

**REGISTERED NUMBER: 09622193 (England and Wales)**

COP

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022  
FOR  
FUNERAL PARTNERS HOLDCO LIMITED**

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**FUNERAL PARTNERS HOLDCO LIMITED**

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FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**FUNERAL PARTNERS HOLDCO LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**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

**FUNERAL PARTNERS HOLDCO LIMITED**  
**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their strategic report of the company and the Group for the year ended 30 September 2022.

**REVIEW OF BUSINESS**

The trading results for the year and the company and Group's financial position at 30 September 2022 are shown in the attached financial statements.

The directors are pleased with the overall progress made by the Group during the year. Business performance for the year was in the context of the previous two years being impacted by the Covid-19 pandemic, and the directors consider that the business has adapted well to the post pandemic environment.

**Key business updates and activities during the year**

The death rate in the business' addressable market remained above pre pandemic levels during the year, albeit at a lower level compared to the prior two years when Waves 1 and 2 of the pandemic had a significant impact upon the rate. The continuation of the death rate being above historical levels in the year, is considered by the directors to be a reflection of both an underlying increase in the rate linked to expected developments in population demographics, as well as direct and indirect impacts related to Covid-19. Whilst the business' year on year addressable market death rate reduced by 2%, it remained 8% higher than the 5 year annual average before the pandemic.

The business continued to demonstrate a high level of operational resilience in the context of increased demand and activity levels. Operational requirements continued to evolve, linked to revisions to restrictions initially placed upon the funerals sector during Waves 1 and 2 of the pandemic. Average turnover levels arising in the year were in line with expectations and no longer impacted by pandemic restrictions, with clients being offered a full range of services. The business' employees worked professionally and diligently, maintaining high levels of service to clients, reflected accordingly in high client satisfaction scores during the year. The directors thank employees for their continued support and commitment.

During the year a total of ten business acquisitions were completed, with the acquisitions performing positively against expectations under the business' ownership. A series of new branches were also opened, such organic growth building upon the acquisition activity, and thus further supporting the strategic plan to grow as a high-quality funeral business.

The Group secured new financing facilities totalling £125m during the year, along with securing access to further funding to support future growth and acquisition activity. The directors consider that the Group is well positioned accordingly to continue with its strategic plan, operating in a developing market with significant growth opportunities.

The Competition and Markets Authority ("CMA") introduced its Funeral Markets Investigation Order 2021 ("the Order") in September 2021. The Group responded positively to the Order, and has ensured it was compliant with its requirements throughout the year across the business' branch network. The business continued to operate efficiently following the introduction of the Order, incorporating the additional requirements into operating procedures.

Regulation by the Financial Conduct Authority ("FCA") of the pre-paid funeral plan market was introduced at the end of July 2022. The Group was successful with its application by its pre-paid funeral plan operating entity, Alternative Planning Company Limited, to become a regulated entity, and started trading in the regulated market during the year accordingly. There was a high level of disruption to the pre-paid funeral plan market as regulation came into effect. This reduced demand levels for funeral plans for a period of time when uncertainty levels in the market were particularly high. The Group is fully supportive of regulation being introduced and with stability returning to the market, the Group is well positioned to develop its pre-paid funeral plan activities. Such development is to be supported by investment into digital technologies.

The Group worked effectively in the year to combat the increasing impacts of high inflation levels upon the cost base of the business. The impacts for the business were most notable in respect of staff costs and utilities. While uncertainty continues to be high in terms of the levels of cost inflation, the directors are confident of the business' resilience to manage the impacts arising.

The business was focussed on developing its services and propositions in the year. In doing so this facilitates the Group being well positioned to continue to provide high-quality services in market, fulfilling client expectations and requirements, and supporting the business' growth correspondingly. Developments include investment into the digital landscape of the business. This is for both front and back office activities, and is with a focus to be leading the market in digital initiatives.

## **FUNERAL PARTNERS HOLDCO LIMITED**

### **GROUP STRATEGIC REPORT - CONTINUED FOR THE YEAR ENDED 30 SEPTEMBER 2022**

#### **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 prior to the pandemic.

###### **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. During the period and following the Covid-19 pandemic, as well as in the context of the CMA Order and FCA regulation in the pre-paid funeral plan market coming into effect, such risks have been further heightened. *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 Funeral Market Investigation Order 2021**

The CMA introduced an Order in September 2021 which the Group is fully compliant with. The Order comprises “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 compliance with its requirements from the date of its implementation.

###### **Financial Conduct Authority Regulation**

Regulation by the Financial Conduct Authority (“FCA”) of the pre-paid funeral plan market came into effect in July 2022. The Group welcomed the introduction of FCA regulation for the sector and is now trading in the sector as a regulated entity on a fully compliant basis through its pre-paid funeral plan business. The Group has invested appropriately in its governance framework to ensure it operates within the regulation terms, and has established a monitoring framework to protect both clients and employees accordingly.

