

REGISTERED NUMBER: 09622193 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021
FOR
FUNERAL PARTNERS HOLDCO LIMITED**

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FUNERAL PARTNERS HOLDCO LIMITED

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FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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FUNERAL PARTNERS HOLDCO LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2021

DIRECTORS:	S P D Kershaw A H Fraser
SECRETARY:	A H Fraser
REGISTERED OFFICE:	80 Mount Street Nottingham NG1 6HH
REGISTERED NUMBER:	09622193 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX
BANKERS:	HSBC Bank PLC Midlands Corporate Banking Centre 4th Floor, 120 Edmund Street Birmingham B3 2QZ
SOLICITORS:	Freeths LLP 80 Mount Street Nottingham NG1 6HH

FUNERAL PARTNERS HOLDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their strategic report of the company and the Group for the year ended 30 September 2021.

REVIEW OF BUSINESS

The trading results for the year and the company and Group's financial position at 30 September 2021 are shown in the attached financial statements.

The directors are pleased with the overall progress made by the business during the year. It was the second consecutive year in which the business was impacted by the Covid-19 pandemic. This resulted in a much higher death rate in the business' addressable market than was anticipated.

The impacts of Covid-19 upon the business and financial results

The Covid-19 pandemic sadly continued to have an impact upon the death rate in the business' addressable market during the year. Wave 2 of the pandemic resulted in the death rate being 11% higher than the pre pandemic 5 year annual average for the period, and as such it was at a comparable level to the prior year, when Wave 1 of the pandemic arose. As in the previous year, the business demonstrated high levels of resilience in terms of managing the extent of the increased demand arising.

A key difference in terms of the impact upon the business from Wave 2 of the pandemic, was the relative extent of restrictions placed upon funerals as a result of social distancing measures. While operational changes and restrictions upon client choices for funeral services were still required, they were less significant than in the previous year during Wave 1 of the pandemic. This meant that average revenue levels achieved by the business during the year were only marginally below expectations, having been more significantly diluted for a period of time in the previous year. The business' ability to adapt operational practices to ensure that whilst client and staff safety was maintained, the business could offer as wide a range of services as possible to clients and protect client choice, assisted in achieving the more expected revenue levels in the year. Maintaining average revenue levels with those expected pre pandemic, was particularly valuable, given the continued increased operational costs incurred to support safe operating practices during the pandemic, with continued use of Personal Protective Equipment (PPE) for staff, as well as further investment in mortuary facilities required.

The sale of the business' pre-paid funeral plans under the "Choice" brand, were adversely impacted again during the year due to the pandemic related restrictions in place, albeit the impacts were less significant than in the prior year. Once restrictions started to ease at the end of Wave 2, plan sales levels begun to increase and strengthened towards the end of the financial year.

The business' employees continued to work professionally and diligently to maintain high levels of service to clients despite the challenges and restrictions in place. They demonstrated a very committed approach at all times, which given the duration and extent of impacts arising from the pandemic, was commendable and a testament to their quality. The attitude and approach adopted by the business' employees throughout the pandemic however, meant that the risk of increased complaint levels due to much greater activity levels was mitigated, with no increases in complaint levels arising.

Other business activities during the year

During the year a total of eight business acquisitions were completed, with a further four businesses acquired at the start of the new financial year. Given the continued impact of the pandemic upon the funeral sector as a whole, and its businesses, the business' ability to continue to complete significant numbers of acquisitions is a positive outcome. Acquisition activity was supported in the year by the business opening a number of new sites, supporting existing branch operations in areas of the business where positive opportunities were identified to help the business maintain and grow its local market share positions. As such, the levels of acquisition and new openings activity arising, are enabling the business to continue to pursue its strategic plan to grow as a high-quality funeral business.

The directors consider that the business is well positioned to continue with its strategic plan, following the significant investment made in its people and services in recent years. The Group's ability to pursue its strategic plan has also been further enabled by securing new finance facilities at the end of 2021, providing the financial resources to acquire more high-quality funeral businesses. While uncertainty has been created as a result of the pandemic, the business is demonstrating its ability to sustain its strategic plan despite this, utilising its resources and expertise to do so.

FUNERAL PARTNERS HOLDCO LIMITED
GROUP STRATEGIC REPORT - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk management

Death rate

Despite the uncertainty caused by the pandemic in terms of future death rate levels, the longer term national underlying profile of deaths is expected to continue to follow trends expected prior to the pandemic.

Continuing Covid-19 pandemic related operational risks

It is considered that there is scope in both the shorter and longer-term period for operational risks and uncertainties to continue to arise as a result of requirements and restrictions in place due to pandemic. This could include maintaining revised working practices, including increased usage of PPE. This would be likely to result in increased operational costs arising for the business. The business' operational cost model and controls continue to be developed to manage the impacts of such risks effectively, whilst not compromising the safety and well-being of client and employees.

Operational Policies & Procedures

The maintenance of appropriate operational policies and procedures across the business is a key control in terms of protecting against operational risks developing, and the scope which they have to create financial and reputational issues for the business. The business has a strong risk management and compliance framework in place, which is responsible for ensuring the policies and procedures are maintained and updated regularly, to address any changes in terms of operational activities and new or developing risks. The risk management framework is supported by an in-house training and development programme.

Competition and Markets Authority and regulations

The Competition and Markets Authority (CMA) issued its final report on the UK funerals market in December 2020. Subsequently, the CMA introduced an Order which came into effect in September 2021. The Order comprised "sunlight" remedies, designed to increase levels of protection in place for customers in the market, including the introduction of a Standard Price List. The Group supports the CMA's Order, and has ensured it was compliant with its requirements from the date of its implementation.

Financial Conduct Authority Regulation

The UK Government laid secondary regulation before parliament in December 2020 with regards implementation of regulation by the Financial Conduct Authority ("FCA") of the pre-paid funeral plan market. The FCA will take regulatory control of the sector with effect from the end of July 2022 accordingly. The Group welcomes the introduction of FCA regulation for the sector. It has submitted its application to the FCA for its pre-paid funeral plan business to be regulated, and the Group is positive about the FCA approving its application. Accordingly, the Group has started the process to develop its ability to operate within the requirements of FCA regulation. In the event that the FCA did not approve the Group's application to be regulated, contingency plans have been established to enable the Group to continue to participate in the pre-paid funeral plans market, albeit under a different operating model to that currently adopted.

Financial risk management

The Group finances its operations by a mixture of equity, bank loans and loan notes. This approach gives efficient leveraging of the Group's balance sheet, which is made possible by the stable and predictably cash generative nature of the business. Whilst the Covid-19 pandemic has generated a higher level of uncertainty for most businesses in terms of financial risk, the predictable nature of cash generation for the Group is not considered to have been notably altered as a result. It is not the Group's policy to trade actively in derivatives.

Currency risk

The Group trades solely in the United Kingdom and all of its financial assets and liabilities are denominated in Sterling, therefore the Group faces no direct currency risk.

Interest rate risk

The Group's main source of finance is bank loans, whose finance cost is linked to SONIA. The Group has entered into contracts to cap the interest rate on a majority of these loans. Consequently, the Group carries limited risk to increases in SONIA.

FUNERAL PARTNERS HOLDCO LIMITED
GROUP STRATEGIC REPORT - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Credit risk

Trade Debtors are the main source of credit risk to the Group. This risk is minimised through credit control procedures, notably including requests for customers to pay for disbursement costs and a proportion of professional fees in advance of the funeral. Whilst the Covid-19 pandemic has increased the extent of potential credit risk with customers, no change in the credit control outcomes for the Group have been experienced for the Group to date during the pandemic. The Group is not exposed to individual debts of a material size.

