

Registered number 08292082

Beverley Funerals Limited
Annual report and financial statements
for the year ended 31 July 2016

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Beverley Funerals Limited

Annual report and financial statements for the year ended 31 July 2016

Contents

Directors and advisers for the year ended 31 July 2016	2
Strategic report for the year ended 31 July 2016	3
Directors' report for the year ended 31 July 2016	4
<i>Independent auditors' report to the members of Beverley Funerals Limited</i>	7
Consolidated profit and loss account for the year ended 31 July 2016	9
Consolidated balance sheet as at 31 July 2016	11
Company balance sheet as at 31 July 2016	12
Consolidated statement of changes in equity for the year ended 31 July 2016	13
Company statement of changes in equity for the year ended 31 July 2016	14
Consolidated cash flow statement for the year ended 31 July 2016	15
Notes to the cash flow statement for the year ended 31 July 2016	17
Accounting policies	20
Notes to the financial statements for the year ended 31 July 2016	25

Beverley Funerals Limited

Directors and advisers for the year ended 31 July 2016

Directors

G A D Whittaker

K A Willis

S J Barrick

Company Secretary

G A D Whittaker

Registered Office

Suite C, Annie Reed Road Court

Annie Reed Road

Beverley

East Yorkshire

England

HU17 0LF

Independent Auditors

PricewaterhouseCoopers LLP

2 Humber Quays

Wellington Street West

Hull

HU1 2BN

Beverley Funerals Limited

Strategic report for the year ended 31 July 2016

The directors present their strategic report on the group for the year ended 31 July 2016.

Review of the business

The principal activities of the group throughout the year have been the provision of funerals and related services. The company's head office is based in Beverley and its funeral branches are all located in the North of England.

During the year, the group made an operating profit of £2.9m (2015: £2.3m) and completed one acquisition of a local, independent funeral directors at a cost of £3.0m including costs. This increased the number of funeral branches to 34 at 31 July 2016 and the directors believe the group is well placed to make further similar acquisitions in the future.

The shareholders waived £1.0m of previously capitalised interest on loans, and converted a further £3.6m of those loans into equity, to further strengthen the group's balance sheet.

The principal risks faced by the group relate to fluctuations in local death rates.

The main KPIs used by the business are turnover and cash balances. During the year ended 31 July 2016, the turnover of the group was £17.5m (2015: £13.8m) and its cash balance increased from £1.8m to £3.9m, following the continued profitability of the group.

The group remains committed to providing localised, high quality funeral services to its families.

Approved by the Board and signed on its behalf



S J Barrick
Director

13 December 2016

Beverley Funerals Limited

Directors' report for the year ended 31 July 2016

The directors present their report with the audited financial statements of the group for the year ended 31 July 2016.

Business activities

The principal activities of the group during the year under review were those of the provision of funerals and related services.

Results and Dividends

The group's profit for the financial year is £2,199,748 (2015: £639,748). No dividends have been distributed for the year ended 31 July 2016 (2015: £nil).

Future developments

The group intends to expand through the acquisition of businesses which it believes will contribute to its operational success going forward.

Directors

The directors shown below have held office during the year and up to the date of this report:

G A D Whittaker
K A Willis
S J Barrick

Financial instruments

The group's principal financial instruments comprise bank balances, bank overdrafts and loans, trade debtors, trade creditors, hire purchase contracts and interest rate swaps. The main purpose of these instruments is to raise funds and finance for the group's operations.

As part of its operations the group is exposed to a range of financial risks, the most significant being: liquidity risk, credit risk and cash flow risk.

The group manages the liquidity risk by ensuring there are sufficient funds to meet its liabilities as they fall due.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits.

Cash flow risk is managed through careful monitoring of trade balances and the use of an interest rate swap on the loan facility.

Charitable contributions

During the year the group gave £5,512 (2015: £2,073) in respect of charitable donations.

Beverley Funerals Limited

Directors' report for the year ended 31 July 2016 (continued)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

We have maintained our commitment to employee involvement throughout the business. Employees are kept informed of the performance and objectives of the group through regular meetings with senior management. Directors and senior management regularly visit units and discuss, with employees, matters of current interest and concern to the business.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 the group and of the profit or loss of the company and 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group'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.

Beverley Funerals Limited

Directors' report for the year ended 31 July 2016 (continued)

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".