###### **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. The predictable nature of cash generation for the Group is not considered to have been notably altered by continuing impacts related to Covid 19, nor the introduction of the CMA order or FCA regulation of the pre-paid funeral plan market. 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.

###### **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. *Following the additional financial pressures created for many customers during the Covid-19 pandemic, the development of the cost of living crisis has further increased the extent of potential credit risk with customers. There has been no material change in the credit control outcomes for the Group experienced since the start of the pandemic, or during the cost of living crisis. The Group is not exposed to individual debts of a material size.*

**FUNERAL PARTNERS HOLDCO LIMITED**  
**GROUP STRATEGIC REPORT - CONTINUED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

**Liquidity risk**

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

**Cyber Security risks**

Increasing levels of cyber security related risks are developing for all businesses. The Group has invested in its approach to managing such risks. An Information Governance forum has been established which meets on a monthly basis to monitor and review activities in respect of cyber and data activities for the Group. During 2022, the Group was successful in securing Cyber Essentials certification, a UK Government backed scheme in conjunction with the National Cyber Security Centre ("NCSC"), providing assurance against cyber attacks and threats for the business.

**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 ("FP 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.

**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.

**KEY PERFORMANCE INDICATOR**

The directors consider the performance measurement of EBITDA before exceptional items, Group-related Board costs and loss on disposal of fixed assets to be the most appropriate. Group EBITDA for the year was £19,203,000 (2021: £18,223,000)

**ACQUISITIONS**

In line with its strategy, during the year the Group acquired the entire share capital of nine trading companies, and the trade and assets of another business, all of which were engaged in the provision of funeral services and related activities. Six 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: 27 February 2023

**FUNERAL PARTNERS HOLDCO LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their report with the audited financial statements of the company and the Group for the year ended 30 September 2022.

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 2022. 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, and developing the provision of pre-paid funeral plans under the Group's "Choice" brand. 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 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. This expectation has been supported by the reported death rate profile in the period since Wave 2 of the pandemic. The Group will continue to monitor the impacts arising following the pandemic.

**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.

**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 2022**

**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 improve the funeral industry, in order to enhance quality and standards for clients, as well as helping drive forward positive change and governance for the profession. An example of this is the company working with the NAFD's regulatory body, the Independent Funeral Standards Organisation (IFSO). The Group's pre-paid funeral plan product under the "Choice" brand, trades in the Group entity Alternative Planning Company Limited ("APCL"). APCL is authorised and regulated by the FCA, and has in place a governance and compliance framework to ensure the entity and its Appointed Representatives comply with FCA regulations.

**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. During the year, diversity and inclusion has been an area of increased focus for the Group, including the delivery of a number of specific diversity and inclusion related training sessions during National Inclusion week.

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 consulted 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, regular visits by managers to branches, and on-line briefings. Employee engagement surveys are conducted periodically by the Group, most recently in 2022. 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 development of "Colleague Forums", with four regional forums having so far been established, and a further 4 planned to be created in 2023. The aim of the forums is to encourage open and collaborative communication between employees and the business.

Training, learning and development input is a key priority for the Group and is designed to enable team members to progress in their roles and careers with the business. The Group provides a combination of face to face and on-line learning and development content delivery. Through the job families framework introduced by the business in 2022, the provision of learning and development is tracked by team member to ensure the required learning and development support is provided. This includes tracking the provision of regulation and compliance related learning support. The job families framework also provides clear career pathways for team members, and the Group actively encourages all employees to progress through the relevant pathways. During 2022, the Group introduced a new leadership development programme, and this will help develop bespoke development activities and supporting future leaders for the business.

The Group continually invests in health and wellbeing initiatives for its team members. An Employee Assistance Programme is available to all employees, and dedicated sessions on specific topics are made available. The business has also established a number of accredited Mental Health first aiders to support colleagues.

**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.



**FUNERAL PARTNERS HOLDCO LIMITED**  
**REPORT OF THE DIRECTORS - CONTINUED**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**DIRECTORS' DUTIES (continued)**

**Community & Environment (continued)**

The Group is committed to understanding, monitoring and reducing the environmental impact and risks associated with doing business. The Group is in the process of implementing an Environmental, Social and Governance ("ESG") policy and a key aspect of this relates to the Group's approach to Carbon reduction initiatives. This is focuses on 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.

**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 £9,972,000 (2021 - £4,189,000). The directors have not recommended a dividend (2021: not recommended).

**POST BALANCE SHEET EVENTS**

There are no events to disclose.

**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 2022. This is the second year that the Group has reported this information.

