

It is company policy to hedge its foreign exchange risk by taking out forward foreign exchange contracts. The fair value of forward exchange contracts, being the market price at the balance sheet date, is £379,440 (2010 £214,225). At 31 December 2011 there was £2,414 of unrecognised net losses (2010 £1,774 net gains) on forward foreign exchange contracts.

17 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Included in creditors at the year remained a balance of £2,867 (2010 £nil) due to the pension scheme.

18 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
400,002 Ordinary shares of £1 each	400,002	400,002
	<hr/>	<hr/>

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

19 Statement of movements on profit and loss account

Profit and loss account

£

Balance at 1 January 2011	3,205,985
Loss for the year	(414,575)
Dividends paid	(951,000)
Balance at 31 December 2011	1,840,410

20 Reconciliation of movements in shareholders' funds

2011
£

2010
£

(Loss)/profit for the financial year	(414,575)	272,877
Dividends	(951,000)	(102,000)
Net (depletion in)/addition to shareholders' funds	(1,365,575)	170,877
Opening shareholders' funds	3,605,987	3,435,110
Closing shareholders' funds	2,240,412	3,605,987

21 Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

2011
£

2010
£

Operating (loss)/profit	(498,755)	377,300
Depreciation of tangible fixed assets	69,658	64,635
Amortisation of intangible fixed assets	26,001	26,001
Impairment of intangible fixed assets	155,996	-
Loss on disposal of tangible fixed assets	4,943	11,073
(Increase)/decrease in stocks	(131,076)	298,783
Decrease in debtors	120,274	223,968
Decrease in creditors	(5,001)	(176,168)
Net cash (outflow)/inflow from operating activities	(257,960)	825,592

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

22	Reconciliation of net cash flow to movement in net funds	2011 £	2010 £
	(Decrease)/increase in cash in the year	(1,384,313)	461,273
	Finance lease payments	4,420	4,420
	Movement in net (debt)/funds in the year	(1,379,893)	465,693
	Opening net funds	1,781,427	1,315,734
	Closing net funds	401,534	1,781,427

23	Analysis of net funds	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
	Net cash				
	Cash at bank and in hand	1,794,017	(1,384,313)	-	409,704
	Debt				
	Finance leases and hire purchase	(12,590)	4,420	-	(8,170)
	Net funds	1,781,427	(1,379,893)	-	401,534

24 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire				
Within one year	-	-	273	12,165
Between two and five years	-	-	78,869	29,809
In over five years	112,885	112,885	-	-
	112,885	112,885	79,142	41,974

LOCHINVAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

25 Related party transactions

Included in creditors is an amount owed to the Lochinvar Corporation of £290,643 (2010 £289,983) a company which is controlled by A O Smith Corporation, the ultimate parent of Lochinvar Limited. Lochinvar Ltd purchased goods with a value of £2,468,847 (2010 £1,991,313) from Lochinvar Corporation during the year. The company also received commission from Lochinvar Corporation amounting to £1,847 (2010 £5,066).

Included in creditors is an amount owed to A O Smith Corporation of £23,679 (2010 £nil), arising from expenses recharged during the year.

The following dividends were paid to Directors of the company during the year:

W L Vallett - £317,000 (2010 £34,000)

I A Vallett - £317,000 (2010 £34,000)

J W Vallett - £317,000 (2010 £34,000)

26 Controlling parties

The ultimate controlling party is A O Smith Corporation, having acquired the shares from W L Vallett, I A Vallett and J W Vallett during the year. A O Smith Corporation is a company incorporated in the United States of America.