Each director has taken all the steps that he ought to have taken in his duty as a director (such as making enquiries of other directors and the auditors and any other steps required by the directors' duty to exercise due care, skill and diligence) in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf



S J Barrick
Director

13 December 2016

Beverley Funerals Limited

Independent auditors' report to the members of Beverley Funerals Limited

Report on the financial statements

Our opinion

In our opinion, Beverley Funerals Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2016 and of the group's profit and cash flows 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial statements ("the "Annual Report"), comprise:

- the Consolidated and company balance sheets as at 31 July 2016;
- the Consolidated profit and loss account and Statement of total comprehensive income for the year then ended;
- the Consolidated cash flow statement for the year then ended;
- the notes to the cash flow statement;
- the Consolidated and Company statements of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Beverley Funerals Limited

Independent auditors' report to the members of Beverley Funerals Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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 & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

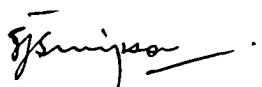
We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine the information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Steve Simpson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull

19 December 2016

Beverley Funerals Limited

Consolidated profit and loss account for the year ended 31 July 2016

	Note	2016 £	2015 £
Turnover			
Continuing operations:			
Existing		17,020,694	12,477,527
Acquisitions		436,378	1,295,656
	3	17,457,072	13,773,183
Cost of sales	4	(11,807,630)	(9,174,606)
Gross profit		5,649,442	4,598,577
Administrative expenses	4	(2,794,961)	(2,309,940)
Operating profit			
Continuing operations:			
Existing	4	2,737,883	2,055,885
Acquisitions	4	116,598	232,752
	6	2,854,481	2,288,637
Profit on ordinary activities before interest		2,854,481	2,288,637
Interest receivable and similar income	7	995,468	27,958
Interest payable and similar charges	8	(1,100,670)	(1,323,649)
Profit on ordinary activities before taxation		2,749,279	992,946
Tax on profit on ordinary activities	9	(549,531)	(353,198)
Profit for the financial year		2,199,748	639,748

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Beverley Funerals Limited

Statement of total comprehensive income for the year ended 31 July 2016

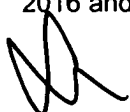
Profit for the financial year		2,199,748	639,748
Gain on property revaluations	12	-	3,925,374
Deferred tax on gain on property revaluations	18	80,969	(776,915)
Total comprehensive income relating to the year		2,280,717	3,788,207

Beverley Funerals Limited

Consolidated balance sheet as at 31 July 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	14,769,538	14,267,732
Tangible assets	12	20,402,068	18,058,384
		35,171,606	32,326,116
Current assets			
Stocks	14	202,901	206,920
Debtors	15	873,064	925,034
Cash and cash equivalents		3,865,620	1,784,693
		4,941,585	2,916,647
Creditors - amounts falling due within one year	16	(2,794,195)	(3,122,868)
Net current assets / (liabilities)		2,147,390	(206,221)
Total assets less current liabilities		37,318,996	32,119,895
Creditors - amounts falling due after more than one year	17	(22,953,334)	(23,901,925)
Provision for liabilities	18	(2,119,046)	(1,852,071)
Net assets		12,246,616	6,365,899
Capital and reserves			
Called up share capital	24	3,223,313	2,500,000
Share premium account		2,876,687	-
Profit and loss account		2,917,188	717,440
Revaluation reserve		3,229,428	3,148,459
Total shareholders' funds		12,246,616	6,365,899

The financial statements on pages 9 to 41 were approved by the board of directors on 13 December 2016 and were signed on its behalf by:



S J Barrick
Director



G A D Whittaker
Director

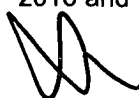
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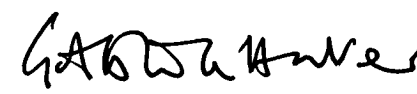
Beverley Funerals Limited

Company balance sheet as at 31 July 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	14,769,538	14,267,732
Tangible assets	12	20,402,068	18,058,384
Fixed asset investments	13	203,892	203,890
		35,375,498	32,530,006
Current assets			
Stock	14	202,901	206,920
Debtors	15	873,064	925,034
Cash and cash equivalents		3,865,620	1,784,693
		4,941,585	2,916,647
Creditors - amounts falling due within one year	16	(2,998,087)	(3,326,758)
Net current assets / (liabilities)		1,943,498	(410,111)
Total assets less current liabilities		37,318,996	32,119,895
Creditors – amounts falling due after more than one year	17	(22,953,334)	(23,901,925)
Provisions for liabilities	18	(2,119,046)	(1,852,071)
Net assets		12,246,616	6,365,899
Capital and reserves			
Called up share capital	24	3,223,313	2,500,000
Share premium account		2,876,687	-
Profit and loss account		2,917,188	717,440
Revaluation reserve		3,229,428	3,148,459
Total shareholders' funds		12,246,616	6,365,899

The financial statements on pages 9 to 41 were approved by the board of directors on 13 December 2016 and were signed on its behalf by:


