

Autogard Holdings Limited
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
31 January 2011



Autogard Holdings Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W J Howgego
E W Bickley
M Shapiro
P M Whaley

REGISTERED OFFICE

c/o Fasken Martineau LLP
17 Hanover Square
London
W1S 1HU

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

BANKERS

HSBC Bank Plc
Level 4
3 Temple Quay
Bristol
BS1 6DZ

SOLICITORS

Fasken Martineau
17 Hanover Square
London
W1S 1HU

Autogard Holdings Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Autogard Holdings Limited for the year ended 31 January 2011

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was the manufacture of power transmission products. The principal activity of the company during the year was the management and controlling of investments and the provision of management services to other group companies.

REVIEW OF THE BUSINESS

The group had another successful trading year and posted record profits. Turnover increased by 22% from £6,480,879 to £7,896,104, reflecting revenue growth in its major export markets. Gross margin improved from 53% to 57% and profit on ordinary activities before taxation more than doubled from £869,347 to £1,844,279, reflecting effective control of costs.

Balance sheet strength also improved with net working capital increasing by 29% from £1,966,769 to £2,545,097 and net cash and debt funding improving by 39% from £615,677 to £857,853.

POST BALANCE SHEET EVENTS & FUTURE DEVELOPMENTS

After the year end the entire issued share capital of the company was acquired by Rexnord Industries (UK) Limited, a subsidiary of a US-based power transmission group. The ultimate parent company of Rexnord Industries (UK) Limited is Rexnord LLC, a company incorporated in the United States.

The acquisition of the group by Rexnord opens up significant new opportunities for the group to consolidate and expand its market position.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,266,267 (2010: £540,846). Particulars of dividends paid are detailed in note 11 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The group faces risks and uncertainties common to all UK-based exporters. These risks and uncertainties include the following (which is not an exhaustive list):

- rising interest rates,
- a double dip recession in the UK and USA,
- a steep fall in a number of our major export markets,
- a rapid escalation in transport costs.

Autogard has faced these risks over the last two years of global recession and has improved profitability in that time. We are therefore confident that we have robust strategies in place to counter such risks including monitoring interest rates and foreign exchange rates and using working capital resource to mitigate the impact of movements in these rates. However an extended second recession would inevitably adversely impact Autogard's business in common with all other trading organisations.

RESEARCH AND DEVELOPMENT

In the opinion of the directors, continuity of investment in Research and Development is essential for the maintenance of the group's market position and for future growth.

Autogard Holdings Limited

DIRECTORS' REPORT

DIRECTORS

The directors who served the company during the year were as follows

M W Griffiths
W J Howgego

After the year end, M W Griffiths resigned as director on 2 April 2011. On the same date E W Bickley, M Shapiro and P M Whaley were appointed as directors.

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 has 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 has expressed its willingness to continue in office. A resolution to reappoint Baker Tilly UK Audit LLP will be proposed at the annual general meeting.

On behalf of the board

W J Howgego
Director

23/8/2011



Autogard Holdings 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 group and the company and of the profit or loss of the group 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 group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 AUTOGARD HOLDINGS LIMITED

We have audited the group and parent company financial statements ("the financial statements") on pages 6 to 24. 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 4, 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 group's and parent company's affairs as at 31 January 2011 and of the group's 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.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

31 August 2011

Autogard Holdings Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 January 2011

	<i>Notes</i>	2011 £	2010 £
GROUP TURNOVER	2	7,896,104	6,480,879
Cost of sales		(3,403,809)	(3,070,488)
Gross profit		4,492,295	3,410,391
Administrative expenses		(2,649,769)	(2,248,193)
Other operating income	3	27,528	29,779
OPERATING PROFIT	4	1,870,054	1,191,977
Cost of restructuring the company	7	—	(299,130)
		1,870,054	892,847
Interest payable and similar charges	8	(25,775)	(23,500)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,844,279	869,347
Taxation	9	(578,012)	(328,501)
PROFIT FOR THE FINANCIAL YEAR	24	1,266,267	540,846

The profit for the year arises from the group's continuing operations

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account (see note 10)

Autogard Holdings Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 January 2011

	2011 £	2010 £
Profit for the financial year		
attributable to the shareholder of the parent company	1,266,267	540,846
Currency translation differences on foreign currency net investments	97	(85,448)
Total recognised gains and losses since the last financial statements	<u>1,266,364</u>	<u>455,398</u>

