

The Avalon Trustee Company Limited

Report and Financial Statements

Year Ended

30 June 2016

Company Number 02836336

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The Avalon Trustee Company Limited

Company Information

Directors	M Dugdale J Gardner P Leech J Darbyshire P Wilson
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

Strategic report For the Year Ended 30 June 2016

Introduction

The directors present the strategic report together with the audited financial statements for the year ended June 2016.

Principal activities

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

Business review

The company traded strongly during the year with turnover increasing by 7%. This increase reflects the growing selling and marketing capability of the company. The statement of comprehensive income is disclosed on page 6. The loss incurred represents the company's investment in the overhead base of the company. The directors expect the volume of funeral plan sales to offset the overhead cost in the coming years. The loss has been compounded in the year by downward revaluations of the company's listed investment portfolio, which was significantly impacted by the result of the UK referendum on EU membership.

Overall, the directors are pleased with the performance of the company and remain confident that it will continue its growth in the foreseeable future.

Principal risks and uncertainties

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 Trusts, which are independently administered, are actuarially valued annually and managed by Independent Investment Managers.


Financial key performance indicators

As detailed in note 25 The Avalon Funeral Trusts No 1 and 3 are schemes for the pre arrangement of and pre funding of funeral services whose assets, liabilities and income and expenditure are consolidated into these financial statements. At the year end the carrying value of the net assets of the Avalon Funeral Trusts No 1 and 3 amounted to £27,584,000 (2015 - £23,959,000) which compares to the actuarial value of the funeral director liability of £24,776,000 (2015 - £21,229,000).

Going concern

The financial statements have been prepared on a going concern basis. Further explanation is provided in the accounting policies.

This report was approved by the board on 29 November 2016 and signed on its behalf.



M Dugdale
Director

The Avalon Trustee Company Limited

Directors' report For the Year Ended 30 June 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Principal activity

The principal activity of the company can be found on page 1 in the strategic report.

Business review

A review of the business and its principal risks and uncertainties is given on the strategic report on page 1 of the financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £2,457,665 (2015 - loss £1,397,808).

The directors do not propose a dividend for the year (2015 - £nil).

Directors

The directors who served during the year were:

M Dugdale
J Gardner
P Leech
S Chambers (Resigned 22 February 2016)
J Darbyshire

P Wilson was appointed on 15 November 2016.

Disclosure 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 relevant audit information and to establish that the company's auditor is aware of that information.

Post statement of financial position events

There have been no significant events affecting the company since the year end.

The Avalon Trustee Company Limited

**Directors' report (continued)
For the Year Ended 30 June 2016**

Auditors

The auditor, 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 29 November 2016 and signed on its behalf.



M Dugdale
Director

The Avalon Trustee Company Limited

Directors' responsibilities statement For the Year Ended 30 June 2016

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom 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 for the company financial statements and then apply them consistently;
- make judgments and accounting 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 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 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 2016 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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.

BDO LLP

Donald Bancroft (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Manchester
United Kingdom

29 November 2016

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

The Avalon Trustee Company Limited

**Statement of comprehensive income
For the Year Ended 30 June 2016**

	Note	2016 £	2015 £
Turnover	4	13,073,013	12,198,633
Cost of sales		(8,892,405)	(8,045,310)
Gross profit		4,180,608	4,153,323
Administrative expenses		(5,913,552)	(5,647,993)
Other operating income	5	215,309	200,199
Operating loss	6	(1,517,635)	(1,294,471)
Changes in fair value of investment property		141,197	-
Changes in fair value of investments	13	(927,999)	5,938
Interest receivable and similar income	9	573	592
Interest payable and expenses	10	-	(538)
Loss on ordinary activities before taxation		(2,303,864)	(1,288,479)
Tax on loss on ordinary activities	11	(153,801)	(109,329)
Loss for the year attributable to equity holders of the company		(2,457,665)	(1,397,808)
Other comprehensive loss	12	(210,001)	-
Other comprehensive loss for the year		(210,001)	-
Total comprehensive loss for the year attributable to equity holders of the company		(2,667,666)	(1,397,808)

The notes on pages 10 to 25 form part of these financial statements.