S J Barrick
Director


G A D Whittaker
Director
Registered Number 08292082

Beverley Funerals Limited

Consolidated statement of changes in equity for the year ended 31 July 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Revaluation reserve £	Total equity £
Balance as at 1 August 2014	2,500,000	-	77,692	-	2,577,692
Profit for the financial year	-	-	639,748	-	639,748
Other comprehensive income for the year	-	-	-	3,148,459	3,148,459
Total comprehensive income for the year	-	-	639,748	3,148,459	3,788,207
Total transactions with owners recognised directly in equity	-	-	-	-	-
Balance as at 31 July 2015	2,500,000	-	717,440	3,148,459	6,365,899

Balance as at 1 August 2015	2,500,000	-	717,440	3,148,459	6,365,899
Profit for the financial year	-	-	2,199,748	-	2,199,748
Other comprehensive income for the year	-	-	-	80,969	80,969
Total comprehensive income for the year	-	-	2,199,748	80,969	2,280,717
Shares issued	723,313	2,876,687	-	-	3,600,000
Total transactions with owners recognised directly in equity	723,313	2,876,687	-	-	3,600,000
Balance as at 31 July 2016	3,223,313	2,876,687	2,917,188	3,229,428	12,246,616

Beverley Funerals Limited

Company statement of changes in equity for the year ended 31 July 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Revaluation reserve £	Total equity £
Balance as at 1 August 2014	2,500,000	-	77,692	-	2,577,692
Profit for the financial year	-	-	639,748	-	639,748
Other comprehensive income for the year	-	-	-	3,148,459	3,148,459
Total comprehensive income for the year	-	-	639,748	3,148,459	3,788,207
Total transactions with owners recognised directly in equity	-	-	-	-	-
Balance as at 31 July 2015	2,500,000	-	717,440	3,148,459	6,365,899
Balance as at 1 August 2015	2,500,000	-	717,440	3,148,459	6,365,899
Profit for the financial year	-	-	2,199,748	-	2,199,748
Other comprehensive income for the year	-	-	-	80,969	80,969
Total comprehensive income for the year	-	-	2,199,748	80,969	2,280,717
Shares issued	723,313	2,876,687	-	-	3,600,000
Total transactions with owners recognised directly in equity	723,313	2,876,687	-	-	3,600,000
Balance as at 31 July 2016	3,223,313	2,876,687	2,917,188	3,229,428	12,246,616

Beverley Funerals Limited

Consolidated cash flow statement for the year ended 31 July 2016

	Note	2016 £	2015 £
Net cash inflow from operating activities	1	4,427,945	3,124,724
Taxation		(673,420)	(298,018)
Net cash outflow from investing activities	2	(146,169)	(276,270)
Net cash inflow from financing activities	2	1,286,099	3,472,294
Acquisitions	2	(2,813,528)	(6,930,796)
Increase / (decrease) in cash in the year		2,080,927	(908,066)
Cash and cash equivalents at the beginning of the year		1,784,693	2,692,759
Cash and cash equivalents at the end of the year		3,865,620	1,784,693
Reconciliation of net cash flow to movement in net debt			
Net debt at 1 August 2015/2014		(23,846,884)	(17,301,998)
Increase / (decrease) in cash in the year		2,080,927	(908,066)
Cash inflow from increase in debt and lease financing	3	(2,326,653)	(4,253,939)
Issue costs of net borrowing	3	38,095	33,731
Amortisation of debt issue costs	3	(36,115)	(56,104)
Other non-cash movements	3	3,613,669	(1,360,508)
Net debt at 31 July 2016/2015	3	(20,476,961)	(23,846,884)
Net debt before issue costs at 31 July 2016/2015		(20,628,192)	(23,996,135)
Issue costs of borrowings		328,076	289,981
Amortisation of debt issue costs		(176,845)	(140,730)
Net debt		(20,476,961)	(23,846,884)

Beverley Funerals Limited

Consolidated cash flow statement for the year ended 31 July 2016 (continued)

	2016 £	2015 £
Loans and other borrowings (note 19)	22,821,187	24,653,618
Fair value of interest rate swap	184,481	123,128
Hire purchase (note 20)	1,488,144	1,004,082
Cash at bank and in hand	(3,865,620)	(1,784,693)
Net debt before issue costs	20,628,192	23,996,135

Beverley Funerals Limited

Notes to the cash flow statement for the year ended 31 July 2016

1 Reconciliation of operating profit to net cash inflow from operating activities

	2016 £	2015 £
Operating profit	2,854,481	2,288,637
Depreciation	704,361	467,639
Amortisation	770,407	608,571
Profit on disposal of fixed assets	(23,177)	(19,468)
Decrease in stocks	9,236	2,653
Decrease / (increase) in debtors	119,717	(220,626)
Decrease in creditors	(7,080)	(2,682)
Net cash inflow from operating activities	4,427,945	3,124,724

