

Company Registration No. 04380334 (England and Wales)

BRITISH AUTOGARD LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018

WEDNESDAY



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BRITISH AUTOGARD LIMITED

COMPANY INFORMATION

Directors	D J Klun M C Waddell
Secretary	J S Greving
Company number	04380334
Registered office	c/o Curtis, Mallet-Prevost, Colt & Mosle LLP 99 Gresham Street London England EC2V 7NG
Auditor	RSM 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

BRITISH AUTOGARD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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

Principal activities

The principal activity of the company during the year was the manufacture of power transmission products.

Directors

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

W J Howgego	(Resigned 14 December 2017)
P M Whaley	(Resigned 6 June 2017)
D J Klun	
M C Waddell	(Appointed 14 December 2017)

Results and dividends

The results for the year are set out on page 5. 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.

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.

Strategic report exemption

The company is a member of an ineligible group so is not permitted to prepare accounts under the small companies regime but has taken advantage of the exemption available under section 414B of the Companies Act 2006 from the requirement to prepare a strategic report.

On behalf of the board



M C Waddell
Director

Date: 9/11/18

BRITISH AUTOGARD LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 BRITISH AUTOGARD LIMITED

Opinion

We have audited the financial statements of British Autogard 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BRITISH AUTOGARD 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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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

BRITISH AUTOGARD LIMITED

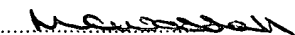
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	3,996,575	6,252,026
Cost of sales		(2,291,138)	(3,653,777)
Gross profit		1,705,437	2,598,249
Administrative expenses		(1,083,495)	(834,593)
Other operating income		140,129	142,564
Operating profit	6	762,071	1,906,220
Interest receivable from group undertakings		26,175	-
Interest payable to group undertakings		(42,945)	(45,672)
Profit before taxation		745,301	1,860,548
Tax on profit	7	(23,341)	4,849
Profit for the financial year		721,960	1,865,397

BRITISH AUTOGARD LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	8		42,361		52,231
Other intangible assets	8		46,641		35,096
Total intangible assets			89,002		87,327
Tangible assets	9		343,863		223,119
			432,865		310,446
Current assets					
Stocks	10	492,502		339,093	
Debtors falling due after more than one year	11	3,000,000		-	
Debtors falling due within one year	11	864,707		1,953,943	
Cash at bank and in hand		950,074		3,198,410	
			5,307,283		5,491,446
Creditors: amounts falling due within one year	12	(1,649,056)		(2,456,101)	
Net current assets			3,658,227		3,035,345
Total assets less current liabilities			4,091,092		3,345,791
Provisions for liabilities					
Deferred tax liability	13	46,962		23,621	
			(46,962)		(23,621)
Net assets			4,044,130		3,322,170
Capital and reserves					
Called up share capital	15		1		1
Profit and loss reserves	16		4,044,129		3,322,169
Total equity			4,044,130		3,322,170

The financial statements were approved by the board of directors and authorised for issue on 9/11/18
and are signed on its behalf by:


M C Waddell
Director

BRITISH AUTOGARD LIMITED

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2016	1	1,456,772	1,456,773
Year ended 31 March 2017:			
Profit and total comprehensive income for the year	-	1,865,397	1,865,397
Balance at 31 March 2017	1	3,322,169	3,322,170
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	721,960	721,960
Balance at 31 March 2018	1	4,044,129	4,044,130

BRITISH AUTOGARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

British Autogard Limited is a company limited by shares 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 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's intermediate parent, Rexnord Industries (UK) Limited, and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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.

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.

Intangible fixed assets - goodwill

Acquired goodwill is initially stated at cost and is then written off in equal annual instalments over its estimated useful economic life which is considered to be 20 years.

Intangible fixed assets other than goodwill

Certain development costs relate to products which are sold by the company over a number of years and it is therefore considered appropriate to capitalise them in the balance sheet. The development costs are initially stated at cost and are then amortised in equal annual instalments over their estimated useful lives.

BRITISH AUTOGARD LIMITED

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

1 Accounting policies (Continued)

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

Development costs	5-15 years straight line
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Tangible 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.

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

Plant and machinery	3-30 years straight line
Fixtures, fittings and equipment	2-10 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a weighted average cost basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

BRITISH AUTOGARD LIMITED

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

1 Accounting policies (Continued)

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. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. 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

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.

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.

BRITISH AUTOGARD LIMITED

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

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to profit or loss.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Impairment of stocks

The company's products are subject to changing market demand. It is therefore necessary to consider on a periodic basis the recoverability of the cost of stocks and the associated impairment. Management calculates impairments by considering the nature and condition of the stocks and applies assumptions around anticipated saleability of finished goods and future usage of raw materials, overheads and labour.

Impairment of debtors

On a periodic basis management makes an estimation of the recoverability of debtors. Management makes such estimations based on the credit rating of debtors, the ageing profile, and historical experience.

BRITISH AUTOGARD LIMITED

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

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Manufacture of power transmission products	3,996,575	6,252,026
	<u> </u>	<u> </u>
	2018 £	2017 £
Other revenue		
Interest income	26,175	-
Royalty income	140,129	142,564
	<u> </u>	<u> </u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	534,846	544,572
United States of America	865,786	2,544,646
Australia	159,509	205,957
Japan	438,690	510,190
Rest of the World	1,997,744	2,446,661
	<u> </u>	<u> </u>
	3,996,575	6,252,026
	<u> </u>	<u> </u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Production staff	27	27
Administrative staff	13	13
	<u> </u>	<u> </u>
	40	40
	<u> </u>	<u> </u>

BRITISH AUTOGARD LIMITED

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

4 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,261,031	1,343,675
Social security costs	122,507	126,290
Pension costs	55,173	46,321
	<u>1,438,711</u>	<u>1,516,286</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	28,509	-
Company pension contributions to defined contribution schemes	1,728	-
	<u>30,237</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 0).

