

Registered number. 02836336

THE AVALON TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



THE AVALON TRUSTEE COMPANY LIMITED

COMPANY INFORMATION

Directors	M Dugdale J Gardner J Shepherd (resigned 3 January 2013) P Leech (appointed 28 November 2012) S Chambers (appointed 28 November 2012)
Company secretary	B Evans
Registered number	02836336
Registered office	Unit A2 Brooke Court Handforth Dean Wilmslow Cheshire SK9 3ND
Auditor	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT
Bankers	Barclays Bank Plc 54 Lombard Street London EC3P 3AH Lloyds TSB Plc 25 Gresham Street London EC2V 7HN

THE AVALON TRUSTEE COMPANY LIMITED

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THE AVALON TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report and the financial statements for the year ended 30 June 2013

Principal activity

The principal activity of the company continued to be that of the marketing of pre-arranged funeral plans and arrangement of funerals

Business review

The company traded strongly during the year with turnover increasing by 12%

The major operational risk affecting the company is the relative levels of future inflation affecting funeral costs against investment returns achievable on the Trust's assets. To help manage and control such risks the Trust, which is independently administered, is actuarially valued annually and is managed by independent Investment Managers

As detailed in note 26, The Avalon Funeral Trust No 1 is a scheme for the pre-arrangement of and pre-funding of funeral services whose assets, liabilities and income and expenditure is consolidated into these financial statements. At the year end the market value of the assets of the Avalon Funeral Trust No 1 amounted to £14,465,306 (2012 £12,002,132)

Results

The loss for the year, after taxation, amounted to £2,687,001 (2012 - loss £893,639)

Directors

The directors who served during the year and at the date of this report were

M Dugdale
J Gardner
J Shepherd (resigned 3 January 2013)
P Leech (appointed 28 November 2012)
S Chambers (appointed 28 November 2012)

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

THE AVALON TRUSTEE COMPANY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

Auditor

PKF (UK) LLP have merged their business into BDO LLP and accordingly have signed their auditor's report in the name of the merged firm BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *28 March 2014* and signed on its behalf



.....
M Dugdale
Director

THE AVALON TRUSTEE COMPANY LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent, 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE AVALON TRUSTEE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AVALON TRUSTEE COMPANY LIMITED

We have audited the financial statements of The Avalon Trustee Company Limited for the year ended 30 June 2013 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at 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 30 June 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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.

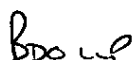
THE AVALON TRUSTEE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AVALON TRUSTEE COMPANY LIMITED

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



Mark Sykes (Senior statutory auditor)
For and on behalf of BDO LLP, Statutory auditor
Manchester
United Kingdom

31 March 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

THE AVALON TRUSTEE COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	6,736,857	6,017,884
Cost of sales		<u>(6,314,239)</u>	<u>(3,961,514)</u>
GROSS PROFIT		422,618	2,056,370
Administrative expenses		<u>(3,759,745)</u>	<u>(3,428,996)</u>
Other operating income	3	<u>173,140</u>	<u>284,497</u>
OPERATING LOSS	4	(3,163,987)	(1,088,129)
EXCEPTIONAL ITEMS			
Net profit on sale of fixed asset investments	8	<u>550,482</u>	<u>81,710</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,613,505)	(1,006,419)
Income from other fixed asset investments		148,181	140,192
Interest receivable and similar income		49,352	14,230
Interest payable and similar charges	7	<u>(5,501)</u>	<u>(14,763)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,421,473)	(866,760)
Tax on loss on ordinary activities	9	<u>(265,528)</u>	<u>(26,879)</u>
LOSS FOR THE FINANCIAL YEAR	19	<u><u>(2,687,001)</u></u>	<u><u>(893,639)</u></u>

All amounts relate to continuing operations

The notes on pages 10 to 20 form part of these financial statements

THE AVALON TRUSTEE COMPANY LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 £	As restated 2012 £
LOSS FOR THE FINANCIAL YEAR		(2,687,001)	(893,639)
Unrealised surplus on revaluation of fixed asset investments		26,129	16,884
Unrealised deficit on revaluation of investment properties		(18,579)	(2,045,250)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		(2,679,451)	(2,922,005)
Prior year adjustment	20	(87,595)	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS		(2,767,046)	

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 £	2012 £
REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,421,473)	(866,760)
Realisation of valuation gains of previous periods	-	(31,248)
HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,421,473)	(898,008)
HISTORICAL LOSS FOR THE YEAR AFTER TAXATION	(2,687,001)	(924,887)