Beverley Funerals Limited

Notes to the cash flow statement for the year ended 31 July 2016 (continued)

2 Analysis of cash flows for headings netted in the cash flow statement

Cash flow from investing activities

	£	£
Purchase of tangible fixed assets	(1,200,115)	(1,206,504)
Of which acquired through hire purchase	919,909	851,998
Proceeds from disposals of tangible fixed assets	133,500	78,236
Interest received	537	-
Net cash outflow from investing activities	(146,169)	(276,270)

Cash flow from financing activities

	2016 £	2015 £
Capital repayments on hire purchase contracts	(435,847)	(374,747)
Interest element of hire purchase payments	(58,003)	(47,188)
Proceeds from issue of bank borrowings	4,463,594	5,043,750
Repayment of bank borrowings	(1,701,094)	(415,064)
Issue costs of bank loan	(38,095)	(33,731)
Interest paid	(944,456)	(700,726)
Net cash inflow from financing activities	1,286,099	3,472,294

Acquisitions

Purchase of trade and assets	-	(4,828,271)
Purchase of subsidiary undertaking (note 25)	(2,970,000)	(2,721,856)
Other costs of acquisition	(2,572)	-
Net cash acquired with subsidiary (note 25)	159,044	619,331
Net cash outflow from acquisitions	(2,813,528)	(6,930,796)

Beverley Funerals Limited

Notes to the cash flow statement for the year ended 31 July 2016 (continued)

3 Analysis of changes in net debt

	At 1 August 2015	Cash flow	Other non- cash changes	At 31 July 2016
	£	£	£	£
Cash at bank and in hand	1,784,693	2,080,927	-	3,865,620
Hire purchase	(1,004,082)	435,847	(919,909)	(1,488,144)
Debts falling due within one year	(1,304,376)	701,094	(84,218)	(687,500)
Debt due after one year	(23,349,242)	(3,463,594)	4,679,149	(22,133,687)
Interest rate swap	(123,128)	-	(61,353)	(184,481)
	(25,780,828)	(2,326,653)	3,613,669	(24,493,812)
Net debt before issue costs	(23,996,135)	(245,726)	3,613,669	(20,628,192)
Issue costs:				
Debts falling due within one year	61,759	-	(32,953)	28,806
Debt due after one year	87,492	38,095	(3,162)	122,425
	149,251	38,095	(36,115)	151,231
Net debt	(23,846,884)	(207,631)	3,577,554	(20,476,961)

Other non-cash changes represent new hire purchase agreements, movement in fair value of interest rate swap, waiver of interest previously capitalised, conversion of loan notes into capital and the amortisation of debt issue costs in the year.

Beverley Funerals Limited

Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis and under the historical cost convention with the exception of properties which are held at valuation. They have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

Basis of consolidation

The group financial statements consolidate the financial statements of Beverley Funerals Limited and all of its subsidiary undertakings drawn up to 31 July 2016. The results of subsidiaries sold or acquired are included in the Consolidated profit and loss account up to, or from, the date control passes. All material intercompany transactions, balances and unrealised profits and losses on transactions between group companies have been eliminated. All companies within the group have consistent accounting policies.

Turnover

Turnover represents the net invoiced sales of goods and services, excluding value added tax.

Turnover is recognised when the economic risks and rewards are transferred to the third party.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Beverley Funerals Limited

Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Consolidated profit and loss account, except to the extent that it relates to items recognised in other comprehensive income. In this case tax is also recognised in other comprehensive income. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed in the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. The Directors have reviewed the useful economic life of goodwill which in the light of its durability is considered to be 20 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Consolidated profit and loss account.

Beverley Funerals Limited

Accounting policies (continued)

Tangible fixed assets and depreciation

Freehold land is not depreciated. Freehold buildings occupied by funeral directors are subject to depreciation, however, as in the directors' opinion the residual value of the asset is expected to be equal or in excess of the original value there is no depreciable amount. The carrying values of tangible fixed assets are reviewed for impairments in periods if events or changes in circumstances indicate the carrying values may not be recoverable.

Properties are accounted for at open market existing use valuation. A full valuation is obtained from a qualified valuer for each property every 5 years, with an interim valuation every 3 years, and in any year when it is likely that there has been a material change in value.

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

Other fixed assets are written off by equal annual instalments over the expected useful lives of the assets as follows:

Fixtures and fittings	4 – 10 years
Motor vehicles	5 – 10 years

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Stocks

Stocks are valued on a first in, first out basis, at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Consolidated profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Fixed asset investments

Investments in subsidiaries are valued at cost less provision for impairment.