**Greenhouse Gas Emissions**

		<b>2022 emissions</b>	<b>2021 emissions</b>
		<b>Tonnes of CO<sub>2</sub>e</b>	<b>Tonnes of CO<sub>2</sub>e</b>
Scope 1	emissions from combustion of gas	680	696
Scope 1	emissions from combustion of fuel for transport purposes	<u>1,027</u>	<u>882</u>
<b>Scope 1 Total</b>	<b>emissions from activities owned or controlled by the Group</b>	<b>1,707</b>	<b>1,578</b>
<b>Scope 2</b>	<b>emissions associated with consumption of purchased electricity, but occurring at sources not owned or controlled by the Group (indirect)</b>	<b>577</b>	<b>586</b>
<b>Scope 3</b>	<b>emissions associated with use of third-party transport by the Group (indirect)</b>	<u><b>34</b></u>	<u><b>58</b></u>
<b>Total emissions</b>		<u><b>2,318</b></u>	<u><b>2,222</b></u>
<b>Emissions intensity (Scopes 1, 2 and 3)</b>		<b>31 tonnes per £1m of turnover</b>	<b>32 tonnes per £1m of turnover</b>

The Group has chosen to use tonnes of CO<sub>2</sub>e 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 year. The Group is satisfied however that the emission intensity position for the year reduced marginally, following a similar level of reduction in the previous year. The Group is in the process of developing its strategy in terms of carbon reduction, engaging with 3<sup>rd</sup> party consultants to support initiatives and thus reduce its emissions intensity levels on a continued basis.

## **FUNERAL PARTNERS HOLDCO LIMITED**

### **REPORT OF THE DIRECTORS - CONTINUED FOR THE YEAR ENDED 30 SEPTEMBER 2022**

#### **CARBON REPORTING (continued)**

##### **Streamlined energy and carbon reporting**

	<b>2022</b>	<b>2021</b>
Energy consumed (GWh)	11,222	10,570
Scope 1, 2 and 3 emissions (Tonnes of CO <sub>2</sub> e)	2,318	2,222

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. CO<sub>2</sub>e 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. This commitment has been reinforced in the year, with the services of Carbon reduction consultants engaged to help develop carbon reduction initiatives and track a path to zero emissions. 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 38% 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.
- The Group acquired 3 fully electric ceremonial vehicles in 2022, the first such vehicles to be introduced into the Group's fleet and part of plan to look at increasing the number of such powered vehicles operated in the business in future years.
- All other ceremonial vehicles purchased by the Group are hybrid powered vehicles. Further, all vehicles purchased are now ultra-low emission zone compliant in the context of the increasing number of ultra-low emission zones being introduced in UK cities and towns.
- Refurbishments of operational properties 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.
- Supplier due diligence policies are being developed to include a focus on environmental impact outcomes
- Information provided to customers about products and services include increase levels of information in respect of the impact that they have upon the environment.

##### **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 a 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. During the year, 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 2022**

**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: 27 February 2023

## **FUNERAL PARTNERS HOLDCO LIMITED**

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

#### **Report on the audit of the financial statements**

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##### **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 2022 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, including 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 2022; 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.

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##### **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.

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##### **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.

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##### **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 2022 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.

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#### **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, employee legislation and Financial Conduct Authority regulations, 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 corporate taxation 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. 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 and in addressing the risk of fraud;
- Auditing the risk of management override of controls; including testing non standard journal entries with unusual account combinations;
- Testing of accounting estimates which could be subject to management bias; and
- Incorporating an element of unpredictability into our audit testing.

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](http://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**

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**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: 27 February 2023

**FUNERAL PARTNERS HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>		75,519	68,431
Cost of sales		<u>(34,011)</u>	<u>(30,064)</u>
<b>GROSS PROFIT</b>		41,508	38,367
Administrative expenses		(36,343)	(29,461)
Exceptional items	6	(1,297)	(618)
Total administrative expenses		(37,640)	(30,079)
Other operating income		282	138
Adjusted earnings before interest, depreciation, Amortisation, exceptional items, Group-related Board costs and (loss)/profit on disposal of fixed assets (EBITDA)			
		19,203	18,223
Exceptional items	6	(1,297)	(618)
Group-related Board costs	7	(216)	(242)
(Loss)/profit on disposal of fixed assets	7	(33)	969
Depreciation and amortisation charge	7	(13,507)	(9,906)
<b>OPERATING PROFIT</b>	7	4,150	8,426
Interest receivable and similar income		1,643	670
Interest payable and similar expenses	8	<u>(17,389)</u>	<u>(11,284)</u>
<b>LOSS BEFORE TAXATION</b>		(11,596)	(2,188)
Tax on loss	9	<u>1,624</u>	<u>(2,001)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(9,972)</u>	<u>(4,189)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Change in value of cash flow hedge		13,228	-
Reclassifications to profit and loss		(589)	-
Total tax on components of other comprehensive income		<u>(3,264)</u>	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<u>9,375</u>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(597)</u>	<u>(4,189)</u>