Other than the amounts shown above, directors' remuneration has been borne by the parent company Autogard Holdings Limited.

6 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	74,778	(200,435)
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	11,850
Depreciation of owned tangible fixed assets	47,604	46,124
Amortisation of intangible assets	10,823	13,512
Cost of stocks recognised as an expense	1,042,570	2,364,386
Operating lease charges	<u>170,152</u>	<u>119,976</u>

In the statement of comprehensive income, amortisation is included wholly within administrative expenses.

During the year, the company paid auditor's remuneration of £12,500 (2017 - £11,850) for audit services, £2,815 (2017 - £2,700) for tax compliance services and £1,575 (2017 - £1,525) for other services.

• **BRITISH AUTOGARD LIMITED**

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

7 Taxation

	2018 £	2017 £
Deferred tax		
Origination and reversal of timing differences	23,341	(3,267)
Changes in tax rates	-	(1,582)
Total deferred tax	<u>23,341</u>	<u>(4,849)</u>

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

	2018 £	2017 £
Profit before taxation	<u>745,301</u>	<u>1,860,548</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	141,607	372,110
Tax effect of expenses that are not deductible in determining taxable profit	2,546	2,316
Group relief	(118,067)	(378,269)
Adjust deferred tax to reconciliation rate	(2,745)	(1,006)
Taxation charge/(credit) for the year	<u>23,341</u>	<u>(4,849)</u>

Current tax has been reduced by the receipt of £621,404 (2017 - £1,891,345) losses under a group relief scheme. No payment has been made in respect of these amounts.

Factors that may affect future tax charges

The main rate of corporation tax will be reduced to 17% from 1 April 2020.

BRITISH AUTOGARD LIMITED

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

8 Intangible fixed assets

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2017	207,397	47,805	255,202
Disposals	-	(5,391)	(5,391)
Reclassified from tangible fixed assets	-	12,497	12,497
At 31 March 2018	207,397	54,911	262,308
Amortisation and impairment			
At 1 April 2017	155,166	12,708	167,874
Amortisation charged for the year	9,870	953	10,823
Disposals	-	(5,391)	(5,391)
At 31 March 2018	165,036	8,270	173,306
Carrying amount			
At 31 March 2018	42,361	46,641	89,002
At 31 March 2017	52,231	35,096	87,327

9 Tangible fixed assets

	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 April 2017	334,067	123,296	457,363
Additions	165,900	14,945	180,845
Disposals	(819)	(22,350)	(23,169)
Reclassified to intangible fixed assets	(12,497)	-	(12,497)
At 31 March 2018	486,651	115,891	602,542
Depreciation and impairment			
At 1 April 2017	136,495	97,749	234,244
Depreciation charged in the year	31,466	16,138	47,604
Eliminated in respect of disposals	(819)	(22,350)	(23,169)
At 31 March 2018	167,142	91,537	258,679
Carrying amount			
At 31 March 2018	319,509	24,354	343,863
At 31 March 2017	197,572	25,547	223,119

BRITISH AUTOGARD LIMITED

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

10 Stocks

	2018 £	2017 £
Raw materials and consumables	56,728	32,090
Work in progress	61,041	68,357
Finished goods and goods for resale	374,733	238,646
	<u>492,502</u>	<u>339,093</u>

11 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	365,567	1,141,238
Amounts owed by group undertakings	285,309	582,602
Other debtors	54,169	38,672
Prepayments and accrued income	159,662	191,431
	<u>864,707</u>	<u>1,953,943</u>

	2018 £	2017 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	3,000,000	-
	<u>3,000,000</u>	<u>-</u>
Total debtors	<u>3,864,707</u>	<u>1,953,943</u>

12 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	570,146	558,984
Amounts due to group undertakings	739,275	1,584,485
Other taxation and social security	30,556	33,248
Other creditors	11,284	7,695
Accruals and deferred income	297,795	271,689
	<u>1,649,056</u>	<u>2,456,101</u>

BRITISH AUTOGARD LIMITED

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

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Fixed asset timing differences	48,880	24,929
Short term timing differences	(1,918)	(1,308)
	<u>46,962</u>	<u>23,621</u>
Movements in the year:		2018 £
Liability at 1 April 2017		23,621
Charge to profit or loss		23,341
Liability at 31 March 2018		<u>46,962</u>

The deferred tax liability in respect of fixed asset timing differences is expected substantially to reverse within twelve months of the reporting date as depreciation on the underlying assets exceeds taxation allowances claimed in the period. The deferred tax asset relating to short term timing differences is expected to reverse in full within the next twelve months.

14 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>55,173</u>	<u>46,321</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end, contributions of £11,284 (2017 - £7,695) were outstanding and are included in other creditors.

15 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

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

BRITISH AUTOGARD LIMITED

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

16 Reserves

Profit and loss reserves

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

17 Operating lease commitments

Lessee

Operating leases reflect rentals payable by the company for the leasehold property from which it carries out its principal activity and for sundry equipment rentals.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	126,157	123,728
Between one and five years	203,495	320,200
	<u>329,652</u>	<u>443,928</u>

18 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.

19 Controlling party

The immediate parent company is Autogard Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate parent company is Rexnord Corporation, a company incorporated in the United States of America. 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's intermediate parent, Rexnord Industries (UK) Limited, and can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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