

PEER BEARING LIMITED
REGISTRATION NO. 4307702
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

WEDNESDAY



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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2010.

Principal activity and business review

The company's principal activity is the warehousing and European distribution of highly engineered precision bearings and bearing-related products

Results for the year

Total sales for the year amounted to £2,597,829 (2009 - £630,952)

The profit for the year after taxation was £240,996 (2009 loss - £92,233).

No ordinary dividend in respect of the year ended 31 December 2010 has been paid during the year (2009 - £nil). The directors do not recommend a final ordinary dividend payment (2009 - £nil).

Directors

The directors who served throughout the year and subsequently were as follows:

S L Smith
P Tong

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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.

DIRECTORS' REPORT (CONTINUED)

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements (continued)

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



S L Smith
Director

c/o SKF (U.K.) Limited
Sundon Park Road
Luton
Bedfordshire
LU3 3BL

20 June 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEER BEARING LIMITED

We have audited the financial statements of Peer Bearing Limited for the year ended 31 December 2010 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion

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

Basis for qualified opinion on financial statements

With respect to stock having a carrying amount of £327,404 as at 31 December 2008 the audit evidence available to us was limited because we were unable either to observe the counting of the physical stock as of 31 December 2008, since that date was prior to our appointment as auditor of the company, or to verify the valuation of that stock. Owing to the nature of the company's accounting records, we were unable to obtain sufficient appropriate audit evidence regarding the stock at 31 December 2008 by using other audit procedures. Any adjustments would have a consequential effect on the company's loss for the year ended 31 December 2009.

We qualified our audit opinions on the financial statements for the years ended 31 December 2008 and 2009 with regard to this same limitation.

Qualified opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2010.

In our opinion, except for the possible effect solely on the comparative information for the year ended 31 December 2009 of the matter described in the basis for qualified opinion on financial statements paragraph, the financial statements.

- give a true and fair view of the company's profit for the year ended 31 December 2010;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEER BEARING LIMITED
(CONTINUED)**

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

In respect solely of the limitation on our work relating to the comparative information for the year ended 31 December 2009:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept for that year

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:

- 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

B J Stapleton 27 June 2011

B J Stapleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
TURNOVER	2	2,597,829	630,952
COST OF SALES		(1,791,543)	(409,242)
GROSS PROFIT		806,286	221,710
ADMINISTRATIVE EXPENSES		(564,217)	(310,177)
OPERATING PROFIT/(LOSS)		242,069	(88,467)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		242,069	(88,467)
INTEREST PAYABLE AND SIMILAR CHARGES	3	(1,073)	(3,766)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	240,996	(92,233)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	5	-	-
PROFIT/(LOSS) FOR THE YEAR		240,996	(92,233)

All results are derived from continuing activities in both years.

The company has no recognised gains or losses other than the profit above and therefore no statement of total recognised gains and losses has been presented.

Notes on pages 7 to 14 form part of the financial statements

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	1,405	2,530
		<u>1,405</u>	<u>2,530</u>
CURRENT ASSETS			
Stocks	8	823,127	316,775
Debtors	9	528,451	131,245
Cash at bank and in hand		238,150	126,609
		<u>1,589,728</u>	<u>574,629</u>
CREDITORS - Amounts falling due within one year	10	(932,221)	(159,243)
NET CURRENT ASSETS		<u>657,507</u>	<u>415,386</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		658,912	417,916
NET ASSETS		<u>658,912</u>	<u>417,916</u>
CAPITAL AND RESERVES			
Called-up share capital	11	1,432,024	1,432,024
Profit and loss account	12	(773,112)	(1,014,108)
SHAREHOLDERS' FUNDS	13	<u>658,912</u>	<u>417,916</u>

The financial statements were approved by the board on 20 June 2011 and signed on its behalf by.



S L Smith
Director

20 June 2011

Notes on pages 7 to 14 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010**1 STATEMENT OF ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of accounting

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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

The financial statements have been prepared on the going concern basis. The directors have considered the relevant factors including the on-going access to inter-company funding in their going concern assessment. The directors believe the going concern assumption to be appropriate as there are no material uncertainties that may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax. Revenue is recognised on dispatch of goods and delivery of services to the customer.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and equipment	25% straight line
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Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by FRS 19.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling 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 transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2 TURNOVER

Turnover includes export sales totalling 91% of total sales (2009 66%). A geographical analysis of turnover, profits and net assets is not provided as the directors consider that the disclosure of such information would seriously prejudice the interests of the Company.

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Interest payable on related company loan	478	3,296
Bank loans and overdrafts	595	470
	<u>1,073</u>	<u>3,766</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)**4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) the following.

	2010 £	2009 £
Depreciation and amounts written off tangible fixed assets	1,125	1,124
Hire of plant and machinery – operating leases	6,639	4,812
Hire of buildings – operating leases	23,850	23,850
Foreign exchange differences	49,825	1,630
Pension costs – defined contribution pension scheme	<u>6,950</u>	<u>6,233</u>

Auditors' remuneration

Audit of these financial statements	<u>3,102</u>	<u>4,380</u>
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Amounts payable to KPMG LLP by the Company in respect of non audit services were £1 000 (2009 - £Nil).