The Avalon Trustee Company Limited
Registered number:02836336

Statement of financial position
As at 30 June 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	12		858,791		968,420
Investments	13		20,823,575		16,501,575
Investment property			5,275,054		5,133,857
			<u>26,957,420</u>		<u>22,603,852</u>
Current assets					
Debtors: amounts falling due after more than one year	15	1,583,209		2,779,742	
Debtors: amounts falling due within one year	15	93,996		125,052	
Cash at bank and in hand	16	1,279,711		1,511,089	
			<u>2,956,916</u>	<u>4,415,883</u>	
Creditors: amounts falling due within one year	17	(1,003,208)		(1,187,375)	
Net current assets			<u>1,953,708</u>		<u>3,228,508</u>
Total assets less current liabilities			<u>28,911,128</u>		<u>25,832,360</u>
Creditors: amounts falling due after more than one year	18		(9,549)		(9,639)
Provisions for liabilities					
Other provisions	19		(36,382,305)		(30,635,781)
Net liabilities			<u>(7,480,726)</u>		<u>(4,813,060)</u>
Capital and reserves					
Called up share capital	20		66,334		66,334
Share premium account	21		6,666		6,666
Revaluation reserve	21		(210,001)		-
Profit and loss account	21		(7,343,725)		(4,886,060)
Shareholders' deficit			<u>(7,480,726)</u>		<u>(4,813,060)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2016.


M Dugdale
 Director

The notes on pages 10 to 25 form part of these financial statements.

The Avalon Trustee Company Limited

**Statement of changes in equity
For the Year Ended 30 June 2016**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2015	66,334	6,666	-	(4,886,060)	(4,813,060)
Comprehensive loss for the year					
Loss for the year	-	-	-	(2,457,665)	(2,457,665)
Revaluation of land and buildings	-	-	(210,001)	-	(210,001)
Total comprehensive loss for the year	-	-	(210,001)	(2,457,665)	(2,667,666)
At 30 June 2016	66,334	6,666	(210,001)	(7,343,725)	(7,480,726)

**Statement of changes in equity
For the Year Ended 30 June 2015**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2014	66,334	6,666	(3,488,252)	(3,415,252)
Comprehensive loss for the year				
Loss for the year	-	-	(1,397,808)	(1,397,808)
Total comprehensive loss for the year	-	-	(1,397,808)	(1,397,808)
At 30 June 2015	66,334	6,666	(4,886,060)	(4,813,060)

The notes on pages 10 to 25 form part of these financial statements.

The Avalon Trustee Company Limited

Notes to the financial statements For the Year Ended 30 June 2016

1. General information

The Avalon Trustee Company Limited is a company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page. The nature of the company's operations and its principal activities are set out on the Strategic Report.

2. Accounting policies

2.1 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nirvana Holdings Limited as at 30 June 2016 and these financial statements may be obtained from Companies House.

The Avalon Trustee Company Limited

Notes to the financial statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

2.3 Going concern

Notwithstanding the statement of financial position which shows net liabilities of £7,480,726 (2015 - £4,813,060) the directors have prepared the financial statements on a going concern basis.

The net liabilities of the company reflect the fact a provision is recognised for the accumulated amounts due to each funeral director. This provision will be utilised over a number of years into the future, albeit the exact timing is currently unknown based on the relative ages of individuals who have signed up to funeral plans. In order to meet the payments required in settling the provision, the company will utilise its investments and cash resources, however it is a remote possibility of the provision requiring settlement in full in the period covering 12 months from the date of approval of the financial statements. The company's loss arises due to the model of selling funeral plans both via lump sum and on installment payment bases. The company is currently in a process of growing its selling and marketing capability, such that the administrative cost of selling funeral plans currently outweighs the gross margin achieved from those plans. Based on management information the directors are expectant of reversing this trend in the foreseeable future.