The notes on pages 10 to 20 form part of these financial statements

THE AVALON TRUSTEE COMPANY LIMITED
REGISTERED NUMBER 02836336

BALANCE SHEET
AS AT 30 JUNE 2013


	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	10		1,003,207		981,688
Investment property	11		5,070,827		5,070,827
Investments	12		7,476,129		4,668,487
			<u>13,550,163</u>		<u>10,721,002</u>
CURRENT ASSETS					
Debtors amounts falling due after more than one year	13	3,544,032		-	
Debtors amounts falling due within one year	13	945,167		4,675,725	
Cash at bank and in hand		797,136		1,095,253	
		<u>5,286,335</u>		<u>5,770,978</u>	
CREDITORS amounts falling due within one year	14	<u>(1,456,743)</u>		<u>(1,530,804)</u>	
NET CURRENT ASSETS			<u>3,829,592</u>		<u>4,240,174</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,379,755</u>		<u>14,961,176</u>
CREDITORS amounts falling due after more than one year	15		(9,549)		(13,638)
PROVISIONS FOR LIABILITIES					
Deferred tax	16	(6,780)		(6,780)	
Other provisions	17	<u>(20,288,206)</u>		<u>(15,186,087)</u>	
			<u>(20,294,986)</u>		<u>(15,192,867)</u>
NET LIABILITIES			<u>(2,924,780)</u>		<u>(245,329)</u>

THE AVALON TRUSTEE COMPANY LIMITED

BALANCE SHEET (continued)
AS AT 30 JUNE 2013

	Note	£	2013 £	£	2012 £
CAPITAL AND RESERVES					
Called up share capital	18		66,334		66,334
Share premium account	19		6,666		6,666
Revaluation reserve	19		(61,466)		(87,595)
Investment property revaluation reserve	19		(662,794)		(644,215)
Profit and loss account	19		(2,273,520)		413,481
SHAREHOLDERS' DEFICIT	21		(2,924,780)		(245,329)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
28 March 2014


.....
M Dugdale
Director

The notes on pages 10 to 20 form part of these financial statements

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets, investment properties and listed investments and in accordance with applicable accounting standards

The financial statements recognise the assets, liabilities and income and expenditure of the Avalon Funeral Trust No 1 and the Avalon Funeral Trust No 3, trusts whose assets are held separately from those of the company under the custody of Capita IRG Trustees Limited in their capacity as custodian trustees. The directors consider this treatment appropriate in view of the provisions of FRS 5 and the subsequent refinements of the provisions of FRS 5 in UITF Abstract 32

1.2 Going concern

Notwithstanding the balance sheet which shows net liabilities of £2,924,780 (2012 £245,329), the directors have prepared the accounts on a going concern basis on the basis that the company has net current assets of £3,829,592 (2012 £4,240,174) and that the forecasts prepared for the period to June 2015 indicate that the company will continue to operate within its current facilities

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax

Turnover for funeral plan sales is recognised on an accruals basis as the plan progresses and is stated net of VAT

The pro-rata cost of providing the funeral service is matched against turnover. The accumulated amounts due to each funeral director are shown gross and are described as "obligations to funeral directors" within provisions on the balance sheet

1.5 Other operating income

Other operating income comprises rental income earned from the investment properties. This is credited to the profit and loss account on a straight line basis in line with tenancy agreements

1.6 Investment income

Investment income consists of dividends and interest received on listed investments

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	- 15% Straight line
Motor vehicles	- 25% Straight line
Fixtures & fittings	- 15% Straight line
Computer equipment	- 15% Straight line

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1 ACCOUNTING POLICIES (continued)

1 8 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

1 9 Investments

Listed investments are held at market value with gains and losses recognised in the statement of total recognised gains and losses and shown in a revaluation reserve.