Beverley Funerals Limited

Accounting policies (continued)

Related parties

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements. The company has taken advantage of the exemption available under the terms of paragraph 33.1A of FRS 102 from disclosure of transactions with other wholly owned group undertakings.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

(ii) *Financial liabilities*

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Beverley Funerals Limited

Accounting policies (continued)

Financial instruments (continued)

(ii) *Financial liabilities (continued)*

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Fair values on acquisition*

The fair value of tangible and intangible assets acquired on the acquisition of funeral branches involve the use of valuation techniques. Properties are valued in accordance with the Royal Institute of Chartered Surveyors appraisal and valuation manual. Other tangible fixed assets are valued at historic cost less depreciation and any applicable impairment. Current assets and liabilities are valued at their estimated realisable value.

(ii) *Impairment of goodwill*

The group considers whether goodwill is impaired at each year-end. This requires estimation of the future cash flows from the cash generating units (CGU's), being individual funeral branches, and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(iii) *Impairment of debtors*

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provision.

(iv) *Valuation of properties*

The valuations for the land and buildings relating to funeral branches are re-assessed at the end of each year. This is performed through the support of an external expert periodically.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016

1 General Information

Beverley Funerals Limited ('the Company') and its subsidiaries (together 'the group') provide funeral and other related services. The company is incorporated and domiciled in the UK. The address of its registered office is Suite C, Annie Reed Road Court, Annie Reed Road, Beverley, East Yorkshire, England, HU17 0LF.

2 Statement of compliance

The Group and individual financial statements of Beverley Funerals Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. Details of the transition to FRS 102 are disclosed in note 28.

3 Turnover

The turnover is attributable to the principal activities of the group which are all within the United Kingdom.

4 Analysis of operating profit

	2016		2015	
	Continuing £	Acquisitions £	Continuing £	Acquisitions £
Turnover	17,020,694	436,378	12,477,527	1,295,656
Cost of sales	(11,540,167)	(267,463)	(8,249,484)	(925,122)
Gross Profit	5,480,527	168,915	4,228,043	370,534
Administrative expenses	(2,742,644)	(52,317)	(2,172,158)	(137,782)
Operating profit	2,737,883	116,598	2,055,885	232,752

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

5 Staff costs

Group	2016 £	2015 £
Wages and salaries	3,568,849	2,712,483
Social security costs	315,565	253,653
Other pension costs	26,073	25,215
	3,910,487	2,991,351

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

	2016 No.	2015 No.
Directors	3	3
Services	99	71
Administration	5	4
	107	78

	2016 £	2015 £
Directors' remuneration	194,887	193,183
Company contributions to money purchase scheme	5,000	5,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase scheme	1	1
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Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

6 Operating profit

	2016 £	2015 £
Operating profit is stated after charging/(crediting):		
Other operating lease charges	70,404	66,035
Depreciation of owned assets	446,882	266,356
Depreciation – assets on hire purchase contracts	257,479	201,283
Amortisation of goodwill	770,407	609,942
Profit on disposal of fixed assets	(23,177)	(19,468)
Stock recognised as an expense	1,032,676	774,639
Services provided by the group's auditor;		
Fees payable for the audit	22,500	21,400
Fees payable for other services	6,000	3,000

7 Interest receivable and similar income

	2016 £	2015 £
Shareholders' loan interest payable forgone	994,931	-
Bank interest received	537	27,958
	995,468	27,958

8 Interest payable and similar charges

	2016 £	2015 £
Shareholders' loans	-	428,786
Bank loan interest	945,200	711,831
Amortisation of debt issue costs	36,115	56,104
Hire purchase	58,002	47,188
Expense on interest rate swap	61,353	79,723
Other interest payable	-	17
	1,100,670	1,323,649

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

9 Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge on the profit on ordinary activities for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	514,905	330,070
Adjustments in respect of prior periods	1,395	18,891
Total current tax	516,300	348,961
Deferred tax	33,231	4,237
Tax on profit on ordinary activities	549,531	353,198

(b) Factors affecting current tax

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,749,279	992,946
Profit on ordinary activities multiplied by the effective rate of UK tax of 20.00% (2015: 20.67%)	549,856	205,242
Effects of:		
Expenses not deductible for tax purposes	127,780	119,356
Changes in tax rates	(114,393)	16,202
Adjustments in respect of prior periods	1,395	18,891
Tax impact of indexation allowances	(15,107)	(6,493)
Total tax charge	549,531	353,198

Factors affecting current and future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015. Further reductions to the UK Corporation tax rates were enacted as part of the Finance (No. 2) Act 2015 on 18 November 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities reflect these rates. A further reduction of the main rate to 17% has been announced but not enacted at the balance sheet date. It is set to commence by 2020.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

10 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £2,199,748 (2015: £639,748).