The forecasts prepared for a period covering 12 months from the date of approval of the financial statements indicate that the company will continue to operate within its current facilities, particularly as the company can call on the financial support of its parent company whom have confirmed that the repayment of the parent company creditor need not occur should repayment put the company's ability to meet its external liabilities at risk.

Based on the above, the directors have a reasonable expectation that the company will continue to meet liabilities as they fall due and therefore continue to present financial statements on a going concern basis.

2.4 Turnover

Turnover comprises revenue recognised by the company in respect of premiums paid on funeral plan sales, as well as commissions received on the sale of insurance backed funeral plans, exclusive of Value Added Tax.

Turnover for funeral plan sales is recognised on an accruals basis as the plan progresses. Turnover for commissions is recognised, net of a potential clawback provision, when the right to consideration in exchange for establishment of the insurance backed funeral plan has crystallised.

The pro-rata cost of providing the funeral service in line with the funeral plan in the future 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 statement of financial position.

2.5 Other operating income

Other operating income comprises rental income earned from the investment properties. This is credited to the statement of comprehensive income on a straight line basis in line with tenancy agreements.

The Avalon Trustee Company Limited

Notes to the financial statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Other fixed assets	- 15% - 25% Straight Line per annum
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are revalued to fair value with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit is charged or credited to the statement of comprehensive income.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

2.8 Investment property

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value with any change recognised in profit and loss.

2.9 Valuation of investments

Investments in listed company shares are measured at fair value through the statement of comprehensive income.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

The Avalon Trustee Company Limited

Notes to the financial statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.14 Current and deferred tax

Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Avalon Trustee Company Limited

Notes to the financial statements For the Year Ended 30 June 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Investment properties are professionally valued annually using a yield of methodology using market rental values capitalised at a market capitalisation rate, but there is an inevitable degree of judgment involved in that each property is unique and value can only ultimately be reliably tested in the market itself.
- The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments at fair value through profit and loss. The company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology. Listed investments are valued at the quoted bid price at the reporting date.

4. Turnover

The whole of the turnover is attributable to premiums paid for funeral plans (98% of revenue)(2015 - 95%) and commissions paid for insurance backed funeral plans (2%)(2015 - 5%).

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £	2015 £
Net rents receivable	<u>215,309</u>	<u>200,199</u>

6. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	72,198	55,047
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	17,000	25,500
Audit remuneration - Non audit fees	-	11,697
Operating lease rentals	<u>3,738</u>	<u>2,626</u>

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,347,228	3,191,053
Social security costs	363,592	342,583
Cost of defined contribution scheme	29,698	34,276
	<u>3,740,518</u>	<u>3,567,912</u>

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

	2016 No.	2015 No.
Sales agents	76	80
Office workers	30	27
Directors	5	4
	<u>111</u>	<u>111</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	<u>542,293</u>	<u>403,042</u>

The highest paid director received remuneration of £109,349 (2015 - £154,082).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>573</u>	<u>592</u>

10. Interest payable and similar charges

	2016 £	2015 £
Other interest payable	<u>-</u>	<u>538</u>

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

11. Taxation

	2016 £	2015 £
Corporation tax		
Adjustments in respect of prior years	153,801	153,690
Deferred tax		
Origination and reversal of timing differences	(1)	-
Adjustments in respect of prior years	-	(44,361)
Effect of tax rate change on opening balance	1	-
Total deferred tax	-	(44,361)
Taxation on loss on ordinary activities	153,801	109,329

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.75%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(2,303,864)	(1,288,479)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.75%)	(460,772)	(267,359)
Effects of:		
Expenses not deductible for tax purposes	217,558	44,871
Group relief surrendered	142,756	72,086
Income not charged to tax	(28,354)	(1,241)
Chargeable losses	(210,372)	-
Adjustments to tax charge in respect of prior years	153,801	153,690
Adjustments to tax charge in respect of prior years - deferred tax	-	(44,361)
Deferred tax not recognised	195,319	146,157
Adjust closing deferred tax to average rate	143,865	33,779
Adjust opening deferred tax to average rate	-	(28,293)
Total tax charge for the year	153,801	109,329