1.10 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

1 11 Operating leases

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

1 12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 TURNOVER

The whole of the turnover is attributable to premiums paid for funeral plans

All turnover arose within the United Kingdom

3 OTHER OPERATING INCOME

	2013 £	2012 £
Net rents receivable	173,140	284,497

4 OPERATING LOSS

The operating loss is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	27,417	33,566
Auditor's remuneration	30,200	15,000
Operating lease rentals		
- plant and machinery	1,344	2,714
- other operating leases	57,418	136,669

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	2,124,907	2,034,228
Social security costs	231,021	173,773
	2,355,928	2,208,001

The average monthly number of employees, including the directors, during the year was as follows

	2013 No	2012 No
Sales agents	63	59
Office workers	22	23
Directors	5	4
	90	86

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

6 DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	455,101	508,820
Compensation for loss of office	20,000	24,000
The highest paid director received remuneration of £155,033 (2012 - £285,000)		

7 INTEREST PAYABLE

	2013 £	2012 £
On other loans	5,501	9,763
Other interest payable	-	5,000
	5,501	14,763

8. EXCEPTIONAL ITEMS

	2013 £	2012 £
Profit on disposal of fixed asset investments	550,482	81,710

9 TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
UK corporation tax charge on loss for the year	223,885	-
Adjustments in respect of prior periods	41,643	26,879
Tax on loss on ordinary activities	265,528	26,879

Factors affecting tax charge for the year

The tax charge for the year includes income tax on investment income for the year and capital gains tax. The tax losses are not available to offset against the investment income and gains arising to the Trustees. There are tax losses available to carry forward for use against future trading income.

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Other fixed assets £	Total £
Cost or valuation			
At 1 July 2012	850,001	355,160	1,205,161
Additions	-	48,936	48,936
At 30 June 2013	850,001	404,096	1,254,097
Depreciation			
At 1 July 2012	-	223,473	223,473
Charge for the year	-	27,417	27,417
At 30 June 2013	-	250,890	250,890
Net book value			
At 30 June 2013	850,001	153,206	1,003,207
At 30 June 2012	850,001	131,687	981,688

The valuations of land and buildings were made as at 21 and 22 June 2012 by Gascoigne Halman, Chartered Surveyors, on an open market basis. The directors consider this to be the current market value. No depreciation has been charged on the land and buildings as the directors consider the depreciation of buildings to be immaterial to the financial statements.

Deferred tax of c £25,000 has not been provided on the revaluation of these properties as there is no intention to dispose of them in the foreseeable future.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2013 £	2012 £
Cost	755,807	755,807
Accumulated depreciation	-	-
Net book value	755,807	755,807

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

11 INVESTMENT PROPERTY

	Investment properties £
Valuation	
At 1 July 2012	5,070,827
Additions at cost	18,579
Surplus/(deficit) on revaluation	(18,579)
	<hr/>
At 30 June 2013	5,070,827
	<hr/>
Comprising	
Cost	7,134,656
Revaluation deficit	
2012	(2,045,250)
2013	(18,579)
	<hr/>
At 30 June 2013	5,070,827
	<hr/>

The 2013 valuations were made by the directors, on an open market value for existing use basis

12 FIXED ASSET INVESTMENTS

	Listed investments £
Cost or valuation	
At 1 July 2012 (as previously stated)	4,756,082
Prior year adjustment	(87,595)
	<hr/>
At 1 July 2012 (as restated)	4,668,487
Additions	8,256,892
Disposals	(5,475,379)
Revaluations	26,129
	<hr/>
At 30 June 2013	7,476,129
	<hr/>
Net book value	
At 30 June 2013	7,476,129
	<hr/>
At 30 June 2012 (as restated)	4,668,487
	<hr/>

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

13 DEBTORS

	2013	2012
	£	£
Due after more than one year		
Amounts owed by group undertakings	3,544,032	-
	2013	2012
	£	£
Due within one year		
Amounts owed by group undertakings	-	4,559,543
Other debtors	861,801	5,756
Prepayments and accrued income	83,366	110,426
	945,167	4,675,725

14 CREDITORS

Amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts	103,381	360,954
Trade creditors	287,745	175,939
Amounts owed to group undertakings	266,777	266,777
Corporation tax	283,793	92,926
Other taxation and social security	64,148	219,599
Other creditors	222,472	160,786
Accruals and deferred income	228,427	253,823
	1,456,743	1,530,804

15 CREDITORS

Amounts falling due after more than one year

	2013	2012
	£	£
Other creditors	9,549	13,638

16 DEFERRED TAXATION

	2013	2012
	£	£
At beginning and end of year	6,780	6,780

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

16 DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	2013 £	2012 £
Accelerated capital allowances	<u>6,780</u>	<u>6,780</u>

17 PROVISIONS

	Obligations to funeral directors £
At 1 July 2012	15,186,087
Additions	6,061,072
Amounts used	(1,045,106)
Amounts reversed	86,153
At 30 June 2013	<u>20,288,206</u>

Obligations to funeral directors

Provisions represent obligations to funeral directors which will fall due for payment when each funeral falls to be performed. As such the amount is not capable of being split into periods of within one year, after one and within two years, after two and within and after five years and accordingly has been classified as a provision.