Liquidity risk

The Group manages its liquidity risk by maintaining a committed overdraft facility and weekly monitoring of cash balances and immediate payments due.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of an intermediate holding company. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

The principal activity of the FP Bidco Limited Group ("FSP Group"), of which Funeral Partners Holdco Limited is a member, is the provision of funeral services and related activities, including the marketing and sale of pre-paid funeral plans under the "Choice" brand. The directors are not aware, as at the date of this report, of any likely major changes in the Group's activities in the next year.

KEY PERFORMANCE INDICATOR

The directors consider the performance measurement of EBITDA before exceptional items, Group-related Board costs and profit on disposal of fixed assets to be the most appropriate. Group EBITDA for the year was £18,223,000 (2020: £14,478,000)

ACQUISITIONS

In line with its strategy, during the year the Group acquired the entire share capital of seven trading companies, and the trade and assets of another business, all of which were engaged in the provision of funeral services and related activities. Five trading companies acquired during the year have been hived up by the financial year end.

BY ORDER OF THE BOARD:



A H Fraser - Secretary

Date: 28 February 2022

FUNERAL PARTNERS HOLDCO LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report with the audited financial statements of the company and the Group for the year ended 30 September 2021.

Certain entities within the Group have this year taken the audit exemption under section 479A of the Companies Act 2006, and as such do not require a signed statutory audit opinion. One of the criteria required to enable these exemptions to be taken is that the parent company must provide a statutory guarantee for all outstanding liabilities to which those entities are subject to at 30 September 2021. This guarantee is provided by the company and is disclosed as a contingent liability.

FUTURE DEVELOPMENTS

No significant changes in the Group's principal activity are planned. Focus will be maintained on continually improving the quality of funeral services delivered. The implementation of the Group's strategic plan will continue from the progress made in the previous financial year with further acquisitions being made and subsequently integrated into the Group's operating structure. The Covid-19 pandemic has created increased levels of uncertainty in the funeral sector, although the longer term national underlying profile of deaths is expected to follow a similar pattern to that projected pre pandemic. The Group continues to monitor the impacts arising from the pandemic however, and will look to adapt its activities where considered appropriate and necessary accordingly.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

S P D Kershaw
A H Fraser

The company maintains cover under a qualifying third-party indemnity for all directors and officers against liabilities which may be incurred by them whilst acting as directors or officers. This indemnity was in force throughout the year and as at the date of the approval of the financial statements.

DIRECTORS' DUTIES

The directors must act in accordance with a set of general guidelines. These duties are detailed under section 172 of the Companies Act 2006. Detailed below is an overview of how the directors fulfil their section 172 duties.

Stakeholder engagement

The directors recognise the longer-term importance to the business in terms of decision making and interaction with its stakeholders. As set out further below, the business seeks to maintain effective engagement with stakeholders at all times. In doing so this is to understand their views and also longer-term perspectives, helping inform the decision making of the business. Effective engagement with stakeholders is a priority and focus across the Group as a whole.

The directors place a high level of importance around good conduct being maintained across the business, both with internal and external stakeholders. The importance is encouraged regularly to all team members, and underpins the basis of training and support provided by the company. Levels of conduct are closely monitored and reported upon via Executive Team Meetings, Risk Governance forums and ultimately Board meetings. Board meetings and Executive Team meetings have a focus on stakeholder engagement, with matters discussed and monitored through the monthly forums.

Business Relationships with Customers, Suppliers and Others

The Group places high importance on the value of its relationships with its customers, recognising the very important and sensitive nature of the services it provides in the most difficult of times. Constant monitoring of the ways in which the business interacts with its customers is maintained, adapting activities to suit the changing demands of customers. It monitors and quickly escalates any issues which arise with customers to look to resolve them quickly and address the cause of any such issues arising.

The Group works closely with its suppliers, recognising the importance and value of strong long-term relationships. The supply chain of the business is subject to regular reviews, with all key suppliers subjected to periodic due diligence to assess credentials and potential risks.

FUNERAL PARTNERS HOLDCO LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

DIRECTORS' DUTIES (continued)

Business Relationships with Customers, Suppliers and Others (continued)

The Group engages with the wider funeral sector through membership of sector bodies, such as the National Association of Funeral Directors (NAFD), complying with their Code of Practice. The Group also actively engages in groups and forums seeking to continually improving the funeral industry, in order to enhance quality and standards for clients, as well as helping drive forward positive change and governance to the profession. An example of this is the company working with the NAFD's new regulatory body, the Independent Funeral Standards Organisation (IFSO) established at the start of 2022. The Group's pre-paid funeral plan product under the "Choice" brand is registered with the Funeral Planning Authority, and complies with its Code of Practice. The Group has submitted its application to the FCA for its pre-paid funeral plan business to be regulated under the new regulatory regime for the pre-paid funeral plan sector, which is being introduced in July 2022. As such the Group expects to build its relationship and compliance activities with the FCA and its regulatory framework during the course of 2022 and beyond.

Employees

The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees irrespective of their sex, race, colour, disability and marital status.

The Group gives full and fair consideration to applications for employment from disabled people, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and the continued training, career development and promotion of disabled employees. If employees become disabled the Group attempts to continue employment, either in the same or an alternative position, retraining when necessary.

The Group systematically provides employees with information on matters of concern to them, including financial and economic factors that affect the performance and viability of the company. They are consulting regularly so their views can be taken into account when making decisions that are likely to affect them. Employee engagement, communication and awareness is specifically encouraged through circulation of a weekly business wide e-mail bulletin and regular visits by managers to branches. Employee engagement surveys are conducted periodically by the Group, most recently in 2021. The surveys are designed to capture a detailed understanding of individuals' perspectives, and how the Group is developing over the time in terms of addressing key issues as seen by its' employees. The findings of the surveys are followed up with action plans established to develop priority areas as identified by employees in the survey. One such outcome has been the launch of "Colleague Voice" in 2021, a forum which will be set up regionally across the business, and has the aim to encourage open and collaborative communication between employees and the business.

The ability for directors and management to interact with employees at times during 2021 was impacted by the restrictions arising as a result of Covid-19. In order to overcome this, use of technology has been made in the Group. Branches are equipped with webcams, and these are used to deliver area and regional team briefings were face to face meetings are not possible. Tablet devices also exist in operational areas, which are used to provide on-line learning to team members, and ensure the ability to provide strong learning and development input to team members is maintained. The business plan is for a hybrid approach to learning and development to become embedded in the Group, being a combination of face to face and on-line content delivery.

Community & Environment

The Group places great emphasis upon its' funeral homes' values and reputations in the local communities they are part of. The business and its' local teams work actively with numerous local charities and organisations to support those in their community. Local support to communities takes place in a variety of ways, including getting involved with fundraising projects or simple acts such as offering to promote an appropriate local charity through a branch window display. The business encourages its' teams to engage in community activities, supporting with important local community activities and initiatives, and in doing so, breaking down barriers around engaging with funeral directors.

The Group is committed to understanding, monitoring and reducing the environmental impact and risks associated with doing business. In this regard, the Group focuses its' efforts both on internal company practices as well as through close external and third-party management of our supplier network. Details of environmentally focussed actions of the Group are set out in the Carbon Reporting update, which forms part of this Report of the Directors.

FUNERAL PARTNERS HOLDCO LIMITED
REPORT OF THE DIRECTORS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

DIRECTORS' DUTIES (continued)

Risk management

The Group believes in strong risk management procedures and is constantly reviewing its risk management framework to ensure it is suited to the increasing levels of risks which impact the company as it develops and grows. Details of the Group's principal risks and uncertainties are discussed in the strategic report.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £4,189,000 (2020 - £8,277,000). The directors have not recommended a dividend (2020: not recommended).

POST BALANCE SHEET EVENTS

After the year end the company completed the acquisition of the entire share capital of five companies for a total preliminary consideration of £6.45m.

On 19th November 2021, the Group secured new financing facilities totalling £125m to provide it with access to further funding to support future acquisition activity. The new finance facilities have maturity dates in 2028.

