

COMPANY REGISTRATION NUMBER 02644860

NAFD SERVICES LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2006

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COMPANIES HOUSE

GARDINER FOSH

Chartered Accountants & Registered Auditors
31 St John's
Worcester
WR2 5AG

NAFD SERVICES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

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NAFD SERVICES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of administration services on behalf of the Perfect Assurance Funeral Trust and the Perfect Assurance Funeral Trust 2004

DIRECTORS

The directors who served the company during the year were as follows

B Hutsby
IH Steel
Mr KO Goodchild
SA Truelove
M Wilkinson

None of the directors held any shares in the company or had any interest in the parent undertaking at any point during any part of the year

B Hutsby was appointed as a director on 28 September 2006
IH Steel was appointed as a director on 13 May 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that 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 1985. 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.

In so far as the directors are aware

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

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

NAFD SERVICES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2006

AUDITOR

A resolution to re-appoint Gardiner Fosh as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
618 Warwick Road
Solihull
West Midlands
B91 1AA

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'ASL', with a long horizontal flourish extending to the right.

ALAN SLATER
Company Secretary

Approved by the directors on 30 March 2007

NAFD SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NAFD SERVICES LIMITED (continued)

YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of NAFD Services Limited for the year ended 31 December 2006 on pages 7 to 12, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 9 to 10

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

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

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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 8 to the financial statements.

NAFD SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NAFD SERVICES LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2006

OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



31 St John's
Worcester
WR2 5AG

30 March 2007

GARDINER FOSH
Chartered Accountants
& Registered Auditors

NAFD SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
TURNOVER		2,497,476	188,132
Cost of sales		<u>2,319,242</u>	—
GROSS PROFIT		178,234	188,132
Administrative expenses		<u>169,437</u>	183,189
OPERATING PROFIT	2	8,797	4,943
Interest receivable		<u>637</u>	1,563
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,434	6,506
Tax on profit on ordinary activities		<u>(189)</u>	—
PROFIT FOR THE FINANCIAL YEAR		9,623	6,506
Balance brought forward		<u>35,574</u>	29,068
Balance carried forward		<u>45,197</u>	<u>35,574</u>

The notes on pages 9 to 12 form part of these financial statements.

NAFD SERVICES LIMITED

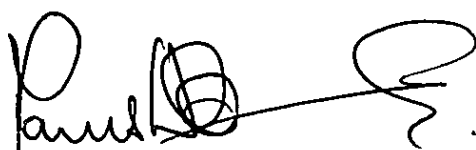
BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	3	246	416
Investments	4	2,129,837	—
		<u>2,130,083</u>	<u>416</u>
CURRENT ASSETS			
Debtors	5	79,732	77,720
Cash at bank		82,980	38,382
		<u>162,712</u>	<u>116,102</u>
CREDITORS Amounts falling due within one year	6	<u>117,661</u>	<u>80,844</u>
NET CURRENT ASSETS		<u>45,051</u>	<u>35,258</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,175,134</u>	<u>35,674</u>
CREDITORS Amounts falling due after more than one year	7	2,129,837	—
		<u>45,297</u>	<u>35,674</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	100	100
Profit and loss account		<u>45,197</u>	<u>35,574</u>
SHAREHOLDERS' FUNDS		<u>45,297</u>	<u>35,674</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors on the 30 March 2007 and are signed on their behalf by



M Wilkinson
Director

The notes on pages 9 to 12 form part of these financial statements

NAFD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Plan registration fees are recognised as turnover in the period in which they are received

Initially all policies are included at plan cost agreed between the client and the funeral director. These policies are uprated by RPI on the date of claim. The accounts include an accrued amount for RPI from issue date to accounting date

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	- 15% straight line
Equipment	- 15% straight line

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

Policy investments and Planholder obligations

Plans sold are converted to whole of life policies with Ecclesiastical Life. Policies in issue are treated as investments of the company inclusive of accrued RPI and are also shown as obligations to planholders

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit

NAFD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2 OPERATING PROFIT

Operating profit is stated after charging

	2006 £	2005 £
Directors' emoluments	-	-
Staff pension contributions	683	1,340
Depreciation of owned fixed assets	170	222
Auditor's fees	<u>2,500</u>	<u>2,500</u>

3 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Equipment £	Total £
COST			
At 1 January 2006 and 31 December 2006	<u>1,912</u>	<u>4,082</u>	<u>5,994</u>
DEPRECIATION			
At 1 January 2006	1,878	3,700	5,578
Charge for the year	-	170	170
At 31 December 2006	<u>1,878</u>	<u>3,870</u>	<u>5,748</u>
NET BOOK VALUE			
At 31 December 2006	<u>34</u>	<u>212</u>	<u>246</u>
At 31 December 2005	<u>34</u>	<u>382</u>	<u>416</u>

NAFD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

4 INVESTMENTS

	£
COST	
Additions	2,174,826
Disposals	(44,989)
At 31 December 2006	<u>2,129,837</u>
NET BOOK VALUE	
At 31 December 2006	<u>2,129,837</u>

5 DEBTORS

	2006	2005
	£	£
Amounts owed by group undertakings	71,187	71,187
Other debtors	8,545	6,533
	<u>79,732</u>	<u>77,720</u>

6 CREDITORS Amounts falling due within one year

	2006	2005
	£	£
Trade creditors	11,899	17,766
Amounts owed to group undertakings	63,262	43,100
Other creditors	42,500	19,978
	<u>117,661</u>	<u>80,844</u>

7 CREDITORS Amounts falling due after more than one year

	2006	2005
	£	£
Value of policies written	2,204,762	—
Encashments and withdrawals	(44,990)	—
Instalments receivable	(42,584)	—
RPI uprating	12,649	—
Obligations to planholders at December 31 2006	<u>2,129,837</u>	<u>—</u>

8 APB ETHICAL STANDARDS

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements

NAFD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

9 RELATED PARTY TRANSACTIONS

The company was under the control of NAFD throughout the current and previous year NAFD is the majority shareholder

The company's sole activity is to provide services to the Perfect Assurance Funeral Trust 2004 for which it received registration fees of £178,234 (2005 £188,132) At the year end amounts owing from Perfect Assurance Funeral Trust 2004 amounted to £71,187 (2005 £71,187)

The company paid management charges of £5,167 (2005 £12,398) to the National Association of Funeral Directors, the company's parent undertaking Amounts owed to group undertakings include £63,262 (2005 £43,100) to the National Association of Funeral Directors

10 SHARE CAPITAL

Authorised share capital

	2006	2005
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

11 ULTIMATE PARENT COMPANY

The ultimate parent undertaking of this company is the National Association of Funeral Directors