

Nirvana Holdings Limited

Annual Report and Financial Statements

Year Ended

30 June 2019

Company Number 05138164

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Nirvana Holdings Limited

Company Information

Directors	D Gasparro J P Gardner C M Porter S J Stevenson S Townsley
Company secretary	S Finegan
Registered number	05138164
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 Bank Plc 25 Gresham Street London EC2V 7HN

Nirvana Holdings Limited

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Nirvana Holdings Limited

Strategic Report For the Year Ended 30 June 2019

The directors present the strategic report together with the audited financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company continued to be that of a holding company.
The principal activities of the subsidiary companies and therefore the group are as follows:

- The Avalon Trustee Company Limited – marketing of pre-arranged funeral plans and the arrangement of funerals in the UK.
- Avalon (Europe) Limited - marketing of pre-arranged funeral plans and the arrangement of funerals in Europe.
- Avalon SL – marketing of pre-arranged funerals in Europe.
- Avalon Direct Limited – marketing of pre-arranged funeral plans. During the year, activity ceased in this company and trade and assets were hived up into The Avalon Trustee Company Limited.
- Avalon Newco Limited – holding company.
- Orpheus 2017 Limited – dormant company.

Business review

In the UK, 2018/19 has been a challenging year for funeral planning, with the market shrinking by 15% in 2018 according to the Funeral Planning Authority (FPA). This has been driven by increasing regulatory focus on the industry, with the Competitions and Markets Authority announcing a review of the funeral market in general and HM Treasury launching a call to evidence on the funeral planning market, which may result in funeral plans coming under the remit of the Financial Conduct Authority (FCA) in the future.

In Europe, the continued uncertainty around Brexit has impacted consumer confidence in the expat community, resulting in a reduction in plan sales in the year. The directors hope that sentiments among UK expats improves, allowing performance to recover.

During the year, trading ceased in Avalon Direct Limited, with the trade being transferred to The Avalon Trustee Company Limited. Post year end, the decision has been taken to dissolve Avalon Direct Limited, Avalon Newco Limited and Orpheus 2017 Limited in order to simplify the group structure.

Despite the challenging conditions, the Group has continued to trade well. The statement of comprehensive income is disclosed on page 8. The directors are pleased to note a profit before taxation of £416,203, driven by an improvement in investment return. Overall, the directors are pleased with the performance of the Group and remain confident that it will continue to trade strongly for 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 the assets are managed by independent investment managers.

The exact nature of the future UK regulation of funeral plans by the FCA remains uncertain. The directors continue to engage regularly with the FCA, FPA members and other interested parties to ensure that the needs of consumers and independent funeral plan providers are met by the new regulation.

The group is further impacted by movements in foreign exchange, particularly the value of sterling vs the euro, as 32% of the group's revenue is generated from sales in the EU. The net impact of foreign exchange movements is disclosed in note 6.

Nirvana Holdings Limited

Strategic report (continued) For the Year Ended 30 June 2019

Financial key performance indicators

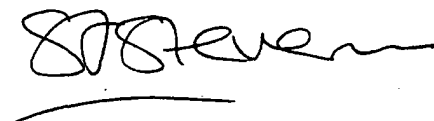
As detailed in note 24 The Avalon Funeral Trusts No 1, 2, 3 and 4 are schemes for the pre arrangement of and pre funding of funeral services whose assets, liabilities and income and expenditure are consolidated into these financial statements. At the year end the carrying value of the net assets of the Avalon Funeral Trusts No 1, 2, 3 and 4 amounted to £116,046,467 (2018 - £93,072,000) which compares to the actuarial value of the funeral director liability of £98,906,000 (2018 - £83,329,000).

Going concern

Notwithstanding the net liabilities in the statement of financial position the directors have prepared the financial statements on a going concern basis. Further explanation is provided in the accounting policies.

This report was approved by the board on 27/02/20 and signed on its behalf.

S J Stevenson
Director

A handwritten signature in black ink, appearing to read 'S J Stevenson', with a horizontal line drawn underneath it.

Nirvana Holdings Limited

Directors' report For the Year Ended 30 June 2019

The directors present their report together with the audited financial statements for the year ended 30 June 2019.

Principal activity

The principal activity of the company and its subsidiaries 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 profit for the year, after taxation, amounted to £423,751 (2018 - loss £3,590,392).

A dividend of £2,000,000 was paid during the year (2018 - £Nil).

Directors

The directors who served during the year and thereafter were:

M Dugdale (resigned 22 October 2019)
J P Gardner
P B Leech (resigned 22 October 2019)
D Gasparro
C M Porter (appointed 26 July 2019)
S J Stevenson (appointed 1 May 2019)
S Townsley (appointed 1 November 2019)
J Darbyshire (resigned 31 July 2018)
P E H Wilson (resigned 20 July 2018)

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 the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the 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

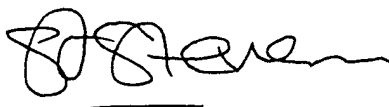
There have been no significant events affecting the company since the year end.