CARBON REPORTING

In response to the reporting requirements implemented by the UK Government's Department for Business, Energy and Industrial Strategy (BEIS), the Group presents its Streamlined Energy and Carbon Reporting (SECR) information for the year ended 30 September 2021. This is the second year that the Group has reported this information.

Greenhouse Gas Emissions

		2021 emissions Tonnes of CO ₂ e	2020 emissions Tonnes of CO ₂ e
Scope 1	emissions from combustion of gas	696	479
Scope 1	emissions from combustion of fuel for transport purposes	<u>882</u>	<u>769</u>
Scope 1 Total	emissions from activities owned or controlled by the Group	1,578	1,248
Scope 2	emissions associated with consumption of purchased electricity, but occurring at sources not owned or controlled by the Group (indirect)	586	667
Scope 3	emissions associated with use of third-party transport by the Group (indirect)	<u>58</u>	<u>45</u>
Total emissions		<u>2,222</u>	<u>1,960</u>
Emissions intensity (Scopes 1, 2 and 3)		32 tonnes per £1m of revenue	33 tonnes per £1m of revenue

The Group has chosen to use tonnes of CO₂e per £m Turnover for its Intensity Ratio. The total emissions for the Group increased in the year as is to be expected following its growth from the acquisition of funeral businesses in the period. The Group is satisfied however that the emission intensity position for the year reduced marginally. The Group is in the process of developing its strategy in terms of the progressing towards net zero emission levels, and thus reducing its emissions intensity levels on a continued basis.

FUNERAL PARTNERS HOLDCO LIMITED

REPORT OF THE DIRECTORS - CONTINUED FOR THE YEAR ENDED 30 SEPTEMBER 2021

CARBON REPORTING (continued)

Streamlined energy and carbon reporting

	2021	2020
Energy consumed (GWh)	10,570	8,878
Scope 1, 2 and 3 emissions (Tonnes of CO ₂ e)	2,222	1,960

To calculate the Group's energy in GWh we divide the total KWh by a million.

Quantification and Reporting Methodology

The Group has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from energy suppliers' data. CO₂e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information.

Energy Efficiency Actions

The Group is committed to understanding, monitoring and reducing the environmental impact and risks associated with doing business. In this regard, the Group focuses its efforts both on internal business practices as well as through close external and third-party management of its supplier network:

- The Group's electricity supplier sources 23% of its electricity from renewable sources and the Group is investigating ways to increase its reliance on renewable sources as part of its fuel mix.
- Refurbishments of operational sites are subject to efficiency plans such as replacing all lights to be LED, installing Passive Infrared Sensors (PIR) for lighting and improving insulation for premises.
- The Group is investing in more energy efficient mortuary facilities for storage of the deceased, thereby reducing carbon emission levels from aging mortuary facilities in the business as they are replaced.
- When acquiring new businesses, Energy Performance Certificates (EPC) are obtained to enable plans to introduce new energy efficiency measures to be applied to newly owned sites.
- The Group's vehicle procurement policy is such that any new hearse or limousine vehicles purchased are hybrid vehicles. In addition the Group has ordered its first fully electric ceremonial vehicles and these will be introduced operationally in 2022.
- All vehicles purchased are now ultra-low emission zone compliant in readiness for the expansion of the initiative into other UK cities beyond London.
- Webcam technology is in place across the branch network, enabling on line activities such as training and team briefings, thereby reducing travel requirements for frontline teams, and consequently CO₂e emissions from a transport perspective.

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate. They have considered the prospects of the Funeral Partners Holdco Limited Group and company and have prepared a cash flow forecast for period of not less than one year from the date of the approval of these financial statements. This included a review and consideration of a number of factors including inter alia their evaluation of prevailing market conditions, competition, anticipated sales and operating margins, working capital requirements, financing facilities expected to be available and covenant compliance. Post year-end, the Group secured new financing facilities with maturity date of 2028, thereby providing the Group with suitable funding to support the Group's financial obligations. Based on this review the directors continue to adopt the going concern basis in preparing the financial statements.

FUNERAL PARTNERS HOLDCO LIMITED
REPORT OF THE DIRECTORS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, Report of the Directors and the consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and company's auditors are aware of that information.

INDEPENDENT AUDITORS

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD:



A H Fraser - Secretary

Date: 28 February 2022

FUNERAL PARTNERS HOLDCO LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FUNERAL PARTNERS HOLDCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Funeral Partners Holdco Limited's group financial statements and 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 30 September 2021 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Report of the Directors and Consolidated Financial Statements (the "Annual Report"), which comprise: consolidated balance sheet, company balance sheet as at 30 September 2021; consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity and consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

FUNERAL PARTNERS HOLDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FUNERAL PARTNERS HOLDCO LIMITED (CONTINUED)

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 September 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection, health and safety and employee legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation legislation and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of non standard journals to the profit and loss or manipulating accounting estimates which could be subject to management bias.. Audit procedures performed by the engagement team included:

- Enquiries with management
- Review of legal expenses and board minutes
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Auditing the risk of management override of controls; including testing non standard journal entries and those posted by unusual users
- Testing of accounting estimates which could be subject to management bias
- Performed unpredictable procedures over smaller disbursement accruals and existence of suppliers

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

FUNERAL PARTNERS HOLDCO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FUNERAL PARTNERS HOLDCO LIMITED (CONTINUED)**

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of directors' remuneration specified by law are not made; 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.



Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
Date: 28 February 2022

FUNERAL PARTNERS HOLDCO LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £'000	2020 £'000
TURNOVER		68,431	59,759
Cost of sales		<u>(30,064)</u>	<u>(26,444)</u>
GROSS PROFIT		38,367	33,315
Administrative expenses		(29,461)	(29,931)
Exceptional items	6	(618)	(1,196)
Total administrative expenses		(30,079)	(31,127)
Other operating income		138	175
Adjusted earnings before interest, depreciation, Amortisation, exceptional items, Group-related Board costs and profit on disposal of fixed assets (EBITDA)			
		18,223	14,478
Exceptional items	6	(618)	(1,196)
Group-related Board costs	7	(242)	(174)
Profit on disposal of fixed assets		969	191
Depreciation and amortisation charge	7	(9,906)	(10,936)
OPERATING PROFIT	7	8,426	2,363
Interest receivable and similar income		670	661
Interest payable and similar expenses	8	<u>(11,284)</u>	<u>(10,933)</u>
LOSS BEFORE TAXATION		(2,188)	(7,909)
Tax on loss	9	<u>(2,001)</u>	<u>(368)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(4,189)</u>	<u>(8,277)</u>

FUNERAL PARTNERS HOLDCO LIMITED (REGISTERED NUMBER: 09622193)

**CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2021**

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	11	142,980	133,955
Tangible assets	12	17,762	17,451
Financial assets	13	<u>36,845</u>	<u>29,432</u>
		197,587	180,838
CURRENT ASSETS			
Stocks	14	682	641
Debtors	15	11,440	11,287
Cash at bank and in hand		<u>3,451</u>	<u>7,715</u>
		15,573	19,643
CREDITORS:			
Amounts falling due within one year	16	<u>(93,151)</u>	<u>(90,710)</u>
NET CURRENT LIABILITIES		<u>(77,578)</u>	<u>(71,067)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		120,009	109,771
CREDITORS:			
Amounts falling due after more than one year	17	(148,181)	(135,760)
PROVISIONS FOR LIABILITIES	21	<u>(10,824)</u>	<u>(8,818)</u>
NET LIABILITIES		<u>(38,996)</u>	<u>(34,807)</u>
CAPITAL AND RESERVES			
Called up share capital	22	163	163
Share premium account		3,917	3,917
Revaluation Reserve		-	-
Accumulated losses		<u>(43,076)</u>	<u>(38,887)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(38,996)</u>	<u>(34,807)</u>