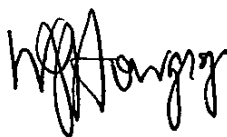
Autogard Holdings Limited
GROUP BALANCE SHEET
31 January 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	12	128,023	137,712
Tangible assets	13	185,946	215,796
		<u>313,969</u>	<u>353,508</u>
CURRENT ASSETS			
Stocks	15	1,372,870	1,523,555
Debtors	16	1,778,528	1,349,611
Cash at bank and in hand		969,963	1,298,654
		<u>4,121,361</u>	<u>4,171,820</u>
CREDITORS			
Amounts falling due within one year	18	(1,576,264)	(2,205,051)
NET CURRENT ASSETS		<u>2,545,097</u>	<u>1,966,769</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,859,066</u>	<u>2,320,277</u>
CREDITORS			
Amounts falling due after more than one year	19	(47,466)	(154,589)
		<u>2,811,600</u>	<u>2,165,688</u>
CAPITAL AND RESERVES			
Called up share capital	23	121	121
Share premium account	24	335,824	335,824
Other reserves	24	225,984	225,984
Profit and loss account	24	2,249,671	1,603,759
SHAREHOLDER'S FUNDS	25	<u>2,811,600</u>	<u>2,165,688</u>

The financial statements on pages 6 to 24 were approved by the board of directors and authorised for issue on
and are signed on their behalf by

25 AUGUST 2011

W J Howgego
Director



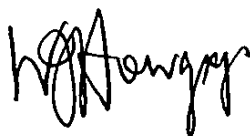
Autogard Holdings Limited
COMPANY BALANCE SHEET
31 January 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	13	44,361	82,274
Investments	14	339,673	339,673
		<u>384,034</u>	<u>421,947</u>
CURRENT ASSETS			
Debtors	16	772,520	646,306
Cash at bank and in hand		43,541	655,074
		<u>816,061</u>	<u>1,301,380</u>
CREDITORS			
Amounts falling due within one year	18	(322,917)	(1,015,426)
NET CURRENT ASSETS		<u>493,144</u>	<u>285,954</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>877,178</u>	<u>707,901</u>
CREDITORS			
Amounts falling due after more than one year	19	(137,784)	(145,078)
		<u>739,394</u>	<u>562,823</u>
CAPITAL AND RESERVES			
Called up share capital	23	121	121
Share premium account	24	335,824	335,824
Profit and loss account	24	403,449	226,878
SHAREHOLDER'S FUNDS		<u>739,394</u>	<u>562,823</u>

The financial statements on pages 6 to 24 were approved by the board of directors and authorised for issue on
and are signed on their behalf by

25 AUGUST 2011

W J Howgego
Director



Autogard Holdings Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 January 2011

		2011 £	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	Notes 26 a	1,368,068	1,453,976
Returns on investments and servicing of finance	26 b	(25,775)	(23,500)
Taxation	26 b	(426,370)	(380,844)
Capital expenditure and financial investment	26 b	(62,278)	(3,591)
		<u>853,645</u>	<u>1,046,041</u>
Equity dividends paid		(620,452)	—
CASH INFLOW BEFORE FINANCING		<u>233,193</u>	<u>1,046,041</u>
Financing	26 b	(570,867)	(531,597)
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(337,674)</u>	<u>514,444</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2011 £	2010 £
(Decrease)/increase in cash in the period		(337,674)	514,444
Net cash outflow from other loans		50,000	447,393
Net cash outflow from/(inflow) from bank loans		454,834	(30,959)
Cash outflow in respect of finance leases		(8,967)	19,944
Net cash outflow from other long-term creditors		75,000	56,059
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS	26 c	233,193	1,006,881
Translation differences		<u>8,983</u>	<u>76,366</u>
MOVEMENT IN NET FUNDS IN THE PERIOD		<u>242,176</u>	<u>1,083,247</u>
Net funds at the beginning of the year	26 c	615,677	(467,570)
Net funds at the end of the year	26 c	<u>857,853</u>	<u>615,677</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its useful economic life. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

GOING CONCERN

The Group has recorded increased revenue of £7,896,104 and increased profit before tax of £1,844,279 in the year to 31 January 2011 in comparison to £6,480,879 and £869,347 for the year to 31 January 2010. The group also holds net current assets of £2,545,097 (2010 £1,966,769).

As a consequence, the directors believe that the group and company are well placed to manage their business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

TURNOVER

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised upon despatch of a product that has been developed and/or manufactured.

