

**PEER BEARING LIMITED**  
**REGISTRATION NO. 4307702**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2009**



**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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 2009

**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 £630 952 (2008 - £834 539).

The loss for the year after taxation was £92 233 (2008 loss - £204 495).

No ordinary dividend in respect of the year ended 31 December 2009 has been paid during the year (2008 - £nil). The directors do not recommend a final ordinary dividend payment (2008 - £nil).

**Directors**

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

B O Hansson (resigned 5 October 2009)  
S L Smith  
P Tong

No director had any interests in the shares of the company or any other group company required to be disclosed under Schedule 7 of the Companies Act 2006.

**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**

Sundon Park Road  
Luton  
Bedfordshire  
LU3 3BL

17 September 2010

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PEER BEARING LIMITED**

We have audited the financial statements of Peer Bearing Limited for the year ended 31 December 2009 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, 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 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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Qualified opinion on financial statements arising from limitation in audit scope**

With respect to stock having a carrying value of £327,404 at 31 December 2008 the audit evidence available to us was limited because we were unable to either observe the counting of physical stock as at 31 December 2008, since that date was prior to our appointment as auditors of the company, or to verify the valuation of stock. Owing to the nature of the company's accounting records we were unable to obtain sufficient appropriate audit evidence concerning stock at 31 December 2008 by using other audit procedures.

Except for the financial effects solely on the comparative information for the year ended 31 December 2008 of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical stock quantities and stock valuation at 31 December 2008, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2009.

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical stock quantities and stock valuation at 31 December 2008, in our opinion the financial statements:

- give a true and fair view of the state of the company's loss for the year ended 31 December 2009,
- 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF PEER BEARING LIMITED  
(CONTINUED)**

**Matters on which we are required to report by exception**

In respect solely of the limitation on our work relating to the opening balances of stock, described above:

- 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 have been kept.

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



**P D Selvey (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants

Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

22 September 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £	2008 £
<b>TURNOVER</b>	<b>1</b>	630 952	834 539
<b>COST OF SALES</b>		( 409 242 )	( 631 907 )
<b>GROSS PROFIT</b>		221 710	202 632
<b>ADMINISTRATIVE EXPENSES</b>		( 310 177 )	( 381 887 )
		( 88 467 )	( 179 255 )
<b>OTHER OPERATING INCOME</b>		-	4 075
<b>OPERATING LOSS</b>		( 88 467 )	( 175 180 )
<b>LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES</b>		( 88 467 )	( 175 180 )
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2</b>	( 3 766 )	( 29 315 )
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>3</b>	( 92 233 )	( 204 495 )
<b>TAX ON LOSS ON ORDINARY ACTIVITIES</b>	<b>4</b>	-	-
<b>LOSS FOR THE YEAR</b>		( 92 233 )	( 204 495 )

All results are derived from continuing activities in both years.

**PEER BEARING LIMITED**  
Registration Number 4307702

**6**

**BALANCE SHEET AS AT 31 DECEMBER 2009**

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	<b>6</b>	2 530	3 654
		<u>2 530</u>	<u>3 654</u>
<b>CURRENT ASSETS</b>			
Stocks	<b>7</b>	316 775	327 404
Debtors	<b>8</b>	131 245	231 138
Cash at bank and in hand		126 609	94 244
		<u>574 629</u>	<u>652 786</u>
<b>CREDITORS - Amounts falling due within one year</b>	<b>9</b>	( 159 243 )	( 146 291 )
<b>NET CURRENT ASSETS</b>		<u>415 386</u>	<u>506 495</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		417 916	510 149
<b>NET ASSETS</b>		<u>417 916</u>	<u>510 149</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	<b>10</b>	1 432 024	1 432 024
Profit and loss account	<b>11</b>	( 1 014 108 )	( 921 875 )
<b>SHAREHOLDERS' FUNDS</b>	<b>12</b>	<u>417 916</u>	<u>510 149</u>

Signed on behalf of the Board



**S L Smith**  
**Director**

17 September 2010

**STATEMENT OF ACCOUNTING POLICIES - 31 DECEMBER 2009**

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, notwithstanding a loss for the year of £92 233 (2008: £204 495), which the directors believe to be appropriate for the following reason. Trelanoak Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. 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 (effective January 2008).

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax

**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	50% on reducing balance and 25% on reducing balance
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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.



**STATEMENT OF ACCOUNTING POLICIES (CONTINUED) - 31 DECEMBER 2009**

**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

**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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009**

**1 TURNOVER**

Turnover includes export sales totalling 66% of total sales (2008 72%). 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.