11 Intangible assets

Group and Company	Goodwill £
Cost	
At 1 August 2015	14,876,303
Additions (note 25)	1,272,213
At 31 July 2016	16,148,516
Accumulated amortisation	
At 1 August 2015	608,571
Amortisation	770,407
At 31 July 2016	1,378,978
Net book value	
At 31 July 2016	14,769,538
At 31 July 2015	14,267,732

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

12 Tangible assets

Group and Company	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total
Cost or valuation				
At 1 August 2015	15,015,000	1,334,288	3,854,278	20,203,566
Additions	-	136,541	1,063,574	1,200,115
Acquisitions	1,900,000	8,769	166,984	2,075,753
Disposals	-	-	(613,943)	(613,943)
At 31 July 2016	16,915,000	1,479,598	4,470,893	22,865,491
Accumulated depreciation				
At 1 August 2015	-	799,949	1,345,233	2,145,182
Charge for the year	71,388	143,370	489,603	704,361
Acquisitions	-	4,954	112,546	117,500
Eliminated on disposals	-	-	(503,620)	(503,620)
At 31 July 2016	71,388	948,273	1,443,762	2,463,423
Net book value:				
At 31 July 2016	16,843,612	531,325	3,027,131	20,402,068
At 31 July 2015	15,015,000	534,339	2,509,045	18,058,384

Land and buildings include an amount of £16,135,000 (2015:£14,235,000) which is not depreciated.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

12 Tangible assets (continued)

Group and company

Cost or valuation at 31 July 2016 is represented by

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Valuation	16,915,000	-	-	16,915,000
Cost	-	1,479,598	4,470,893	5,950,491
	16,915,000	1,479,598	4,470,893	22,865,491

Freehold land and buildings were valued on an open market basis for existing use at 31 July 2015 by Christie & Co of Bristol, resulting in a revaluation gain of £3,925,374. The valuation was performed in accordance with the Royal Institute of Chartered Surveyors appraisal and valuation manual. The directors consider that there has been no material change in these valuations since the date of valuation.

Fixed assets, included in the above, which are held under hire purchase contracts, are as follows:

	2016 £	2015 £
Cost	2,505,448	2,017,463
Accumulated depreciation	(434,988)	(409,563)
Net Book Value	2,070,460	1,607,900

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

13 Investments

Company	Shares in group undertakings £
Cost	
At 1 August 2015	2,849,599
Acquisition	2,970,000
At 31 July 2016	5,819,599
Provisions	
At 1 August 2015	2,645,709
Impairment	2,969,998
At 31 July 2016	5,615,707
Net book value	
At 31 July 2016	203,892
At 31 July 2015	203,890

The directors believe the carrying value of the investments is supported by their underlying net assets. All of the Company's subsidiary undertakings, except for Thomas McMullan Funeral Services Limited are dormant.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

13 Investments (continued)

The company's subsidiary undertakings, all of which are registered in England and Wales, are as follows:

	Nature of business	Percentage owned
Blackburn Funeral Service Limited	Dormant company	100%
Doncaster Funeral Service Limited	Dormant company	100%
F.R.Kirk & Son Limited	Dormant company	100%
Funeral Account Recovery Limited	Dormant company	100%
J Naylor (Funeral Directors) Limited	Dormant company	100%
JM & E Ovington and Son (Funeral Directors) Limited	Dormant company	100%
John Parkin and Son (Funeral Directors) Limited	Dormant company	100%
JS Hedges Funeral Service Limited	Dormant company	100%
Peter Coyne Independent Funeral Home Limited	Dormant company	100%
Pope Funeral Service Limited	Dormant company	100%
S&W Riding Funerals Limited	Dormant company	100%
Sentiments Independent Funeral Home Limited	Dormant company	100%
Skelmersdale Funeral Service Limited	Dormant company	100%
The Taylor Funeral Service Limited	Dormant company	100%
Thomas McMullan Funeral Services Limited	Funeral services	100%
Thomas Porter and Sons Limited	Dormant company	100%
Tranquility Funerals Limited	Dormant company	100%
Watsons Funeral Directors Limited	Dormant company	100%

14 Stocks

Group and Company

	2016	2015
	£	£
Coffin sets and furnishings	202,901	206,920

There is no significant difference between the replacement cost of the stocks and their carrying amount.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

15 Debtors

Group and company	2016 £	2015 £
Trade debtors	776,047	734,994
Other debtors	28,448	138,956
Prepayments and accrued income	68,569	51,084
	873,064	925,034

Trade debtors are stated after provisions for impairment of £501,076 (2015: £472,850).

