

Peer Bearing Limited

Annual report and financial statements

Registered number 4307702

31 December 2015



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Principal activities

The Company has not traded during the year and is expected to be wound up within 12 months of the date of signing these financial statements. Accordingly the financial statements have been prepared on a basis other than going concern.

Risks and uncertainties in the business

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. The management of the risks and the responsibility for all treasury operations are centralised at the SKF Treasury Centre, Aktiebolaget SKF's internal bank.

Results for the year

Total turnover for the financial year amounted to £35,484 (2014 - £4,094,537).

The loss for the financial year was £73,135 (2014 – profit £348,022).

Approved by the board of Directors and signed on its behalf by:



S L Smith
Director

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

4 November 2016

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the year ended 31 December 2015.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S L Smith
P Tong (Resigned 8 July 2016)
P J Owen (Appointed 8 July 2016)

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Dividends

The Directors do not recommend a dividend payment for the year ended 31 December 2015 (2014 - £nil).

Financial instruments

Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise is set out below, as are the objectives, policies and processes for their management.

- The Company is exposed to currency risk through changes in exchange rates in the future flows of payments related to firm commitments and forecasted transactions.
- Interest rate risk is defined as the risk of negative fluctuations in the cash flow caused by changes in the interest rates. Liquidity management is concentrated to SKF Treasury Centre, Aktiebolaget SKF's internal bank.
- Credit risk is defined as the Company's exposure to losses in the event that one party to a financial instrument fails to discharge an obligation. The Company is exposed to credit risk from its activities and the outstanding trade receivables are continuously monitored.
- Liquidity risk, also referred to as funding risk, is defined as the risk that the Company will encounter difficulties in raising funds to meet commitments. SKF Group policy states that the Group, and hence the Company, should have a payment capacity in the form of available liquidity and/or long-term committed credit facilities.

Going Concern

During the prior year the Directors decided that the company will be wound up. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements.

Independent auditors

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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 she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the board of Directors and signed on its behalf by:



S L Smith
Director

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

4 November 2016

STATEMENT OF DIRECTORS' REPOSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standards 101 *Reduced Disclosure Framework* (FRS101).

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 the group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEER BEARING LIMITED**Report on the financial statements****Our opinion**

In our opinion, Peer Bearing Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then 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.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. The entity ceased trading during the previous financial year and the entity will be liquidated during the next financial year. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

On matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEER BEARING LIMITED
(CONTINUED)****Responsibilities for the financial statements and the audit****Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Robert Girdlestone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
AL1 3JX

9 November 2016

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover	2	35,484	4,094,537
Cost of sales		<u>(17,244)</u>	<u>(2,499,858)</u>
Gross profit		18,240	1,594,679
Administrative expenses		(55,888)	(1,225,676)
Other operating income		<u>3,527</u>	<u>-</u>
Operating (loss)/profit	3	(34,121)	369,003
Interest receivable and similar income		1,664	-
Interest payable and similar charges	4	<u>(40,678)</u>	<u>(20,981)</u>
(Loss)/Profit on ordinary activities before taxation		(73,135)	348,022
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/Profit for the financial year		<u>(73,135)</u>	<u>348,022</u>

There was no other comprehensive income for 2015 or 2014 and accordingly, no Statement of Comprehensive Income has been prepared.

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Current assets			
Trade and other receivables	7	564,505	168,036
Cash and cash equivalents		60,559	1,039,023
		<u>625,064</u>	<u>1,207,059</u>
Creditors: amounts falling due within one year	8	(21,862)	(530,722)
Net current assets		<u>603,202</u>	<u>676,337</u>
Total assets less current liabilities		<u>603,202</u>	<u>676,337</u>
Net assets		<u>603,202</u>	<u>676,337</u>
Capital and reserves			
Called up share capital	9	1,432,024	1,432,024
Profit and loss account		(828,822)	(755,687)
Total Shareholders' funds		<u>603,202</u>	<u>676,337</u>

These financial statements on pages 8 to 16 were approved by the board of directors on 4 November 2016 and were signed on its behalf by:



**S L Smith
Director**

4 November 2016

Company registered number: 4307702

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up Share capital £	Profit and loss account £	Total Shareholders' Funds £
Balance at 1 January 2014	1,432,024	(1,103,709)	328,315
Total comprehensive income for the year			
Profit for the financial year	-	348,022	348,022
Total comprehensive income for the year	-	348,022	348,022
Balance at 31 December 2014	1,432,024	(755,687)	676,337
Balance at 1 January 2015	1,432,024	(755,687)	676,337
Total comprehensive expense for the year			
Loss for the financial year	-	(73,135)	(73,135)
Total comprehensive expense for the year	-	(73,135)	(73,135)
Balance at 31 December 2015	1,432,024	(828,822)	603,202

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1 ACCOUNTING POLICIES

Peer Bearing Limited (the "Company") is a limited company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2006. The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In these financial statements, the company has adopted FRS 101 for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 13.

