

Reg

Grant Thornton 

**THE AVALON TRUSTEE COMPANY
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 1997

Company Number : 2836336



THE AVALON TRUSTEE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

Company registration number:

2836336

Registered office:

Portland Buildings
127/129 Portland Street
Manchester
M1 4PZ

Directors:

Mr M Cooper
Mr N D Warr

Secretary:

Mrs C Cooper

Bankers:

Barclays Bank Plc

Solicitors:

Keogh Ritson
Wragge & Co

Auditors:

Grant Thornton
Registered Auditors
Chartered Accountants
Manchester

THE AVALON TRUSTEE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

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THE AVALON TRUSTEE COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 June 1997.

Principal activities

The company is principally engaged in the marketing of pre-arranged funeral plans and the making of arrangements for funerals of members of the scheme.

Business review

In our second year of actual trading, Avalon has further established itself in the funeral plan market place. We have experienced a 30% increase in turnover which is in line with our forecasts. This growth is due to the successful marketing of our plans and their true value being accepted by the consumer over other products available in this competitive arena.

As the company matures we fully expect to see further increases in annual turnover by 20%, with profitability also increasing. We are pleased to note that our reporting actuary disclosed that there were 113% of assets to liabilities in the trust fund, Avalon waiving its rights to any surplus.

As more people recognise the value of prepaying for their funeral expenses we fully expect Avalon to be appropriately situated to maximise its full potential.

In order to provide security to the Scheme members, all payments received are paid directly to the Avalon Funeral Trust (AFT). The assets of the AFT are used to meet the future funeral obligations and are entirely separate and independent from the company. The majority of the AFT funds are invested in Unit Trusts, Gilts and interest bearing bank accounts.

There was a loss for the year after taxation amounting to £19,290 (18 month period to 30 June 1996 : £96,464). In view of the loss the directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors in the shares of the company as at 1997 and 1996 were as follows :

	1997 and 1996 Number of shares
M Cooper	25,000
N D Warr	8,334

THE AVALON TRUSTEE COMPANY LIMITED

REPORT OF THE DIRECTORS

Director's responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to :

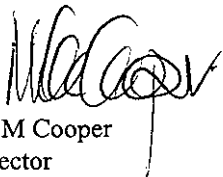
- i select suitable accounting policies and then apply them consistently
- ii make judgements and estimates that are reasonable and prudent
- iii prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD



Mr M Cooper
Director

30 July 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF THE AVALON TRUSTEE COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of the director and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

We draw attention to the going concern basis used in preparation of these financial statements as referred to on page 4 and to note 15 in respect of the Avalon Funeral Trust.

Although at 30 June 1997 the company had net liabilities of £77,129, the directors consider that it is appropriate to prepare the financial statements on a going concern basis given the increase in the number of plans sold since the year end and other management information to date. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER**

30 July 1998

THE AVALON TRUSTEE COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Although at 30 June 1997 the company had net liabilities of £77,129, the directors consider that it is appropriate to prepare the financial statements on a going concern basis given the increase in the number of plans sold since the year end and other management information to date.

The principal accounting policies of the company are set out below.

Turnover

Turnover is the total amount receivable by the company for services provided excluding VAT and trade discounts.

Turnover for plan sales is recognised immediately and offset by the cost of providing the service, as agreed with the relevant funeral director. Each year until the funeral is performed, the investment income and increased cost of the future funeral are accrued and recognised in the profit and loss account.

The accumulated amounts due from Avalon Funeral Trust and due to each funeral director are shown gross on the balance sheet, the latter being described as "Obligations to Funeral Directors".

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Office equipment	5 years
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Leased assets

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

THE AVALON TRUSTEE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1997

	Note	1997 £	1 January 1995 to 30 June 1996 £
Turnover	1	335,568	259,139
Cost of sales		<u>236,406</u>	<u>186,280</u>
Gross profit		99,162	72,859
Other operating income and charges	2	<u>118,349</u>	<u>169,047</u>
Operating loss		(19,187)	(96,188)
Net interest	3	<u>103</u>	<u>276</u>
Loss on ordinary activities before taxation	1	(19,290)	(96,464)
Tax on loss on ordinary activities	5	-	-
Loss for the financial period	12	<u><u>(19,290)</u></u>	<u><u>(96,464)</u></u>

There were no recognised gains or losses other than the loss for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

THE AVALON TRUSTEE COMPANY LIMITED

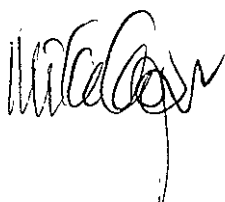
BALANCE SHEET AT 30 JUNE 1997

	Note	£	1997 £	1996 £
Fixed assets				
Tangible assets	6		3,061	1,805
Current assets				
Debtors:				
Falling due within one year	7	10,516		4,318
Falling due after more than one year	8	376,030		187,696
		<u>386,546</u>		<u>192,014</u>
Cash in hand		306		-
		<u>386,852</u>		<u>192,014</u>
Creditors : amounts falling due within one year	9	<u>31,576</u>		<u>31,310</u>
Net current assets			<u>355,276</u>	<u>160,704</u>
Total assets less current liabilities			358,337	162,509
Creditors: amounts falling due after more than one year	10		<u>435,466</u>	<u>220,348</u>
			<u>(77,129)</u>	<u>(57,839)</u>
Capital and reserves				
Called up share capital	11		33,334	33,334
Share premium account	12		6,666	6,666
Adverse profit and loss account	12		(117,129)	(97,839)
Shareholders' funds	13		<u>(77,129)</u>	<u>(57,839)</u>

These financial statements were approved by the Board of Directors on 30 July 1998.

