

**Lincoln Industrial Limited**

**Directors' report and financial  
statements**

**Registered number 3306746  
For the year ended 31 December 2012**

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## Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2012

### Principal activities and business review

The principal activity of the company during the year was the supply and distribution of lubrication systems for plant and machinery

The profit for the year after taxation amounted to £175 000 (2011 £114,000) The directors are satisfied with the result for the year During the year, the company made a charitable donation of £nil (2011 £nil)

On 1 January 2013, the company sold the trade and assets of the business to a fellow group company, SKF (U K ) Limited, for a consideration of 2 19m EUR As a result of this the company does not intend to trade in the foreseeable future Accordingly, these financial statements have been prepared on a basis other than that of a going concern

### Dividends

No interim dividend in respect of the year ended 31 December 2012 was paid (2011 £nil) The directors do not propose any final dividend (2011 £nil)

### Directors

The directors who held office during the year were as follows

H Kannegiesser  
SL Smith  
RJ Law (appointed 14 March 2012)

### 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 auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

### Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be re-appointed and KPMG LLP will therefore, continue in office

Approved by the board of directors on 23<sup>rd</sup> August 2013 and signed on its behalf by



S L Smith  
Director

Sundon Park Road  
Luton  
Bedfordshire  
LU3 3BL

## **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. As explained in note 1 the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis

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



## **KPMG LLP**

Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

### **Independent auditor's report to the members of Lincoln Industrial Limited**

We have audited the financial statements of Lincoln Industrial Limited for the year ended 31 December 2012 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on a going concern basis for the reason set out in Note 1 to the financial statements.

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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 2012 and of its profit 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.

#### **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 Lincoln Industrial 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      23 September 2013*

**Benjamin 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 2012*

	<i>Note</i>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Turnover</b>	<i>1</i>	<b>1,316</b>	<b>1,173</b>
Cost of sales		<b>(717)</b>	<b>(617)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>599</b>	<b>556</b>
Administrative expenses		<b>(362)</b>	<b>(400)</b>
		<hr/>	<hr/>
<b>Operating profit and profit on ordinary activities before taxation</b>	<i>2</i>	<b>237</b>	<b>156</b>
Tax on profit on ordinary activities	<i>4</i>	<b>(62)</b>	<b>(42)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>	<i>10</i>	<b>175</b>	<b>114</b>
		<hr/>	<hr/>

The company's profit for the year all relates to discontinuing operations

There is no difference between the profit as disclosed in the profit and loss account and the profit on an unmodified historical cost basis in either the current or preceding financial year

The company has no recognised gains or losses other than the profit for the year

The notes from pages 7 to 12 form part of the financial statements

**Balance sheet**  
*at 31 December 2012*

	<i>Note</i>	<b>2012</b>		<b>2011</b>	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	5		9		-
<b>Current assets</b>					
Stocks	6	111		112	
Debtors	7	255		318	
Cash at bank and in hand		1,032		795	
		<u>1,398</u>		<u>1,225</u>	
<b>Creditors</b> Amounts falling due within one year	8	(183)		(176)	
<b>Net current assets</b>			<u>1,215</u>		<u>1,049</u>
<b>Net assets</b>			<u>1,224</u>		<u>1,049</u>
<b>Capital and reserves</b>					
Called up share capital	9	-		-	
Profit and loss account	10	1,224		1,049	
<b>Shareholders' funds</b>	11	<u>1,224</u>		<u>1,049</u>	

These financial statements were approved by the board of directors on 23<sup>rd</sup> August 2013 and were signed on its behalf by



**S L Smith**  
*Director*

Company number 3306746

The notes from pages 7 to 12 form part of the financial statements



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

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

Under Financial Reporting Standard 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

As outlined in the directors' report the company ceased to trade. Accordingly, these financial statements have been prepared on a basis other than that of a going concern

All assets and liabilities have been reviewed and stated at their net realisable value. Further to this, all known costs that are incurred as part of the decision to cease trade have been provided for in these financial statements

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows

Plant and machinery	-	10 years
Fixtures, fittings, tools and equipment	-	3 to 10 years

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs

#### *Taxation*

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

Deferred tax assets or liabilities are calculated on a non-discounted full provision basis in respect of timing differences that are expected to reverse in future years

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

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

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover represents amounts (excluding value added tax) derived from the provision of goods and services to customers. The turnover and operating profit, all of which arises in the United Kingdom, is attributable to the principal activity of the company.

#### Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at the actual exchange rate prevailing on the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are stated at the rate prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in the profit and loss account.

### 2 Profit on ordinary activities before taxation

	2012 £000	2011 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned assets	-	1
Hire of plant and machinery – rentals payable under operating leases	7	7
Hire of other assets – operating leases	45	45
<i>Auditor's remuneration</i>		
Audit of these financial statements	9	9
Taxation services	3	3
	<hr/>	<hr/>

### 3 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees	
	2012	2011
Sales and distribution	4	4
Administration	3	3
	<hr/>	<hr/>
	7	7
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	169	184
Social security costs	17	18
Other pension costs	6	6
	<hr/>	<hr/>
	192	208
	<hr/>	<hr/>

The directors neither received nor waived any emoluments from the company during the year (2011: £nil). No pension contributions were made by the company in respect of the directors.

**Notes (continued)**

**4 Tax on profit on ordinary activities**

**(a) The taxation charge is based on the profit for the year and comprises:**

	2012 £000	2011 £000
<i>UK corporation tax</i>		
Current tax	62	42
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	62	42
<i>Deferred taxation</i>		
Current year	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	62	42
	<hr/>	<hr/>

**(b) Factors affecting the tax charge for the current year**

The current tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	237	156
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011 26.5%)	58	41
<i>Effects of</i>		
Expenses not deductible for tax purposes	4	1
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax charge for the year	62	42
	<hr/>	<hr/>

**(c) Factors affecting future tax charges**

There is no recognised or unrecognised deferred taxation

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011 and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

This will reduce the company's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. 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.

**Notes (continued)**

**5 Tangible fixed assets**

	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000
<i>Cost</i>			
At beginning of year	8	33	41
Additions	-	9	9
	<hr/>	<hr/>	<hr/>
At end of year	8	42	50
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	8	33	41
Charge for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	8	33	41
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2012	-	9	9
	<hr/>	<hr/>	<hr/>
At 31 December 2011	-	-	-
	<hr/>	<hr/>	<hr/>

**6 Stocks**

	2012 £000	2011 £000
Finished goods and goods held for resale	111	112
	<hr/>	<hr/>

**7 Debtors**

	2012 £000	2011 £000
Trade debtors	254	300
Prepayments and accrued income	1	14
Corporation tax receivable	-	4
	<hr/>	<hr/>
	255	318
	<hr/>	<hr/>

**8 Creditors Amounts falling due within one year**

	2012 £000	2011 £000
Trade creditors	16	80
Amounts owed to group undertaking	48	19
Corporation tax payable	37	-
Taxation and social security	27	28
Accruals and deferred income	55	49
	<hr/>	<hr/>
	183	176
	<hr/>	<hr/>

## Notes (continued)

### 9 Called up share capital

	2012 £	2011 £
<i>Issued and called up*</i>		
Ordinary shares of £1 each	2	2

### 10 Reserves

	Profit and loss account £000
At beginning of year	1,049
Profit for the year	175
At end of year	1,224

### 11 Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Profit for the financial year	175	114
Opening shareholders' funds	1,049	935
Closing shareholders' funds	1,224	1,049

### 12 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Other		Land and buildings	
	2012	2011 £000	2012	2011 £000
Operating leases which expire				
Within one year	-	-	-	-
In the second to fifth years inclusive	7	-	-	45

### 13 Pension schemes

The company operates a defined contribution pension scheme for some of its employees. The pension charge for the year represents contributions payable by the company to the fund and amounted to £5 900 (2011 £5 800). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 14 Related party transactions

As a wholly owned subsidiary of SKF AB, the company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within SKF AB.

**Notes** *(continued)*

**15 Ultimate parent and controlling undertaking**

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 2012 was Lincoln GmbH.

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.