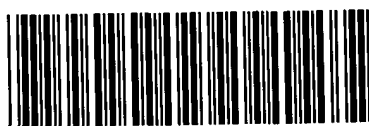


THE AVALON TRUSTEE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

TUESDAY



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THE AVALON TRUSTEE COMPANY LIMITED

COMPANY INFORMATION

Directors	M Dugdale J Gardner P Leech S Chambers J Darbyshire (appointed 4 July 2014)
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 2014**

The directors present their report and the financial statements for the year ended 30 June 2014.

Principal activity

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

Results

The loss for the year, after taxation, amounted to £717,930 (2013 - loss £2,687,001).

Directors

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

M Dugdale
J Gardner
P Leech
S Chambers

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.

This report was approved by the board on *30th March 2015* 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

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

Introduction

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 45%. This increase reflects the growing selling and marketing capability of the company. The profit and loss account is disclosed on page 6.

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 24 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 market value of the assets of the Avalon Funeral Trusts No 1 and 3 amounted to £19,565,029 (2013: £15,167,791)

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 *30th March 2015* and signed on its behalf.



M Dugdale
Director

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 2014 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains 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 auditor

As explained more fully in the statement of directors' responsibilities statement, 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 2014 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 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

31 March 2015

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 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	9,760,731	6,736,857
Cost of sales		<u>(6,059,998)</u>	<u>(6,314,239)</u>
GROSS PROFIT		3,700,733	422,618
Administrative expenses		(4,781,883)	(3,759,745)
Other operating income	3	<u>206,117</u>	<u>173,140</u>
OPERATING LOSS	4	(875,033)	(3,163,987)
EXCEPTIONAL ITEMS			
Net profit on sale of fixed asset investments	8	<u>39,219</u>	<u>550,482</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(835,814)	(2,613,505)
Income from other fixed asset investments		1,170	148,181
Interest receivable and similar income		577	49,352
Interest payable and similar charges	7	<u>(32,168)</u>	<u>(5,501)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(866,235)	(2,421,473)
Tax on loss on ordinary activities	9	<u>148,305</u>	<u>(265,528)</u>
LOSS FOR THE FINANCIAL YEAR	19	<u>(717,930)</u>	<u>(2,687,001)</u>

All amounts relate to continuing operations.

The notes on pages 9 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 2014**

	2014	2013
	£	£
LOSS FOR THE FINANCIAL YEAR	(717,930)	(2,687,001)
Unrealised surplus on revaluation of fixed asset investments	227,458	26,129
Unrealised deficit on revaluation of investment properties	-	(18,579)
	<hr/>	<hr/>
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR	(490,472)	(2,679,451)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 20 form part of these financial statements.

THE AVALON TRUSTEE COMPANY LIMITED
REGISTERED NUMBER: 02836336

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	10		985,325		1,003,207
Investment property	11		5,070,827		5,070,827
Investments	12		12,495,637		7,476,129
			<u>18,551,789</u>		<u>13,550,163</u>
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	13	3,360,270		3,544,032	
Debtors: amounts falling due within one year	13	290,984		945,167	
Cash at bank and in hand		655,013		797,136	
		<u>4,306,267</u>		<u>5,286,335</u>	
CREDITORS: amounts falling due within one year	14	<u>(1,218,537)</u>		<u>(1,456,743)</u>	
NET CURRENT ASSETS			<u>3,087,730</u>		<u>3,829,592</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,639,519</u>		<u>17,379,755</u>
CREDITORS: amounts falling due after more than one year	15		(9,665)		(9,549)
PROVISIONS FOR LIABILITIES					
Deferred tax	16	(44,361)		(6,780)	
Other provisions	17	<u>(25,000,745)</u>		<u>(20,288,206)</u>	
			<u>(25,045,106)</u>		<u>(20,294,986)</u>
NET LIABILITIES			<u>(3,415,252)</u>		<u>(2,924,780)</u>
CAPITAL AND RESERVES					
Called up share capital	18		66,334		66,334
Share premium account	19		6,666		6,666
Revaluation reserve	19		165,992		(61,466)
Investment property revaluation reserve	19		(662,794)		(662,794)
Profit and loss account	19		<u>(2,991,450)</u>		<u>(2,273,520)</u>
SHAREHOLDERS' DEFICIT	20		<u>(3,415,252)</u>		<u>(2,924,780)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/3/15


M Dugdale
 Director

The notes on pages 9 to 20 form part of these financial statements.

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 £3,415,252 (2013: £2,924,780) 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 instalment 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.

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.

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

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:

Other fixed assets	-	15% - 25% Straight Line
--------------------	---	-------------------------

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.

