

amending

Company Registration No 07528607 (England and Wales)

REXNORD INDUSTRIES (UK) LIMITED

**REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2015**

TUESDAY



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REXNORD INDUSTRIES (UK) LIMITED

COMPANY INFORMATION

Directors	M W Peterson P M Whaley
Secretary	DWF Secretarial Services (Scotland) Limited
Company number	07528607
Registered office	c/o DWF LLP Floor 31 20 Fenchurch Street London England EC3M 3AG
Auditors	RSM UK Audit LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD

REXNORD INDUSTRIES (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present the strategic report and financial statements for the year ended 31 March 2015

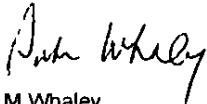
Review of the business

During the year, the company increased its investment in its subsidiary Autogard Holdings Limited by approximately £69m (in connection with that company's acquisitions of Tollok SpA and Euroflex Transmissions (India) Private Limited), and incurred interest on its intercompany loans, resulting in a loss before tax of £1.3m (2014: £0.7m). The company ended the year with net assets of £31.7m (2014: £6.9m).

Principal risks and uncertainties

In the opinion of the directors, given that the company's activity relates only to other group companies, the company faces no significant external risks and uncertainties.

On behalf of the board



P M Whaley

Director

3rd November 2015

REXNORD INDUSTRIES (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015

Principal activities

The principal activity of the company during the year was that of an intermediate holding company

Results and dividends

The company's trading loss for the year, after taxation, was £1,339,984 (2014 loss £709,311)

Future developments

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows

M W Peterson

P M Whaley

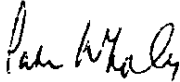
Auditors

A resolution to reappoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor will be proposed at the annual general meeting

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



P M Whaley

Director

3rd November 2015

REXNORD INDUSTRIES (UK) LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

The directors are responsible for preparing the Strategic Report, 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.

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

We have audited the financial statements set out on pages 5 to 13. 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 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 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 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

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 March 2015 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 Strategic Report and 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.

RSM UK Audit LLP

Nigel Goodman (Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol

BS1 6AD

12th November 2015

REXNORD INDUSTRIES (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Operating loss		-	-
Interest payable and similar charges	2	(1,339,984)	(709,311)
Loss on ordinary activities before taxation	3	(1,339,984)	(709,311)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	11	(1,339,984)	(709,311)

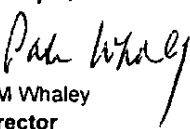
The profit and loss account has been prepared on the basis that all operations are continuing operations

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

REXNORD INDUSTRIES (UK) LIMITED**BALANCE SHEET
AS AT 31 MARCH 2015**

	Notes	2015 £	£	2014 £	£
Fixed assets					
Investments	6	96,265,113		26,772,000	
Current assets					
Debtors	7	252,918		620,608	
Creditors amounts falling due within one year	8	(132,500)		(949,461)	
Net current assets/(liabilities)		120,418		(328,853)	
Total assets less current liabilities		96,385,531		26,443,147	
Creditors amounts falling due after more than one year	9	(64,652,502)		(19,547,494)	
Net assets		31,733,029		6,895,653	
Capital and reserves					
Called up share capital	10	31,678,360		5,501,000	
Share premium account	11	2,971,000		2,971,000	
Other reserves	11	1		1	
Profit and loss account	11	(2,916,332)		(1,576,348)	
Shareholders' funds	12	31,733,029		6,895,653	

The financial statements on pages 5 to 13 were approved by the board of directors and authorised for issue on 11/3/2015 and are signed on its behalf by


P M Whaley
Director

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Going concern

The company recorded a loss for the period. 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. The company has received a letter of support from the ultimate parent company, Rexnord Corporation, confirming the parent company will continue to support the company for at least twelve months from the expected date of signing of these financial statements. Accordingly the directors have prepared these financial statements on a going concern basis.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

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.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Rexnord Corporation, a company incorporated in the United States of America, and is included in the consolidated accounts of that company.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

2	Interest payable and similar charges	2015	2014
		£	£
	On amounts payable to group companies	1,339,984	709,311
		<u> </u>	<u> </u>

Interest on amounts payable to group companies includes £652,502 (2014 £nil) amortisation in respect of the intercompany loan issued at a discount (see note 9)

3 **Loss on ordinary activities before taxation**

Auditor's remuneration of £2,500 (2014 £1,700) was borne by another group company. The directors' remuneration and pension contributions were also borne by another group company.

4 **Employees**

Number of employees

There were no employees during the year apart from the directors.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

5	Tax on loss on ordinary activities	2015 £	2014 £
	Total current tax	-	-
	Factors affecting the tax charge for the year		
	The tax assessed for the year is higher than the standard rate of corporation tax (21%) The differences are explained below		
	Loss on ordinary activities before taxation	(1,339,984)	(709,311)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2014 - 23.00%)	(281,397)	(163,142)
	Effects of		
	Unrelieved tax losses	-	30,948
	Group relief surrendered	281,397	132,194
		281,397	163,142
	Current tax charge for the year	-	-

Current tax has been increased by the surrender of £1,339,984 (2014 £574,756) losses under a group relief scheme. No payment has been made in respect of these amounts.

The company has losses carried forward of £725,071 (2014 £725,071) 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.