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

12. Tangible fixed assets

	Land and buildings £	Other fixed assets £	Total £
Cost or valuation			
At 1 July 2015	850,001	357,801	1,207,802
Additions	-	176,030	176,030
Disposals	-	(23,470)	(23,470)
Revaluations	(210,001)	-	(210,001)
At 30 June 2016	<u>640,000</u>	<u>510,361</u>	<u>1,150,361</u>
Depreciation			
At 1 July 2015	-	239,382	239,382
Charge for the year	-	72,198	72,198
Disposals	-	(20,010)	(20,010)
At 30 June 2016	<u>-</u>	<u>291,570</u>	<u>291,570</u>
Net book value			
At 30 June 2016	<u>640,000</u>	<u>218,791</u>	<u>858,791</u>
At 30 June 2015	<u>850,001</u>	<u>118,419</u>	<u>968,420</u>

The valuations of land and buildings were made as at 30 June 2016 by Savills, Chartered Surveyors, on an open market basis. The directors consider this to be the current fair value of the property and therefore no depreciation has been charged in line with the accounting policy.

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.

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

12. Tangible fixed assets (continued)

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

	2016 £	2015 £
Cost	755,807	755,807
Accumulated depreciation	(90,697)	(75,581)
Net book value	665,110	680,226

13. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 July 2015	16,501,575
Additions	5,650,000
Disposals	(400,000)
Revaluations	(928,000)
At 30 June 2016	<u>20,823,575</u>
Net book value	
At 30 June 2016	<u>20,823,575</u>
At 30 June 2015	<u>16,501,575</u>

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

14. Investment property

	Freehold investment property £
Valuation	
At 1 July 2015	5,133,857
Surplus on revaluation	141,197
At 30 June 2016	5,275,054

The 2016 valuations were made by independent registered chartered surveyors, Savills, on an open market value for existing use basis.

As disclosed in note 5, property rental income earned during the year was £215,309 (2015 - £200,199). At the statement of financial position date the company had contracted with tenants with the following minimum lease payments.

The total future minimum lease payments under current rental agreements on the properties is £188,700 (2015 - £215,309), expiring within one year.

15. Debtors

	2016 £	2015 £
Due after more than one year		
Amounts owed by group undertakings	1,583,209	2,779,742
	2016 £	2015 £
Due within one year		
Amounts owed by group undertakings	4,658	-
Other debtors	12,264	15,421
Prepayments and accrued income	77,074	80,510
Tax recoverable	-	29,121
	93,996	125,052

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,279,712	1,511,089
Less: bank overdrafts	-	(40)
	<u>1,279,712</u>	<u>1,511,049</u>

17. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	-	40
Trade creditors	241,191	352,742
Amounts owed to group undertakings	57,301	296,777
Corporation tax	1,123	-
Taxation and social security	241,977	167,311
Other creditors	373,585	322,714
Accruals and deferred income	88,031	47,791
	<u>1,003,208</u>	<u>1,187,375</u>

18. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other creditors	-	90
Rent deposit paid	9,549	9,549
	<u>9,549</u>	<u>9,639</u>

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

19 Provisions

	Obligation to funeral directors £
At 1 July 2015	30,635,781
Net additions	5,746,525
At 30 June 2016	36,382,306

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. The actuarial valuation of the liability is demonstrated in the accounting for the individual funeral trusts as disclosed in note 25.

20. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
66,334 Ordinary shares of £1 each	66,334	66,334

The Avalon Trustee Company Limited

Notes to the financial statements For the Year Ended 30 June 2016

21. Reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Revaluation reserve

The revaluation reserve represents revaluations of freehold land and buildings.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and adjustments.

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £29,698 (2015 - £34,276). Contributions totaling £10,826 (2015 - £10,450) were payable to the fund at the balance sheet date and are included in creditors.

23. Related party transactions

The company has taken advantage of the exemption in section 33.1A of FRS 102 from the requirement to disclose transactions with group companies where both transacting parties are wholly owned within the group.

