

Dignity Holdings No. 2 Limited
Annual report and financial statements
for the period ended 26 December 2014

Registered number 04349722

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Dignity Holdings No. 2 Limited

Annual report and financial statements for the period ended 26 December 2014

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Dignity Holdings No. 2 Limited

Strategic report for the period ended 26 December 2014

The Directors present their annual report and the audited financial statements of Dignity Holdings No 2 Limited ('the Company') for the period ended 26 December 2014. The Company is a subsidiary of Dignity plc and a member of the Dignity plc group ('the Dignity group').

The financial statements have been prepared for the 52 week period ended 26 December 2014. The financial statements for the comparative period have been prepared for the 52 week period ending 27 December 2013.

Business review and future developments

The results for the period are set out in the Profit and loss account 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 the Profit and loss account and Balance sheet.

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 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

16 April 2015

Dignity Holdings No. 2 Limited

Directors' report for the period ended 26 December 2014

The Directors present their annual report and the audited financial statements of Dignity Holdings No 2 Limited ('the Company') for the period ended 26 December 2014

Going concern

The directors have formed a judgement at the time of approving the financial statements that the company has adequate resources available to continue operating for the foreseeable future

Dividend

No dividend was declared or paid by the Company in the period (2013 £9,523,000, £4 76 per share)

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 Group maintained liability insurance for its Directors and Officers. The Directors of this company have the benefit of this indemnity provision in the 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, the 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 year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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, 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.

Dignity Holdings No. 2 Limited

Directors' report for the period ended 26 December 2014 (continued)

Independent auditors

The Board appointed Ernst & Young LLP as auditors on 5 June 2014 upon the resignation of PricewaterhouseCoopers LLP. A resolution for their appointment 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.

The Directors' report has been approved by the Board.

By order of the board



S L Whittern
Director

16 April 2015

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 26 December 2014 which comprise the Profit & loss account, the Balance Sheet and the related notes 1 to 13. 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).

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 page 2, 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 26 December 2014 and of its result for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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

16 April 2015

Dignity Holdings No. 2 Limited

Profit and loss account for the period ended 26 December 2014

		52 week period ended 26 December 2014	52 week period ended 27 December 2013
	Note	£'000	£'000
Operating result	3	-	-
Income from shares in group undertakings	6	-	9,523
Profit on ordinary activities before taxation		-	9,523
Tax on profit on ordinary activities	5	-	-
Profit for the financial period	10	-	9,523

The results have been derived wholly from continuing activities

Statement of recognised gains and losses

There were no other recognised gains or losses and therefore no separate statement of total recognised gains and losses has been presented

Note of historical cost and loss

There is no difference between the profit on ordinary activities before taxation and the profit for the financial periods and the historical cost equivalents

Dignity Holdings No. 2 Limited

Balance sheet as at 26 December 2014

		26 December 2014	27 December 2013
	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	10	12,174	12,174
Total shareholders' funds	11	14,174	14,174

The financial statements on pages 6 to 12 were approved by the board of directors on 16 April 2015 and were signed on its behalf by



S L Whittern
Director

Dignity Holdings No 2 Limited

Registered number 04349722

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 26 December 2014

1 Principal accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently throughout the year and from year to year, is set out below.

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.

The company has taken advantage of the exemptions contained within Financial Reporting Standard ('FRS') 1 (revised 1996), 'Cash flow statements' and has not prepared a cash flow statement, as the Company is included in the consolidated financial statements of Dignity plc, which include a consolidated cash flow statement.

The Company is a wholly owned subsidiary of Dignity plc and has taken advantage of the exemption provided within FRS 8, Related Party Disclosures, not to disclose transactions with wholly owned subsidiary undertakings, whose voting rights are controlled within the Dignity group.

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 years.

Deferred taxation is recognised in respect of all timing 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 timing 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 group, and is not allocated to individual entities.

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 26 December 2014 (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

(a) Analysis of tax charge in the period

No current UK tax charge arises in the period as no taxable income was received in the period (2013: £nil)

(b) Factors affecting tax charge for the period

The current tax charge for the period is equal to (2013: lower than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%), as set out below

	52 week period ended 26 December 2014 £'000	52 week period ended 27 December 2013 £'000
Profit on ordinary activities before tax	-	9,523
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	-	2,214
<i>Effects of</i>		
UK to UK transfer pricing adjustment	(1)	(3)
Group relief surrendered without credit	1	3
Income not chargeable for tax purposes	-	(2,214)
Current tax charge for the period	-	-

(c) Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014.

Legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was substantively enacted in 2013.

No deferred tax was recognised or unrecognised during the period (2013: £nil)

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 26 December 2014 (continued)

6 Dividends

	52 week period ended 26 December 2014 £'000	52 week period ended 27 December 2013 £'000
Dividends paid £nil per Ordinary Share (2013 £4 76 per Ordinary Share)	-	9,523

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 26 December 2014	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.

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 26 December 2014 (continued)

8 Debtors

	26 December 2014	27 December 2013
	£'000	£'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		

9 Called up share capital

	26 December 2014	27 December 2013
	£'000	£'000
Allotted and fully paid:		
2,000,000 (2013 2,000,000) Ordinary Shares of £1 each	2,000	2,000

10 Profit and loss reserve

	£'000
At the beginning and end of the period	12,174

11 Reconciliation of movements in shareholders' funds

	26 December 2014	27 December 2013
	£'000	£'000
Profit for the financial period	-	9,523
Dividends paid (note 6)	-	(9,523)
Net addition to shareholders' funds	-	-
Opening shareholders' funds	14,174	14,174
Closing shareholders' funds	14,174	14,174

Dignity Holdings No. 2 Limited

Notes to the financial statements for the period ended 26 December 2014 (continued)

12 Ultimate holding company and controlling party

The Company's ultimate holding company and controlling party at 26 December 2014 and 27 December 2013 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

13 Contingent liabilities

During the period, the Group refinanced its capital structure. Prior to 17 October 2014, the Group had on various occasions issued Class A Secured Notes due for final repayment in 2023 ('Old Class A Notes') and Class B Secured Notes due for final repayment in 2031 ('Old Class B Notes' and together with the Old Class A Notes, the 'Old Notes'). On 17 October 2014, the Group issued £238,904,000 Class A Secured 3.5456% Notes due 2034 ('New Class A Notes') and £356,402,000 Class B Secured 4.6956% Notes due 2049 ('New Class B Notes' and together with the New Class A Notes, the 'New Notes'). Secured Notes refers to either the New Notes or the Old Notes depending on the period.

As a result of the issue of New Notes, BNY Mellon Corporate Trustee Services Limited in its capacity as Security Trustee of the New 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 26 December 2014, the amounts outstanding by the Dignity (2002) Group, in relation to these borrowings was £595,306,000 (2013: £419,383,000)

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