The financial statements on pages 13 to 37 were approved by the Board of Directors on 28 February 2022 and were signed on its behalf by:



S P D Kershaw - Director

FUNERAL PARTNERS HOLDCO LIMITED (REGISTERED NUMBER: 09622193)

**COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2021**

	Notes	2021 £'000	£'000	2020 £'000	£'000
FIXED ASSETS					
Investments	13		<u>4,080</u>		<u>4,080</u>
			4,080		4,080
CURRENT ASSETS					
Debtors	15	74,074		74,074	
CREDITORS:					
Amounts falling due within one year	16	<u>(74,074)</u>		<u>(74,074)</u>	
NET CURRENT ASSETS			<u>-</u>		<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4080</u>		<u>4,080</u>
CAPITAL AND RESERVES					
Called up share capital	22		163		163
Share premium account			<u>3,917</u>		<u>3,917</u>
TOTAL SHAREHOLDERS' FUNDS			<u>4,080</u>		<u>4,080</u>
Company's result for the financial year			<u>-</u>		<u>-</u>

The financial statements were approved by the Board of Directors on 28 February 2022 and were signed on its behalf by:



SPD Kershaw - Director

FUNERAL PARTNERS HOLDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up Share Capital	Accumulated losses	Share Premium Account	Revaluation reserve	Total Shareholders' deficit
	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2019	163	(30,610)	3,917	-	(26,530)
Changes in equity					
Other reserve	-	-	-	-	-
Loss and total comprehensive expense for the financial year	-	(8,277)	-	-	(8,277)
Balance at 30 September 2020	<u>163</u>	<u>(38,887)</u>	<u>3,917</u>	<u>-</u>	<u>(34,807)</u>
Changes in equity					
Other reserve	-	-	-	-	-
Loss and total comprehensive expenses for the financial year	-	(4,189)	-	-	(4,189)
Balance at 30 September 2021	<u>163</u>	<u>(43,076)</u>	<u>3,917</u>	<u>-</u>	<u>(38,996)</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Retained earnings	Share premium account	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance at 1 October 2019	<u>163</u>	<u>-</u>	<u>3,917</u>	<u>4,080</u>
Balance at 30 September 2020 and 1 October 2020	<u>163</u>	<u>-</u>	<u>3,917</u>	<u>4,080</u>
Balance at 30 September 2021	<u>163</u>	<u>-</u>	<u>3,917</u>	<u>4,080</u>

FUNERAL PARTNERS HOLDCO LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	29	26,735	21,933
Tax paid		<u>(332)</u>	<u>(253)</u>
Net cash generated from operating activities		<u>26,403</u>	<u>21,680</u>
Cash flows from investing activities			
Purchase of subsidiaries (net of cash acquired)		(16,639)	(28,723)
Purchase of tangible fixed assets		(4,462)	(1,873)
Purchase of investments for pre-paid funeral plans		(7,413)	(5,872)
Sale of tangible fixed assets		3,717	1,168
Disposal of subsidiaries		-	394
Net cash used in investing activities		<u>(24,797)</u>	<u>(34,906)</u>
Cash flows from financing activities			
Receipts from new secured loan		4,240	28,550
Repayment of finance lease		(1,146)	(1,136)
Bank interest and similar fees paid		(8,857)	(8,636)
Arrangement and similar fees paid		-	-
Hire purchase interest paid		(107)	(152)
Net cash (used in)/ generated from financing activities		<u>(5,870)</u>	<u>18,626</u>
Net (decrease)/increase in cash and cash equivalents		(4,264)	5,400
Cash and cash equivalents at beginning of year		7,715	2,315
Cash and cash equivalents at end of year		<u>3,451</u>	<u>7,715</u>

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. GENERAL INFORMATION

Funeral Partners HoldCo Limited ("the company") and its subsidiaries (together "the Group") operate over 218 funeral homes in England, Scotland and Northern Ireland and a retail memorial mason, and markets pre-paid funeral plans under the "Choice" brand.

2. STATUTORY INFORMATION

Funeral Partners Holdco Limited is a private company incorporated in United Kingdom, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. STATEMENT OF COMPLIANCE

The Group and individual financial statements of the company 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.

4. ACCOUNTING POLICIES

Basis of preparing the financial statements

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention. These policies have been consistently applied unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4. The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirement to prepare a cashflow statement.
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7
- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows included in these financial statements includes the company's cash flows.

These exemptions are taken on the basis that the company information is provided within the consolidated information.

Basis of consolidation

The Group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings ('subsidiaries'). All companies in the Group are wholly owned by the Group, have the same accounting reference date, use the same accounting policies and all intra-Group transactions, balances, income and expenses are eliminated on consolidation. All undertakings included in the consolidation have been treated as if they were a single entity. The results of subsidiaries acquired in the year are included in the consolidated financial statements from the date of acquisition.

As part of a previous acquisition the Group acquired an employee benefit trust for the benefit of employees, former employees and certain of their dependants. Monies held in the trust are held by independent trustees and managed at their discretion. Notwithstanding the legal duties of the trustees, the Group considers that it has de facto control of this entity. Such assets are accounted for as assets and liabilities of the sponsoring company within the Group and included in the consolidated financial statement as appropriate. Any of the company's equity instruments held by the trust from time to time are accounted for as if they were the company's own equity and are treated as *treasury shares*. No gain or loss is recognised on the purchase, sale or cancellation of the company's own equity held by the trust.

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued

4. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continuously evaluated and are based on historic experience and other factors, including expectations of future events. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results.

Critical accounting estimates and assumptions

(I) Fair value of acquisitions made in the year

The fair values used in accounting for the acquisitions made by the Group are all provisional in nature in the year of acquisition, updated as required in the year following acquisition, and required estimates of the trading performance of the relevant cash-generating units over a number of years, including assumptions relating to market size, revenue growth and cost bases.

Valuations ascribed to brand names inevitably involve considerable exercise of judgement, albeit that the long-standing nature of brands in the funeral sector can serve to limit the uncertainty here.

(II) Impairment assessments of Intangible assets and goodwill

The assessment of impairment using recoverable value relies upon estimates for future trading performance of the cash-generating units ("CGUs"). A CGU is aligned with the operating areas of the business which are spread across England, Wales and Scotland on a geographic basis. Operating areas consist of a central hub and a number of operating branches. It also requires judgement in the setting of applicable discount and long-term growth rates on cashflows for these units. Cashflows are based on forecasted operating cashflows which may vary from actual cashflows.

(III) Recoverability of trade debtors

The Group has a large number of relatively small trade debtors, resulting from providing services to a broad cross-section of the general public. The policy adopted for estimating impairment of ageing trade debts requires judgement, made in the light of previous collection experience and consideration of the deceased's estate as well as the financial position of each client.

(IV) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on economic utilisation and physical condition of the assets.

(V) Useful economic lives of intangible assets and goodwill

The annual amortisation charge for intangible assets and goodwill is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are reassessed annually based on reviews of performance of CGUs. Where considered necessary the useful economic lives of the intangible assets and goodwill for specific CGUs are amended to reflect the current estimates for future value generation.

(VI) Systematic basis of recognition of government grants

Government grant income recognition is sensitive to estimates and judgements on the level of future costs against which that grant income is intended to compensate. Estimates assessed annually and, where considered necessary, amended to reflect latest expectations.

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued

4. ACCOUNTING POLICIES – continued

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable and represents the amount receivable in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

For funeral services revenue is recognised on the date of the funeral as this is the point where the company is considered to have discharged the bulk of its obligations in providing its services. For the same reason memorial related revenue is recognised when the memorial is installed, or on practical completion of other works. For funeral plans, revenue is recognised when management charges are received on the sale of plans, net of estimated plan cancellations, exclusive of Value Added Tax.