Auditor

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 27/02/20 and signed on its behalf.

S J Stevenson
Director



Nirvana Holdings Limited

Directors' Responsibilities Statement For the Year Ended 30 June 2019

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 group and company 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

Nirvana Holdings Limited

Independent Auditor's Report to the Members of Nirvana Holdings Limited

Opinion

We have audited the financial statements of Nirvana Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2019 which comprise the consolidated statement of total comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow, the company statement of financial position, the company statement of changes in equity and the notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Nirvana Holdings Limited

Independent Auditor's Report to the Members of Nirvana Holdings Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Nirvana Holdings Limited

Independent Auditor's Report to the Members of Nirvana Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Graham Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
[Insert Date] 28 February 2020

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

Nirvana Holdings Limited

Consolidated statement of comprehensive income for the year ended 30 June 2019

	Note	2019 £	2018 £
Turnover	4	14,416,091	17,896,372
Cost of sales		(1,448,534)	(1,129,527)
Gross profit		12,967,557	16,766,845
Administrative expenses		(16,825,935)	(20,786,075)
Other operating income	5	(83,803)	23,026
Changes in fair value of investments	13	2,294,383	(2,361,606)
Operating loss	6	(1,647,798)	(6,357,810)
Interest receivable and similar income	9	2,064,001	2,322,581
Profit/(loss) before taxation		416,203	(4,035,229)
Taxation on profit/(loss)	10	7,548	444,837
Profit/(loss) for the financial year attributable to the equity owners of the company		423,751	(3,590,392)
Unrealised revaluation movements on tangible fixed assets	12	-	150,001
Currency translation differences		24,603	(34,350)
Other comprehensive income		24,603	115,651
Total comprehensive income/(loss) for the year attributable to the equity owners of the company		448,354	(3,474,741)

The notes on pages 15 to 36 form part of these financial statements.

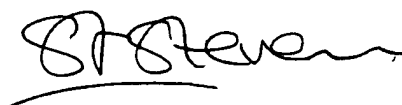
Nirvana Holdings Limited

Consolidated statement of financial position at 30 June 2019

Company number 05138164	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	11		198,119		222,883
Tangible assets	12		528,964		1,430,454
Investments	13		107,629,285		82,713,247
Investment property	14		3,500,000		3,500,000
			<u>111,856,368</u>		<u>87,866,584</u>
Current assets					
Debtors: amounts falling after more than one year	15	17,354,566		15,653,650	
Debtors: amounts falling due within one year	15	7,860,227		7,010,759	
Cash at bank and in hand		5,538,449		7,682,489	
		<u>30,753,242</u>		<u>30,346,898</u>	
Creditors: amounts falling due within one year	16		(7,581,122)		(7,200,185)
Net current assets			<u>23,172,120</u>		<u>23,146,713</u>
Total assets less current liabilities			<u>135,028,488</u>		<u>111,013,297</u>
Creditors: amounts falling due after more than one year	17		(20,292,398)		(15,960,544)
Provisions for liabilities	18		(139,844,370)		(118,609,387)
Net liabilities			<u>(25,108,280)</u>		<u>(23,556,634)</u>
Capital and reserves					
Called up share capital	19		20		20
Revaluation reserve	20		(353,563)		(353,563)
Other reserves	20		77,000		77,000
Profit and loss account	20		(24,831,737)		(23,280,091)
Deficit attributable to owners of the parent company			<u>(25,108,280)</u>		<u>(23,556,634)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27/02/20

S J Stevenson
Director



The notes on pages 15 to 36 form part of these financial statements.

Nirvana Holdings Limited

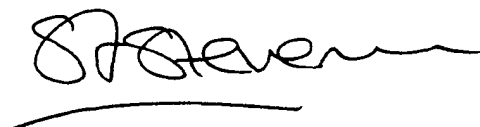
Company statement of financial position at 30 June 2019

<i>Company number 05138164</i>	<i>Note</i>	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	13		23,500,000		23,500,000
Current assets					
Debtors: amounts falling due within one year	15	220,408		-	
Creditors: amounts falling due within one year	16	(14,172,295)		(11,047,024)	
Net current liabilities			(13,951,887)		(11,047,024)
Creditors: amounts falling due after more than one year	17		-		-
Total assets less current liabilities			9,548,113		12,452,976
Capital and reserves					
Called up share capital	19		20		20
Revaluation reserve	20		11,999,998		13,999,998
Profit and loss account	20		(2,451,905)		(1,547,042)
Shareholders' funds			9,548,113		12,452,976

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was £904,863 (2018 - loss £1,468,823).

The financial statements were approved by the Board of Directors and authorised for issue on 27/02/20

S J Stevenson
Director



The notes on pages 15 to 36 form part of these financial statements.