DEVELOPMENT COSTS

Development costs are initially stated at cost and are then amortised in equal annual instalments over their estimated useful lives.

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 20 years straight line
Development costs	- 10 years straight line

FIXED ASSETS

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

INVESTMENTS

In the company balance sheet fixed asset investments are stated at cost net of any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

I ACCOUNTING POLICIES *(continued)*

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold improvements	- 5 years straight line
Plant and machinery	- 3-10 years straight line
Fixtures, fittings and equipment	- 2-10 years straight line
Motor vehicles	- 3-5 years straight line

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The company and its subsidiaries contribute to defined contribution pension schemes for the benefit of employees. The assets of the schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

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.

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

1 ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are charged or credited to operating profit.

Assets and liabilities of overseas subsidiaries are translated at the rates of exchange ruling at the balance sheet date, and results of overseas subsidiaries are translated at the average rates of exchange for the period. Exchange differences arising are dealt with through reserves.

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.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2011	2010
	£	£
United Kingdom	634,777	701,585
United States of America	3,225,803	2,479,471
Australia	931,823	552,285
Japan	617,180	259,302
Rest of World	2,486,521	2,488,236
	<u>7,896,104</u>	<u>6,480,879</u>

3 OTHER OPERATING INCOME

	2011	2010
	£	£
Other operating income	<u>27,528</u>	<u>29,779</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011	2010
	£	£
Amortisation of intangible assets	12,603	12,111
Depreciation of owned fixed assets	71,862	51,344
Depreciation of assets held under finance lease agreements	18,550	18,550
(Profit)/Loss on disposal of fixed assets	-	1,870
Auditor's remuneration		
- as auditor	19,500	9,810
Net loss/(profit) on foreign currency translation	<u>5,133</u>	<u>(31 760)</u>
Operating lease costs		
- Land and buildings	84,928	108,119
- Other	<u>12,360</u>	<u>18,735</u>

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year was

	2011	2010
	No	No
Manufacturing	21	20
Sales	6	6
Administration	32	31
	<u>59</u>	<u>57</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	1,952,047	1,734,514
Social security costs	292,866	288,383
Other pension costs	72,945	95,193
	<u>2 317,858</u>	<u>2,118,090</u>

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	122 357	78,921
Value of company pension contributions to money purchase schemes	8,502	-
	<u>130,859</u>	<u>78,921</u>

Payments were made in respect of one director's pension contributions (2010 – 1)

Autogard Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2011

7 COST OF RESTRUCTURING

	2011	2010
	£	£
Restructuring costs	—	<u>299,130</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
On bank loans and overdrafts	12,175	22,797
On finance leases	3,298	703
On other loans	<u>10,302</u>	—
	<u>25,775</u>	<u>23,500</u>

9 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011	2010
	£	£
Current tax		
UK taxation		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	242,634	74,678
Adjustments to tax charge in respect of previous periods	<u>3,027</u>	—
	245,661	74,678
Foreign tax		
Current tax on income for the year	<u>394,880</u>	<u>282,492</u>
Total current tax	640,541	357,170
Deferred tax		
Origination and reversal of timing differences (note 17)	<u>(62,529)</u>	<u>(28,669)</u>
Tax on profit on ordinary activities	<u>578,012</u>	<u>328,501</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

9 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2010 - 28%), as explained below

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>1,844,279</u>	<u>869,347</u>
Profit on ordinary activities by rate of tax	516,398	243,417
Effects of		
Expenses not deductible for tax purposes	10,438	13,674
Depreciation in excess of capital allowances	(637)	4,756
Marginal relief	-	(3,757)
Adjustments to tax charge in respect of previous periods	3,026	-
Income not chargeable for tax purposes	-	(859)
Foreign tax at a higher rate	104,820	79,474
Other short-term timing differences	6,496	21,919
Sundry tax adjusting items	-	(1,454)
Total current tax (note 9(a))	<u>640,541</u>	<u>357,170</u>

(c) Factors affecting future tax charges

The standard rate of UK corporation tax is scheduled to fall to 23% by 2014, although reductions below 26% have not yet been substantively enacted

10 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £797,023 (2010 - £575,829)

11 DIVIDENDS

Equity dividends

	2011 £	2010 £
Paid during the year		
Dividends per 'A' ordinary share £51 13 (2010 £47 14)	501,065	462,000
Dividends per 'B' ordinary share £51 13 (2010 £47 14)	89,476	82,490
Dividends per 'C' ordinary share £51 13 (2010 £9 40)	29,911	5,500
	<u>620,452</u>	<u>549,990</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

