

NAFD Services Limited

Financial statements

For the year ended 31 December 2003



Company no.2644860

Officers and advisers

Company registration number:	2644860
Registered office:	618 Warwick Road Solihull West Midlands B91 1AA
Directors:	S A Truelove K O Goodchild M Wilkinson
Secretary:	A B Slater
Bankers:	The Royal Bank of Scotland plc 141 High Street Solihull West Midlands B91 3SR
Auditors:	Grant Thornton Registered Auditors Chartered Accountants 32-34 Queens Road Coventry CV1 3FJ

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Report of the directors

The directors present their report together with financial statements for the year ended 31 December 2003.

Principal activity

The company is principally engaged in the administration of services on behalf of the Perfect Assurance Funeral Trust, which is engaged in the sale of pre-payment funeral plans.

Business review

The profit for the year after taxation amounted to £4,049 (2002 : £23,534). The directors consider the results for the year to be satisfactory and anticipate that they will continue to remain so in the forthcoming year. The directors do not recommend payment of a dividend and the profit has been transferred to reserves.

Directors

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

K O Goodchild
S A Truelove
M Wilkinson

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

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.


Report of the directors

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

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385(2) of the Companies Act 1985

ON BEHALF OF THE BOARD



A Slater
Secretary

Date 19th April 2004

Report of the independent auditors to the members of NAFD Services Limited

We have audited the financial statements of NAFD Services Limited for the year ended 31 December 2003 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company's as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

COVENTRY

Date *19 April 2004*

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Basis of preparation

NAFD Services Limited manages the Perfect Assurance Funeral Trust (PAFT), a separately constituted trust for the purposes of individuals to prepay for their funeral arrangements. The prepaid elements are paid into the trust and invested until the funds are needed. PAFT has assets of approximately £15.6 million.

Due to review of the trust documentation for the Perfect Assurance Funeral Trust, it came to the attention of the directors that although the initial prepaid elements of the funeral plans are held specifically as assets within PAFT and thus separate to the company, the income earned on those prepayments through investment is legally the property of NAFD Services Limited. As this does not reflect the intention behind PAFT, the directors are taking immediate steps to rectify the position so that all the prepayments and income are held on trust for the planholders.

Given the above, the income that has accumulated over the life of the PAFT to date has not been included in these accounts as an asset of the company (together with the corresponding liability as NAFD Services Limited directors would mirror the intention behind the trust and recognise that the money was owed back to PAFT), as the directors do not believe this would present a true and fair view under FRS 5 Reporting the Substance of Transaction given that there is no intention that the company should benefit from the investments, and indeed the situation will be shortly remedied. The accounts of PAFT are available from 618 Warwick Road, Solihull, West Midlands B91 1AA.

Turnover

Turnover is the total amount receivable by the company for services provided, excluding VAT. Plan registration fees are taken to profit in the period in which they are received.

Interest received

Interest received is recognised in the profit and loss account on a received basis.

Principal accounting policies

Depreciation

Depreciation is calculated to write down the cost of the tangible fixed assets by equal instalments over their expected useful lives. The rates generally applicable are:

Furniture and fittings	15%
Computer equipment	15%

Contribution to pension funds

Defined Contribution Scheme

The pension cost charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

Profit and loss account

	Note	2003 £	2002 £
Turnover	1	142,774	154,488
Administrative expenses		<u>(138,465)</u>	<u>(124,945)</u>
Operating profit		4,309	29,543
Interest receivable and similar income		<u>634</u>	<u>304</u>
Profit on ordinary activities before taxation	1	4,943	29,847
Tax on profit on ordinary activities	3	<u>(894)</u>	<u>(6,313)</u>
Profit transferred to reserves	8	<u>4,049</u>	<u>23,534</u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	4	794	727
Current assets			
Debtors	5	1,501	1,851
Cash at bank and in hand		<u>57,630</u>	<u>59,079</u>
		59,131	60,930
Creditors: amounts falling due within one year	6	<u>(3,449)</u>	<u>(9,230)</u>
Net current assets		<u>55,682</u>	<u>51,700</u>
		56,476	52,427
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	8	<u>56,376</u>	<u>52,327</u>
Shareholders' funds	9	<u>56,476</u>	<u>52,427</u>

These financial statements were approved by the directors on 19 April 2004



M Wilkinson
Director

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to one activity being the administration of services on behalf of the Perfect Assurance Funeral Trust which is engaged in the sale of prepayment funeral plans.