Nirvana Holdings Limited

Consolidated statement of changes in equity for the year ended 30 June 2019

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of the parent company £
1 July 2018	20	(353,563)	77,000	(23,280,091)	(23,556,634)
Comprehensive income for the year					
Profit for the year	-	-	-	423,751	423,751
Other comprehensive income/(loss) for the year					
Currency translation differences	-	-	-	24,603	24,603
Capitalisation/bonus issue	2,000,000	-	-	(2,000,000)	-
Reduction of share capital	(2,000,000)	-	-	2,000,000	-
Distribution	-	-	-	(2,000,000)	(2,000,000)
Total comprehensive income/(loss) for the year	-	-	-	(1,551,646)	(1,551,646)
30 June 2019	20	(353,563)	77,000	(24,831,737)	(25,108,280)

The notes on pages 15 to 36 form part of these financial statements.

Nirvana Holdings Limited

Consolidated statement of changes in equity for the year ended 30 June 2018

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of the parent company £	Non- controlling interest £	Total equity £
1 July 2017	20	(503,564)	77,000	(19,150,349)	(19,576,893)	(505,000)	(20,081,893)
Comprehensive loss for the year	-	-	-	(3,590,392)	(3,590,392)	-	(3,590,392)
Loss for the year	-	-	-	(3,590,392)	(3,590,392)	-	(3,590,392)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-
Revaluation of land and buildings	-	150,001	-	-	150,001	-	150,001
Currency translation differences	-	-	-	(34,350)	(34,350)	-	(34,350)
Non-controlling interest transfer	-	-	-	(505,000)	(505,000)	505,000	-
Total comprehensive income/(loss) for the year	-	150,001	-	(4,129,742)	(3,979,741)	505,000	(3,474,741)
30 June 2018	20	(353,563)	77,000	(23,280,091)	(23,556,634)	-	(23,556,634)

The notes on pages 15 to 36 form part of these financial statements.

Nirvana Holdings Limited

Company statement of changes in equity for the year ended 30 June 2019

	Share capital £	Revaluation reserves £	Profit and loss account £	Total equity £
1 July 2018	20	13,999,998	(1,547,042)	12,452,976
Comprehensive loss for the year				
Loss for the year	-	-	(904,863)	(904,863)
Other comprehensive income/(loss) for the year				
Capitalisation/bonus issue	2,000,000	(2,000,000)	-	-
Reduction of share capital	(2,000,000)	-	2,000,000	-
Distribution	-	-	(2,000,000)	(2,000,000)
Total comprehensive loss for the year	-	(2,000,000)	(904,863)	(2,904,863)
30 June 2019	20	11,999,998	(2,451,905)	(9,548,113)

Company statement of changes in equity for the year ended 30 June 2018

	Share capital £	Revaluation reserves £	Profit and loss account £	Total equity £
1 July 2017	20	13,999,998	(78,219)	13,921,799
Comprehensive loss for the year				
Loss for the year	-	-	(1,468,823)	(1,468,823)
Total comprehensive loss for the year	-	-	(1,468,823)	(1,468,823)
30 June 2018	20	13,999,998	(1,547,042)	12,452,976

The notes on pages 15 to 36 form part of these financial statements.

Nirvana Holdings Limited

Consolidated statement of cash flows for the year ended 30 June 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit/(Loss) for the financial year		423,751	(3,590,392)
Adjustments for:			
Depreciation of tangible fixed assets	12	128,296	118,257
Amortisation of intangible assets	11	24,764	32,985
Impairment of intangible assets	11	-	156,189
Net fair value gains recognised in profit or loss inclusive of foreign exchange		(2,935,810)	1,814,034
Net interest receivable		(2,064,001)	(2,322,581)
Taxation credit	10	(7,548)	(444,837)
Increase in trade and other debtors		294,190	(3,890,797)
Increase in trade and other creditors, inclusive of provisions		21,215,933	27,071,564
Loss on disposal of investment property		-	154,463
Loss on disposal of fixed assets		31,331	-
Cash from operations		17,110,906	19,098,885
Net interest received		2,064,001	2,322,581
Taxation paid		(76,110)	(54,072)
Net cash generated from operating activities		19,098,797	21,367,394
Cash flows from investing activities			
Proceeds from sale of investment property		-	4,445,537
Proceeds from sale of tangible fixed assets		850,001	4,463
Purchases of tangible fixed assets	12	(105,377)	(118,449)
Purchase of listed investments	13	(63,249,937)	(44,355,047)
Sale of listed investments	13	41,269,709	19,640,084
Net cash used in investing activities		(21,235,604)	(20,383,412)
Cash flows from financing activities			
Repayment of loans		(6,724)	(5,127)
Net cash used in financing activities		(6,724)	(5,127)
Net (decrease)/increase in cash and cash equivalents		(2,143,531)	978,855
Cash and cash equivalents at beginning of year		7,682,489	6,703,437
Foreign exchange gains		(509)	197
Cash and cash equivalents at end of year		5,538,449	7,682,489
Cash and cash equivalents comprise:			
Cash at bank and in hand		5,538,449	7,682,489
		5,538,449	7,682,489

The notes on page 15 to 36 form part of these financial statements.