The whole of the turnover is attributable to the provision of funeral and related services and occurs solely within the United Kingdom.

Business combinations and goodwill

Business combinations (acquisitions) are accounted for by using the purchase method. FRS 102 triennial review was adopted. Cost is the fair value of the consideration given, liabilities incurred or assumed and of any equity instruments issued plus the costs directly attributable to the acquisition. Contingent consideration is initially recognised at estimate amount where the consideration is probable and the cost can be estimated reliably. Any changes in these estimates are adjusted by means of a change to the cost of the acquisition.

On acquisition, 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.

Goodwill recognised represents the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is allocated to CGUs that are expected to benefit from the acquisition.

Goodwill is amortised over its expected useful life of 20 years. Goodwill is assessed for impairment when there are indications of impairment, and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for impairment no longer apply.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method over 20 years and charged to Administrative expenses in the statement of comprehensive income.

Where factors indicate that useful life have changed the amortisation rate is amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if these factors indicate that the carrying value may be impaired.

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other assets is provided at rates calculated to write off their cost, less estimated residual value, over their expected useful lives, on the following basis:

Land and buildings	- 2% straight line (freehold)
	- 10% - 25% straight line (leasehold)
Motor vehicles	- 12.5% - 25% straight line
Furniture, fittings and equipment	- 12.5% - 33.3% straight line

Residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting year. The effect of any change is applied prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred. Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued

4. ACCOUNTING POLICIES - continued

Financial Assets

Investments represent insurance policy receivables to cover funeral costs which are recoverable from a third party on the death of the insured party or cancellation of the policy. The investments are held in insurance policies that attract interest and bonus payments throughout the year dependent upon market conditions. The plan investment is a financial asset, which is recorded at fair value each year through the income statement as interest income, using valuations provided by the insurance policy provider. Investments held by the company represent shares in Group undertakings and are valued at cost less any accumulated impairment losses.

Stocks

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the year in which the related revenue is recognised.

Cost is determined on the first-in first-out method and includes purchase price, taxes and transport and handling attributable to bringing the inventory to its present location and condition. At the end of each reporting year inventories are assessed for impairment.

Taxation

Tax expense for the year covers current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Neither current nor deferred tax assets and liabilities are discounted. Current tax is the amount of income tax payable in respect of the taxable profit for the year, calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year-end.

Management periodically evaluates positions taken in tax returns and establishes provisions on the basis of amounts expected to be paid. Deferred tax arises from timing differences, which arise from the inclusion of income and expenses in tax assessments in years different from those when they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and law that have been enacted or substantively enacted by the year-end and that are expected to apply to the reversal of the timing difference.

Exceptional Items

The company classifies as exceptional items certain charges that are not part of the indicative underlying trading result of the business, including one-off and non-recurring items, such that they have a material impact on the company's financial results. These are disclosed separately to provide further understanding of the financial performance of the company accordingly.

Going concern

The consolidated balance sheet at 30 September 2021 shows that Group liabilities exceed assets by £38,996,000 (2020: £34,807,000). The Group has net current liabilities at year end which is due primarily to the classification of non-trading amounts owed to Group undertakings as repayable on demand. The directors have obtained confirmation that the amounts owed to Group undertakings will not be required to be repaid within one year of signing the financial statements. The directors have prepared cash flow projections and consider that the Group and the company will continue to operate within the facilities currently in place. The cash flow projections included a review and consideration of a number of factors including inter alia their evaluation of prevailing market conditions, competition, anticipated sales and operating margins, working capital requirements, financing facilities expected to be available and covenant compliance. These reviews and considerations have been conducted in the context of the specific circumstances arising in light of the Covid-19 pandemic. Downside scenarios have been considered to assess potential financial impacts over the period of the next twelve months from the signing of these financial statements. This includes consideration of mitigating actions which can be taken if required. In light of these reviews, the current finance facilities, including available headroom, are considered sufficient to continue operating for the foreseeable future. Post year-end, the Group secured new financing facilities with maturity date of 2028, thereby providing the Group with suitable funding to support the Group's financial obligations. Based on these reviews and factors, the directors continue to adopt the going concern basis in preparing the financial statements.

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued

4. ACCOUNTING POLICIES - continued

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension schemes. Short-term benefits, including holiday pay and similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

An expense in relation to annual bonus plans is recognised when the Group has a legal or constructive obligation to make payments as a result of past events and when a reliable estimate of the obligation can be made.

The Group operates a number of defined contribution pension schemes. The pension charge represents the amounts payable by the Group to the funds in respect of the year. The assets of the schemes are held separately from those of the company in independently administered funds.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets, looking at the substance of the agreement.

Leases that transfer substantially all risks and rewards incidental to ownership are classified as finance leases. Assets obtained under finance leases are capitalised at fair value at commencement of the lease and are depreciated over their useful lives. The capital element of obligations under such agreements are included as a liability on inception of the lease. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each year.

Leases that do not transfer substantially all of the risks and rewards incidental to ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Incentives received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period of the lease.

Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and its amount can be estimated reliably. In these cases, the provision is measured at the present value using a pre-tax rate reflecting current market assessments of the time value of money.

Contingent liabilities are not recognised except those acquired in a business combination. They arise from past events when it is not probable that there will be an outflow of resources or the amount cannot be reliably ascertained or any liability will be determined by future events not wholly within the Group's control. They are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised and are disclosed in the financial statements only where an inflow of economic benefits is probable.

Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year to which they relate.

Accruals and deferred income – pre-need funeral plan liability

This is held within accruals and deferred income and represents future costs to the company to provide funerals or refund previously received policy amounts. The valuation of the liability is assessed annually by the directors. Movements in the valuation relating to increases attributable to RPI are reflected within interest payable and similar charges in the profit and loss account. Movements in the valuation relating to potential losses on provision of funerals are booked when identified and recorded as administrative expenses.

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued

4. ACCOUNTING POLICIES - continued

Financial instruments

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

Basic financial assets, including trade and other receivables, cash and bank balances are recognised at transaction price. At the end of each reporting year financial assets are assessed for objective evidence of impairment.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction. In this instance the debt instrument is measured at the present value of the future receipts and payments, 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 loan will be drawn down. In this case the fee is deferred until draw-down occurs.

Trade payables are payable within one year and accounted for at transaction price and as current liabilities.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right of set-off and there is an intention to settle on a net basis.

Government grants

In line with Section 24, the Group has chosen to adopt the accrual model in respect of government grants. Grants relating to revenue are recognised on a systematic basis over the period in which related costs are recognised and for which the grants are intended to compensate.

5. EMPLOYEES AND DIRECTORS

	2021 £'000	2020 £'000
Wages and salaries	23,958	20,889
Social security costs	1,982	1,781
Other pension costs	<u>556</u>	<u>464</u>
	<u>26,496</u>	<u>23,134</u>

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

	2021 Number	2020 Number
Direct	822	740
Administration & management	<u>88</u>	<u>79</u>
	<u>910</u>	<u>819</u>

The directors are considered to represent the key management of the Group. At the year-end one (2020: one) director was accruing benefits under defined contribution schemes. In this regard contributions made by the Group totalled £1,000 (2020: £1,000). No director acquired shares under long term incentive schemes or exercised share options during the year (2020: no)

	2021 £'000	2020 £'000
Directors' remuneration	<u>475</u>	<u>353</u>
	<u>475</u>	<u>353</u>

Information regarding the highest paid director is as follows:

	2021	2020
Aggregate emoluments	<u>280</u>	<u>209</u>

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued**

6. EXCEPTIONAL ITEMS

	2021 £'000	2020 £'000
Exceptional items	<u>618</u>	<u>1,196</u>
	<u>618</u>	<u>1,196</u>

Exceptional items include the net result of restructuring, legal and professional and acquisition-related costs. The tax impact of exceptional items was a credit of £117,000 (2020: £227,000).

