

Rexnord Industries (UK) Limited

FINANCIAL STATEMENTS

for the period ended

29 February 2012

THURSDAY



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COMPANIES HOUSE

Rexnord Industries (UK) Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T A Adams

P M Whaley

SECRETARY

Scnp Secretaries Limited

REGISTERED OFFICE

17 Hanover Square

London

United Kingdom

W1S 1HU

AUDITOR

Baker Tilly UK Audit LLP

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol

BS1 6AD

Rexnord Industries (UK) Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Rexnord Industries (UK) Limited for the period from 14 February 2011 to 29 February 2012

PRINCIPAL ACTIVITY

The company was incorporated on 14 February 2011. The principal activity of the company during the period was that of an intermediate holding company.

REVIEW OF THE BUSINESS

During the period the company acquired the entire issued share capital of Autogard Holdings Limited in connection with the acquisition of Autogard by Rexnord Corporation in April 2011.

The company financed this acquisition through intercompany loans. During the period the company incurred interest on some of these intercompany loans resulting in a loss before tax of £417,447.

FUTURE DEVELOPMENTS

There are no plans to change the nature of the company's activities for the foreseeable future.

RESULTS AND DIVIDENDS

The loss for the period amounted to £321,421. The directors have not recommended a dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

In the opinion of the directors, given the nature of the company's operations, the company faces no significant risks and uncertainties.

DIRECTORS

The directors who served the company during the period were as follows:

T A Adams	(Appointed 14 February 2011)
P M Whaley	(Appointed 14 February 2011)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP was appointed auditor during the period and has indicated its willingness to continue in office.

On behalf of the board

P M Whaley
Director


7 March 2013

Rexnord Industries (UK) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF REXNORD INDUSTRIES (UK) LIMITED

We have audited the financial statements on pages 5 to 11. 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out 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 (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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 February 2012 and of its loss for the period 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 period 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.

Baker Tilly UK Audit LLP

RUTH FOREMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol BS1 6AD

28 March 2013

Rexnord Industries (UK) Limited
PROFIT AND LOSS ACCOUNT
for the period from 14 February 2011 to 29 February 2012

	<i>Notes</i>	Period from 14 Feb 11 to 29 Feb 12 £
TURNOVER		—
OPERATING PROFIT	2	—
Interest payable and similar charges	4	(417,447)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(417,447)
Taxation	5	96,026
LOSS FOR THE FINANCIAL PERIOD	12	(321,421)

The loss for the period arises from the company's continuing operations

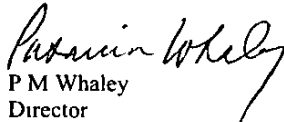
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Rexnord Industries (UK) Limited**BALANCE SHEET**

29 February 2012

	Notes	29 Feb 12 £
FIXED ASSETS		
Investments	6	<u>12,022,000</u>
CURRENT ASSETS		
Debtors	7	96,026
CREDITORS		
Amounts falling due within one year	8	<u>(2,971,000)</u>
NET CURRENT LIABILITIES		<u>(2,874,974)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,147,026
CREDITORS		
Amounts falling due after more than one year	9	<u>(9,467,447)</u>
		<u>(320,421)</u>
CAPITAL AND RESERVES		
Called up share capital	11	1,000
Profit and loss account	12	<u>(321,421)</u>
DEFICIT	13	<u>(320,421)</u>

The financial statements on pages 5 to 11 were approved by the board of directors and authorised for issue on 7 March 2013 and are signed on their behalf by


P M Whaley
Director

Rexnord Industries (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from 14 February 2011 to 29 February 2012

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

GOING CONCERN

The company recorded a loss for the period and has net current liabilities and a shareholder's deficit. As an intermediate holding company its principal dealings are only with other group companies. Where liabilities exist with these other group companies the directors have no reason to believe that these companies will demand repayment unless funds exist to do so. Accordingly the directors have prepared these financial statements on a going concern basis.

INDIVIDUAL COMPANY ACCOUNTS

For the reasons given below these financial statements present information about the company as an individual undertaking and not about its group.

CONSOLIDATION

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Rexnord Industries (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period from 14 February 2011 to 29 February 2012

2 OPERATING PROFIT

Operating profit is stated after crediting

	Period from 14 Feb 11 to 29 Feb 12 £
Directors' remuneration	-
Auditor's remuneration - as auditor	-

Auditor's remuneration of £2,600 for audit services and £1,750 for accounting services was borne by another group company. Directors' remuneration and directors' pension contributions for services to this company were also borne by another group company.

3 PARTICULARS OF EMPLOYEES

The company had no employees during the period.

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 14 Feb 11 to 29 Feb 12 £
Interest payable to group undertakings	<u>417,447</u>

5 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 14 Feb 11 to 29 Feb 12 £
Current tax	
Corporation tax	-
Group relief surrendered	(96,026)
Total current tax	<u>(96,026)</u>

Current tax has been increased by the surrender of £365,951 losses under a group relief scheme, for which payment due of £96,026 is reflected in amounts owed by group undertakings.

