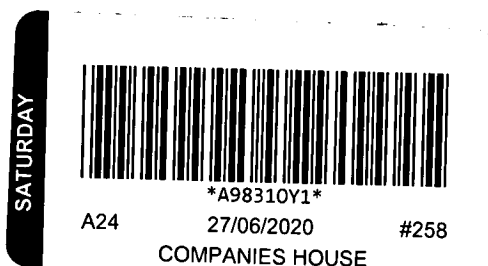


Registered number: 03292336

Advance Planning Limited  
Annual report and financial statements  
for the period ended 27 December 2019



# **Advance Planning Limited**

## **Annual report and financial statements for the period ended 27 December 2019**

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# **Advance Planning Limited**

## **Strategic report for the period ended 27 December 2019**

The Directors present their annual report and the audited financial statements of Advance Planning Limited ('the Company') for the period ended 27 December 2019. 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 27 December 2019. The financial statements for the comparative period have been prepared for the 52 week period ending 28 December 2018.

### **Business review and future development**

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

The principal activity of the Company is the marketing and administration (on behalf of the Trust for Age UK Funeral Plans ('the Trust')) of pre-arranged funeral plans.

The Directors do not currently anticipate any changes in the nature of the Company's principal activities.

All amounts received in respect of funeral plans are paid directly to the Trust. The assets of the Trust are used to meet future obligations and are entirely separate and are entirely separate from the Company with a majority of trustees required by legislation to be unconnected with the Dignity Group. Details of the Trust are contained in a separate trust annual report. Copies of the Trust's annual report may be obtained by writing to the Trust for Age UK Funeral Plans, 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP.

The Company's operating result for the period and the Company's financial position at the period end were in line with the directors' expectations. They expect that the level of operating activity will be maintained in the foreseeable future.

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 Income statement, Statement of comprehensive income, Balance sheet and the Statement of changes in equity.

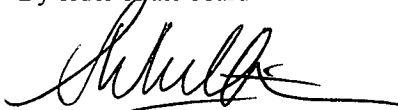
In respect of the Dignity Group, the directors of Dignity plc manage the Dignity Group's operations on a divisional basis. The development, performance and position of Dignity plc, which includes the Company, is discussed within the Strategic report of the Dignity Group's annual report which does not form part of this report.

### **Risks**

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**

20 May 2020

# **Advance Planning Limited**

## **Directors' report for the period ended 27 December 2019**

The Directors present their annual report and the audited financial statements of Advance Planning Limited ('the Company') for the period ended 27 December 2019.

### **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 Dignity Group is presented within the Dignity Group's annual report which does not form part of this report.

In light of the impact of the COVID-19 outbreak, the Company has carried out a diligent going concern analysis and considered the ongoing impact on these financial statements. Full details of this analysis are set out in Notes 1 and 14 to the financial statements.

Following consideration of the base case forecasts, and the range of downside and stress test scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Dividends**

No dividend (2018: £nil) was declared or paid by the Company in the period.

### **Directors**

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

M K McCollum (resigned 3 April 2020)

R H Portman (appointed 3 April 2020)

S L Whittern

### **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.

# **Advance Planning Limited**

## **Directors' report for the period ended 27 December 2019 (continued)**

### **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; 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**

The Directors confirm that as far as each Director is aware there is no relevant audit information of which the Company's auditor are unaware. The Directors further confirm each of them have taken all steps that they ought to have done as Directors to make themselves 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**

20 May 2020

# **Independent auditors' report to the members of Advance Planning Limited**

## **Opinion**

We have audited the financial statements of Advance Planning Limited for the period ended 27 December 2019 which comprise the Income statement, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 27 December 2019 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.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter – Disclosures in respect of the effects of COVID-19**

We draw attention to the disclosures made in notes 1 and 14 to the financial statements in respect of the basis of preparation of the financial statements and the post balance sheet implications of COVID-19 respectively. These disclosures together describe the impact that COVID-19 is having on the Company through its position within the Dignity Group, in particular in respect of the impact on average incomes per funeral and lower crematoria memorial sales being experienced by the Dignity Group. Our opinion is not modified in respect of this matter.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

# **Independent auditors' report to the members of Advance Planning Limited (continued)**

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

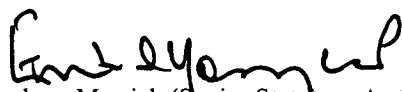
## **Auditor's responsibilities for the audit of the financial statements**

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Use of our report**

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.