**2 FINANCE INCOME/EXPENSE**

	<b>2009</b> £	<b>2008</b> £
<b>Interest Payable and Similar Charges</b>		
Interest payable on related company loan	3 296	27 587
Bank loans and overdrafts	470	1 724
Other interest payable	-	4
	<u>3 766</u>	<u>29 315</u>

**3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

	<b>2009</b> £	<b>2008</b> £
Depreciation and amounts written off tangible fixed assets	1 124	5 615
Hire of plant and machinery – operating leases	4 812	3 512
Hire of buildings – operating leases	23 850	23 800
Foreign exchange differences	1 630	( 7 911 )
Pension costs – defined contribution pension scheme	6 233	9 579
<b>Auditors' remuneration</b>		
Audit of these financial statements	4 380	7 956

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009****4 TAX ON ORDINARY ACTIVITIES BEFORE PROFIT**

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 December 2009 nor for the year ended 31 December 2008.

	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
<b>FRS 19 Tax Reconciliation</b>		
Loss on ordinary activities before tax	( 92 233 )	( 204 495 )
	<u>          </u>	<u>          </u>
Tax at 28.00%/28.52% thereon	25 825	58 322
Capital allowances in excess of depreciation	( 74 )	( 1 329 )
Tax loss carried forward	( 25 751 )	( 56 993 )
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

Losses available to carry forward are £914 721 (2008 - £822 836)

**5 STAFF COSTS**

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

	<b>2009</b> <b>Number</b>	<b>2008</b> <b>Number</b>
Administration	3.8	4.5
	<u>3.8</u>	<u>4.5</u>

The aggregate staff remuneration comprised.

	<b>2009</b> <b>£</b>	<b>2008</b> <b>£</b>
Wages and salaries	133 256	147 952
Social security costs	14 365	15 436
Other pension costs	6 233	9 579
	<u>153 854</u>	<u>172 967</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 2009 (CONTINUED)**

**6 TANGIBLE ASSETS**

	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2009	13 053	4 682	9 613	27 348
At 31 December 2009	13 053	4 682	9 613	27 348
<b>Depreciation</b>				
At 1 January 2009	9 399	4 682	9 613	23 694
Charge for the year	1 124	-	-	1 124
At 31 December 2009	10 523	4 682	9 613	24 818
<b>Net book value</b>				
At 31 December 2009	2 530	-	-	2 530
At 31 December 2008	3 654	-	-	3 654

**7 STOCKS**

	<b>2009 £</b>	<b>2008 £</b>
Finished goods	316 775	327 404
	316 775	327 404

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009 (CONTINUED)

8 DEBTORS

	2009 £	2008 £
<b>Amounts falling due within one year:</b>		
Trade debtors	76 553	115 512
Amounts owed by group undertakings	3 645	17 675
VAT	42 909	90 444
Prepayments and accrued income	8 138	7 507
	<u>131 245</u>	<u>231 138</u>

9 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade creditors	28 047	25 937
Amounts owed to group undertakings	117 430	109 478
Other taxation and social security	3 590	3 920
Other creditors	5 109	2 861
Accruals and deferred income	5 067	4 095
	<u>159 243</u>	<u>146 291</u>

10 CALLED-UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
2009 1 501 000 (2008: 1 501 000) Ordinary shares of £1 each	<u>1 501 000</u>	<u>1 501 000</u>
Allotted, called-up and fully paid		
2009: 1 432 024 (2008: 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 2009 (CONTINUED)

11 RESERVES

	Total £
At 1 January 2009	( 921 875 )
Loss for the year	( 92 233 )
	<u>                    </u>
At 31 December 2009	<u>(1 014 108 )</u>

12 SHAREHOLDERS' DEFICIT

	2009 £	2008 £
Loss for the financial year	( 92 233 )	( 204 495 )
New share capital	-	1 431 024
Net (reduction)/increase to shareholders' funds	( 92 233 )	1 226 529
Opening shareholders' funds /(deficit)	510 149	( 716 380 )
Closing shareholders' funds	<u>417 916</u>	<u>510 149</u>

13 LEASE OBLIGATIONS

At 31 December 2009 the company had annual commitments under operating leases as follows:

	2009 Land and Buildings £	2009 Plant and machinery £	2008 Land and buildings £	2008 Plant and machinery £
Expiry date:				
Within 1 year	23 850	-	-	-
Between two and five years	-	4 174	23 850	4 176
	<u>23 850</u>	<u>4 174</u>	<u>23 850</u>	<u>4 176</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009 (CONTINUED)**

**14 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 2009 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