7. OPERATING PROFIT

Operating profit for the Group is stated after (crediting)/charging:

	2021 £'000	2020 £'000
Operating lease charges	4,456	4,053
Group-related Board costs	242	174
Depreciation	3,685	3,691
Amortisation	6,221	7,245
Inventory recognised as an expense	1,123	771
Grant income received	600	135
Impairment of trade debtors (included in administrative expenses)	386	488
Profit of disposal of property, plant and equipment	(969)	(191)
Fees payable to the company's auditors for the audit of the company's annual financial statements	7	6
Fees payable to the company's auditors and their associates for other services:		
- Audit of the company's subsidiaries annual financial statements	130	124
- Tax compliance services	65	80
Total amount payable to the company's auditors and their associates	202	210

The Group board related costs of £242,000 (2020: £174,000) include non-executive directors' fees and other similar costs which the Group reports separately from the underlying trading performance of the Group.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Bank loan interest	8,844	8,693
Unwinding of discounts on pre-paid plan liabilities	670	657
Leasing	107	153
Amortisation of finance costs	<u>1,663</u>	<u>1,430</u>
	<u>11,284</u>	<u>10,933</u>

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued**

9. TAX ON LOSS

Analysis of the tax charge

The tax charge on the loss before taxation for the year was as follows:

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	<u>(5)</u>	<u>(31)</u>
Total current tax	<u>(5)</u>	<u>(31)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>2,006</u>	<u>399</u>
Total deferred tax	<u>2,006</u>	<u>399</u>
Tax on loss	<u>2,001</u>	<u>368</u>

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Loss before taxation	<u>(2,188)</u>	<u>(7,909)</u>
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020 ~ 19%)	(416)	(1,503)
Effects of:		
Adjustments in respect of prior years	-	(31)
Permanent differences	1,241	1,457
Unrecognised deferred tax	-	70
Deferred taxation arising on intangible assets	2,006	399
Rollover relief/ gains	(830)	(54)
Other	<u>-</u>	<u>30</u>
Total tax charge	<u>2,001</u>	<u>368</u>

Following Budget 2021, UK corporation tax rates substantively enacted for financial years starting 1 April 2021 and 1 April 2022 are 19%, rising to 25% from 1 April 2023.

10. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

FUNERAL PARTNERS HOLDING CO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued**

11. INTANGIBLE ASSETS

Group	Goodwill £'000	Brand Names £'000	Total £'000
At 1 October 2020			
Cost	103,906	62,313	166,219
Accumulated Amortisation	<u>(16,362)</u>	<u>(15,902)</u>	<u>(32,264)</u>
Opening Net Book Value	<u>87,544</u>	<u>46,411</u>	<u>133,955</u>
Movement in Year			
Acquisitions (Note 26)	12,302	-	12,302
Revisions in respect of previous acquisitions	2,944	-	2,944
Amortisation	<u>(3,106)</u>	<u>(3,115)</u>	<u>(6,221)</u>
Closing Net Book Value	<u>99,684</u>	<u>43,296</u>	<u>142,980</u>
As at 30 September 2021			
Cost C/fwd.	119,152	62,313	181,465
Accumulated Amortisation	<u>(19,468)</u>	<u>(19,017)</u>	<u>(38,485)</u>
Closing Net Book Value	<u>99,684</u>	<u>43,296</u>	<u>142,980</u>

The individual intangible assets consist of forty-six cash-generating units, spread across England, Scotland and Northern Ireland on a geographic basis.

Additions have arisen as a result of the acquisitions made during the year.

Goodwill and brand names are being amortised over their expected useful lives, which are deemed to be up to 20 years, based on the long and durable trading histories regularly experienced in the funeral sector.

The directors have performed impairment reviews in the year. The impairment reviews compare discounted cash flows, prepared on a value in use basis, to the carrying value of the assets held at a cash generating unit and Group level. The directors are satisfied that the forecast cashflows support the carrying value of assets and therefore no additional impairment charge is recognised in the year. The value in use models have been assessed applying forecasted cashflows, discounted at 9.7% (2020: 9%) and applying a long-term growth rate of 2.75% (2020: 2.75%) that is based on inflation and predicted death rates.

The company had no intangible assets at 30 September 2021.

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued**

12. TANGIBLE ASSETS

Group	Land and Buildings £'000	Motor Vehicles £'000	Furniture, Fittings and Equipment £'000	Total £'000
At 1 October 2020				
Cost	10,272	10,031	5,589	25,892
Accumulated Depreciation	<u>(2,542)</u>	<u>(3,546)</u>	<u>(2,353)</u>	<u>(8,441)</u>
Opening Net Book Value	<u>7,730</u>	<u>6,485</u>	<u>3,236</u>	<u>17,451</u>
Additions	2,779	958	610	4,347
Transfers	268	(34)	(234)	-
Disposals	(2,628)	(533)	(288)	(3,449)
Acquisitions	1,041	901	232	2,174
Depreciation in the year	(1,290)	(1,453)	(942)	(3,685)
Depreciation of disposals	<u>247</u>	<u>399</u>	<u>278</u>	<u>924</u>
Closing Net Book Value	<u>8,147</u>	<u>6,723</u>	<u>2,892</u>	<u>17,762</u>
At 30 September 2021				
Cost	11,733	11,323	5,909	28,966
Accumulated Depreciation	<u>(3,586)</u>	<u>(4,600)</u>	<u>(3,017)</u>	<u>(11,204)</u>
Closing Net Book Value	<u>8,147</u>	<u>6,723</u>	<u>2,892</u>	<u>17,762</u>

At 30 September 2021, included within the net book value of land and buildings is £4,481,000 (2020: £5,318,000) relating to freehold land and buildings and £3,666,000 (2020: £2,412,000) relating to short term leasehold land and buildings.

The net book value of assets held under finance leased include above was £3,508,000 (2020: £4,200,000)

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued

13. FINANCIAL ASSETS

Group	Insurance policy receivables £000
At 1 October 2020	29,432
Additions	9,971
RPI uplift	670
Disposals	(3,228)
At 30 September 2021	<u>36,845</u>

These are not listed investments. The RPI uplift above has been included in interest receivable and similar income. The RPI uplift £670,000 (2020: £391k) is recognised in interest income and represents a change in financial assets measured at fair value through the profit and loss account.

Company	Shares in Group undertakings £000
At 1 October 2020	4,080
Additions	—
At 30 September 2021	<u>4,080</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Subsidiary undertakings are listed below. None are publicly traded. All are wholly owned by this company.

Company Name	Ordinary Shares	Principal Activity
Funeral Partners Bidco Limited ^ (09622240)	100%	Intermediate Holding Company
FSP Holdco Limited * ^ (06932060)	100%	Intermediate Holding Company
FSP Acquisition Limited * ^ (06934252)	100%	Intermediate Holding Company
Funeral Services Partnership Limited * ^ (06059124)	100%	Intermediate Holding Company
Lockerley Stone & Masonry Limited * ^ (02725887)	100%	Suppliers of Stone and Masonry Products
Funeral Partners Limited *	100%	Funeral Directors
Alternative Planning Company Limited *	100%	Marketing of Pre-need funeral services
M L Williams Limited * >	100%	Dormant
FSP Employee Benefit Trust Limited *	100%	Dormant
Torbay & District Funeral Service Limited *	100%	Dormant
C & T Radmall Funeral Services Limited	100%	Dormant
James Hawes & Goodchild Limited *	100%	Dormant
W. Storey Funeral Directors Limited *	100%	Dormant
Roy Quinton Funeral Directors Limited *	100%	Dormant
T.W. Boorman Funeral Services Limited *	100%	Dormant

FUNERAL PARTNERS HOLDCO LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021 – continued