**FUNERAL PARTNERS HOLDCO LIMITED (REGISTERED NUMBER: 09622193)**

**CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2022**

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	153,360	142,980
Tangible assets	12	20,631	17,762
Investments	13	<u>43,239</u>	<u>36,845</u>
		217,230	197,587
<b>CURRENT ASSETS</b>			
Stocks	14	837	682
Debtors	15	24,994	11,440
(Includes debtors >1 year of £6,991,000 (2021: £Nil))			
Cash at bank and in hand		<u>2,666</u>	<u>3,451</u>
		28,497	15,573
<b>CREDITORS:</b>			
Amounts falling due within one year	16	<u>(100,474)</u>	<u>(93,151)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(71,977)</u>	<u>(77,578)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		145,253	120,009
<b>CREDITORS:</b>			
Amounts falling due after more than one year	17	(171,880)	(148,181)
<b>PROVISIONS FOR LIABILITIES</b>	21	<u>(12,966)</u>	<u>(10,824)</u>
<b>NET LIABILITIES</b>		<u>(39,593)</u>	<u>(38,996)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	163	163
Share premium account		3,917	3,917
Hedging reserve		9,375	-
Accumulated losses		<u>(53,048)</u>	<u>(43,076)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<u>(39,953)</u>	<u>(38,996)</u>

The financial statements on pages 13 to 38 were approved by the Board of Directors on 27 February 2023 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 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
<b>FIXED ASSETS</b>					
Investments	13		<u>4,080</u>		<u>4,080</u>
			4,080		4,080
<b>CURRENT ASSETS</b>					
Debtors	15	74,074		74,074	
<b>CREDITORS:</b>					
Amounts falling due within one year	16	<u>(74,074)</u>		<u>(74,074)</u>	
<b>NET CURRENT ASSETS</b>			<u>-</u>		<u>-</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,080</u>		<u>4,080</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22		163		163
Share premium account			<u>3,917</u>		<u>3,917</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<u>4,080</u>		<u>4,080</u>
Company's result for the financial year			<u>-</u>		<u>-</u>

The financial statements on pages 13 to 38 were approved by the Board of Directors on 27 February 2023 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 2022**

	<b>Called up Share Capital</b>	<b>Accumulated losses</b>	<b>Share Premium Account</b>	<b>Hedging reserve</b>	<b>Total Shareholders' deficit</b>
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 October 2020</b>	163	(38,887)	3,917	-	(34,807)
<b>Changes in equity</b>					
Loss and total comprehensive expense for the financial year	-	(4,189)	-	-	(4,189)
<b>Balance at 30 September 2021 and 1 October 2021</b>	163	(43,076)	3,917	-	(38,996)
<b>Changes in equity</b>					
Loss for the year	-	(9,972)	-	-	(9,972)
Other comprehensive income for the year	-	-	-	9,375	9,375
<b>Balance at 30 September 2022</b>	163	(53,048)	3,917	9,375	(39,593)

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Share premium account</b>	<b>Total shareholders' funds</b>
	£'000	£'000	£'000	£'000
<b>Balance at 1 October 2020</b>	163	-	3,917	4,080
<b>Balance at 30 September 2021 and 1 October 2021</b>	163	-	3,917	4,080
<b>Balance at 30 September 2022</b>	163	-	3,917	4,080

**FUNERAL PARTNERS HOLDCO LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	29	24,621	26,735
Tax paid		<u>(496)</u>	<u>(332)</u>
Net cash generated from operating activities		<u>24,125</u>	<u>26,403</u>
<b>Cash flows from investing activities</b>			
Purchase of subsidiaries (net of cash acquired)		(21,482)	(16,639)
Purchase of tangible fixed assets		(5,844)	(4,462)
Purchase of investments for pre-paid funeral plans		(6,394)	(7,413)
Sale of tangible fixed assets		3,313	3,717
		<u>          </u>	<u>          </u>
Net cash used in investing activities		<u>(30,407)</u>	<u>(24,797)</u>
<b>Cash flows from financing activities</b>			
Receipts from new secured loan		134,720	4,240
Repayment of old secured loan		(118,841)	-
Repayment of finance lease		(1,043)	(1,146)
Bank interest and similar fees paid		(9,260)	(8,857)
Hire purchase interest paid		(79)	(107)
		<u>          </u>	<u>          </u>
Net cash generated from/(used in) financing activities		<u>5,497</u>	<u>(5,870)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(785)</b>	<b>(4,264)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3,451</b>	<b>7,715</b>
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at end of year</b>		<u><u>2,666</u></u>	<u><u>3,451</u></u>

## **FUNERAL PARTNERS HOLDCO LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022**

#### **1. GENERAL INFORMATION**

Funeral Partners HoldCo Limited ("the company") and its subsidiaries (together "the Group") operate over 230 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 2022 - 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, turnover 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) Derivative valuation**

Derivatives are recognised at fair value. The fair value calculation includes assumptions around future interest rates which may vary to actual interest rates. Hedge accounting also requires management to make assumptions around intrinsic and time value of options and of forecast hedge ineffectiveness which may differ to actual outcomes.