Nirvana Holdings Limited

Notes forming part of the financial statements for the year ended 30 June 2019

1. General information

Nirvana Holdings 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 and the nature of the company's and of the group's operations and its principal activities are set out in 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 unless otherwise specified within these accounting policies 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.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

2.3 Going concern

Notwithstanding the net liabilities in the statement of financial position the directors have prepared the financial statements on a going concern basis.

The net liabilities of the group reflect the fact a provision is recognised for the accumulated amounts due on each active funeral plan, either reflecting monies to be returned to the customer, or monies due to the funeral director on enactment of a funeral. 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 and/or the inherent uncertainty in predicting the timing and quantum of cancellations. In order to meet the payments required in settling the provision, the group will utilise its investments and cash resources, however there 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 group's loss arose due to the model of selling funeral plans both via lump sum and on instalment payment bases, where expenses are recognised at point of sale but revenue is recognised over the payment period.

The forecasts prepared for a period covering 12 months from the date of approval of the financial statements indicate that the group will continue to operate within its current facilities.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

Based on the above, the directors have a reasonable expectation that the group 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 group in respect of funeral plans, sold to customers either as lump sum plans (where the customer pays in full for the plan in one lump sum) or as instalment payment plans (where the customer pays for the plan in instalments over a period of time). In addition, an immaterial amount of revenue relates to commissions received on the sale of insurance backed funeral plans, exclusive of Value Added Tax.

Revenue recognised on premiums paid on lump sum funeral plan sales is based on the directors' assessment of the fair value of the services provided in arranging the funeral plan having regard to the benefit transferred to the customer in signing up to, and fully paying for, a funeral plan. A similar assessment of the fair value is made on inception of an instalment based funeral plan, however only part of the revenue is recognised, with an element of the revenue deferred until payment of the final instalment, as only at this point has the full benefit of the plan transferred to the customer.

Turnover for funeral plan sales is recognised on initial inception of each funeral plan, net of a cancellation provision, based on an assessment of the expected number of lump sum and instalment plans expected to cancel. 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.

2.5 Other operating income

Other operating income principally 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.

Other operating income in the year is offset by losses on enactments of funerals in the current and prior year.

2.6 Interest receivable and similar income

Interest receivable is immaterial. Similar income relates to instalment plan charges related to the instalment payment plans offered to customers.

2.7 Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

2. Accounting policies (continued)

2.8 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

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.

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 undertaken by professionally qualified valuers.

2.9 Valuation of investments

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

Investments in subsidiaries are measured at deemed cost on transition to FRS 102 less accumulated impairment.

2.10 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.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 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.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

2. Accounting policies (continued)

2.14 Operating leases: the Group as lessee

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

2.15 Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 group in independently administered funds.

2.16 Foreign currency translation

Functional and presentation currency

The company's and the group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the group and/or 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.

For the group, the total provision recognised, aside from deferred tax liabilities, relates to the accumulated amounts due on each active funeral plan, either reflecting monies to be returned to the customer, or monies due to the funeral director on enactment of a funeral. 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 and/or inherent uncertainty in predicting the timing and quantum of cancellations. In order to meet the payments required in settling the provision, the group will utilise its investments and cash resources, however there 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.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

2. Accounting policies (continued)

2.18 Current and deferred tax

Tax is recognised in the statement of comprehensive income, except that a charge 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 group/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.

2.19 Lease assets: Lessor

All leases are treated as operating leases. Their annual rentals are credited to profit or loss on a straight-line basis over the term of the lease.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

2. Accounting policies (continued)

2.20 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

2.22 Financial liabilities and equity

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

2. Accounting policies (continued)

2.23 Pre-arranged funeral plans

The group markets and sells pre-arranged funeral plans, with monies received from selling funeral plans being held and controlled by independent pre-arranged funeral plan trusts (the 'Trusts'). The responsibility for the ultimate performance of funerals is allocated to funeral directors who are not owned by the group. These Trusts are consolidated by the group, on the basis that whilst the customers' monies are actually paid directly to the Avalon Funeral Trusts, from the customers' perspective they have contracted with Nirvana Holdings Limited subsidiary entities. The placing of the monies into Trust is to ring-fence the customer monies in order that the subsidiary entities can meet their obligations to funeral directors as they fall due. At the direction of each subsidiary entity, the Trusts settle the obligations to the funeral directors and repay customers when required. In addition the subsidiary entities are entitled to take payment of monies from the Trust to enable payment of costs incurred in the administration of the plans.