No depreciation is charged on the revalued assets. On a historic cost basis, the directors consider the annual and accumulated depreciation to be immaterial. This is on the basis of the length of the useful economic life and the residual value of the assets. There is therefore no difference between depreciation on a historic cost basis and revalued basis in relation to these assets.

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.

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

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 based on the tax rates and laws that have been enacted by the balance sheet date.

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.

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

	2014 £	2013 £
Net rents receivable	<u>206,117</u>	<u>173,140</u>

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	48,168	27,417
Auditor's remuneration	30,200	30,200
Operating lease rentals:		
- plant and machinery	2,067	1,344
- other operating leases	-	57,418
Gain on foreign exchange	(710)	-
	<u> </u>	<u> </u>

5. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	2,775,899	2,124,907
Social security costs	302,079	231,021
	<u> </u>	<u> </u>
	3,077,978	2,355,928
	<u> </u>	<u> </u>

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

	2014 No.	2013 No.
Sales agents	92	63
Office workers	21	22
Directors	4	5
	<u> </u>	<u> </u>
	117	90
	<u> </u>	<u> </u>

6. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	122,833	455,101
	<u> </u>	<u> </u>
Compensation for loss of office	-	20,000
	<u> </u>	<u> </u>

The highest paid director received remuneration of £80,000 (2013 - £155,033).

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

7. INTEREST PAYABLE

	2014 £	2013 £
On other loans	-	5,501
Other interest payable	32,168	-
	<u>32,168</u>	<u>5,501</u>

8. EXCEPTIONAL ITEMS

	2014 £	2013 £
Profit on disposal of fixed asset investments	<u>39,219</u>	<u>550,482</u>

9. TAXATION

	2014 £	2013 £
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on loss for the year	53,569	223,885
Adjustments in respect of prior years	(239,455)	41,643
Total current tax	<u>(185,886)</u>	<u>265,528</u>
Deferred tax		
Origination and reversal of timing differences	635,766	-
Effect of change in tax rate on opening liability	88,710	-
Adjustments in respect of prior years	(686,895)	-
Total deferred tax (see note 16)	<u>37,581</u>	<u>-</u>
Tax on loss on ordinary activities	<u>(148,305)</u>	<u>265,528</u>

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

9. TAXATION (continued)

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.

The tax assessed for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 22.50% (2013 - 23.75%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(866,235)</u>	<u>(2,421,473)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.50% (2013 - 23.75%)	(194,915)	(575,116)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	51,455	43,715
Capital allowances for year in excess of depreciation	3,823	6,512
Adjustments to tax charge in respect of prior periods	(281,507)	(85,649)
Other timing differences leading to an increase in taxation	83,397	-
Non-taxable income	(9,088)	(177,659)
Unrelieved tax losses carried forward	148,725	702,548
Other differences leading to an increase in the tax charge	-	351,177
Other differences relating to Avalon Funeral Trust No 1	12,224	-
Current tax (credit)/charge for the year (see note above)	<u><u>(185,886)</u></u>	<u><u>265,528</u></u>

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Other fixed assets £	Total £
Cost or valuation			
At 1 July 2013	850,001	404,096	1,254,097
Additions	-	32,658	32,658
Disposals	-	(16,224)	(16,224)
At 30 June 2014	<u>850,001</u>	<u>420,530</u>	<u>1,270,531</u>
Depreciation			
At 1 July 2013	-	250,890	250,890
Charge for the year	-	48,168	48,168
On disposals	-	(13,852)	(13,852)
At 30 June 2014	<u>-</u>	<u>285,206</u>	<u>285,206</u>
Net book value			
At 30 June 2014	<u>850,001</u>	<u>135,324</u>	<u>985,325</u>
At 30 June 2013	<u>850,001</u>	<u>153,206</u>	<u>1,003,207</u>

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

10. TANGIBLE FIXED ASSETS (continued)

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:

	2014 £	2013 £
Cost	755,807	755,807
Accumulated depreciation	-	-
Net book value	<u>755,807</u>	<u>755,807</u>

11. INVESTMENT PROPERTY

	Investment properties £
Valuation	
At 1 July 2013 and 30 June 2014	<u>5,070,827</u>
Comprising	
Cost	7,134,656
Revaluation deficit:	
2012	(2,045,250)
2013	(18,579)
At 30 June 2014	<u>5,070,827</u>

The 2014 valuations were made by the directors, on an open market value for existing use basis. Based on this valuation, no further revaluations were required in the financial statements.

