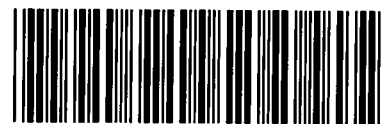


Registered number: 04349722

Dignity Holdings No. 2 Limited
Annual report and financial statements
for the period ended 30 December 2016

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Dignity Holdings No. 2 Limited

Annual report and financial statements for the period ended 30 December 2016

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Dignity Holdings No. 2 Limited

Strategic report for the period ended 30 December 2016

The Directors present their annual report and the audited financial statements of Dignity Holdings No. 2 Limited ('the Company') for the period ended 30 December 2016. The Company is a subsidiary of Dignity plc and a member of the Dignity plc group ('the Dignity group').

The Company has applied Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"), for the first time in these financial statements. The transition date from the previous UK GAAP was 27 December 2014. Adopting FRS 101 has not resulted in a change to the entity's financial position or financial performance in the current or previous period.

The financial statements have been prepared for the 53 week period ended 30 December 2016. The financial statements for the comparative period have been prepared for the 52 week period ending 25 December 2015.

Business review and future developments

The results for the period are set out in the Income statement on page 6.

The Company operates as an intermediate holding company. The Company may receive income from its investments in the form of dividends and interest receivable on amounts due from Dignity group companies, and may incur costs in the form of interest payable on amounts due to Dignity group companies. The directors do not currently anticipate any change in the Company's activities. The Directors do not consider there are any key performance indicators in respect of the Company other than the financial information set out in Income Statement, Statement of comprehensive income, Balance sheet and the Statement of changes in equity.

The directors of Dignity plc manage the Dignity group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Dignity Holdings No. 2 Limited. The development, performance and position of the Dignity group, which includes the Company, is discussed within the Strategic report of the Dignity group's annual report which does not form part of this report.

Risks

As an intermediate holding company, the key risks relate to impairment of the carrying value of investments or amounts due from group companies and the ability of the Company to meet its obligations under its intercompany liabilities. All risks are managed by the directors of Dignity plc on a group basis. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Dignity group and are not managed separately. Accordingly, the principal risks and uncertainties of the Dignity group, which include those of the Company, are discussed within the Principal risks and uncertainties within the Strategic report of the Dignity group's annual report which does not form part of this report.

The Strategic report has been approved by the Board.

By order of the board



S L Whittern
Director

28 April 2017

Dignity Holdings No. 2 Limited

Directors' report for the period ended 30 December 2016

The Directors present their annual report and the audited financial statements of Dignity Holdings No. 2 Limited ('the Company') for the period ended 30 December 2016.

Going concern

In order to assess the appropriateness of the application of the going concern principle in these financial statements the Directors have considered the principal risks and uncertainties and financial position of both the Company and of the Dignity Group as a whole, reflecting how the Company is managed.

Further information in respect of the Directors' assessment of the ability of the Dignity Group to continue as a going concern in addition to information in respect of the longer term viability of the Group is presented within the Dignity Group's annual report which does not form part of this report.

Having performed this assessment, the Directors have concluded that the Company either has adequate resources to meet its current operational and financial obligations, or to the extent that is required, that continued support is available within the Dignity Group to ensure that the Company will remain in operation and meet its liabilities as they fall due over a period of at least 12 months from the date that the financial statements were approved. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Dividend

The Company declared and paid a dividend of £9,574,473, £4.79 per share (2015: £nil).

Directors

The directors who served during the period and up to the date of signing the financial statements were:

M K McCollum
S L Whittern
A R Davies
R H Portman

Directors' indemnities

During the period, the Dignity group maintained liability insurance for its Directors and Officers. The Directors of this Company have the benefit of this indemnity provision in the Dignity group's Articles of Association. The indemnity provision, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006, was in force throughout the period and is currently in force.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;

Dignity Holdings No. 2 Limited

Directors' report for the period ended 30 December 2016 (continued)

Statement of directors' responsibilities (continued)

- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

A resolution to reappoint Ernst & Young LLP as auditors to the Company will be proposed at the annual general meeting.

Statement of disclosure of information to auditors

As at the date this report was signed, so far as each director is aware, there is no relevant audit information of which the Company's auditor are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Other matters

In accordance with the Companies Act 2006, section 414C(11), the Company's Strategic Report contains certain disclosures required in the Directors' Report.

The Directors' report has been approved by the Board.