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:

- The group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. Although the group uses external professional advisors to determine fair value the valuation of the property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility in the property market.
- The maturity of trade debtors and deferred income is an estimated position, based on the average length of active instalment plans. Given the number of active funeral plans it is not practicable to calculate the maturity profile of trade debtors and deferred income on an individual plan by plan basis.
- Turnover for funeral plan sales is recognised as described in note 2. In applying the revenue recognition policy the key judgements applied by the directors relate to:
 - i. The assessment of the services provided in arranging the funeral plan having regard to the benefit transferred to the customer in signing up to a plan, based on the nature of the funeral plans entered into. Typically in the UK the fair value of the services and the related benefit equates to the difference between a fully paid plan on inception and the agreed cost of the funeral at that date. In Europe the fair value of the services and the related benefit takes into account the significantly different procedures in relation to funerals on the continent and the associated value gained by a holder of a pre-arranged funeral plan.
 - ii. The likelihood of cancellation of funeral plans, and the value of the cancellation provision, based on historic experience of cancellation rates of funeral plans.
 - iii. The conclusion as to whether the group acts as a principal or agent with regard to the provision of funerals. As the group's principal activity is the sale of funeral plans, and the group enters a contract on behalf of the customer with a funeral director to provide the funeral and all related services, the directors believe that the group is acting as a principal in the sale of a funeral plan, but as an agent in the provision of a funeral, on the basis that when another party is involved in providing goods or services to a customer, the directors are required to determine whether the nature of its promise to the customer is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for the other party to provide those goods or services (i.e. the entity is an agent). The directors have concluded, on the basis the funeral is provided by a third party funeral director and the group has contracted with the funeral director on behalf of the specified customer at the inception of the funeral plan, that the group is an agent in the provision of the funeral.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

4. Analysis of Turnover

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

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	9,824,769	12,866,384
Rest of Europe	4,591,322	5,029,988
	<u>14,416,091</u>	<u>17,896,372</u>

5. Other operating income

	2019 £	2018 £
Loss on funeral enactments	(161,803)	(131,796)
Other	-	1,631
Net rent receivable	78,000	153,191
	<u>(83,803)</u>	<u>23,026</u>

6. Operating loss

	2019 £	2018 £
This is arrived at after charging/(crediting):		
Amortisation of intangible assets	24,764	32,985
Depreciation of tangible fixed assets	128,296	118,257
Impairment of intangible assets	-	156,189
Operating lease expense	72,250	11,692
Fees payable to the company's auditor for the audit of the company's annual accounts	12,200	10,000
Fees payable to the company's auditor for the audit of the company's subsidiaries	38,600	36,978
Non-audit fees; taxation	16,400	28,560
Exchange differences	272	(547,572)
Defined contribution pension cost	95,885	51,525
Loss on disposal of investment property	-	154,463
Loss on disposal of tangible fixed assets	31,331	4,463
	<u></u>	<u></u>

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

7. Employees

	2019 £	2018 £
Staff costs (including directors) consist of:		
Wages and salaries	6,351,492	7,621,423
Social security costs	769,909	854,304
Cost of defined contribution scheme	95,885	51,525
	<u>7,217,286</u>	<u>8,527,252</u>

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Sales agents	144	113
Office workers	41	84
Directors	4	4
	<u>189</u>	<u>201</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	622,888	812,328
Defined contribution pension scheme	13,854	9,890
	<u></u>	<u></u>

The highest paid director received remuneration of £160,250 (2018 - £279,462).

9. Interest receivable and similar income

	2019 £	2018 £
Instalment plan charges	2,061,111	2,322,175
Interest receivable	2,890	406
	<u>2,064,001</u>	<u>2,322,581</u>

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

10. Taxation on profit/(loss)

	2019 £	2018 £
<i>UK corporation tax</i>		
Adjustment in respect of previous periods	111,650	-
	<u>111,650</u>	<u>-</u>
Total current tax		
<i>Deferred tax</i>		
Origination and reversal of timing differences	(116,851)	(313,496)
Adjustment in respect of previous periods	(2,347)	(50,865)
Changes to tax rates	-	(80,476)
	<u>(119,198)</u>	<u>(444,837)</u>
Total deferred tax		
Taxation on profit/(loss)	<u>(7,548)</u>	<u>(444,837)</u>

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>416,203</u>	<u>(4,035,229)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 – 19%)	79,079	(766,694)
Effects of:		
Fixed asset differences	(14,533)	41,749
Expenses not deductible for tax purposes	795,657	649,810
Income not charged to tax	(1,110,543)	(106,973)
Chargeable losses	(703)	(245,791)
Losses eliminated	5,317	-
Adjustment in respect of previous periods	111,650	(54)
Adjustment in respect of previous periods – deferred tax	(2,347)	(50,865)
Deferred tax not recognised	103,008	30,081
Adjust closing deferred tax to average rate	25,865	3,900
	<u>(7,548)</u>	<u>(444,837)</u>
Total tax credit		

The current rate of UK corporation tax is 19%. A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted in October 2015.