## FUNERAL PARTNERS HOLDCO LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued

#### 4. ACCOUNTING POLICIES – continued

##### Turnover recognition

Turnover 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 turnover 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 turnover is recognised when the memorial is installed, or on practical completion of other works. For funeral plans, turnover 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 2022 - continued

#### 4. ACCOUNTING POLICIES - continued

##### **Investments**

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 turnover 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 2022 shows that Group liabilities exceed assets by £39,593,000 (2021: £38,996,000). 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. 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. 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 2022 - *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.

Sale and operating leaseback transactions relating to freehold properties are transacted on an arm's length basis at fair value and recognised immediately through profit and loss.

##### **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 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.

##### **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 debtors, 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 creditors, 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 creditors 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.



# FUNERAL PARTNERS HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued

### 4. ACCOUNTING POLICIES - continued

#### Financial instruments (continued)

Derivatives, including interest rate caps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

The group applies hedge accounting for transactions entered into to manage cash flow exposures of borrowings. Interest rate caps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings. Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement. The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated

#### Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit) and carrying amounts reduced to the recoverable amounts, if lower. Goodwill is allocated on acquisition to the cash generating unit, or group of cash generating units, expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

### 5. EMPLOYEES AND DIRECTORS

	2022 £'000	2021 £'000
Wages and salaries	24,880	23,958
Social security costs	2,383	1,982
Other pension costs	<u>575</u>	<u>556</u>
	<u>27,838</u>	<u>26,496</u>

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

	2022 Number	2021 Number
Direct	884	822
Administration & management	<u>111</u>	<u>88</u>
	<u>995</u>	<u>910</u>

The directors are considered to represent the key management of the Group. At the year-end one (2021: one) director was accruing benefits under defined contribution schemes. In this regard contributions made by the Group totalled £19,000 (2021: £1,000). No director acquired shares under long term incentive schemes or exercised share options during the year (2021: no)

	2022 £'000	2021 £'000
Directors' remuneration	<u>492</u>	<u>475</u>

Information regarding the highest paid director is as follows:

Aggregate emoluments	<u>287</u>	<u>280</u>
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**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued**

**6. EXCEPTIONAL ITEMS**

	2022 £'000	2021 £'000
Exceptional items	<u>1,297</u>	<u>618</u>

Exceptional items include the net result of cost of living costs, restructuring, legal and professional and acquisition-related costs. The tax impact of exceptional items was a credit of £246,000 (2021: £117,000).

**7. OPERATING PROFIT**

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

	2022 £'000	2021 £'000
Operating lease charges	4,965	4,456
Group-related Board costs	216	242
Depreciation	3,912	3,685
Amortisation	9,595	6,221
Inventory recognised as an expense	1,044	1,123
Grant income received	-	600
Impairment of trade debtors (included in administrative expenses)	275	386
Loss/(profit) of disposal of property, plant and equipment	33	(969)
Fees payable to the company's auditors for the audit of the company's annual financial statements	10	7
Fees payable to the company's auditors and their associates for other services:		
- Audit of the company's subsidiaries annual financial statements	190	130
- Tax compliance services	60	65
Total amount payable to the company's auditors and their associates	260	202

The Group board related costs of £216,000 (2021: £242,000) 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**

	2022 £'000	2021 £'000
Bank loan interest	10,604	8,844
Unwinding of discounts on pre-paid plan liabilities	1,642	670
Leasing	79	107
Amortisation of finance costs	4,451	1,663
Total interest expense on financial liabilities not measured at fair value through profit or loss	<u>16,776</u>	<u>11,284</u>
Loss on interest rate cap	<u>613</u>	<u>-</u>
Total interest payable and similar charges	<u>17,389</u>	<u>11,284</u>

**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 – continued**

**9. TAX ON LOSS**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss before taxation for the year was as follows:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax	—	(5)
Total current tax	—	(5)
Deferred tax:		
Origination and reversal of timing differences	(1,624)	2,006
Total deferred tax (credit)/charge	(1,624)	2,006
Tax (credit)/charge on loss	(1,624)	2,001

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Loss before taxation	(11,596)	(2,188)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	(2,203)	(416)
Effects of:		
Permanent differences	2,050	1,241
Origination and timing differences	(1,624)	2,006
Other	153	(830)
Total tax (credit)/charge	(1,624)	2,001

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 HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued**

**11. INTANGIBLE ASSETS**

Group	Goodwill £'000	Brand Names £'000	Total £'000
At 1 October 2021			
Cost	119,152	62,313	181,465
Accumulated Amortisation	<u>(19,468)</u>	<u>(19,017)</u>	<u>(38,485)</u>
Opening Net Book Value	<u>99,684</u>	<u>43,296</u>	<u>142,980</u>
Movement in Year			
Additions	-	33	33
Acquisitions (Note 26)	18,730	-	18,730
Revisions in respect of previous acquisitions	1,212	-	1,212
Amortisation	<u>(6,479)</u>	<u>(3,116)</u>	<u>(9,595)</u>
Closing Net Book Value	<u>113,147</u>	<u>40,213</u>	<u>153,360</u>
As at 30 September 2022			
Cost C/fwd.	139,094	62,346	201,440
Accumulated Amortisation	<u>(25,947)</u>	<u>(22,133)</u>	<u>(48,080)</u>
Closing Net Book Value	<u>113,147</u>	<u>40,213</u>	<u>153,360</u>

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

Additions have arisen because of the acquisitions made during the year.