12 INTANGIBLE FIXED ASSETS

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 February 2010	207,397	19,155	226,552
Additions	—	2,914	2,914
At 31 January 2011	<u>207,397</u>	<u>22,069</u>	<u>229,466</u>
Amortisation			
At 1 February 2010	80,355	8,485	88,840
Charge for the year	10,368	2,235	12,603
At 31 January 2011	<u>90,723</u>	<u>10,720</u>	<u>101,443</u>
Net book value			
At 31 January 2011	<u>116,674</u>	<u>11,349</u>	<u>128,023</u>
At 31 January 2010	<u>127,042</u>	<u>10,670</u>	<u>137,712</u>

13 TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 February 2010	115,980	598,232	590,651	109,178	1,414,041
Additions	—	14,564	12,943	31,857	59,364
Foreign exchange	—	(1,331)	(412)	2,331	588
At 31 January 2011	<u>115,980</u>	<u>611,465</u>	<u>603,182</u>	<u>143,366</u>	<u>1,473,993</u>
Depreciation					
At 1 February 2010	92,999	463,659	573,326	68,261	1,198,245
Charge for the year	22,981	35,533	10,574	21,324	90,412
Foreign exchange	—	(1,212)	(363)	965	(610)
At 31 January 2011	<u>115,980</u>	<u>497,980</u>	<u>583,537</u>	<u>90,550</u>	<u>1,288,047</u>
Net book value					
At 31 January 2011	<u>—</u>	<u>113,485</u>	<u>19,645</u>	<u>52,816</u>	<u>185,946</u>
At 31 January 2010	<u>22,981</u>	<u>134,573</u>	<u>17,325</u>	<u>40,917</u>	<u>215,796</u>

Finance lease agreements

Included within the net book value of £185,946 is £54,199 (2010 - £72,749) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £18,550 (2010 - £18,550).

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

13 TANGIBLE FIXED ASSETS *(continued)*

Company	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 February 2010	115,980	147,871	263,851
At 31 January 2011	<u>115,980</u>	<u>147,871</u>	<u>263,851</u>
Depreciation			
At 1 February 2010	92,999	88,578	181,577
Charge for the year	22,981	14,932	37,913
At 31 January 2011	<u>115,980</u>	<u>103,510</u>	<u>219,490</u>
Net book value			
At 31 January 2011	—	44,361	44,361
At 31 January 2010	<u>22,981</u>	<u>59,293</u>	<u>82,274</u>

Finance lease agreements

Included within the net book value of £44,361 is £42,599 (2010 - £56,799) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £14,200 (2010 - £14,200).

14 INVESTMENTS

Company	Shares in subsidiary undertakings £
Cost	
At 1 February 2010 and 31 January 2011	<u>2,039,673</u>
Amounts written off	
At 1 February 2010 and 31 January 2011	<u>1,700,000</u>
Net book value	
At 31 January 2011 and 31 January 2010	<u>339,673</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

14 INVESTMENTS *(continued)*

SUBSIDIARY UNDERTAKINGS

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
<i>All held directly by the company</i>				
British Autogard Limited	United Kingdom	Ordinary shares	100%	Manufacture and sale of power transmission products
American Autogard Inc	USA	Ordinary shares	100%	Manufacture and sale of power transmission products
Autogard Italia S R L	Italy	Ordinary shares	100%	Sale of power transmission products
Autogard Kupplungen GmbH	Germany	Ordinary shares	100%	Sale of power transmission products
Autogard Asia Pacific Pty Ltd	Australia	Ordinary shares	100%	Sale of power transmission products
Aelex Electronics Limited*	United Kingdom	Ordinary shares	100%	Dormant
Autogard Hungary Kft	Hungary	Ordinary shares	100%	Dormant

*formerly Autogard Electronics Limited

American Autogard Inc, Aelex Electronics Limited and Autogard Hungary Kft left the group after the year end

15 STOCKS

	2011 £	Group 2010 £	2011 £	Company 2010 £
Work in progress	92,419	268,048	—	—
Finished goods	1,280,451	1,255,507	—	—
	<u>1,372,870</u>	<u>1,523,555</u>	<u>—</u>	<u>—</u>