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 December 2010 nor for the year ended 31 December 2009.

	2010 £	2009 £
FRS 19 Tax Reconciliation		
Profit/(Loss) on ordinary activities before tax	<u>240,996</u>	<u>(92,233)</u>
Tax at 28.00% thereon	(67,479)	25,825
Capital allowances in excess of depreciation	(123)	(74)
Tax loss utilised/(carried forward)	<u>67,602</u>	<u>(25,751)</u>
	<u>-</u>	<u>-</u>

Losses available to carry forward are £672,750 (2009 - £914,184) and decelerated capital allowances is £1,343 (2009 - £1,781). Deferred tax asset relating to tax losses and decelerated capital allowances has not been recognised as the directors consider its recoverability doubtful in the short term.

On 23rd March 2011 the Chancellor announced a reduction in the main rate of corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011; however it has not been reflected in the figures above as it was not substantively enacted as at the balance sheet date. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one percent per annum to 23% by 1 April 2014, but, as these changes have not been substantively enacted, they have not been included in the above figures.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)

6 STAFF COSTS

The average monthly number of employees (including executive directors) was.-

	2010 Number	2009 Number
Administration	5	4
	<u>5</u>	<u>4</u>

The aggregate staff remuneration comprised

	2010 £	2009 £
Wages and salaries	162,519	133,256
Social security costs	43,773	14,365
Other pension costs	6,950	6,233
	<u>213,242</u>	<u>153,854</u>

There were no outstanding or prepaid pension contributions at either the beginning or end of the financial year.

No director received any emoluments in respect of their services to the company

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)

7 TANGIBLE ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2010	13,053	4,682	9,613	27,348
At 31 December 2010	13,053	4,682	9,613	27,348
Depreciation				
At 1 January 2010	10,523	4,682	9,613	24,818
Charge for the year	1,125	-	-	1,125
At 31 December 2010	11 648	4 682	9 613	25 943
Net book value				
At 31 December 2010	1,405	-	-	1,405
At 31 December 2009	2,530	-	-	2,530

8 STOCKS

	2010 £	2009 £
Finished goods	823,127	316,775
	823,127	316,775

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)

9 DEBTORS

	2010 £	2009 £
Amounts falling due within one year:		
Trade debtors	436,107	76,553
Amounts owed by group undertakings	-	3,645
VAT	77,330	42,909
Prepayments and accrued income	15,014	8,138
	<u>528,451</u>	<u>131,245</u>

10 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	38,465	28,047
Amounts owed to group undertakings	864,204	117,430
Other taxation and social security	3,292	3,590
Other creditors	-	5,109
Accruals and deferred income	26,260	5,067
	<u>932,221</u>	<u>159,243</u>

11 CALLED-UP SHARE CAPITAL

	2010 £	2009 £
Authorised		
2010: 1 501 000 (2009: 1 501 000) Ordinary shares of £1 each	<u>1,501,000</u>	<u>1,501,000</u>
Allotted, called-up and fully paid		
2010: 1 432 024 (2009: 1 432 024) Ordinary shares of £1 each	<u>1,432,024</u>	<u>1,432,024</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)

12 PROFIT AND LOSS ACCOUNT

	Total £
At 1 January 2010	(1,014,108)
Profit for the year	240,996
	<hr/>
At 31 December 2010	(773,112)
	<hr/> <hr/>

13 SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit/(Loss) for the financial year	240,996	(92,233)
Net increase/(reduction) to shareholders' funds	240,996	(92,233)
Opening shareholders' funds	417,916	510,149
	<hr/>	<hr/>
Closing shareholders' funds	658,912	417,916
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14 LEASE OBLIGATIONS

At 31 December 2010 the company had annual commitments under operating leases as follows:

	2010 Land and Buildings £	2010 Plant and machinery £	2009 Land and buildings £	2009 Plant and machinery £
Expiry date:				
Within 1 year	15,425	-	23,850	-
Between two and five years	-	11,507	-	4,174
	<hr/>	<hr/>	<hr/>	<hr/>
	15,425	11,507	23,850	4,174
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (CONTINUED)

15 ULTIMATE PARENT COMPANY AND RELATED PARTY DISCLOSURES

The company's ultimate parent company and controlling party is Aktiebolaget SKF, which is incorporated in Sweden. The company's immediate parent company at 31st December 2010 was Trelanoak Limited

The parent of the only group for which group financial statements are prepared and of which the company is a member is Aktiebolaget SKF. Copies of these group financial statements can be obtained from SKF (U.K.) Limited, Sundon Park Road, Luton, Bedfordshire, LU3 3BL.

As a subsidiary of Aktiebolaget SKF, the company has taken the exemption contained in FRS8 and has therefore not disclosed the transactions or balances with entities which form part of the group