FRS 101 grants certain exemptions from the full requirements of adopted IFRSs in the transition period. The following exemption has been taken in these financial statements:

- Investment and Tangible fixed assets - At 1 January 2014, the valuation used under previous GAAP has been used as deemed cost.

The Company is a wholly-owned subsidiary of Aktiebolaget SKF and is included in the consolidated financial statements of Aktiebolaget SKF which are prepared in accordance with International Financial Reporting Standards, are publicly available and may be obtained from SKF (U.K.) Limited, Sundon Park Road, Luton, Bedfordshire, LU3 3BL.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.
- Disclosure requirements relating to financial instruments

As the consolidated financial statements of Aktiebolaget SKF include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Certain disclosures required by IFRS 13 *Fair Value Measurement*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

Judgements made by the directors in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 12.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)**1 ACCOUNTING POLICIES (CONTINUED)****Measurement convention**

The financial statements are prepared on the historical cost basis except that financial instruments are classified as fair value through the profit or loss or as available-for-sale. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Going concern

During the prior year the Directors decided that the company will be wound up. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern. No adjustments were required in the current or prior years as a result of preparing the financial statements on a basis other than going concern.

Foreign currency

Transactions in foreign currency are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other creditors.

Trade and other receivables

Trade and other receivables are recognised at their carrying value amount which is considered to correspond to fair value, less any impairment losses (primarily allowance for doubtful accounts).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held and deposits.

Trade and other creditors

Trade and other creditors are their carrying amount which is considered to correspond to fair value.

Impairment excluding stocks, investment properties and deferred tax assets*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

Turnover

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

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable using the effective interest method and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses related to other financial assets and liabilities are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Turnover

Turnover, operating results and operating net assets, all originate from the principal activities of the company in the UK.

3 Operating (loss)/profit

This is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation and amounts written off tangible assets	-	1,422
Hire of plant and machinery - operating lease	(192)	2,168
Hire of buildings - operating lease	-	30,850
Foreign exchange differences	38,530	55,474
Pension costs - defined contribution pension scheme	2,400	5,667
Auditors' remuneration for audit services	6,000	7,840

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

4 Interest payable and similar charges

	2015 £	2014 £
Interest payable on related company loan	-	18,664
Other interest payable and similar charges	40,678	2,317
	<u>40,678</u>	<u>20,981</u>

5 Staff numbers and costs

The monthly average number of persons employed by the Company (including executive directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Administration	2	3
	<u>2</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	86,306	155,778
Social security costs	7,923	17,114
Other pension costs	2,400	5,667
	<u>96,629</u>	<u>178,559</u>

There were no (2014 - £2,777) outstanding pension contributions at the 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 2015 (CONTINUED)

6 Tax on profit ordinary activities

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 December 2015 nor for the year ended 31 December 2014.

Reconciliation of effective tax rate

The tax expense in the profit and loss account for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are reconciled below:

	2015	2014
	£	£
(Loss)/Profit for the financial year	<u>(76,662)</u>	<u>348,022</u>
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	(15,524)	74,825
Capital allowances in excess of depreciation	-	166
Tax loss carried forward/(utilised)	15,524	(74,991)
Total tax expense	<u>-</u>	<u>-</u>

7 Trade and other receivables

	2015	2014
	£	£
Trade and other receivables	86,496	156,509
Amounts owed by group undertakings	476,946	11,187
Other receivables	1,063	340
	<u>564,505</u>	<u>168,036</u>

8 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	274	537
Amounts owed to group undertakings	1,780	516,187
Taxation and social security	668	2,480
Other creditors	-	2,678
Accruals and deferred income	19,140	8,840
	<u>21,862</u>	<u>530,722</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (CONTINUED)

9 Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
2015: 1,432,024 (2014: 1,432,024) Ordinary shares of £1 each	<u>1,432,024</u>	<u>1,432,024</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10 Related parties

During the year the Company entered into transactions, in the ordinary course of business, with related parties. Those transactions with directors are disclosed in note 5. The Company has taken advantage of the exemption available under FRS101 not to disclose transactions with wholly owned subsidiaries.

11 Ultimate parent company and parent company of larger group

The Company's ultimate parent company and controlling party is Aktiebolaget SKF which is incorporated in Sweden. The Company's immediate parent company at 31 December 2015 was Trelanoak Limited.

The largest group in which the results of the Company are consolidated is that headed by Aktiebolaget SKF. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from SKF (U.K.) Limited, Sundon Park Road, Luton, Bedfordshire, LU3 3BL.

12 Accounting estimates and judgements

The preparation of financial statements requires management to make estimates and judgements that affect reported assets, liabilities, revenues and expenses. These estimates can be based on historical experiences, other internal/external sources, and/or assumptions that management believes are reasonable under the circumstances. These estimates also form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes may differ from management's estimates which could have a significant impact on the However, management believes that there are no key judgements that would affect the amounts recognised in the financial statements.

13 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

There were no differences arising in the profit for the year ended 31 December 2014 or shareholders' equity at 1 January 2014 and 31 December 2014. Accordingly no reconciliation of the differences has been provided.