16 DEBTORS

	2011 £	Group 2010 £	2011 £	Company 2010 £
Trade debtors	1,449,505	1,020,203	—	—
Amounts owed by group undertakings	—	—	705,546	638,705
VAT recoverable	6,386	—	—	—
Other debtors	53,863	32,779	44,670	15,855
Deferred taxation (Note 17)	125,811	63,282	22,304	(8,254)
Prepayments and accrued income	142,963	233,347	—	—
	<u>1,778,528</u>	<u>1,349,611</u>	<u>772,520</u>	<u>646,306</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

17 DEFERRED TAXATION

The movement in the deferred taxation balance during the year was

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Asset/provision brought forward	63,282	41,126	(8,254)	(8,254)
Increase in asset	62,529	22,156	30,558	-
Asset/provision carried forward	<u>125,811</u>	<u>63,282</u>	<u>22,304</u>	<u>(8,254)</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	(16,409)	-	(20,951)	-
Tax losses available	26,294	-	-	-
Other timing differences	115,926	-	84,233	-
	<u>125,811</u>	<u>-</u>	<u>63,282</u>	<u>-</u>

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

Company	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	(4,308)	-	(8,254)	-
Tax losses available	26,294	-	-	-
Other timing differences	318	-	-	-
	<u>22,304</u>	<u>-</u>	<u>(8,254)</u>	<u>-</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

18 CREDITORS amounts falling due within one year

	2011	Group 2010	2011	Company 2010
	£	£	£	£
Other loans	—	50,000	—	50,000
Bank loans	50,000	442,763	50,000	50,000
Trade creditors	594,062	412,510	—	—
Amounts owed to group undertakings	—	—	61,766	178,741
Obligations under finance lease agreements	14,644	35,625	—	16,660
Corporation tax	388,138	173,967	128,734	46,203
PAYE and social security	39,545	25,041	—	—
VAT	—	1,787	—	—
Other creditors	75,500	706,060	—	570,154
Accruals and deferred income	414,375	357,298	82,417	103,668
	<u>1,576,264</u>	<u>2,205,051</u>	<u>322,917</u>	<u>1,015,426</u>

The bank loan is secured by a fixed and floating charge over the assets of the company. This charge was released prior to the sale of the group after the year end. Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets held by its subsidiary, British Autogard Limited.

19 CREDITORS amounts falling due after more than one year

	2011	Group 2010	2011	Company 2010
	£	£	£	£
Bank loans	17,518	79,589	17,518	70,078
Amounts owed to group undertakings	—	—	120,266	—
Obligations under finance lease agreements	29,948	—	—	—
Other creditors	—	75,000	—	75,000
	<u>47,466</u>	<u>154,589</u>	<u>137,784</u>	<u>145,078</u>

The bank loan is secured by a fixed and floating charge over the assets of the company. This charge was released prior to the sale of the group after the year end. Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets held by its subsidiary, British Autogard Limited.

There is no interest charged on the amounts owed to group undertakings.

20 PENSIONS

Companies in the group operate defined contribution pension schemes. The assets of the schemes are held separately from those of the companies in independently-administered funds. The pension cost charge represents contributions payable by group companies to the funds.

	2011	2010
	£	£
Contributions payable by group companies for the year	<u>72,945</u>	<u>95,193</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

21 COMMITMENTS UNDER OPERATING LEASES

At 31 January 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	2011		2010	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	78 000	-	67 034	524
Within 2 to 5 years	83 000	18,456	-	7 456
	<u>161,000</u>	<u>18,456</u>	<u>67,034</u>	<u>7,980</u>

Company

There were no annual commitments under non-cancellable operating leases

22 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in the Financial Reporting Standard 8 Related Parties and has not disclosed details of transactions with other companies in its group

American Autogard Inc charged a management fee of £72,570 (2010 - £49,644) to Dynacorp which is controlled by a director of American Autogard Inc

23 SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
9,800 Ordinary 'A' shares of £0.01 each	98	98
1,750 Ordinary 'B' shares of £0.01 each	17	17
585 Ordinary 'C' shares of £0.01 each	6	6
	<u>121</u>	<u>121</u>

After the year end, an additional 65 ordinary 'A' shares of £0.01 each were issued at par. The ordinary 'A', ordinary 'B' and ordinary 'C' shares were then redesignated as ordinary shares. The 12,200 ordinary shares of £0.01 each then in issue were then consolidated into 122 ordinary shares of £1.00 each. The ordinary 'A', ordinary 'B', and ordinary 'C' shares confer upon the holders the same rights and rank pari passu in all respects.