Factors that may affect future tax charges

The main rate of corporation tax has been reduced to 20% from 1 April 2015.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2014	26 772,000
Additions	69,493,113
At 31 March 2015	96,265,113
Net book value	
At 31 March 2015	96,265,113
At 31 March 2014	26,772,000

Additions to investments reflect an increased level of investment in the company's subsidiary Autogard Holdings Limited (in connection with that company's acquisitions of Tollok S p A and Euroflex Transmissions (India) Private Limited)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Autogard Holdings Limited	United Kingdom	Ordinary	100 00
*British Autogard Limited	United Kingdom	Ordinary	100 00
*Autogard Asia Pacific Pty Ltd	Australia	Ordinary	100 00
*Rexnord Tollok S R L	Italy	Ordinary	100 00
*Euroflex Transmissions (India) Private Limited	India	Ordinary	100 00
Micro Precision Gear Technology Limited	United Kingdom	Ordinary	100 00

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

6 Fixed asset investments (Continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year are set out below. All financial information is for the year to 31 March 2015 with the exception of Rexnord Tollok S R L which is for the year to 31 December 2014.

		Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
Autogard Holdings Limited	Principal activity Management of investments and provision of management services	74,692,447	759,337
*British Autogard Limited	Manufacture, distribution and sale of power transmission products	1,283,695	848,096
*Autogard Asia Pacific Pty Ltd	Manufacture, distribution and sale of power transmission products	470,179	137,756
*Rexnord Tollok S R L	Manufacture, distribution and sale of power transmission products	22,241,628	5,418,696
*Euroflex Transmissions (India) Private Limited	Manufacture, distribution and sale of power transmission products	6,246,218	3,841,255
Micro Precision Gear Technology Limited	Manufacture, distribution and sale of power transmission products	18,026,655	1,984,517

*wholly-owned subsidiary of Autogard Holdings Limited

In addition to the above, the former indirectly-owned subsidiary Autogard Italia S R L was liquidated in June 2014 and the former indirectly-owned subsidiary Autogard Kupplungen Vertriebs GmbH is now in liquidation.

7 Debtors	2015 £	2014 £
Amounts owed by group undertakings	252,918	620,608
	<u>252,918</u>	<u>620,608</u>
8 Creditors amounts falling due within one year	2015 £	2014 £
Amounts owed to group undertakings	132,500	949,461
	<u>132,500</u>	<u>949,461</u>

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

9 Creditors amounts falling due after more than one year	2015 £	2014 £
Amounts owed to group undertakings	64,652,502	19,547,494
Included in the above are the following		
Analysis of debt maturity		
Amounts payable		
In more than one year but not more than two years	64,652,502	-
In more than two years but not more than five years	-	19,547,494
	64,652,502	19,547,494

Amounts owed to group undertakings at 31 March 2015 comprise a loan note of £68,460,493 owed to Rexnord Industries LLC relating to the company's increased investment in its subsidiary Autogard Holdings Limited (in connection with that company's acquisitions of Tollok S p A and Euroflex Transmissions (India) Private Limited). The loan was issued at a discount of £4,460,493 on 9 January 2015 and is repayable in full on 9 July 2016. The discount is being amortised using the effective rate implicit in the discount.

Amounts owed to group undertakings at 31 March 2014 comprised loans of £9,250,000 and £6,250,000 owed to Rexnord Industries LLC, £2,650,000 owed to Autogard Holdings Limited, £1,000,000 owed to Micro Precision Gear Technology Limited and related accrued interest payable. The £9,250,000 loan from Rexnord Industries LLC bore interest at LIBOR +4.00% and was originally repayable on 20 August 2018. The £6,250,000 loan from Rexnord Industries LLC bore interest at twelve-month LIBOR +4.00% and was originally repayable on 1 April 2016. The loan from Autogard Holdings Limited bore interest at 5.00% and had no fixed repayment date but was considered to be medium-term debt. The loan from Micro Precision Gear Technology Limited bore interest at LIBOR +4.00% and was originally repayable on 31 March 2017. During the year, all these loans and the related interest were repaid, with the exception of £132,500 interest payable to Autogard Holdings Limited which is shown in creditors due within one year.

10 Share capital	2015 £	2014 £
Allotted, called up and fully paid		
31,678,360 Ordinary shares of £1 each	31,678,360	5,501,000

On 30 October 2014, 23,500,000 Ordinary shares of £1 each were issued at par in connection with the acquisition of Tollok S p A by the company's subsidiary Autogard Holdings Limited. On 7 January 2015, a further 2,677,360 Ordinary shares of £1 each were issued at par in connection with the acquisition of Euroflex Transmissions (India) Private Limited by the company's subsidiary Autogard Holdings Limited.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2015

11 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance at 1 April 2014	2,971,000	1	(1 576,348)
Loss for the year	-	-	(1,339,984)
Balance at 31 March 2015	<u>2,971,000</u>	<u>1</u>	<u>(2,916,332)</u>

12 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Loss for the financial year	(1,339,984)	(709,311)
Proceeds from issue of shares	<u>26 177,360</u>	<u>5,500,000</u>
Net addition to shareholders' funds	24,837,376	4,790,689
Opening shareholders' funds	<u>6,895,653</u>	<u>2,104,964</u>
Closing shareholders' funds	<u>31,733,029</u>	<u>6,895 653</u>

13 Related party relationships and transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

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.