13. FINANCIAL ASSETS - continued

Paul Capper Limited *	100%	Dormant
Funerals Made Simple Limited *	100%	Dormant
James & Thomas Limited *	100%	Dormant
Mears & Cotterill Limited *	100%	Dormant
E Sargeant & Son Limited *	100%	Dormant
Cutler Group Holdings Limited *	100%	Dormant
Cutler Funeral Directors Limited *	100%	Dormant
The Funeral People Limited *	100%	Dormant
L.M. Funerals (Holdings) Limited *	100%	Dormant
LM Funerals Limited *	100%	Dormant
Budget Cremations Limited *	100%	Dormant
William H.Painter Limited *	100%	Dormant
Steven Mears Funeral Directors Limited *	100%	Dormant
Laurel Memorials Limited *	100%	Dormant
Laurel Funerals Limited *	100%	Dormant
Stratford upon Avon Funeral Services Limited *	100%	Dormant
Henry Ison & Sons Limited *	100%	Dormant
Doves Limited *	100%	Dormant
Simple Funerals Limited *	100%	Dormant
Chris White Funeral Directors Limited *	100%	Dormant
Bexley & Crayford Funeral Service Limited *	100%	Dormant
Earl & Co (Ashford) Limited *	100%	Dormant
Earl & Co (Funeral Services) Limited *	100%	Dormant
Former LMF FMJW Limited *	100%	Dormant
Funerals on a Budget Ltd *	100%	Dormant
Former LMF KYG Limited *	100%	Dormant
Payne & Sons Funeral Directors Limited *	100%	Dormant
Thomas Bragg & Sons Limited *	100%	Dormant
Robert Nuttall Funeral Service Limited *	100%	Dormant
Aaron Black Funeral Directors Limited *	100%	Dormant
Exeter & District Funeral Service Limited *	100%	Dormant
Hemming & Peace Limited *	100%	Dormant
High Street Funeral Directors Limited *	100%	Dormant
Daren Persson Funeral Services Limited *	100%	Dormant
Kavanagh & Coates Funeral Services*	100%	Dormant
Haven Funeral Services Limited *	100%	Dormant
Richard Lloyd Funeral Services Limited *	100%	Dormant
W.H.Putnam Limited *	100%	Dormant
Walker And Morrell Limited *	100%	Dormant
John Blenkiron & Sons Limited *	100%	Dormant
Firmager Funeral Service Limited *	100%	Dormant
James Dykes Funeral Service Ltd * >	100%	Dormant
Chambers & Brighty Limited *	100%	Dormant
John G. Hogg Funeral Directors Ltd *	100%	Dormant
Graham J Clegg Independent Funeral Service Limited *	100%	Dormant
Ashdown Funeral Services Limited *	100%	Dormant
S W Barningham Ltd *	100%	Dormant
Quinns of Greasby Limited *	100%	Dormant
Elizabeth Way & Company Limited *	100%	Dormant
G&M Gould (Independent Funeral Directors) Limited *	100%	Dormant
Funeral Services Northern Ireland Limited *	100%	Funeral Directors
Miles & Daughters Limited *	100%	Dormant
F Dooley & Son Limited * ^ (04571579)	100%	Dormant

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued**

13. FINANCIAL ASSETS - continued		
Burnham Funeral Services Limited *	100%	Dormant
Dutton & Hallmark Funeral Services) Ltd * ^ (04749422)	100%	Dormant
Hammertons Funeral Services Holdings Limited * ^ (12500608)	100%	Dormant
Wombwell Funeral Services Holdings Limited * ^ (12501594)	100%	Dormant
Wombwell Funeral Services Limited * ^ (08555709)	100%	Dormant
Turners Funeral Services Limited * ^ (04489031)	100%	Dormant
Steven Sim & Son Ltd. * > ^ (SC244904)	100%	Dormant
Arthur Gresty Limited * ^ (00783624)	100%	Funeral Directors
Merstow Green Limited * ^ (06348222)	100%	Dormant
John Clark Funeral Service Ltd. * > ^ (SC290586)	100%	Dormant
Michael Gamble Funeral Directors Holdings Limited * ^ (11891615)	100%	Intermediate Holding Company
Michael Gamble Funeral Directors Limited * ^ (06505077)	100%	Funeral Directors
Michael Gamble Funeral Directors Stonehouse Limited * ^ (11894975)	100%	Funeral Directors
Farthing Funeral Service Ltd * ^ (09555526)	100%	Dormant

All companies were registered in England & Wales, and the registered address is 80 Mount Street, Nottingham, NG1 6HH, except for those marked >, which were registered in Scotland. All companies are private limited companies. No subsidiary undertaking is publicly traded. All the subsidiaries are included in the consolidation.

* Indirect subsidiaries

^ Exempt from audit under section 479A of the Companies Act 2006 (Registered number shown)

14. STOCKS

	Group	
	2021	2020
	£'000	£'000
Finished goods and stocks for resale	<u>682</u>	<u>641</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

15. DEBTORS

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	3,388	3,149	-	-
Amounts owed by Group undertakings	330	13	74,074	74,074
Other debtors	2,673	4,405	-	-
Prepayments and accrued income	<u>5,049</u>	<u>3,720</u>	<u>-</u>	<u>-</u>
	<u>11,440</u>	<u>11,287</u>	<u>74,074</u>	<u>74,074</u>

Trade debtors are stated after provisions for impairment, including provisions acquired, of £1,632,000 (2020: £1,252,000). Amounts owed by Group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 - continued**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Hire purchase contracts (see note 20)	975	1,043	-	-
Trade creditors	3,956	3,786	-	-
Amounts owed to Group undertakings	75,059	75,054	74,074	74,074
Corporation tax	563	413	-	-
Other taxation and social security	557	488	-	-
Other creditors	5,326	4,906	-	-
Deferred consideration	980	1,108	-	-
Accruals and deferred income	<u>5,735</u>	<u>3,912</u>	<u>-</u>	<u>-</u>
	<u>93,151</u>	<u>90,710</u>	<u>74,074</u>	<u>74,074</u>

Amounts owed to Group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand. They relate to amounts owing to the company's ultimate and immediate holding companies, which are not included in this consolidation.

Deferred income includes £Nil (2020: £600,000) of Covid grant income which will be recognised in the following year.

Finance leases are secured against the assets to which they relate, which are vehicles in all cases. The Group has the option to purchase the assets at negligible cost at the end of each lease.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2021	2020
	£'000	£'000
Bank loans and overdrafts (see note 18)	110,391	104,305
Hire purchase contracts (see note 20)	945	2,023
Accruals and deferred income	<u>36,845</u>	<u>29,432</u>
	<u>148,181</u>	<u>135,760</u>

Accruals and deferred income represent liabilities to perform funerals under pre-paid funeral contracts entered into by a subsidiary, Alternative Planning Company Limited. Because of the nature of these liabilities the directors are not able to determine when they are likely to fall due. They are shown here as falling due between one and five years. This is consistent with the treatment of the corresponding funeral plan asset which is held as a fixed asset investment.

Bank loans: Bank interest is chargeable on the Unitranche facility loan of £34,900,000 (2020: £34,900,000), the Acquisition facility A loan of £25,000,000 (2020: £25,000,000) and the Acquisition facility B loan of £42,552,000 (2020: £38,312,000) at 7.00% above LIBOR (2020: 7.25%) (with LIBOR to be at least 0.75%) and Revolving facility loan of £Nil (2020: £ Nil) and the Super Senior Acquisition facility loan of £10,000,000 (2020: £10,000,000) at 3.0% above LIBOR. These margins are adjustable both upwards and downwards based on the actual level of leverage.

The bank loans are secured by way of debentures over the assets of the Group and the Group is required to comply with financial leverage covenants and other reporting requirements on a regular basis. The Super Acquisition and Revolving facilities have a maturity date of 2022 with the remaining facilities maturing in 2023.