24. Ultimate parent undertaking and controlling party

The immediate parent company is Nirvana Holdings Limited, a company registered in England and Wales who prepare consolidated financial statements containing the results of the company.

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

25. The Avalon Funeral Trust No 1 & 3

The Avalon Funeral Trust No 1 & No 3 are both independently administered schemes for the pre-arrangement and pre-funding of funeral services. A formal independent actuarial review of the Avalon Funeral Trust No 1 & No 3 has been prepared as at 30 June 2016.

The actuarial value of total funeral director liabilities compared with the value of non-current and net current assets for the individual Trust are disclosed below.

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

The Avalon Funeral Trust No 1 & 3 (continued)

Trust No 1

	2016 £	2015 £
Listed investments	8,837	9,291
Investment properties	5,910	5,979
Bank balances	271	700
Taxation	-	125
	<u>15,018</u>	<u>16,095</u>

	2016 £'000	2015 £'000
Non-current and net current assets	15,018	16,095
Funeral director liabilities - actuarial valuation	(13,836)	(14,135)
Surplus	<u>1,182</u>	<u>1,960</u>

Trust No 3

	2016 £'000	2015 £'000
Listed investments	11,986	7,210
Bank balances	1,044	803
Creditors	(464)	(147)
Taxation	-	(3)
	<u>12,566</u>	<u>7,863</u>

	2016 £'000	2015 £'000
Non-current and net current assets	12,566	7,864
Funeral director liabilities - actuarial valuation	(10,940)	(7,094)
Surplus	<u>1,626</u>	<u>770</u>

The Avalon Trustee Company Limited

Notes to the financial statements For the Year Ended 30 June 2016

26. First time adoption of FRS 102

	As previously stated 1 July 2014 £	Effect of transition 1 July 2014 £	FRS 102 (as restated) 1 July 2014 £	As previously stated 30 June 2015 £	Effect of transition 30 June 2015 £	FRS 102 (as restated) 30 June 2015 £
Note						
Fixed assets	18,551,789	-	18,551,789	22,603,852	-	22,603,852
Current assets	4,306,267	-	4,306,267	4,415,883	-	4,415,883
Creditors: amounts falling due within one year	(1,218,537)	-	(1,218,537)	(1,187,375)	-	(1,187,375)
Net current assets	3,087,730	-	3,087,730	3,228,508	-	3,228,508
Total assets less current liabilities	21,639,519	-	21,639,519	25,832,360	-	25,832,360
Creditors: amounts falling due after more than one year	(9,665)	-	(9,665)	(9,639)	-	(9,639)
Provisions for liabilities	(25,045,106)	-	(25,045,106)	(30,635,781)	-	(30,635,781)
Net liabilities	(3,415,252)	-	(3,415,252)	(4,813,060)	-	(4,813,060)
Capital and reserves	(3,415,252)	-	(3,415,252)	(4,813,060)	-	(4,813,060)

The Avalon Trustee Company Limited

**Notes to the financial statements
For the Year Ended 30 June 2016**

26. First time adoption of FRS 102 (continued)

	As previously stated 30 June 2015 £	Effect of transition 30 June 2015 £	FRS 102 (as restated) 30 June 2015 £
Note			
Turnover	12,198,633	-	12,198,633
Cost of sales	(8,045,310)	-	(8,045,310)
	4,153,323	-	4,153,323
Administrative expenses	(5,647,993)	-	(5,647,993)
Other operating income	200,199	-	200,199
Operating profit	(1,294,471)	-	(1,294,471)
Changes in fair value of investments	-	5,938	5,938
Interest receivable and similar income	592	-	592
Interest payable and similar charges	(538)	-	(538)
Taxation	(109,329)	-	(109,329)
Loss on ordinary activities after taxation	(1,403,746)	5,938	(1,397,808)

Explanation of changes to previously reported profit and equity:

- 1 Under UK GAAP, previously all changes in fair value of investments were accounted for via the statement of total recognised gains and losses. From the date of transition, all such changes in fair value are accounted for via profit and loss.

There has been no impact on equity of the company on transition to FRS 102.