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

12. FIXED ASSET INVESTMENTS

	Listed investments £
Cost or valuation	
At 1 July 2013	7,476,129
Additions	6,400,000
Disposals	(1,607,950)
Revaluations	227,458
	<hr/>
At 30 June 2014	12,495,637
	<hr/>
Net book value	
At 30 June 2014	12,495,637
	<hr/>
	<hr/>
At 30 June 2013	7,476,129
	<hr/>
	<hr/>

The market value of the listed investments at 30 June 2014 was £12,495,637 (2013 - £7,476,129).

13. DEBTORS

	2014 £	2013 £
Due after more than one year		
Amounts owed by group undertakings	3,360,270	3,544,032
	<hr/>	<hr/>
Due within one year		
Other debtors	218,062	861,801
Prepayments and accrued income	72,922	83,366
	<hr/>	<hr/>
	290,984	945,167
	<hr/>	<hr/>

14. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	28,588	103,381
Trade creditors	282,603	287,745
Amounts owed to group undertakings	266,777	266,777
Corporation tax	165,914	283,793
Other taxation and social security	152,966	64,148
Other creditors	248,278	222,472
Accruals and deferred income	73,411	228,427
	<hr/>	<hr/>
	1,218,537	1,456,743
	<hr/>	<hr/>

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

14. CREDITORS:
Amounts falling due within one year (continued)

15. CREDITORS:
Amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	116	-
Other creditors	9,549	9,549
	<u>9,665</u>	<u>9,549</u>

16. DEFERRED TAXATION

	2014 £	2013 £
At beginning of year	6,780	6,780
Charge for the year	37,581	-
	<u>44,361</u>	<u>6,780</u>
At end of year	<u>44,361</u>	<u>6,780</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>44,361</u>	<u>6,780</u>

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

17. PROVISIONS

	Obligations to funeral directors £
At 1 July 2013	20,288,206
Net additions	4,712,539
At 30 June 2014	<u>25,000,745</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

	2014 £	2013 £
Allotted, called up and fully paid		
66,334 Ordinary shares of £1 each	<u>66,334</u>	<u>66,334</u>

19. RESERVES

	Share premium account £	Revaluation reserve £	Investment property revaluation reserve £	Profit and loss account £
At 1 July 2013	6,666	(61,466)	(662,794)	(2,273,520)
Loss for the financial year	-	-	-	(717,930)
Surplus on revaluation of listed investments	-	227,458	-	-
At 30 June 2014	<u>6,666</u>	<u>165,992</u>	<u>(662,794)</u>	<u>(2,991,450)</u>

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(2,924,780)	(157,734)
Prior year adjustments		(87,595)
Opening shareholders' deficit (as restated)		(245,329)
Loss for the financial year	(717,930)	(2,687,001)
Other recognised gains and losses during the year	227,458	7,550
Closing shareholders' deficit	<u>(3,415,252)</u>	<u>(2,924,780)</u>

The prior year adjustment reflected the impact of a change in policy with respect to carrying listed investments at market value, fully disclosed in the 2013 annual report.

21. OPERATING LEASE COMMITMENTS

At 30 June 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £	2013 £
Expiry date:		
Within 1 year	-	57,418

22. 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 £800 (2013 - £4,800) in rent. The balance outstanding at year end was £nil (2013 - £nil).

23. 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.

24. 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 2014.

THE AVALON TRUSTEE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

At the valuation date, the amalgamated value of the Trust's non-current and current assets were sufficient to cover 110% (2013 - 103%) of the funeral director liabilities. The value of total funeral director liabilities compared with the value of non-current and current assets for the individual Trust are disclosed below. The Trust No 3 was established on 29 November 2012. The first independent actuarial review of this Trust was prepared for 30 June 2014 - accordingly the comparative figure for funeral director liabilities in this Trust is disclosed as nil below.

Trust No 1

	2014 £	2013 £
Listed investments	9,159,479	7,224,966
Tangible fixed assets	5,920,829	5,986,480
Debtors	205,286	119,927
Bank balances	236,522	1,035,536
Creditors	(4,568)	(10,704)
Taxation	(165,914)	(403,724)
Intertrust account	649,971	512,825
Total	<u>16,001,605</u>	<u>14,465,306</u>

	2014 £	2013 £
Non-current and current assets	16,001,605	14,465,306
Funeral director liabilities	(14,076,000)	(14,105,000)
Surplus	<u>1,925,605</u>	<u>360,306</u>

Trust No 3

	2014 £	2013 £
Listed investments	3,336,158	250,000
Tangible fixed assets	-	4,732
Bank balances	428,841	614,600
Creditors	(191,451)	(166,847)
Taxation	(10,124)	-
Total	<u>3,563,424</u>	<u>702,485</u>

	2014 £	2013 £
Non-current and current assets	3,563,424	702,485
Funeral director liabilities	(3,655,000)	-
(Deficit)/surplus	<u>(91,576)</u>	<u>702,485</u>