

Dignity Holdings No. 2 Limited

Directors' report and financial statements

for the 53 week period ended 31 December 2004

Registered number: 04349722



# **Dignity Holdings No. 2 Limited**

## **Directors' report for the 53 week period ended 31 December 2004**

The directors present their report and the audited financial statements of Dignity Holdings No. 2 Limited ('the Company') for the 53 week period ended 31 December 2004. The Company is a subsidiary of Dignity plc (formerly Dignity Limited) and a member of the Dignity plc group ('the group').

### **Principal activities**

The principal activity of the Company is that of a holding company.

### **Results and dividends**

The results for the period are shown on page 4. On 30 July 2004, the directors declared and paid an interim dividend of £5,500,000 (2003: £nil). On 31 January 2005 the directors declared a final dividend of £5,324,000 (2003: £nil).

### **Directors and their interests**

The directors who served during the period were:

P T Hindley  
M K McCollum  
A R Davies  
J W Wilkinson

According to the share register required to be held under s325 of the Companies Act 1985, none of the directors had any beneficial interests in the shares of the Company as at 31 December 2004 or 26 December 2003.

The directors are also directors of the ultimate parent company, Dignity plc (formerly Dignity Limited). The interests of the directors in the shares and debentures of other group companies are shown in that annual report, which can be obtained from Plantsbrook House, 94 The Parade, Sutton Coldfield, West Midlands, B72 1PH.

### **Donations**

The Company did not make any charitable or political donations in either period.

## **Dignity Holdings No. 2 Limited**

### **Directors' report for the 53 week period ended 31 December 2004 (continued)**

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements that give a true and fair view of the state of affairs of the Company for each financial period and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been applied consistently, as explained in note 1 to the financial statements.

They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 53 week period ended 31 December 2004, and that applicable accounting standards have been followed.

The directors are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

#### **Auditors**

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

By order of the board

  
Director

4 April 2005

## **Dignity Holdings No. 2 Limited**

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of principal accounting policies.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

#### **Basis of audit opinion**

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

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

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham

4 April 2005

## Dignity Holdings No. 2 Limited

### Profit and loss account for the 53 week period ended 31 December 2004

	Note	53 week period ended 31 December 2004 £'000	52 week period ended 26 December 2003 £'000
Administrative expenses		-	5
<b>Operating profit</b>	3	-	5
Income from shares in group undertakings		10,832	-
<b>Interest payable and similar charges</b>		(1)	-
<b>Profit on ordinary activities before taxation</b>		10,831	5
Tax on profit on ordinary activities	5	-	-
<b>Profit on ordinary activities after taxation</b>		10,831	5
Dividends	6	(10,824)	-
<b>Retained profit for the period</b>	11	7	5

The results have been derived wholly from continuing activities.

### Statement of total recognised gains and losses

There were no other recognised gains or losses other than those included within the profit for the period, as shown above.

### Note of historical cost profit and loss

There is no difference between the profit disclosed in the profit and loss account and the profit on an unmodified historical cost basis.


# Dignity Holdings No. 2 Limited

## Balance sheet as at 31 December 2004

		31 December 2004	26 December 2003
	Note	£'000	£'000
<b>Fixed assets</b>			
Investments	7	1,500	1,500
<b>Current assets</b>			
Debtors - amounts falling due within one year	8	17,606	12,274
- amounts falling after more than one year	8	400	400
<b>Total current assets</b>		<b>18,006</b>	<b>12,674</b>
Creditors – amounts falling due within one year	9	(5,332)	(7)
<b>Net current assets</b>		<b>12,674</b>	<b>12,667</b>
<b>Total assets less current liabilities</b>		<b>14,174</b>	<b>14,167</b>
<b>Net assets</b>		<b>14,174</b>	<b>14,167</b>
<b>Capital and reserves</b>			
Called up share capital	10	2,000	2,000
Profit and loss account	11	12,174	12,167
<b>Equity shareholder's funds</b>	12	<b>14,174</b>	<b>14,167</b>

The financial statements on pages 4 to 11 were approved by the board of directors on 4 April 2005

and were signed on its behalf by:



Director

# **Dignity Holdings No. 2 Limited**

## **Notes to the financial statements for the 53 week period ended 31 December 2004**

### **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 1985 and applicable accounting standards. A summary of the principal accounting policies, which have been consistently applied, 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 (formerly Dignity Limited) and is included in that company's consolidated financial statements. Consequently the Company by virtue of section 228.1 (a) of the Companies Act 1985 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, 'Cash Flow Statements' and has not prepared a cash flow statement as the Company is included in the consolidated financial statements of Dignity plc (formerly Dignity Limited) which includes a consolidated cash flow statement.

Furthermore, as the Company is a wholly owned subsidiary of Dignity plc (formerly Dignity Limited), the Company has also taken advantage of the exemptions contained within FRS 8, 'Related party transactions' and has therefore not disclosed any transactions within the Dignity plc group of companies.

#### **Investments**

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

#### **Taxation including deferred taxation**

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 balances are not discounted.

### **2 Turnover**

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

### **3 Operating profit**

Auditors' remuneration is borne by a fellow subsidiary of the group.

## Dignity Holdings No. 2 Limited

### Notes to the financial statements for the 53 week period ended 31 December 2004

#### 4 Staff costs

##### (a) Employees

There were no staff costs in the period.

The average number of people, including directors, employed by the Company during the period was:

	53 week period ended 31 December 2004 Number	52 week period ended 26 December 2003 Number
Administration and managerial	4	4
Total	4	4

##### (b) Directors' remuneration

The directors are directors of a fellow group company, Dignity Funerals Limited 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.