The provision is calculated on a pro-rata basis corresponding to the revenue recognised on each funeral plan, and uplifted for inflation each year.

An alternative accounting methodology would be to adopt an actuarial valuation of the liability. However this reflects an expected drop off as some customers would withdraw/cancel their plans which the directors consider does not reflect a true and fair view on the legal position at the year-end.

18 SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
66,334 Ordinary shares of £1 each	<u>66,334</u>	<u>66,334</u>

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19 RESERVES

	Share premium account £	Revaluation reserve £	Investment property revaluation reserve £	Profit and loss account £
At 1 July 2012 (as previously stated)	6,666	-	(644,215)	413,481
Prior year adjustment (note 20)		(87,595)		
At 1 July 2012 (as restated)		(87,595)		
Loss for the financial year	-	-	-	(2,687,001)
Surplus on revaluation of listed investments	-	26,129	-	-
Movement on investment property	-	-	(18,579)	-
At 30 June 2013	<u>6,666</u>	<u>(61,466)</u>	<u>(662,794)</u>	<u>(2,273,520)</u>

20 PRIOR YEAR ADJUSTMENT

The directors have chosen to adopt a policy of carrying listed investments as market value. These investments had previously been recorded in the financial statements at historic cost. The directors believe this change in policy better reflects the underlying value of the investments. The impact of this change in policy in relation to the prior year was to decrease net assets by £87,595 and decrease reserves by £87,595. There was no impact on the reported profit for the year as a result of this policy change.

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £	2012 £
Opening shareholders' (deficit)/funds	(157,734)	2,572,197
Prior year adjustments (note 20)	(87,595)	104,479
Opening shareholders' (deficit)/funds (as restated)	(245,329)	2,676,676
Loss for the financial year	(2,687,001)	(893,639)
Other recognised gains and losses during the year	7,550	(2,028,366)
Closing shareholders' deficit	<u>(2,924,780)</u>	<u>(245,329)</u>

22 CONTINGENT LIABILITIES

The group is currently in negotiations with HM Revenue and Customs with regards prior year tax returns. The directors have made certain assumptions and estimated the likely value of additional tax that may be payable and provided accordingly. The directors review their estimates on an on-going basis using latest available information. Changes in facts and circumstances may result in revised estimates, and actual liabilities could differ materially from those estimates.

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

23 OPERATING LEASE COMMITMENTS

At 30 June 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
	£	£
Expiry date		
Within 1 year	57,418	136,669

24 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in the Financial Reporting Standard 8 from the requirement to disclose transactions with group companies where both transacting parties are wholly owned within the group

During the year, J Gardner, director, paid the group £4,800 (2012 - £1,600) in rent

25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent company is Nirvana Holdings Limited, a company registered in England and Wales

The ultimate controlling party is Tamalow Limited, a company registered in Ireland

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

26 The Avalon Funeral Trust No 1

The Avalon Funeral Trust No 1 is an independently administered scheme for the pre-arrangement and pre-funding of funeral services. A formal independent actuarial review of the Avalon Funeral Trust No 1 has been prepared as at 30 June 2013. The assets of the Avalon Funeral Trust No 1 as at 30 June 2013 comprise

	2013 £	2012 £
Listed investments	7,224,966	4,668,303
Other assets	-	-
Tangible Fixed Assets	5,986,480	5,964,059
Debtors	119,927	119,927
Bank balances	1,035,536	1,096,890
Creditors	(10,704)	(147,016)
Taxation	(403,724)	(212,856)
Intertrust account	512,825	512,825
	<u>14,465,306</u>	<u>12,002,132</u>

At the valuation date, the value of the Trust's assets were sufficient to cover 103% (2012 - 100%) of the actuarial liabilities. The value of total Trust Fund liabilities compared with the value of fund assets is as follows

	2013 £	2012 £
Assets	14,465,306	12,002,132
Liabilities	(14,105,000)	(11,941,000)
Surplus	<u>360,306</u>	<u>61,132</u>

The Avalon Funeral Trust No 3 was established on 29 November 2012. The first formal independent actuarial review of the Avalon Funeral Trust No 3 will be prepared as at 30 June 2014.