The company has losses carried forward of £51,496 but, on the grounds that the company is not expected to be profitable in the immediately foreseeable future, no deferred tax asset has yet been recognised.

Rexnord Industries (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period from 14 February 2011 to 29 February 2012

5 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 26%, as explained below

	Period from 14 Feb 11 to 29 Feb 12 £
Loss on ordinary activities before taxation	(417,447)
Loss on ordinary activities by rate of tax	(108,536)
Effects of Unrelieved tax losses	12,510
Total current tax (note 5(a))	<u>(96,026)</u>

(c) Factors that may affect future tax charges

The main rate of corporation tax was reduced to 26% from 1 April 2011 and is expected to reduce to 22% by 2014. The 24% rate for 2012 was substantively enacted in March 2012 and the 23% rate for 2013 was substantively enacted in July 2012. The 22% rate for 2014 is expected to be substantively enacted during 2013. The small company rate of corporation tax was reduced to 20% from 1 April 2011.

6 INVESTMENTS

	Shares in subsidiary undertakings £
Cost	
Additions	12,022,000
At 29 February 2012	<u>12,022,000</u>
Net book value	
At 29 February 2012	<u>12,022,000</u>

Rexnord Industries (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from 14 February 2011 to 29 February 2012

6 INVESTMENTS *(continued)*

Shares in subsidiary undertakings reflect the company's interest in the entire issued share capital of Autogard Holdings Limited which was acquired on 2 April 2011 for consideration of £11,963,800, satisfied in cash, to which has been added incidental costs of acquisition £841,875 of the total consideration has been deferred and is being held in escrow until the second anniversary of the completion date subject to satisfactory resolution of certain completion matters

The company also has an interest in that company's wholly-owned subsidiaries listed below. The principal activity of these companies is the manufacture, distribution and sale of power transmission products

These companies' aggregate capital and reserves at 31 March 2012 (the date nearest to the company's year end for which financial statements were drawn up) and the result for the period then ended were

Aggregate capital and reserves at 31 March 2012

	£
Autogard Holdings Limited (incorporated in the UK)	3,693,374
*Autogard Italia S R L (incorporated in Italy)	239,980
*Autogard Kupplungen Vertriebs GmbH (incorporated in Germany)	410,229
*British Autogard Limited (incorporated in the UK)	383,528
*Autogard Asia Pacific Pty Ltd (incorporated in Australia)	<u>546,633</u>

Profit and (loss) for the fourteen month period to 31 March 2012

	£
Autogard Holdings Limited (incorporated in the UK)	3,453,979
*Autogard Italia S R L (incorporated in Italy)	90,250
*Autogard Kupplungen Vertriebs GmbH (incorporated in Germany)	208,291
*British Autogard Limited (incorporated in the UK)	379,635
*Autogard Asia Pacific Pty Ltd (incorporated in Australia)	<u>547,272</u>

*wholly-owned subsidiary of Autogard Holdings Limited

7 DEBTORS

	29 Feb 12
	£
Amounts owed by group undertakings	<u>96,026</u>

8 CREDITORS Amounts falling due within one year

	29 Feb 12
	£
Amounts owed to group undertakings	<u>2,971,000</u>

Amounts owed to group undertakings reflect £2,971,000 owed to Rexnord Industries LLC in connection with the acquisition of Autogard Holdings Limited. The balance is interest-free and repayable on demand

Rexnord Industries (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from 14 February 2011 to 29 February 2012

9 CREDITORS Amounts falling due after more than one year

	29 Feb 12
	£
Amounts owed to group undertakings	<u>9,467,447</u>

Amounts owed to group undertakings comprise £6,400,000 owed to Rexnord Industries LLC, £2,650,000 owed to Autogard Holdings Limited, and related accrued interest payable

The loan from Rexnord Industries LLC bears interest at twelve-month LIBOR +4.00% and is repayable on 1 April 2016. The loan from Autogard Holdings Limited bears interest at 5% and has no fixed repayment date but is considered to be medium-term debt.

10 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No 8 and has not disclosed details of transactions or balances with other wholly-owned group entities.

11 SHARE CAPITAL

	29 Feb 12
	£
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	<u>1,000</u>

One thousand ordinary shares of £1.00 each were issued to the subscriber on incorporation of the company on 14 February 2011.

12 PROFIT AND LOSS ACCOUNT

	Period from 14 Feb 11 to 29 Feb 12
	£
Loss for the financial period	(321,421)
At the end of the period	<u>(321,421)</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	29 Feb 12
	£
Loss for the financial period	(321,421)
New ordinary share capital subscribed	1,000
Net reduction to shareholder's funds	<u>(320,421)</u>
Closing shareholder's deficit	<u>(320,421)</u>

14 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Rexnord Industries LLC. The ultimate parent company and controlling party is Rexnord Corporation. Both entities are incorporated in the United States of America. Rexnord Corporation heads the largest and smallest group in which the results of the company are consolidated.