By order of the board



S L Whittern
Director

28 April 2017

Independent auditors' report to the members of Dignity Holdings No.2 Limited

We have audited the financial statements of Dignity Holdings No.2 Limited for the period ended 30 December 2016 which comprise the Income statement, Statement of comprehensive income, Balance Sheet and Statement of changes in equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101, 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Dignity Holdings No.2 Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Merrick (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

28 April 2017

Dignity Holdings No. 2 Limited

Income Statement for the period ended 30 December 2016

		53 week period ended 30 December 2016	52 week period ended 25 December 2015
	Note	£'000	£'000
Operating result	3	-	-
Income from shares in group undertakings		9,574	-
Profit on ordinary activities before taxation		9,574	-
Tax on profit on ordinary activities	5	-	-
Profit for the financial period		9,574	-

The results have been derived wholly from continuing activities.

Statement of comprehensive income for the period ended 30 December 2016

There were no other items of comprehensive income such that there is no difference between the profit for the financial period as shown above and the total comprehensive income. Therefore no separate statement of comprehensive income has been presented.

Dignity Holdings No. 2 Limited

Balance sheet as at 30 December 2016

		30 December 2016	25 December 2015
	Note	£'000	£'000
Fixed assets			
Investments	7	1,500	1,500
Current assets			
Debtors	8	12,674	12,674
Net current assets		12,674	12,674
Total assets less current liabilities		14,174	14,174
Net assets		14,174	14,174
Capital and reserves			
Called up share capital	9	2,000	2,000
Profit and loss reserve		12,174	12,174
Total shareholders' funds		14,174	14,174

The financial statements on pages 6 to 13 were approved by the board of directors on 28 April 2017 and were signed on its behalf by:



S L Whittern
Director

Dignity Holdings No. 2 Limited

Registered number: 04349722

Dignity Holdings No. 2 Limited

Statement of changes in equity for the period ended 30 December 2016

	Called up share capital	Profit and loss reserve	Total Shareholders' funds
	£'000	£'000	£'000
Shareholders' funds as at 26 December 2014	2,000	12,174	14,174
Profit for the financial period	-	-	-
Total comprehensive income	-	-	-
Shareholders' funds as at 25 December 2015	2,000	12,174	14,174
Profit for the financial period	-	9,574	9,574
Total comprehensive income	-	9,574	9,574
Dividends paid (note 6)	-	(9,574)	(9,574)
Shareholders' funds as at 30 December 2016	2,000	12,174	14,174

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 30 December 2016

1 Principal accounting policies

Basis of preparation

The financial statements of the Company for the period ended 30 December 2016 were authorised for issue by the board of directors and the balance sheet was signed on the board's behalf by Mr SL Whittern. The Company is incorporated and domiciled in England and Wales. The Company's registered address is 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP.

The financial statements of the Company have been prepared in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention. The principal accounting policies are set out below and have been applied consistently throughout the period.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pound (£'000) except where otherwise indicated.

The financial statements contain information about the Company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The reason for this is that the Company is a wholly owned subsidiary of Dignity plc and is included in that company's consolidated financial statements. Consequently the Company by virtue of section 400 of the Companies Act 2006 is exempt from the preparation of its own consolidated financial statements.

Transition to FRS 101

The Company has applied Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"), for the first time in these financial statements. The transition date from the previous UK GAAP was 27 December 2014.

In preparing these financial statements, the Company has started from an opening balance sheet as at 27 December 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. Adopting FRS 101 has not resulted in a change to the entity's financial position or financial performance in the current or previous period.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6 – 33 of IFRS 1 "First time adoption of International Financial Reporting Standards", except for paragraphs 6 and 21 in respect of the requirement to present an opening statement of financial position at the date of transition.

Exemptions:

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of these financial statements:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 10(f) (statement of financial position as at the beginning of the preceding period);
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information), and;
 - 134-136 (capital management disclosures).
- Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79 (a) (iv) of IAS 1 'Presentation of financial statements'.
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 30 December 2016 (continued)

1 Principal accounting policies (continued)

Transition to FRS 101 (continued)

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The Company is eligible to apply the above exemptions as it is included in the consolidated financial statements of Dignity plc who prepare financial statements under IFRS and include the above disclosures. The shareholders of the Company did not object to the application of these exemptions when notified during the financial period.

The consolidated financial statements of Dignity plc are available from 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 30 December 2016, have had a material impact on the Company.