Goodwill and trade 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% (2021: 9.7%) and applying a long-term growth rate of 2.75% (2021: 2.75%) that is based on inflation and predicted death rates.

The current assumptions provide the Group with 12% headroom before an impairment charge may arise.

The company had no intangible assets at 30 September 2022.

**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued**

**12. TANGIBLE ASSETS**

Group	Land and Buildings £'000	Motor Vehicles £'000	Furniture, Fittings and Equipment £'000	Total £'000
<b>At 1 October 2021</b>				
Cost	11,733	11,323	5,909	28,965
Accumulated Depreciation	<u>(3,586)</u>	<u>(4,600)</u>	<u>(3,017)</u>	<u>(11,203)</u>
Opening Net Book Value	<u>8,147</u>	<u>6,723</u>	<u>2,892</u>	<u>17,762</u>
Additions	2,242	2,511	682	5,435
Disposals	(3,205)	(652)	-	(3,857)
Acquisitions	3,033	1,261	264	4,558
Depreciation in the year	(1,499)	(1,464)	(949)	(3,912)
Depreciation of disposals	<u>143</u>	<u>502</u>	<u>-</u>	<u>645</u>
Closing Net Book Value	<u>8,861</u>	<u>8,881</u>	<u>2,889</u>	<u>20,631</u>
<b>At 30 September 2022</b>				
Cost	13,803	14,443	6,855	35,101
Accumulated Depreciation	<u>(4,942)</u>	<u>(5,562)</u>	<u>(3,966)</u>	<u>(14,470)</u>
Closing Net Book Value	<u>8,861</u>	<u>8,881</u>	<u>2,889</u>	<u>20,631</u>

At 30 September 2022, included within the net book value of land and buildings is £4,519,000 (2021: £4,481,000) relating to freehold land and buildings and £4,342,000 (2021: £3,666,000) relating to short term leasehold land and buildings.

The net book value of assets held under finance leased include above was £4,269,000 (2021: £3,508,000)

**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued**

**13. INVESTMENTS**

<b>Group</b>	Insurance policy receivables £000
At 1 October 2021	36,845
Additions	8,640
Investment return	1,642
Disposals	<u>(3,888)</u>
At 30 September 2022	<u>43,239</u>

These are not listed investments. The investment return of £1,642,000 (2021: £670,000) is recognised in interest income and represents a change in financial assets measured at fair value through the profit and loss account.

<b>Company</b>	Shares in Group undertakings £000
At 1 October 2021	4,080
Additions	<u>-</u>
At 30 September 2022	<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.

<b>Company Name</b>	<b>Ordinary Shares</b>	<b>Principal Activity</b>
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 Ltd * >	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 2022 – continued

### 13. INVESTMENTS - 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
Choice Funeral Plans Limited *	100%	Dormant
Funerals on a Budget Ltd *	100%	Dormant
Former LMF KYG Limited *	100%	Dormant
Payne & Sons Funeral Directors Ltd *	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 and 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 Ltd *	100%	Dormant
G&M Goold (Independent Funeral Directors) Limited *	100%	Dormant
Funeral Services Northern Ireland Limited * ^ (03983186)	100%	Funeral Directors
Miles & Daughters Limited *	100%	Dormant
F Dooley & Son Limited *	100%	Dormant