The group has tax losses available of £11,972,359 (2018 - £9,123,039) for which a deferred tax asset has not been recognised, on the basis that it is unlikely the asset would be recovered in the foreseeable future.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

11. Intangible assets

Group	Goodwill £
<i>Cost</i>	
At 1 July 2018	1,453,832
	<hr/>
At 30 June 2019	1,453,832
	<hr/>
<i>Amortisation</i>	
At 1 July 2018	1,230,949
Charge for the year	24,764
Impairment	-
	<hr/>
At 30 June 2019	1,255,713
	<hr/>
<i>Net book value</i>	
At 30 June 2019	198,119
	<hr/>
At 30 June 2018	222,883
	<hr/>

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

12. Tangible fixed assets

Group	Land and buildings £	Other fixed assets £	Total £
<i>Cost or valuation</i>			
At 1 July 2018	1,078,918	918,554	1,997,472
Additions	-	105,377	105,377
Disposals	(850,001)	(346,817)	(1,196,818)
Exchange adjustments	2,712	594	3,306
At 30 June 2019	231,629	677,708	909,337
<i>Depreciation</i>			
At 1 July 2018	-	567,018	567,018
Charge for the year	-	128,296	128,296
Disposals	-	(315,486)	(315,486)
Exchange adjustments	-	545	545
At 30 June 2019	-	380,373	380,373
<i>Net book value</i>			
At 30 June 2019	231,629	297,335	528,964
At 30 June 2018	1,078,918	351,536	1,430,454

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

	2019 £	2018 £
Cost	518,268	1,368,269
Accumulated depreciation	(125,827)	(336,462)
	392,441	1,031,807

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

13. Fixed asset investments

Group	Listed investments £	Unlisted investments £	Total £
<i>Cost or valuation</i>			
At 1 July 2018	82,702,316	10,931	82,713,247
Additions	63,249,937	-	63,249,937
Disposals	(41,269,709)	-	(41,269,709)
Exchange adjustments	641,427	-	641,427
Revaluation	2,294,383	-	2,294,383
At 30 June 2019	107,618,354	10,931	107,629,285

Company

Investments in subsidiary undertakings

At 1 July 2018 and 30 June 2019 £
23,500,000

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity	Country
The Avalon Trustee Company Limited	Ordinary	100%	Sale of funeral plans and arrangement	UK
Avalon (Europe) Limited	Ordinary	100%	Sale of funeral plans and arrangement	UK
Avalon SL	Ordinary	100%	Arrangement of funeral plans	Spain
Avalon Newco Limited	Ordinary	100%	Holding Company	UK
Avalon Direct Limited	Ordinary	100%*	Marketing of funeral plans and arrangement	UK
Orpheus 2017 Limited	Ordinary	100%	Dormant Company	UK

The registered office of Avalon SL is Avda María del Mar Rodríguez 41, 03169 Algorfa, Alicante, Spain.

The registered office of all other subsidiaries is the same as the parent company, Unit A2 Brooke Court, Handforth Dean, Wilmslow, Cheshire, England, SK9 3ND.

*Ownership is indirectly held by Nirvana Holdings Limited. The Avalon Trustee Company Limited owns 100% of the shares in Avalon Newco Limited, which in turn owns 100% of Avalon Direct Limited.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

14. Investment properties

	Total £
<i>Valuation</i>	
At 1 July 2018 and 30 June 2019	3,500,000

The investment property was valued at 30 June 2016 by an independent investment manager employed by the company to manage its investment portfolio. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. In the opinion of the Directors, the valuation of the property has not changed.

As disclosed in note 5, property rental income earned during the year was £78,000 (2018 - £153,191). At the statement of financial position date the group had contracted with tenants with the following future minimum lease payments:

	2019 £	2018 £
Within one year	33,000	-
One – two years	-	-
Two – five years	-	-

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Trade debtors	17,354,566	15,653,650	-	-
Due within one year				
Trade debtors	3,645,094	3,505,202	-	-
Other debtors	128,758	244,819	-	-
Amounts due to related parties	220,408	-	220,408	-
Prepayments	3,823,844	3,183,375	-	-
Corporation tax	42,123	77,363	-	-
	<u>7,860,227</u>	<u>7,010,759</u>	<u>220,408</u>	<u>-</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £nil (2018 - £nil).

The maturity of trade debtors is an estimated position, based on the average length of active instalment plans, as described in note 3.

16. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loan	2,693	9,347	-	-
Amounts due to parent company	1,667,255	1,374,693	1,667,255	1,374,693
Amounts due to subsidiary undertakings	-	-	12,498,540	9,665,831
Taxation and social security	453,795	337,518	-	-
Corporation tax	-	-	-	-
Accruals and deferred income	4,404,303	3,725,673	6,500	6,500
Trade creditors	609,466	1,007,584	-	-
Other creditors	443,610	745,370	-	-
	<u>7,581,122</u>	<u>7,200,185</u>	<u>14,172,295</u>	<u>11,047,024</u>

Amounts due to other group undertakings are interest free and due on demand.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

17. Creditors: amounts falling due after more than one year

Group	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accruals and deferred income	20,292,398	15,960,544	-	-
	<u>20,292,398</u>	<u>15,960,544</u>	<u>-</u>	<u>-</u>

The maturity of accruals and deferred income is an estimated position, based on the average length of active instalment plans, as described in note 3.

18. Provisions

Group	Deferred tax £	Funeral provision £	Total £
At 1 July 2018	(119,198)	(118,490,189)	(118,609,387)
Net movement in the year	119,198	(21,354,181)	(21,234,983)
	<u>-</u>	<u>(139,844,370)</u>	<u>(139,844,370)</u>
At 30 June 2019	-	(139,844,370)	(139,844,370)

Funeral provision

The provision is accounted for as described in the accounting policies. The amount is not capable of being split into periods of maturity.

An alternative accounting methodology would be to adopt an actuarial valuation of the liability. However this would reflect an expected drop off as some customers would withdraw or cancel their plans and the directors consider that this would 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 23.

Deferred tax

	Capital Gains £	Fixed asset timing differences £	Total £
As at 30 June 2019			
Deferred tax liability	-	-	-
As at 30 June 2018			
Deferred tax liability	(112,395)	(6,803)	(119,198)

It should be noted that reversals (or further increases in deferred tax balances) may arise as a result of revaluations of investment property and/or listed investments. As the future deferred tax balances, if any, will be dependent on future changes in fair values of assets and liabilities, it is not possible to estimate future reversals.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

19. Share capital

Group and Company	Number '000	£
As at 1 July 2018	2	20
Issued on 6 December 2018 at £0.01 nominal value	200,000	2,000,000
Share capital reduction on 6 December 2018 at £0.01 nominal value	(200,000)	(2,000,000)
As at 30 June 2019	2	20

20. Reserves

Called up share capital

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

Revaluation reserve

Revaluation reserve represents cumulative revaluations on individual freehold and leasehold properties.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Other reserves

Other reserve remains as in accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 July 2014.

Non-controlling interest

Non-controlling interest is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition and share of the cumulative profits or losses post acquisition.

21. Dividends

	2019 £	2018 £
Interim 2019 declared and paid on 6 December 2019 at £100,000 per share	2,000,000	-

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

22. Related party transactions

The company has taken the exemption available in section 33.1A of FRS 102 not to disclose transactions with other wholly owned subsidiaries within the group as consolidated accounts, including the subsidiary undertakings, are publicly available.

Key management personnel disclosures relate to directors' remuneration only - in the opinion of the directors there are no further key management personnel.

The Tamalow Limited Share Trust

The Tamalow Limited Share Trust was established to acquire, hold and transfer shares in Tamalow Limited as required by that company. Nirvana Holdings Limited is the trustee of the Trust. The Trust has in the year acquired shares in Tamalow Limited, the parent company of Nirvana Holdings Limited at a value of £220,408. This debt is outstanding at the year end, due from the Trust to Nirvana Holdings Limited.

23. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Tamalow Limited, a company registered in Ireland. There is no majority shareholder of Tamalow Limited which controls the company.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

24. The Avalon Funeral Trusts No 1, 2, 3 & 4

The Avalon Funeral Trusts are independently administered schemes for the pre-arrangement and pre-funding of funeral services. A formal independent actuarial review of the Avalon Funeral Trusts has been prepared as at 30 June 2019.

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

Trust No 1

At the valuation date, the values of the Trust's net current and non-current assets excluding amounts due to the group were sufficient to cover 96% (2018 - 96%) of the actuarial liabilities.

The net current and non-current assets of the Avalon Funeral Trust No. 1 as at 30 June 2019 excluding amounts due to the group comprise:

	2019 £	2018 £
Listed investments	13,873,702	12,033,512
Investment properties	-	850,000
Prepayments	15,541	-
Bank balances	270,508	1,015,599
Taxation	(45,724)	(51,287)
Other creditors	(51,944)	(46,510)
	<hr/>	<hr/>
Total	14,062,083	13,801,314
	<hr/>	<hr/>

The actuarial value of total Trust liabilities compared with the value of the above is as follows:

	2019 £	2018 £
Net current and non-current assets excluding amounts due to the group	14,062,083	13,801,314
Actuarial liabilities	(14,581,000)	(14,315,000)
	<hr/>	<hr/>
Deficit	(518,917)	(513,686)
	<hr/>	<hr/>

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

24. The Avalon Funeral Trusts No 1, 2, 3 & 4 (continued)

Trust No 2

At the valuation date, the values of the Trust's net current and non-current assets excluding amounts due to the group were sufficient to cover 99.9% (2018 - 96%) of the actuarial liabilities.

