

PEER BEARING LIMITED
REGISTRATION NO. 04307702
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2011

TUESDAY



LD7 25/09/2012 #99
COMPANIES HOUSE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2011

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.

Risks and uncertainties in the business

The company operates in many different markets that are at different stages of the economic cycle. A general economic downturn at global level or in one of the world's leading economies could reduce the demand for our products or services for a period of time. In addition, disturbances in worldwide financial markets could have a negative effect on the demand for our products.

The financial policy defines the main risks as being currency, interest rates, credit and liquidity and establishes responsibility and authority to manage these risks. The policy states that the objective is to minimise risk and to contribute to a better return through the active management of risks.

Results for the year

Total sales for the year amounted to £4,017,209 (2010 - £2,597,829).

The loss for the year after taxation was £200,622 (2010 - profit - £240,996).

No ordinary dividend in respect of the year ended 31 December 2011 has been paid during the year (2010 - £nil). The directors do not recommend a final ordinary dividend payment (2010 - £nil).

Directors

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

S L Smith
P Tong

Disclosure of information to auditor

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 auditor 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 auditor are aware of that information.

DIRECTORS' REPORT (CONTINUED)**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.

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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor 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 September 2012

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 2011 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 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. 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 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 2011 and of its loss for the year ended ;
- have been properly prepared in accordance with UK 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.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

B. J Stapleton 24 September 2012

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 2011

	Notes	2011 £	2010 £
TURNOVER	2	4,017,209	2,597,829
COST OF SALES		(2,816,158)	(1,791,543)
		<hr/>	<hr/>
GROSS PROFIT		1,201,051	806,286
ADMINISTRATIVE EXPENSES		(1,355,718)	(564,217)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT		(154,667)	242,069
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		(154,667)	242,069
INTEREST PAYABLE AND SIMILAR CHARGES	3	(45,955)	(1,073)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(200,622)	240,996
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	5	-	-
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE YEAR		(200,622)	240,996
		<hr/>	<hr/>

All results are derived from continuing activities in both years.

The company has no recognised gains or losses other than the loss 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.

PEER BEARING LIMITED

Registration Number 4307702

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BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	36,914	1,405
		<u>36,914</u>	<u>1,405</u>
CURRENT ASSETS			
Stocks	8	2,926,149	823,127
Debtors	9	1,221,775	528,451
Cash at bank and in hand		246,843	238,150
		<u>4,394,767</u>	<u>1,589,728</u>
CREDITORS - Amounts falling due within one year	10	(3,973,391)	(932,221)
NET CURRENT ASSETS		<u>421,376</u>	<u>657,507</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		458,290	658,912
NET ASSETS		<u>458,290</u>	<u>658,912</u>
CAPITAL AND RESERVES			
Called-up share capital	11	1,432,024	1,432,024
Profit and loss account	12	(973,734)	(773,112)
SHAREHOLDERS' FUNDS	13	<u>458,290</u>	<u>658,912</u>

The financial statements were approved by the board on 20 September 2012 and signed on its behalf by:



S L Smith
Director

20 September 2012

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011**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 applicable United Kingdom accounting standards.

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	6 - 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 2011 (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 95.8% of total sales (2010 - 91%). 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

	2011	2010
	£	£
Interest payable on related company loan	42,912	478
Bank loans and overdrafts	3,043	595
	<u>45,955</u>	<u>1,073</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011 (CONTINUED)

4 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2011	2010
	£	£
Depreciation and amounts written off tangible fixed assets	2,387	1,125
Hire of plant and machinery – operating leases	12,435	6,639
Hire of buildings – operating leases	30,850	23,850
Foreign exchange differences	151,457	49,825
Pension costs – defined contribution pension scheme	5,696	6,950
	<u> </u>	<u> </u>

Auditor's remuneration

Audit of these financial statements	4,523	3,102
	<u> </u>	<u> </u>

Amounts payable to KPMG LLP by the Company in respect of non audit services were £700 (2010 - £1,000).

5 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the year ended 31 December 2010.

	2011	2010
	£	£
FRS 19 Tax Reconciliation		
(Loss)/Profit on ordinary activities before tax	(200,622)	240,996
	<u> </u>	<u> </u>
Tax at 26.49%/28.00% thereon	53,145	(67,479)
Capital allowances in excess of/(less than) depreciation	1,521	(123)
Tax loss (carried forward)/utilised	(54,666)	67,602
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

Gross losses available to carry forward are £879,114 (2010 - £672,750) and accelerated capital allowances is £4,399 (2010 – decelerated – £1,343). A deferred tax asset relating to tax losses and accelerated capital allowances has not been recognised as the directors consider its recoverability doubtful in the short term

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge accordingly

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011 (CONTINUED)

6 STAFF COSTS

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

	2011 Number	2010 Number
Administration	9	5
	<u>9</u>	<u>5</u>

The aggregate staff remuneration comprised.

	2011 £	2010 £
Wages and salaries	263,791	162,519
Social security costs	106,490	43,773
Other pension costs	5,696	6,950
	<u>375,977</u>	<u>213,242</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 2011 (CONTINUED)

7 TANGIBLE ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2011	13,053	4,682	9,613	27,348
Additions	37,896	-	-	37,896
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	50,949	4,682	9,613	65,244
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2011	11,648	4,682	9,613	25,943
Charge for the year	2,387	-	-	2,387
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	14,035	4,682	9,613	28,330
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2011	36,914	-	-	36,914
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,405	-	-	1,405
	<hr/>	<hr/>	<hr/>	<hr/>

8 STOCKS

	2011 £	2010 £
Finished goods	2,926,149	823,127
	<hr/>	<hr/>
	2,926,149	823,127
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011 (CONTINUED)

9 DEBTORS

	2011	2010
	£	£
Amounts falling due within one year:		
Trade debtors	973,511	436,107
Amounts owed by group undertakings	6,452	-
VAT	223,420	77,330
Prepayments and accrued income	18,392	15,014
	<hr/>	<hr/>
	1,221,775	528,451
	<hr/> <hr/>	<hr/> <hr/>

10 CREDITORS – Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	61,046	38,465
Amounts owed to group undertakings	3,888,506	864,204
Other taxation and social security	4,026	3,292
Accruals and deferred income	19,813	26,260
	<hr/>	<hr/>
	3,973,391	932,221
	<hr/> <hr/>	<hr/> <hr/>

11 CALLED-UP SHARE CAPITAL

	2011	2010
	£	£
Allotted, called-up and fully paid		
2011 1,432,024 (2010: 1,432,024) Ordinary shares of £1 each	1,432,024	1,432,024
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011 (CONTINUED)

12 PROFIT AND LOSS ACCOUNT

**Total
£**

At 1 January 2011	(773,112)
Loss for the year	(200,622)
	<hr/>
At 31 December 2011	(973,734)
	<hr/>

13 SHAREHOLDERS' FUNDS

	2011 £	2010 £
(Loss)/Profit for the financial year	(200,622)	240,996
Net (reduction)/increase to shareholders' funds	(200,622)	240,996
Opening shareholders' funds	658,912	417,916
Closing shareholders' funds	458,290	658,912
	<hr/>	<hr/>

14 LEASE OBLIGATIONS

At 31 December 2011 the company had annual commitments under operating leases as follows

	2011 Land and Buildings £	2011 Plant and machinery £	2010 Land and buildings £	2010 Plant and machinery £
Non-cancellable operating leases which expire.				
Within one year	-	-	15,425	-
Between two and five years	30,850	12,435	-	11,507
	<hr/>	<hr/>	<hr/>	<hr/>
	30,850	12,435	15,425	11,507
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2011 (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 2011 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.