The profit on ordinary activities is stated after:

	2003	2002
	£	£
Depreciation	600	660
Auditors' remuneration	<u>2,200</u>	<u>2,200</u>

2 Directors and employees

No director received any remuneration during either year.

Staff costs during the year were as follows:

	2003	2002
	£	£
Wages and salaries	19,358	25,678
Social security costs	1,838	2,158
Pension	<u>1,248</u>	<u>1,400</u>
	<u>22,444</u>	<u>29,236</u>

The average number of employees of the company during the year was 4 (2002 : 4).

3 Tax on profit on ordinary activities

The tax charge represents:

	2003 £	2002 £
Corporation tax	894	5,744
Adjustment in respect of prior years:		
Corporation tax	-	569
	<u>894</u>	<u>6,313</u>

The tax assessed for the period is not significantly different than the standard rate of corporation tax in the UK of 19% (2002 : 19.25%)

4 Fixed assets

	Computer equipment £	Furniture and fittings £	Total £
Cost			
At 1 January 2003	3,415	1,912	5,327
Additions	667	-	667
At 31 December 2003	<u>4,082</u>	<u>1,912</u>	<u>5,994</u>
Depreciation			
At 1 January 2003	3,158	1,442	4,600
Provided in the year	368	232	600
At 31 December 2003	<u>3,526</u>	<u>1,674</u>	<u>5,200</u>
Net book value			
At 31 December 2003	<u>556</u>	<u>238</u>	<u>794</u>
Net book value			
At 31 December 2002	<u>257</u>	<u>470</u>	<u>727</u>

5 Debtors

	2003 £	2002 £
Other debtors	1,143	1,047
Loan - National Association for Prepaid Funeral Plans	358	804
	<u>1,501</u>	<u>1,851</u>

The above amounts are all due within one year.

6 Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	482	-
Corporation tax	767	5,683
Accruals and deferred income	2,200	3,547
	<u>3,449</u>	<u>9,230</u>

7 Share capital

	2003	2002
	£	£
Authorised 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Reserves

	2003	2002
	£	£
At 1 January 2003	52,327	28,793
Retained profit for the year	4,049	23,534
At 31 December 2003	<u>56,376</u>	<u>52,327</u>

9 Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Profit for financial year	4,049	23,534
Shareholders' funds at 1 January 2003	52,427	28,893
Shareholders' funds at 31 December 2003	<u>56,476</u>	<u>52,427</u>

10 Pensions

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

11 Capital commitments

There were no capital commitments at 31 December 2003 or 31 December 2002.

12 Contingent liabilities

There were no contingent liabilities at 31 December 2003 or 31 December 2002.

13 Ultimate parent undertaking

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

14 Related party interests

The company's sole activity is to provide services to the Perfect Assurance Funeral Trust for which it received registration fees of £142,774 (2002 : £101,055).

The company paid management charges of £64,400 (2002 : £57,500) to the National Association of Funeral Directors, the company's parent undertaking. Amounts due to this undertaking are shown in note 6 to these accounts.

The company paid subscriptions of £563 (2002 : £539) to the National Association for Prepaid Funeral Plans, on behalf of Perfect Assurance Funeral Trust, the latter being a member of the association.

The company has received a management charge of £nil (2002 : £53,433) relating to the reimbursement of funds borne on behalf of Perfect Assurance Funeral Trust.