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 – continued**

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

Finance leases are secured against the assets to which they relate, which are vehicles in all cases. The Group has the option to purchase the assets at negligible cost at the end of each lease. Future minimum payments are as follows:

	2021 £'000	2020 £'000
Within one year	1,035	1,244
In more than one year, but within five years	<u>978</u>	<u>2,023</u>
Gross payments	2,013	3,267
Less finance charges included above	<u>(93)</u>	<u>(201)</u>
Carrying amount of liability	<u>1,920</u>	<u>3,066</u>

Included within bank loans are finance costs which have been capitalised and allocated over the following years:

	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000	Total 2021 £'000
Bank loan	-	10,000	102,452	-	112,452
Finance costs	(1,872)	(1,995)	(66)	-	(3,933)
Total	<u>(1,872)</u>	<u>8,005</u>	<u>102,386</u>	<u>-</u>	<u>108,519</u>

The current amount of £1,872,000 (2020: £1,690,000) relating to finance costs allocated to the next 12 months have been shown within Other Debtors.

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 – continued**

18. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2021	2020
	£'000	£'000
Amounts falling due within one year or on demand:		
Bank loans	<u>-</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans	<u>112,452</u>	<u>108,212</u>
Amounts falling due in more than five years:		
Repayable by non-instalments		
Bank loans	<u>-</u>	<u>-</u>

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2021	2020
	£'000	£'000
Within one year	4,606	4,003
Between one and five years	13,969	11,998
In more than five years	<u>16,883</u>	<u>14,287</u>
	<u>35,458</u>	<u>30,288</u>

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 – continued**

20. FINANCIAL INSTRUMENTS

	Group	
	2021	2020
	£000	£000
Financial assets at fair value through profit and loss account		
Investments	36,845	29,432
Financial assets that are Debt instruments measured at amortised cost:		
Trade receivables	3,388	3,149
Amounts owed by Group undertakings	330	13
Accrued income	1,928	1,472
Other receivables	<u>802</u>	<u>2,715</u>
	<u>43,293</u>	<u>36,781</u>
Financial liabilities measured at amortised cost:		
Senior loans	(110,391)	(104,305)
Finance leases	(1,920)	(3,066)
Trade creditors	(3,956)	(3,786)
Amounts owed to Group undertakings	(75,059)	(75,054)
Deferred consideration	(980)	(1,108)
Accruals and deferred income	(5,735)	(3,912)
Other creditors	<u>(5,326)</u>	<u>(4,906)</u>
	<u>(203,367)</u>	<u>(196,137)</u>
	<u>(160,074)</u>	<u>(159,356)</u>

21. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£'000	£'000
Deferred tax	<u>10,824</u>	<u>8,818</u>
Group		
		Deferred tax
<u>Acquired intangible assets</u>		£'000
Balance at 1 October 2020		8,818
Movement in profit and loss		<u>2,006</u>
Balance at 30 September 2021		<u>10,824</u>

Deferred tax assets of £2,100,000 (2020: £1,800,000) relating to losses and accelerated capital allowances have not been recognised as the Group does not have a consistent track record of utilising tax losses.

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 – continued**

22. CALLED UP SHARE CAPITAL

Group and Company

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £'000	2020 £'000
163,210 (2020: 163,210)	Ordinary	£1	<u>163</u>	<u>163</u>

23. CONTINGENT LIABILITIES

The company, in its role as the parent company of the Group, has provided a statutory guarantee to certain subsidiaries for all outstanding liabilities of those subsidiaries at 30 September 2021. This enables them to take the audit exemption from obtaining a signed statutory audit opinion under 479A of the Companies Act 2006. The companies provided with a statutory guarantee are identified in note 13. The liabilities are as disclosed in the individual company's financial statements at 30 September 2021.

24. RELATED PARTY DISCLOSURES

Montagu Private Equity LLP charged a Group company monitoring fees of £150,000 (2020: £150,000) during the year.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is funds managed by Montagu Private Equity LLP, a limited liability partnership registered in England and Wales.

The immediate parent company is Funeral Partners Midco Limited, a company registered in England & Wales, and the ultimate parent company is FP Topco Limited, a company registered in Jersey. The largest Group of undertakings for which Group financial statements are produced is FP Bidco Limited. The smallest is Funeral Partners Holdco Limited. These financial statements can be obtained from Companies House, or the company's registered address.

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 – continued**

26. ACQUISITIONS

During the year a subsidiary, Funeral Partners Limited, acquired the entire share capital of nine trading companies and the trade and assets of one business. All acquired businesses were engaged in the provision of funeral services and related activities and one intermediate holding company.

The book values of the assets and liabilities have been taken from management accounts of each company as at acquisition. Their provisional fair value is summarised below and adjustments have been made where the directors deem appropriate. The Group will account for any further matters arising in the year post acquisitions that affect fair values.

In all cases the carrying value of intangible assets on the acquired companies' balance sheets has been assessed as zero, leading to fair value adjustments as set out below.

	Cost £'000	Fair Value Adjustment £'000	Fair Value to the Group £'000
Assets acquired			
Intangible assets	330	(330)	-
Tangible assets	1,453	714	2,167
Stock	90	(34)	56
Debtors	1,611	(21)	1,590
Cash	965	-	965
Deferred tax	(117)	-	(117)
Corporation tax	(332)	-	(332)
Creditors	(686)	(124)	(810)
Fair value of net assets acquired	<u>3,314</u>	<u>205</u>	<u>3,519</u>
Goodwill arising on acquisition (Note 11)			12,302
Consideration			
Cash paid to former owners	14,322	-	14,322
Deferred consideration	620	-	620
Fees	<u>879</u>	<u>-</u>	<u>879</u>
Total	<u>15,821</u>	<u>-</u>	<u>15,821</u>

The revenue included in the consolidated income statement for 2021 was £5,351,000 (2020: £7,312,000), and the acquisitions contributed profit of £1,899,000 (2020: £1,526,000) in the year. Fair value adjustments principally relate to the elimination of acquired goodwill and director loan balances and the recognition of freehold properties at fair value.

FUNERAL PARTNERS HOLDCO LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021 – continued**

27. POST EMPLOYMENT BENEFITS

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £556,000 (2020: £464,000). Contributions totalling £102,000 (2020: £111,000) were payable to the fund at the balance sheet date and are included in creditors.

28. POST BALANCE SHEET EVENTS

After the year end the Group completed the acquisition of the entire share capital of five companies for a total preliminary consideration (including fees) of £6.45m.

After the year end, the Group secured new financing facilities totalling £125m to provide it with access to further funding to support future acquisition activity. The new finance facilities have maturity dates in 2028.

29. RECONCILIATION OF LOSS AFTER TAXATION TO CASH GENERATED FROM OPERATIONS

	2021	2020
	£'000	£'000
Loss after taxation	(4,189)	(8,277)
Depreciation charges	3,685	3,691
Amortisation charges	6,221	7,245
Profit on disposal of fixed assets	(969)	(191)
Hedging interest	-	47
Net interest expense	10,614	10,225
Tax Income	<u>2,001</u>	<u>368</u>
	17,363	13,108
Decrease/(Increase) in inventories	15	(92)
Receipt of funds from customers for investment in pre-paid plans	7,413	5,872
Decrease/(increase) in trade and other debtors	2,942	(134)
(Decrease)/increase in trade and other creditors	<u>(998)</u>	<u>3,179</u>
Cash generated from operations	<u>26,735</u>	<u>21,933</u>

Non-cash transactions

Amounts shown as outstanding on bank loans were affected by amortisation of finance costs during the year totalling £1,663,000 (2020 £1,430,000) and reclassification of finance costs of £1,872,000 (2020: £1,690,000). These are to be amortised in the next year and are shown with other debtors (see note 15).