M Cooper

N D Warr



)
) Directors
)

The accompanying accounting policies and notes form an integral part of these financial statements.

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover is attributable to the company's principal activities.

The loss on ordinary activities is stated after:

	1997	1 January 1995 to 30 June 1996
	£	£
Auditors' remuneration	3,500	3,000
Depreciation: Tangible fixed assets, owned	737	459
Other operating lease rentals	<u>1,154</u>	<u>1,574</u>

2 OTHER OPERATING INCOME AND CHARGES

	1997	1 January 1995 to 30 June 1996
	£	£
Other operating income	(1,542)	(6,692)
Staff costs	38,077	23,274
Depreciation	737	459
Other operating charges	<u>81,077</u>	<u>152,006</u>
	<u>118,349</u>	<u>169,047</u>

3 NET INTEREST

	1997	1 January 1995 to 30 June 1996
	£	£
On bank overdraft	80	226
Other interest payable	<u>23</u>	<u>58</u>
	103	284
Bank interest receivable	<u>-</u>	<u>8</u>
	<u>103</u>	<u>276</u>

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

4 DIRECTORS AND EMPLOYEES

	1997	1 January 1995 to 30 June 1996
	£	£
Staff costs during the period were as follows:		
Wages and salaries	37,270	22,806
Social security costs	807	468
	<u>38,077</u>	<u>23,274</u>

The average number of employees of the company during the year was 3 (1996 : 2).

	1997	1 January 1995 to 30 June 1996
	£	£
Remuneration in respect of directors was as follows :		
Director's fees	<u>24,000</u>	<u>14,082</u>

5 TAX ON LOSS ON ORDINARY ACTIVITIES

Subject to agreement with H M Inspector of Taxes, estimated unrelieved tax losses of £106,000 remain available to offset against future taxable trading profits.

6 TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
Cost	
At 1 July 1996	2,264
Additions	1,993
At 30 June 1997	<u>4,257</u>
Depreciation	
At 1 July 1996	459
Provided in the period	737
At 30 June 1997	<u>1,196</u>
Net book amount at 30 June 1997	<u>3,061</u>
Net book amount at 30 June 1996	<u>1,805</u>

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

7 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Trade debtors	-	853
Other debtors	2,090	-
Prepayments	8,426	3,465
	<u>10,516</u>	<u>4,318</u>

8 DEBTORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Amounts owed by Avalon Funeral Trust	352,899	184,953
Prepayments	23,131	2,743
	<u>376,030</u>	<u>187,696</u>

9 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank overdraft	1,655	3,337
Trade creditors	17,526	16,856
Social security and other taxes	1,926	1,653
Other creditors	1,078	646
Accruals	9,391	8,818
	<u>31,576</u>	<u>31,310</u>

10 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Obligations to funeral directors	396,375	177,853
Other creditors	39,091	42,495
	<u>435,466</u>	<u>220,348</u>

The obligations to funeral directors will fall due for payment when each funeral falls to be performed and 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 five years and after five years. Similarly the amounts owed by Avalon Funeral Trust (note 8) will be received as each funeral falls to be performed.

Other creditors are not payable by instalments and are due after more than one year from the balance sheet date.

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

11 SHARE CAPITAL

	1997 £	1996 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted called up and fully paid		
33,334 ordinary shares of £1 each	<u>33,334</u>	<u>33,334</u>

12 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Adverse profit and loss account £
At 1 January 1996	6,666	(97,839)
Loss for the financial year	-	(19,290)
At 30 June 1997	<u>6,666</u>	<u>(117,129)</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Loss for the financial year	(19,290)	(96,464)
Issue of shares	-	39,998
Net decrease in shareholders' funds	<u>(19,290)</u>	<u>(56,466)</u>
Shareholders' funds at 1 July 1996	(57,839)	(1,373)
Shareholders' funds at 30 June 1997	<u>(77,129)</u>	<u>(57,839)</u>

THE AVALON TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1997

14 LEASING COMMITMENTS

Operating lease payments amounting to £7,386 (1996: £6,316) are due within one year. The leases to which these amounts relate expire as follows:

	Buildings	1997 Other	Buildings	1996 Other
	£	£	£	£
In one year or less	-	252	-	-
Between one and five years	6,630	504	4,973	1,343
	<u>6,630</u>	<u>756</u>	<u>4,973</u>	<u>1,343</u>

15 THE AVALON FUNERAL TRUST

The Avalon Funeral Trust is a scheme for the pre-arrangement and prefunding of funeral services. A formal independent actuarial review of the Avalon Funeral Trust has been prepared as at 30 June 1997. At the valuation date the value of the Trust's assets was sufficient to cover 113% of the actuarial valuation of liabilities.

The assets of the Avalon Funeral Trust as at 30 June 1997 comprise :

	£
Bank and cash	39,886
Treasury stocks	150,000
Unit Trust Managed Fund	160,000
Accrued income	3,013
	<u>352,899</u>