Andrew Merrick (Senior Statutory Auditor)

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

Birmingham

20 May 2020

## **Advance Planning Limited**

### **Income statement for the period ended 27 December 2019**

		<b>52 week period ended 27 December 2019</b>	<b>52 week period ended 28 December 2018</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	2	<b>1,962</b>	<b>3,369</b>
Administrative expenses		<b>(1,962)</b>	<b>(3,369)</b>
<b>Result before taxation</b>	4	<b>-</b>	<b>-</b>
Tax on result	5	<b>-</b>	<b>-</b>
<b>Result for the financial period</b>		<b>-</b>	<b>-</b>

The results have been derived wholly from continuing activities.

### **Statement of comprehensive income for the period ended 27 December 2019**

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



# Advance Planning Limited

## Balance sheet as at 27 December 2019

	Note	27 December 2019 £'000	28 December 2018 £'000
<b>Current assets</b>			
Debtors (including £487,000 (2018: £528,000) amounts falling due after more than one year)	6	27,426	26,555
		27,426	26,555
<b>Creditors: amounts falling due within one year</b>	7	<b>(22,708)</b>	<b>(21,745)</b>
<b>Net current assets</b>		<b>4,718</b>	<b>4,810</b>
<b>Total assets less current liabilities</b>		<b>4,718</b>	<b>4,810</b>
<b>Creditors: amounts falling due after more than one year</b>	8	<b>(39)</b>	<b>(39)</b>
Provisions for liabilities	9	(90)	(159)
<b>Net assets</b>		<b>4,589</b>	<b>4,612</b>
<b>Capital and reserves</b>			
Called up share capital	10	10	10
Special reserve		1,908	1,908
Profit and loss reserve		2,671	2,694
<b>Total shareholders' funds</b>		<b>4,589</b>	<b>4,612</b>

The financial statements on pages 6 to 19 were approved by the board of directors on 20 May 2020 and were signed on its behalf by:



S L Whittern  
Director

Advance Planning Limited

Registered number: 03292336

# Advance Planning Limited

## Statement of changes in equity for the period ended 27 December 2019

	Called up share capital	Special reserve	Profit and loss reserve	Total shareholders' funds
	£'000	£'000	£'000	£'000
Shareholders' funds as at 29 December 2017	10	1,908	2,694	4,612
Result for the financial period	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
Shareholders' funds as at 28 December 2018	10	1,908	2,694	4,612
Adjustment on initial application of IFRS 9	-	-	(23)	(23)
Shareholders' funds at 29 December 2018	10	1,908	2,671	4,589
Result for the financial period	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
<b>Shareholders' funds as at 27 December 2019</b>	<b>10</b>	<b>1,908</b>	<b>2,671</b>	<b>4,589</b>

The special reserve arose following a capital reduction.

# Advance Planning Limited

## Notes to the financial statements for the period ended 27 December 2019

### 1 Principal accounting policies

#### *Basis of preparation*

The financial statements of the Company for the period ended 27 December 2019 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.

#### *Going Concern*

The Company operates as part of the Dignity Group and is one of a number of entities within that group which are part of a Securitisation Group established in connection with the Dignity Group's only drawn borrowings. The day to day liquidity requirements of the Company are sourced either from within the Company or, where necessary, from the continued support of certain other entities within the Dignity Group, such support having been confirmed in writing as available for at least 12 months from the approval of these financial statements.

The key factors which impact the Dignity Group's financial performance are death rate, market share and average price per funeral. As the Dignity Group recently announced on 11 May 2020, following the outbreak of the COVID-19 virus, whilst the death rate in the UK has sadly increased and the Dignity Group's market share remained at or above expected levels, both the average income received per funeral and the income received for memorial sales has declined as social distancing requirements restrict the options currently available to mourners.

The impact on its full year 2020 revenue and profitability will depend on various factors outside of the Dignity Group's control, such as the length of time social distancing measures are in place.

The financial performance of the Dignity Group and the Securitisation Group has been forecast and those forecasts have been subjected to a number of sensitivities. These forecasts reflect an assessment of current and future market conditions and their impact on the future profitability of the Dignity Group and the Securitised Group. The forecasts reflect a reduction in average revenue from the beginning of the second quarter of 2020 with several different patterns of recovery being profiled.

