

Company Registration No. 07528607 (England and Wales)

REXNORD INDUSTRIES (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018

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REXNORD INDUSTRIES (UK) LIMITED

COMPANY INFORMATION

Directors	P M Whaley D J Klun
Secretary	J S Greving
Company number	07528607
Registered office	c/o Curtis, Mallet-Prevost, Colt & Mosie LLP 99 Gresham Street London England EC2V 7NG
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

REXNORD INDUSTRIES (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Review of the business

During the year, in connection with a group reorganisation and refinancing, the company received dividends of £16.7m from its subsidiaries, reduced its investment in one of its subsidiaries by £41.8m, repaid £70.7m of intercompany loans and recorded a net increase of £12.4m in its share capital. Further details are given in notes 7, 9 and 10. The company ended the year with net assets of £54.6m (2017 - £25.7m).

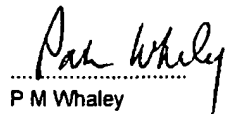
Key performance indicators

Given the nature of the company's activities, which are limited to transactions with other group companies in connection with intercompany loans, an analysis using key performance indicators is not considered necessary for an understanding of the performance and financial position of the company.

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 risks and uncertainties at the reporting date.

On behalf of the board



P M Whaley

Director

Date: 9/11/18

REXNORD INDUSTRIES (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and financial statements for the year ended 31 March 2018.

Principal activities

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

Directors

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

P M Whaley

D J Klun

(Appointed 23 January 2018)

Results and dividends

The results for the year are set out on page 6. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors' Insurance

The group of which the company is a member maintains professional indemnity insurance covering directors, officers and senior managerial staff.

Future developments

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

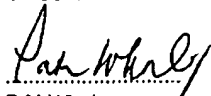
Auditor

RSM UK Audit LLP has indicated its willingness to continue in office. A resolution to reappoint RSM UK Audit LLP as auditor will be proposed at the annual general meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



P M Whaley

Director

Date: 9/11/18

REXNORD INDUSTRIES (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Strategic Report and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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

Opinion

We have audited the financial statements of Rexnord Industries (UK) Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol

BS1 6AD

9 NOVEMBER 2018

REXNORD INDUSTRIES (UK) LIMITED

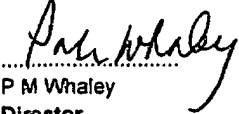
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Income from shares in group undertakings	3	16,700,000	-
Interest payable to group undertakings	4	(185,513)	(3,106,572)
Profit/(loss) before taxation	5	16,514,487	(3,106,572)
Tax on profit/(loss)	6	-	-
Profit/(loss) for the financial year		16,514,487	(3,106,572)

REXNORD INDUSTRIES (UK) LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	7	54,482,046		96,265,113	
Current assets					
Debtors	8	247,293		252,918	
Cash at bank and in hand		5,659		-	
		252,952		252,918	
Creditors: amounts falling due within one year	9	(132,500)		(70,861,699)	
Net current assets/(liabilities)		120,452		(70,608,781)	
Total assets less current liabilities		54,602,498		25,656,332	
Capital and reserves					
Called up share capital	10	44,110,039		31,678,360	
Share premium account	11	2,971,000		2,971,000	
Capital redemption reserve	11	1		1	
Profit and loss reserves	11	7,521,458		(8,993,029)	
Total equity		54,602,498		25,656,332	

The financial statements were approved by the board of directors and authorised for issue on 21/11/18 and are signed on its behalf by:


P M Whaley
Director

REXNORD INDUSTRIES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2016		31,678,360	2,971,000	1	(5,886,457)	28,762,904
Year ended 31 March 2017:						
Loss and total comprehensive income for the year		-	-	-	(3,106,572)	(3,106,572)
Balance at 31 March 2017		31,678,360	2,971,000	1	(8,993,029)	25,656,332
Year ended 31 March 2018:						
Profit and total comprehensive income for the year		-	-	-	16,514,487	16,514,487
Issue of share capital	10	32,914,746	-	-	-	32,914,746
Reduction of shares	10	(20,483,067)	-	-	-	(20,483,067)
Balance at 31 March 2018		44,110,039	2,971,000	1	7,521,458	54,602,498

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company Information

Rexnord Industries (UK) Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is c/o Curtis, Mallet-Prevost, Colt & Mosle LLP, 99 Gresham Street, London, England, EC2V 7NG.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

The company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Rexnord Corporation, incorporated in the USA. The consolidated financial statements of Rexnord Corporation are filed at Companies House together with the financial statements of the company, and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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 USA, and is included in the consolidated accounts of that company.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Fixed asset investments

Fixed asset investments, reflecting investments in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are not taxable or deductible, or that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors, there are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities other than in relation to the company's investments in subsidiaries.

Carrying value of investments in subsidiaries

The directors consider the carrying value of the company's investments in subsidiaries on an annual basis, taking into account the subsidiaries' results for the year, financial position at the reporting date, and expectations of future profitability. Where evidence of impairment exists, the carrying value is adjusted accordingly.

3 Interest receivable and similar income

	2018 £	2017 £
Income from fixed asset investments		
Income from shares in group undertakings	16,700,000	-
	<u>16,700,000</u>	<u>-</u>

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4 Interest payable and similar expenses

	2018 £	2017 £
Interest payable to group undertakings	185,513	3,106,572

Interest payable to group undertakings reflects amortisation in respect of the intercompany loans issued at a discount (see note 9). The loans were repaid in full during the year.

5 Profit/(loss) before taxation

Auditor's remuneration of £3,750 (2017 - £2,750) for audit services, £1,880 (2017 - £1,775) for tax compliance services and £1,875 (2017 - £1,425) for other services was borne by another group company.