# FUNERAL PARTNERS HOLDCO LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued

### 13. INVESTMENTS - continued

Burnham Funeral Services Limited *	100%	Dormant
Dutton & Hallmark Funeral Services) Ltd *	100%	Dormant
Hammertons Funeral Services Holdings Limited *	100%	Dormant
Wombwell Funeral Services Holdings Limited * ^ (12501594)	100%	Dormant
Wombwell Funeral Service Limited *	100%	Dormant
Turners Funeral Service Limited *	100%	Dormant
Steven Sim & Son Ltd. * >	100%	Dormant
Arthur Gresty Limited * ^ (00783624)	100%	Funeral Directors
Merstow Green Ltd *	100%	Dormant
John Clark Funeral Service Ltd. * >	100%	Dormant
Michael Gamble Funeral Directors Holdings Limited * ^ (11891615)	100%	Intermediate Holding Company
Michael Gamble Funeral Directors Limited * ^ (06505077)	100%	Dormant
Michael Gamble Funeral Directors Stonehouse Limited * ^ (11894975)	100%	Dormant
Farthing Funeral Service Ltd *	100%	Dormant
E. Peart Limited * ^ (02891080)	100%	Dormant
J. & D. Lawson Ltd * ^ > (SC041998)	100%	Dormant
T & A Fyfe Limited * ^ > (SC031700)	100%	Dormant
Thorne Family Funerals Limited * ^ (06039823)	100%	Dormant
Kemp and Stevens Limited * ^ (09886843)	100%	Dormant
J & M Humphris Limited * ^ (07408493)	100%	Dormant
Harpin's Funeral Service Limited * ^ (00154873)	100%	Dormant
John Roach Funeral Services Limited * ^ > (SC220063)	100%	Funeral Directors
Edwin Pounds & Sons Holdco Limited *	100%	Intermediate Holding Company
Edwin Pounds & Sons, Limited * ^ (00374973)	100%	Funeral Directors
Eaves Funeral Service Limited *	100%	Funeral Directors

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	
	2022	2021
	£'000	£'000
Finished goods and stocks for resale	<u>837</u>	<u>682</u>

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



**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued**

**15. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	3,993	3,388	-	-
Amounts owed by Group undertakings	25	330	74,074	74,074
Other debtors	1,713	2,673	-	-
Derivative financial instrument -interest rate cap	13,437	-	-	-
Prepayments and accrued income	<u>5,826</u>	<u>5,049</u>	<u>-</u>	<u>-</u>
	<u>24,994</u>	<u>11,440</u>	<u>74,074</u>	<u>74,074</u>

Trade debtors are stated after provisions for impairment, including provisions acquired, of £1,651,000 (2021: £1,632,000). Amounts owed by Group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

The interest rate cap includes £6,991,000 falling due after more than one year.

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 18)	3,500	-	-	-
Hire purchase contracts (see note 20)	977	975	-	-
Trade creditors	4,033	3,956	-	-
Amounts owed to Group undertakings	75,093	75,059	74,074	74,074
Corporation tax	307	563	-	-
Other taxation and social security	666	557	-	-
Other creditors	9,703	5,326	-	-
Deferred consideration	2,243	980	-	-
Accruals and deferred income	<u>3,952</u>	<u>5,735</u>	<u>-</u>	<u>-</u>
	<u>100,474</u>	<u>93,151</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.

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.

**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 - continued**

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

	<b>Group</b>	
	2022	2021
	£'000	£'000
Bank loans and overdrafts (see note 18)	126,719	110,391
Hire purchase contracts (see note 20)	1,346	945
Deferred consideration	575	-
Accruals and deferred income	<u>43,240</u>	<u>36,845</u>
	<b><u>171,880</u></b>	<b><u>148,181</u></b>

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.

During the year, the Group secured new financing facilities totalling £125m and access to additional funding to support future acquisition activity.

**Bank loans:** Bank interest is chargeable on the Unitranche facility loan of £115,000,000, the Acquisition facility loan of £6,250,000 at 6.75% above SONIA and Revolving facility loan of £3,500,000 and the Super Senior Acquisition facility loan of £10,000,000 at 4.25% above SONIA. 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 new financing facilities have maturing dates in 2028.

The group has entered an interest rate cap arrangement at a SONIA strike rate of 1.50%. It is initially based on a principal amount of £125,000,000, the principal amount of the group's Unitranche and Super Senior facilities, and the instrument is used to hedge the group's exposure to interest rate movements. The interest rate cap matures in 2024 and cashflows are paid quarterly.

**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 – 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:

	2022 £'000	2021 £'000
Within one year	977	1,035
In more than one year, but within five years	<u>1,576</u>	<u>978</u>
Gross payments	2,553	2,013
Less finance charges included above	<u>(230)</u>	<u>(93)</u>
Carrying amount of liability	<u>2,323</u>	<u>1,920</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 2022 £'000
Bank loan	3,500	-	-	131,250	134,750
Finance costs	(601)	(631)	(2,301)	(1,599)	(5,132)
Total	<u>2,899</u>	<u>(631)</u>	<u>(2,301)</u>	<u>129,651</u>	<u>129,618</u>

The current amount of £601,000 (2021: £1,872,000) 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 2022 – continued**

**18. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year or on demand:		
Bank loans	<u>3,500</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>112,452</u>
Amounts falling due in more than five years:		
Repayable by non-instalments		
Bank loans	<u>131,250</u>	<u>-</u>

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	<b>Non-cancellable operating leases</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	5,231	4,606
Between one and five years	16,694	13,969
In more than five years	<u>20,720</u>	<u>16,883</u>
	<u>42,645</u>	<u>35,458</u>