24 RESERVES

Group	Share premium account £	Capital reserve £	Profit and loss account £
Balance brought forward	335,824	225,984	1,603,759
Profit for the year	-	-	1,266,267
Equity dividends	-	-	(620,452)
Foreign exchange	-	-	97
Balance carried forward	<u>335,824</u>	<u>225,984</u>	<u>2,249,671</u>

Autogard Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 January 2011

24 RESERVES *(continued)*

Company	Share premium account £	Profit and loss account £
Balance brought forward	335,824	226,878
Profit for the year	—	797,023
Equity dividends	—	(620,452)
Balance carried forward	<u>335,824</u>	<u>403,449</u>

25 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £	2010 £
Profit for the financial year	1,266,267	540,846
New equity share capital subscribed	—	4
Premium on new share capital subscribed	—	60,836
Purchase of own ordinary shares	—	(100,000)
Equity dividends	(620,452)	(549,990)
Foreign exchange	97	(85,448)
Net addition/(reduction) to shareholder's funds	645,912	(133,752)
Opening shareholder's funds	2,165,688	2,299,440
Closing shareholder's funds	<u>2,811,600</u>	<u>2,165,688</u>

26 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	1,870,054	1,191,977
Amortisation	12,603	11,905
Depreciation	90,412	95,039
(Profit)/loss on disposal of fixed assets	—	1,870
Decrease in stocks	150,685	210,161
(Increase)/decrease in debtors	(364,932)	531,028
Decrease in creditors	(380,670)	(133,640)
Gain on foreign currency retranslation on debt	(8,983)	(76,366)
Re-organisation costs	—	(299,130)
(Gain)/loss on foreign currency retranslation on other items	(1,101)	(78,868)
Net cash inflow from operating activities	<u>1,368,068</u>	<u>1,453,976</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2011 £	2010 £
Interest paid	(22,477)	(22,797)
Interest element of finance leases	(3,298)	(703)
Net cash outflow from returns on investments and servicing of finance	<u>(25,775)</u>	<u>(23,500)</u>

Autogard Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2011

26 CASH FLOWS (continued)

Taxation	2011 £	2010 £
Taxation	<u>(426,370)</u>	<u>(380,844)</u>
Capital expenditure	2011 £	2010 £
Payments to acquire intangible fixed assets	(2,914)	–
Payments to acquire tangible fixed assets	<u>(59,364)</u>	<u>(3,591)</u>
Net cash outflow from capital expenditure	<u>(62,278)</u>	<u>(3,591)</u>
Financing	2011 £	2010 £
Issue of equity share capital	–	4
Share premium on issue of equity share capital	–	60,836
Purchase of own equity shares	–	(100,000)
Repayment of other loans	(50,000)	(447,393)
Repayment of bank loans	(454,834)	30,959
Capital element of finance leases	8,967	(19,944)
Net outflow from other long-term creditors	<u>(75,000)</u>	<u>(56,059)</u>
Net cash outflow from financing	<u>(570,867)</u>	<u>(531,597)</u>

c Analysis of net funds

	At 1 Feb 2010 £	Cash flows £	Exchange movement £	At 31 Jan 2011 £
Cash in hand and at bank	1,298,654	(337,674)	8,983	969,963
Debt due within 1 year	(492,763)	442,763	–	(50,000)
Debt due after 1 year	(154,589)	137,071	–	(17,518)
Finance lease agreements	(35,625)	(8,967)	–	(44,592)
	<u>(682,977)</u>	<u>570,867</u>	<u>–</u>	<u>(112,110)</u>
Total	<u>615,677</u>	<u>233,193</u>	<u>8,983</u>	<u>857,853</u>

27 PARENT COMPANY AND CONTROLLING PARTY

At the year end, the ultimate parent company was AG Power Transmission Holdings Limited, a company incorporated in Canada. The ultimate controlling party was M R Hutchings by virtue of his ownership of the entire issued share capital of that company. AG Power Transmission Holdings Limited heads the largest group in which the results of the company are consolidated. Autogard Holdings Limited heads the smallest group in which the results of the company are consolidated.

28 POST BALANCE SHEET EVENT

After the year end the entire issued share capital of the company was acquired by Rexnord Industries (UK) Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate parent company of Rexnord Industries (UK) Limited is Rexnord LLC, a company incorporated in the United States.