Critical accounting estimates and assumptions

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Management has not made any judgements, estimates or assumptions in preparing these financial statements that materially affects the application of policies or the reported amounts of assets, liabilities, income or expenses.

Investments

Investments are stated at historical cost, less any provision for impairment.

Taxation

The tax charge for the period includes the charge for tax currently payable and deferred tax. The current tax charge represents the estimated amount due that arises from the operations of the Company in the period and after making adjustments to estimates in respect of prior periods.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that they are regarded as more likely than not to be recoverable.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Dividends Policy

Dividends payable are only recognised when they are appropriately approved.

2 Turnover

The Company is an intermediate holding company and has no turnover in either period.

3 Operating result

Auditors' remuneration is borne by a fellow subsidiary of the Dignity group, and is not allocated to individual entities.

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 30 December 2016 (continued)

4 Staff costs

Employees

There were no employees in either period.

The directors are directors of the ultimate parent company, Dignity plc and details of their emoluments are included in the financial statements of that company. They received no emoluments in respect of their services to the Company in either period.

5 Tax on profit on ordinary activities

Analysis of tax charge in the period

The tax charge in the period was £nil (2015: £nil).

There is no tax impact on other comprehensive income or equity in either period.

The tax charge for the period is lower than (2015: equal to) the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%), as set out below:

	53 week period ended 30 December 2016 £'000	52 week period ended 25 December 2015 £'000
Profit on ordinary activities before tax	9,574	-
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	1,915	-
Effects of:		
Income not chargeable for tax purposes	(1,915)	-
UK to UK transfer pricing adjustment	(1)	(1)
Group relief surrendered without credit	1	1
Total tax charge for the period	-	-

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and then to 17% from 1 April 2020 were substantively enacted at the balance sheet date. The reduction of the rate effective from 1 April 2020 from 18% to 17% was substantively enacted during the period and has given rise to the rate adjustments noted above.

No deferred tax was recognised or unrecognised during the period (2015: £nil).

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 30 December 2016 (continued)

6 Dividends

	53 week period ended 30 December 2016 £'000	52 week period ended 25 December 2015 £'000
Dividend paid: £4.79 per Ordinary Share (2015: £nil)	9,574	-

7 Investments

				Total
				£'000
Cost and net book amount				
At the beginning and at the end of the period				1,500
The Company has investments in the following companies:				
	Activity		Number of shares at 30 December 2016	Percentage held
Dignity Mezzco Limited	Intermediate holding company	1,000	Ordinary Shares at £1 each	100%
Dignity Holdings Limited	Intermediate holding company	1,500,000	Ordinary Shares at £1 each	100%

The above subsidiaries are incorporated in the United Kingdom. The investment in Dignity Mezzco Limited is held indirectly.

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

8 Debtors

	30 December 2016 £'000	25 December 2015 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	12,674	12,674

The amounts owed by group undertakings are unsecured and non interest bearing.

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 30 December 2016 (continued)

9 Called up share capital

	30 December 2016 £'000	25 December 2015 £'000
Allotted and fully paid:		
2,000,000 (2015: 2,000,000) Ordinary Shares of £1 each	2,000	2,000
Each Ordinary Share carries equal voting rights and there are no restrictions on any share.		

10 Ultimate holding company and controlling party

The Company's ultimate holding company and controlling party at 30 December 2016 was Dignity plc.

The parent company of the smallest and largest group in which the financial statements of the Company are consolidated is Dignity plc. Copies of the consolidated financial statements of Dignity plc are available from 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP, the Company's Registered office.

The immediate parent company is Dignity (2004) Limited.

11 Contingent liabilities

On 17 October 2014, the Dignity group issued £238,904,000 Class A Secured 3.5456% Notes due 2034 ('Secured Class A Notes') and £356,402,000 Class B Secured 4.6956% Notes due 2049 ('Secured Class B Notes' and together with the Secured Class A Notes, the 'Secured Notes').

As a result of the issue of Secured Notes, BNY Mellon Corporate Trustee Services Limited in its capacity as Security Trustee of the Secured Notes has the following guarantees and charges:

- The Company granted the Security Trustee, with full title guarantee a first fixed charge over the shares (and any monies receivable in respect of the shares) which it holds in Dignity Holdings Limited;

At 30 December 2016, the amounts outstanding by the Dignity (2002) Group, in relation to these borrowings was £574,526,000 (2015: £587,212,000).

In the opinion of the directors, no liability is likely to crystallise in respect of these guarantees.