The net current and non-current assets of the Avalon Funeral Trust No. 2 as at 30 June 2019 excluding amounts due to the group comprise:

	2019 £	2018 £
Listed investments	10,399,816	9,627,683
Investment properties	3,500,000	3,500,000
Prepayments	15,541	-
Bank balances	523,587	1,307,714
Taxation	(7,103)	(41,044)
Other creditors	(21,497)	(29,852)
	<hr/>	<hr/>
Total	14,410,344	14,364,501
	<hr/>	<hr/>

The actuarial value of total Trust liabilities compared with the value of the above is as follows:

	2019 £	2018 £
Net current and non-current assets excluding amounts due to the group	14,410,344	14,364,501
Actuarial liabilities	(14,424,000)	(14,981,000)
	<hr/>	<hr/>
Deficit	(13,656)	(616,499)
	<hr/>	<hr/>

Trust No 3

At the valuation date, the values of the Trust's net current and non-current assets excluding amounts due to the group were sufficient to cover 128% (2018 - 124%) of the actuarial liabilities.

The net current and non-current assets of the Avalon Funeral Trust No. 3 as at 30 June 2019 excluding amounts due to the group comprise:

	2019 £	2018 £
Listed investments	51,285,775	36,665,703
Bank balances	3,086,661	2,504,165
Creditors	(155,596)	(301,155)
	<hr/>	<hr/>
Total	54,216,840	38,868,713
	<hr/>	<hr/>

Nirvana Holdings Limited

Notes forming part of the financial statements (continued) for the year ended 30 June 2019

24. The Avalon Funeral Trusts No 1, 2, 3 & 4 (continued)

The actuarial value of total Trust liabilities compared with the value of the above is as follows:

	2019 £	2018 £
Net current and non-current assets excluding amounts due to the group	54,216,840	38,868,713
Actuarial liabilities	(42,207,000)	(31,381,000)
	<hr/>	<hr/>
Surplus	12,009,840	7,487,713
	<hr/>	<hr/>

Trust No 4

At the valuation date, the values of the Trust's net current and non-current assets excluding amounts due to the group were sufficient to cover 120% (2018 - 115%) of the actuarial liabilities.

The net current and non-current assets of the Avalon Funeral Trust No. 4 as at 30 June 2019 excluding amounts due to the group comprise:

	2019 £	2018 £
Listed investments	32,049,964	24,375,427
Bank balances	1,646,218	2,098,910
Creditors	(338,982)	(436,846)
	<hr/>	<hr/>
Total	33,357,200	26,037,491
	<hr/>	<hr/>

The actuarial value of total Trust liabilities compared with the value of the above is as follows:

	2019 £	2018 £
Net current and non-current assets excluding amounts due to the group	33,357,200	26,037,491
Actuarial liabilities	(27,694,000)	(22,652,000)
	<hr/>	<hr/>
Surplus	5,663,200	3,385,491
	<hr/>	<hr/>

For the purposes of the actuarial calculations above (on all four Trusts) the actuary has adopted the funding method known as the Net Premium Method. This method involves projecting the funeral plan payments into the future until the assumed life expectancy of the plan holder. The funeral plan payments consist of both the Funeral Directors Fees and the Disbursement Costs. The projection will allow for future increases on the funeral payments in line with the assumed rate of inflation. The projected expected funeral payments are then discounted back at the net discount rate to the valuation date. For instalment plans, the discounted funeral payments are reduced by the present value of the future expected premiums payable on the plan.

As per Clause 14 of the Trust Deed if an actuarial investigation discloses that the Trust assets are less than the Trust liabilities, the group's subsidiary entities shall make such payment to the Trust as certified by the actuary as necessary to rectify the position.

Nirvana Holdings Limited

Notes forming part of the financial statements (continued)
for the year ended 30 June 2019

25. Commitments under operating leases

	2019 £	2018 £
Group		
Not later than 1 year	77,923	2,923
Later than 1 year and not later than 5 years	243,750	-
	<u>321,673</u>	<u>2,923</u>

26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £95,885 (2018 - £51,525). Contributions totalling £37,606 (2018 - £54,982) were payable to the fund at the balance sheet date and are included in creditors. The Company had no pension commitments in either year.

27. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Amounts measured at amortised cost	20,999,660	19,158,852	-	-
Amounts measured at undiscounted amounts receivable	5,770,826	7,927,308	220,408	-
Financial liabilities				
Amounts measured at undiscounted amounts payable	(3,172,307)	(3,313,259)	(14,172,296)	(11,047,024)

Financial assets measured at amortised cost comprise trade debtors. Those held at undiscounted amount receivable comprise other debtors and cash.

Financial liabilities measured at undiscounted amount payable comprise, bank loans and overdrafts, trade creditors, other creditors, accruals (excluding deferred income) and amounts owed to other group undertakings.