16 Creditors – Amounts falling due within one year

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Bank loans - gross (see note 19)	687,500	687,500	1,304,376	1,304,376
Debt issue costs	(28,806)	(28,806)	(61,759)	(61,759)
Bank loans net of issue costs	658,694	658,694	1,242,617	1,242,617
Derivative financial instrument	184,481	184,481	123,128	123,128
Hire purchase contracts (see note 20)	546,072	546,072	363,907	363,907
Trade creditors	480,310	480,310	484,038	484,038
Amounts owed to group undertakings	-	203,892	-	203,890
Tax	353,244	353,244	386,453	386,453
Other taxation and social security	93,020	93,020	88,376	88,376
Other creditors	116,702	116,702	112,810	112,810
Accruals and deferred income	361,672	361,672	321,539	321,539
	2,794,195	2,998,087	3,122,868	3,326,758

Amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

17 Creditors – Amounts falling due after more than one year

Group and company	2016 £	2015 £
Bank loans - gross (see note 19)	22,133,687	17,754,311
Debt issue costs	(122,425)	(87,492)
Bank loans net of issue costs	22,011,262	17,666,819
Shareholders' loans (see note 19)	-	5,594,931
Hire purchase contracts (see note 20)	942,072	640,175
	22,953,334	23,901,925

18 Provision for liabilities

The provision for liabilities relates to deferred tax.

	2016 £	2015 £
At 1 August	1,852,071	749,760
Deferred tax on fair value uplift capitalised in goodwill	303,102	314,285
Deferred tax acquired	11,611	6,874
Effects of indexation allowances on profit and loss account	(15,107)	(6,493)
Effects of change in future tax rates on profit and loss account	(114,393)	-
Other charges through profit and loss account	162,731	10,730
On revaluation	-	776,915
Effects of indexation allowances on OCI	(3,277)	-
Effects of change in future tax rates on OCI	(77,692)	-
At 31 July	2,119,046	1,852,071

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

18 Provision for liabilities (continued)

The deferred taxation asset / (liability) in the financial statements can be analysed as follows:

Deferred taxation	2016 £	2015 £
Tax effect of timing differences because of:		
Accelerated capital allowances	(128,000)	(119,800)
Deferred tax on property revaluations	(2,000,630)	(1,920,847)
Deferred tax on goodwill	(25,467)	(35,035)
Other timing differences	35,051	223,611
	(2,119,046)	(1,852,071)

19 Loans and other borrowings

Group and company	2016 £	2015 £
Bank loans	22,821,187	19,058,687
Shareholders' loans	-	5,594,931
Total debt before debt issue costs	22,821,187	24,653,618
Less debt issue costs	(151,231)	(149,251)
Net loans and other borrowings	22,669,956	24,504,367

Maturity of financial liabilities

In less than one year	687,500	1,304,376
Between two and five years	5,763,000	23,349,242
In more than five years	16,370,687	-
Total debt before debt issue costs	22,821,187	24,653,618

Bank loans of £22,821,187 secured on the group's assets and undertakings comprise a term loan facility with the group's bankers which carries interest at LIBOR plus 3%. The facility has been renegotiated within the year and has been extended up to 2021.

Shareholders' loans comprise £Nil (2015: £5,594,931) of loan stock which was unsecured and due for repayment on 31 January 2018. This was settled in the year via a waiver of previously capitalised interest (£994,931), cash settlement (£1,000,000) and conversion to equity (£3,600,000), to further strengthen the group's balance sheet.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

20 Obligations under hire purchase contracts and leases

Group and company

Net obligations repayable	2016 £	2015 £
Within one year	546,072	363,907
In more than one year but no more than two years	466,512	318,708
Between two and five years	475,560	321,467
	1,488,144	1,004,082

21 Financial commitments

At 31 July the group and company had commitments under non-cancellable operating leases

	Land and buildings	
Expiring	2016 £	2015 £
Within one year	48,720	50,920
Between two and five years	152,000	162,000
In greater than five years	11,333	45,133
	212,053	258,053

At 31 July 2016 the group and company had capital commitments not provided for in the financial statements of £535,000 (2015: £210,000)

22 Secured debts

The following secured debts of the group and company are included within creditors.