There were no employees during the year apart from the directors. The directors' remuneration and pension contributions were borne by another group company.

6 Taxation

The total tax charge for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit/(loss) before taxation	16,514,487	(3,106,572)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	3,137,753	(621,314)
Tax effect of expenses that are not deductible in determining taxable profit	35,247	-
Tax effect of income not taxable in determining taxable profit	(3,173,000)	-
Group relief	-	378,269
Adjust deferred tax to reconciliation rate	-	49,475
Deferred tax not recognised	-	193,570
Taxation charge for the year	-	-

In the comparative year, current tax was increased by the surrender of £1,891,661 losses under a group relief scheme. No payment was made in respect of these amounts.

The company has losses carried forward of £1,301,886 (2017 - £1,301,886) 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 will be reduced to 17% from 1 April 2020.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Fixed asset investments

	2018 £	2017 £
Investments in subsidiaries	54,482,046	96,265,113

Directly-held subsidiaries

Investments in subsidiaries reflect the company's interests in the entire issued ordinary share capital of Autogard Holdings Limited and Micro Precision Gear Technology Limited. The principal activity of Autogard Holdings Limited is the management of investments and provision of management services. The principal activity of Micro Precision Gear Technology Limited is the manufacture, distribution and sale of power transmission products.

Autogard Holdings Limited and Micro Precision Gear Technology Limited are incorporated in the United Kingdom and registered in England and Wales. The registered office of both companies is c/o Curtis, Mallet-Prevost, Colt & Mosle LLP, 99 Gresham Street, London EC2V 7NG.

Indirectly-held subsidiaries

Autogard Holdings Limited holds the entire issued ordinary share capital of Rexnord Tollok S.R.L. and British Autogard Limited. The principal activity of these companies is the manufacture, distribution and sale of power transmission products.

Rexnord Tollok S.R.L. is incorporated in Italy. Its registered office is Viale Adriatico, 9, 44020 Masi Torello (Ferrara), Italy. British Autogard Limited is incorporated in the United Kingdom and registered in England and Wales. Its registered office is c/o Curtis, Mallet-Prevost, Colt & Mosle LLP, 99 Gresham Street, London EC2V 7NG.

Autogard Holdings Limited previously held the entire issued ordinary share capital of a further subsidiary, Autogard Asia Pacific Pty Ltd, which was wound up during the year. Autogard Asia Pacific Pty Ltd was incorporated in Australia and its registered office was Unit 1, 24 Canterbury Road, Braeside VIC 3195, Melbourne, Australia.

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2017	96,265,113
Other changes	(41,783,067)
At 31 March 2018	54,482,046
Carrying amount	
At 31 March 2018	54,482,046
At 31 March 2017	96,265,113

Other changes of £41,783,067 reflect the amount by which the company's subsidiary Autogard Holdings Limited reduced its ordinary share capital during the year.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8 Debtors		
	2018	2017
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	247,293	252,918
	<u> </u>	<u> </u>
9 Creditors: amounts falling due within one year		
	2018	2017
	£	£
Amounts due to group undertakings	132,500	70,861,699
	<u> </u>	<u> </u>

In the comparative year, amounts due to group undertakings included £70,729,199 in respect of two loans: owed to Rexnord Industries LLC relating to the company's investment in its subsidiary Autogard Holdings Limited (in connection with that company's acquisition of Rexnord Tollok S.R.L. and Euroflex Transmissions (India) Private Limited in an earlier year). The loans were issued at a discount of £2,380,886 on 9 November 2016. The discount was amortised using the implicit effective rate. The loans were repaid in full during the year.

10 Share capital		
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
44,110,039 (2017 - 31,678,360) Ordinary shares of £1 each	44,110,039	31,678,360
	<u> </u>	<u> </u>
	44,110,039	31,678,360
	<u> </u>	<u> </u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

REXNORD INDUSTRIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

10 Share capital (Continued)

Reconciliation of movements during the year:

	Number
At 1 April 2017	31,678,360
Issue of fully paid shares	32,914,746
Reduction in share capital	(20,483,067)
At 31 March 2018	44,110,039

On 20 April 2017 the share capital of the company was increased from £31,678,360 to £64,593,106 by issuing 32,914,746 ordinary shares of £1 each at par. On 4 December 2017 the share capital of the company was reduced to £55,393,106 by cancelling and extinguishing 9,200,000 of the ordinary shares then in issue. On 31 January 2018 the share capital of the company was further reduced to £48,810,039 by cancelling and extinguishing a further 6,583,067 of the ordinary shares then in issue. Finally, on 27 February 2018, the share capital of the company was further reduced to £44,110,039 by cancelling and extinguishing a further 4,700,000 of the ordinary shares then in issue. These reductions in share capital were made in connection with a refinancing of the company and other group companies.

11 Reserves

Share premium

The share premium account reflects consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The capital redemption reserve reflects the nominal value of shares previously repurchased and cancelled.

Profit and loss reserves

Profit and loss reserves reflect cumulative profit and losses net of distributions to members.

12 Related party transactions

The company has taken advantage of the exemption in Section 33 of FRS 102 and has not disclosed details of transactions with other wholly-owned entities in the group headed by Rexnord Corporation.

13 Controlling party

The immediate parent company is Rexnord Industries LLC. The ultimate parent company is Rexnord Corporation. Both entities are incorporated in the USA. Rexnord Corporation heads the largest and smallest group in which the results of the company are consolidated. The consolidated financial statements of Rexnord Corporation are filed at Companies House together with the financial statements of the company, and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the directors there is no overall controlling party.