**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 – continued**

**20. FINANCIAL INSTRUMENTS**

	<b>Group</b>	
	2022	2021
	£000	£000
Financial assets at fair value through profit and loss account		
Investments – insurance policy receivables	43,239	36,845
Interest rate cap	<u>13,437</u>	<u>-</u>
	56,676	36,845
Financial assets that are Debt instruments measured at amortised cost:		
Trade debtors	3,993	3,388
Amounts owed by Group undertakings	25	330
Accrued income	2,257	1,928
Other debtors	<u>1,713</u>	<u>803</u>
	<u>64,664</u>	<u>43,294</u>
Financial liabilities measured at amortised cost:		
Bank loans	(130,219)	(110,391)
Finance leases	(2,323)	(1,920)
Trade creditors	(4,033)	(3,956)
Amounts owed to Group undertakings	(75,093)	(75,059)
Accruals	(3,952)	(5,735)
Other creditors	<u>(9,703)</u>	<u>(5,326)</u>
	<u>(225,323)</u>	<u>(202,387)</u>
	<u>(160,659)</u>	<u>(159,093)</u>

The group has entered an interest rate cap arrangement at a SONIA strike rate of 1.50%. It is initially based on a principal amount of £125,000,000, the principal amount of the group's Unitranche and Super Senior facilities, and the instrument is used to hedge the group's exposure to interest rate movements. The interest rate cap matures in 2024 and cashflows are paid quarterly.

**21. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		
	2022	2021	
	£'000	£'000	
Deferred tax	<u>12,966</u>	<u>10,824</u>	
	Other timing differences	Acquired intangible assets	Deferred tax
<b>Group</b>	£000	£000	£000
At 1 October 2021	-	10,824	10,824
Movement in profit and loss	(846)	(778)	(1,624)
Reclassified from other creditors on acquisition	502	-	502
Movement in other comprehensive income	3,264	-	3,264
At 30 September 2022	<u>2,920</u>	<u>10,046</u>	<u>12,966</u>

Deferred tax assets of £Nil (2021: £2,100,000) 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 2022 – continued

### 22. CALLED UP SHARE CAPITAL

#### Group and Company

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £'000	2021 £'000
163,210 (2021: 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 2022. 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 2022.

### 24. RELATED PARTY DISCLOSURES

Montagu Private Equity LLP charged a Group company monitoring fees of £150,000 (2021: £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 2022 – continued

### 26. ACQUISITIONS

During the year a subsidiary, Funeral Partners Limited, acquired the entire share capital of ten 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
<b>Assets acquired</b>			
Intangible assets	146	(146)	-
Tangible assets	3,693	922	4,615
Stock	144	(45)	99
Debtors	2,027	(40)	1,987
Cash	2,096	(1)	2,095
Deferred tax	(243)	-	(243)
Corporation tax	(521)	-	(521)
Creditors	(991)	(200)	(1,191)
Fair value of net assets acquired	<u>6,351</u>	<u>490</u>	<u>6,841</u>
Goodwill arising on acquisition (Note 11)			18,730
<b>Consideration</b>			
Cash paid to former owners	22,259	-	22,259
Deferred consideration	2,145	-	2,145
Fees	<u>1,167</u>	-	<u>1,167</u>
Total	<u>25,571</u>	-	<u>25,571</u>

The turnover included in the consolidated income statement for 2022 was £2,232,000 (2021: £5,351,000), and the acquisitions contributed profit of £888,000 (2021: £1,899,000) in the year. Fair value adjustments principally relate to the elimination of acquired goodwill and the recognition of freehold properties at fair value.

Contingent consideration is payable based on various performance and contractual measures and is disclosed as deferred consideration above.

**FUNERAL PARTNERS HOLDCO LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022 – 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 £575,000 (2021: £556,000). Contributions totalling £112,000 (2021: £102,000) were payable to the fund at the balance sheet date and are included in creditors.

**28. POST BALANCE SHEET EVENTS**

There are no post balance sheet events to disclose.

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

	2022 £'000	2021 £'000
Loss after taxation	(9,972)	(4,189)
Depreciation charges	3,912	3,685
Amortisation charges	9,595	6,221
Profit on disposal of fixed assets	33	(969)
Net interest expense	15,746	10,614
Tax Income	<u>(1,624)</u>	<u>2,001</u>
	17,690	17,363
(Increase)/Decrease in inventories	(52)	15
Receipt of funds from customers for investment in pre-paid plans	6,394	7,413
Decrease in trade and other debtors	2,234	2,942
Decrease in trade and other creditors	<u>(1,645)</u>	<u>(998)</u>
<b>Cash generated from operations</b>	<b><u>24,621</u></b>	<b><u>26,735</u></b>

**Non-cash transactions**

Amounts shown as outstanding on bank loans were affected by amortisation of finance costs during the year totalling £4,451,000 (2021 £1,663,000) and reclassification of finance costs of £601,000 (2021: £1,872,000). These are to be amortised in the next year and are shown with other debtors (see note 15).