	2016 £	2015 £
Bank loans	22,821,187	19,058,687
Hire purchase contracts	1,488,144	1,004,082
	24,309,331	20,062,769

The hire purchase contracts are secured on the motor vehicles to which they relate. The bank loans are secured with charges over all the assets of the group.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

23 Financial instruments

The group has the following financial instruments

		2016 £	2015 £
Financial assets measured at amortised cost:			
Trade debtors	15	776,047	734,994
Other debtors	15	28,448	138,956
		804,495	873,950
Financial liabilities measured at fair value through profit or loss:			
Derivative financial instruments	16	(184,481)	(123,128)
Financial liabilities measured at amortised cost:			
Bank loans	19	(22,821,187)	(19,058,687)
Shareholder loans	19	-	(5,594,931)
Hire purchase contracts	20	(1,488,144)	(1,004,082)
Trade creditors	16	(480,310)	(484,038)
Other taxation and social security	16	(93,020)	(88,376)
Other creditors	16	(116,702)	(112,810)
		(24,999,363)	(26,342,924)

24 Called up share capital

	2016 £	2015 £
Allotted and fully paid		
3,223,313 (2015: 2,500,000) Ordinary shares of £1 each	3,223,313	2,500,000

The issue of new share capital was the result of a conversion of previously held shareholder loan notes, as noted in note 19.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

25 Acquisitions

	Thomas McMullan Funeral Services Limited
	£
Consideration satisfied by cash and acquisition costs	2,970,000
Book value of net assets acquired (includes £159,044 cash)	(326,367)
Fair value adjustments	(1,674,522)
Deferred tax on acquisition	303,102
Goodwill	1,272,213

Thomas McMullan Funeral Services Limited was acquired by the group on 29 February 2016.

26 Pension commitments

During the year the group made contributions to money purchase pension schemes with defined contribution levels for the benefit of certain senior employees. The assets of the schemes are administered by trustees in funds independent of those of the group. The pension cost charge represents contributions payable by the group and amounted to £26,073 (2015: £25,215). There were no outstanding or prepaid amounts at the year end.

27 Ultimate controlling party

Beverley Funerals Limited is controlled by the directors.

Beverley Funerals Limited

Notes to the financial statements for the year ended 31 July 2016 (continued)

28 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 July 2015. The date of transition to FRS 102 was 1 August 2014. Set out below are the changes in accounting policies which reconcile total comprehensive income for the financial year ended 31 July 2015 and the total equity as at 1 August 2014 and 31 July 2015 between UK GAAP as previously reported and FRS 102.

Total comprehensive income for the financial year	Year ended 31 July 2015
UK GAAP – as previously reported	5,266,013
Effects of:	
Derivative financial instruments	(79,723)
Deferred tax on derivative financial instruments	15,945
Amortisation of goodwill	(608,571)
Deferred tax on amortisation of goodwill	(35,035)
Deferred tax on property fair value adjustments	6,493
Deferred tax on property revaluations	(776,915)
FRS 102	3,788,207

Total equity	1 August 2014	31 July 2015
UK GAAP – as previously reported	3,448,556	8,714,569
Effects of:		
Derivative financial instruments	(43,405)	(123,128)
Deferred tax on derivative financial instruments	8,681	24,626
Amortisation of goodwill	-	(608,571)
Deferred tax on amortisation of goodwill	-	(35,035)
Deferred tax on property fair value adjustments	(836,140)	(829,647)
Deferred tax on property revaluations	-	(776,915)
FRS 102	2,577,692	6,365,899

Beverley Funerals Limited

Derivative financial instruments

FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP the company did not recognise these instruments in the financial statements.

Accordingly at transition a liability of £43,405 was recognised and a loss of £79,723 was recognised in the Consolidated profit and loss account for the year ended 31 July 2015. A liability of £123,128 was recognised at that date.

Deferred tax on derivative financial instruments

FRS 102 requires derivative financial instruments to be recognised at fair value. These are, however, not allowable for tax purposes until maturity. This creates a tax timing difference which is represented by a deferred tax asset.

Amortisation of goodwill

FRS 102 requires goodwill on acquisition to be amortised over its useful life. An exemption has been taken under section 35 of FRS 102 to not apply this to business combinations effected before the date of transition. The impact of this has been an expense of £608,571 in the Consolidated profit and loss account for the year-ended 31 July 2015, with the same reduction in the total equity at that date.

Current tax on amortisation of goodwill

FRS 102 requires goodwill on acquisition to be amortised over its useful life. Some of this creates a taxable timing difference which results in a deferred tax liability being created.

Deferred tax on property fair value adjustments

Under previous UK GAAP the company was not required to provide for taxation on property fair value uplifts. Under FRS 102 deferred taxation is provided on the temporary difference arising from the fair-value uplift. A deferred tax charge of £836,140 arose on transition to FRS 102. In the year ending 31 August 2015 there is tax credit arising of £6,493 on the reversal of the revaluation in the year due to increase in indexation allowance.

Deferred tax on property revaluations

Under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. The revaluation was performed in the year-ended 31 July 2015 therefore there is no impact on the balance sheet at 1 August 2014. The revaluation resulted in a deferred tax liability being created for £776,915 in the year-ended 31 July 2015.