#### 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.

##### (b) Factors affecting tax charge for the period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	53 week period ended 31 December 2004 £'000	52 week period ended 26 December 2003 £'000
Profit on ordinary activities before tax	10,831	5
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30%	3,249	2
Effects of:		
Income not chargeable for tax purposes	(3,249)	-
Group relief claimed without charge	-	(2)
<b>Current tax charge for the period (note 5 (a))</b>	-	-



## Dignity Holdings No. 2 Limited

### Notes to the financial statements for the 53 week period ended 31 December 2004

#### 6 Dividends

	53 week period ended 31 December 2004 £'000	52 week period ended 26 December 2003 £'000
Ordinary £1 shares - £5.412 per share (2003: £nil)	10,824	-

On 31 July 2004, the Company declared and paid an interim dividend of £5,500,000.

On 31 January 2005, the Company declared a final dividend of £5,324,000.

#### 7 Investments

	Total
<b>Cost and net book amount</b>	<b>£'000</b>
<b>At beginning and end of period</b>	<b>1,500</b>

The Company has investments in the following companies:

	Activity	Number of shares at 31 December 2004	Percentage held
Dignity Mezzco Limited	Intermediate holding company	1,000 Ordinary at £1 each	100%
Dignity Holdings Limited	Intermediate holding company	1,500,000 Ordinary at £1 each	100%

The investment holding in Dignity Mezzco Limited is held indirectly.

On 19 March 2004, Dignity plc (formerly Dignity Limited), acquired the entire issued share capital of Dignity (2004) Limited (formerly Broomco (3369) Limited) for £1.

Following this transaction, Dignity (2004) Limited, Dignity plc (formerly Dignity Limited) and Dignity Mezzco Limited entered into a tri-partite agreement, such that Dignity (2004) Limited acquired the entire issued share capital of Dignity (2002) Limited for consideration of £116,000,000 (being the market value of the Dignity (2002) Limited group at that time) and Dignity plc (formerly Dignity Limited) assumed the debt to Dignity Mezzco Limited in consideration for Dignity (2004) Limited issuing 998 ordinary £1 shares to Dignity plc (formerly Dignity Limited).

Following the above, Dignity plc (formerly Dignity Limited) transferred its investment in the Company to Dignity (2004) Limited in a share for share exchange.

## Dignity Holdings No. 2 Limited

### Notes to the financial statements for the 53 week period ended 31 December 2004

#### 8 Debtors

	2004	2003
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Dividends due from fellow subsidiaries	5,332	-
Amounts due from ultimate parent company	12,274	12,274
	17,606	12,274
<b>Amounts falling due after more than one year:</b>		
Amounts due from group undertakings	400	400
	400	400

#### 9 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Amounts due to group undertakings	7	7
Dividends	5,324	-
Accrued interest on intercompany loans	1	-
	5,332	7

The amounts due to group undertakings accrue interest at 2% above the Barclays Bank PLC base rate. There is no fixed date for repayment.

# Dignity Holdings No. 2 Limited

## Notes to the financial statements for the 53 week period ended 31 December 2004

### 10 Called up share capital

	2004		2003	
	Number	£'000	Number	£'000
<b>Authorised</b>				
<b>Equity Shares</b>				
Ordinary shares	2,000,000	2,000	-	-
Ordinary "A" shares of £1 each	-	-	1,241,635	1,242
Ordinary "B" shares of £1 each	-	-	400,000	400
Ordinary "C" shares of £1 each	-	-	300,000	300
Ordinary "D" shares of £1 each	-	-	58,365	58
	2,000,000	2,000	2,000,000	2,000

### Allotted, called up and fully paid

#### Equity shares

2,000,000 Ordinary shares of £1 each	2,000	2,000
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On 19 March 2004, each A, B, C and D shares of £1 each were converted and redesignated as ordinary shares of £1 each.

### 11 Profit and loss account

	£'000
At beginning of period	12,167
Retained profit for the financial period	7
<b>At end of period</b>	<b>12,174</b>

## Dignity Holdings No. 2 Limited

### Notes to the financial statements for the 53 week period ended 31 December 2004

#### 12 Reconciliation of movement in shareholder's funds

	2004 £'000	2003 £'000
Profit for the financial period	10,831	5
Dividends	(10,824)	-
Net addition to shareholder's funds	7	5
Opening shareholder's funds	14,167	14,162
Closing shareholder's funds	14,174	14,167

#### 13 Ultimate holding company

The Company's ultimate holding company and controlling party at 31 December 2004 and 26 December 2003 was Dignity plc (formerly Dignity Limited).

As detailed in note 7, Dignity (2004) Limited (formerly Broomco 3369 Limited) acquired the entire issued share capital of the Company from Dignity plc (formerly Dignity Limited) by way of share for share exchange.

The parent company of the smallest and largest group in which the financial statements of the Company are consolidated is Dignity plc (formerly known as Dignity Limited). Copies of the consolidated financial statements of the United Kingdom group are available from Plantsbrook House, 94 The Parade, Sutton Coldfield, West Midlands, B72 1PH.

At 26 December 2003, Montagu Private Equity Limited and funds managed by its subsidiary companies controlled 65% of the share capital of Dignity plc (formerly Dignity Limited). These holdings were subsequently sold following the flotation of Dignity plc (formerly Dignity Limited) on 8 April 2004.

#### 14 Contingent liabilities

On 11 April 2003, the Group refinanced its debt by way of a whole business securitisation. As a result, the following guarantees and charges were granted to JP Morgan Corporate Trustee Services Limited in its capacity as Security Trustee in the securitisation:

- 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 31 December 2004, the amount outstanding in relation to these borrowings was £205,282,000 (2003: £261,374,000).

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