In certain sensitised scenarios (such as a prolonged period of social distancing restrictions which may serve to keep average incomes lower for a sustained period), the forecasts indicate the Securitised Group may not meet its debt service cover ratio ('DSCR') covenant requirements. Under the terms of the Securitised Group's borrowings, the Securitised Group is required to maintain a DSCR of at least 1.5 times, measured on a rolling 12 months basis every quarter. However, a breach of the covenant does not give rise to an immediate requirement to repay the associated borrowings. Rather, such a breach results in a requirement for the bond trustees to appoint a financial adviser who will review the financial and operational circumstances of the Securitised Group prior to making recommendations as to how the breach can be resolved. Notwithstanding this, the Securitised Group is forecast under all sensitised scenarios to have sufficient liquid resources to make all required debt service payments for a period of at least the next 12 months.

Having considered all the above, including the Company, Securitised Group and Dignity Group's current financial position, the directors remain confident in the long-term future prospects for the Company and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

# **Advance Planning Limited**

## **Notes to the financial statements for the period ended 27 December 2019 (continued)**

### **1 Principal accounting policies (continued)**

#### *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);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 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).
- 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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 ‘Revenue from Contracts with Customers’.

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

#### **Pre-arranged funeral plans**

##### **Trust plans**

The Company markets and sells pre-arranged funeral plans, with monies received from selling funeral plans being held and controlled by an independent pre-arranged funeral plan trust (‘the Trust’). The responsibility for the ultimate performance of funerals is allocated to funeral directors, who are selected by the beneficiary of the plan and some of whom are not owned by the Dignity Group.

The Company receives monies from the Trust in respect of the following transactions:

- A marketing and administration allowance in respect of each plan sold. The marketing element is only refundable in the event that the plan is subsequently cancelled. A provision is made for cancellations based on historical experiences, where material, to cover the estimated marketing element refundable to the Trust. Marketing and administration allowances are included in Company revenue when the related plan is sold less the provision for refunds arising on cancellations; and
- Further contributions are also received from the Trust in return for the provision of general ongoing administrative services supplied to the Trust. These contributions are included in Company revenue for the period to which they relate.

All costs in respect of the marketing and administration of the pre-arranged funeral plans are expensed in the Company income statement as incurred.

# **Advance Planning Limited**

## **Notes to the financial statements for the period ended 27 December 2019 (continued)**

### **1 Principal accounting policies (continued)**

#### **Pre-arranged funeral plans (continued)**

##### **Trust plans (continued)**

From time to time, the Company receives monies from the Trust, in line with the Trust's deed, which have been assessed by the trustees as not required to ensure the Trust has sufficient assets to meet its future liabilities in respect of current members ('Recoveries'). All Recoveries are recognised as other operating income in the period in which the trustees approve their payment.

The Company makes payments on behalf of the Trust relating to the ongoing overheads of the Trust, refunds to members of the Trust in event of cancellation, and the payments made to third party funeral directors when the funeral is ultimately performed. All such payments are reimbursed in full by the Trust on demand, in accordance with the terms of the Trust's deed. These amounts are recognised net on an agent basis in the Income Statement.

Neither the sales value of plans nor the costs of providing funerals are recognised in the financial statements of the Company when a pre-arranged funeral plan is sold or the associated funeral service is delivered.

The Company contractually guarantees with the customer of a pre-arranged funeral plan that (i) if the customer chooses to cancel their selected funeral plan, a full refund will be made to the customer of all monies paid in respect thereof (less in certain cases an administration fee payable to the Company); (ii) the funeral director's services (as selected by the customer) will be provided regardless of price rises in the future; and (iii) for the majority of plans sold, specific disbursements (such as crematoria fees, minister's fees and doctors' fees) will be provided regardless of price rises in the future.

##### **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.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation.

Provisions (other than deferred tax) are discounted where the present value of the provision is materially different to the undiscounted value. The unwinding of discounts is included within net finance costs.

##### **Financial instruments**

###### **Preference shares**

In accordance with IAS 32, "Financial Instruments: Presentation", the cumulative redeemable preference shares of £39,000 (2018: £39,000) are classified as creditors amounts falling due after more than one year (2018: due after more than one year).

# **Advance Planning Limited**

## **Notes to the financial statements**

### **for the period ended 27 December 2019 (continued)**

#### **1 Principal accounting policies (continued)**

##### **Intercompany receivables**

###### *Initial Recognition and measurement*

Financial assets are classified at initial recognition, and are subsequently measured, at amortised cost as the Company's financial assets give rise to cash flows that are solely payments of principal and, where applicable, interest on the principal amount and it is the Company's business model to collect the contractual cash flows.

###### *Impairment*

The Company recognises an allowance for expected credit losses (ECLs) for all receivables held at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

##### **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.

##### **Standards, amendments and IFRIC interpretations effective in 2019**

###### *IFRS 15, Revenue from contracts with customers*

There has been no impact on the Company's accounts in relation to IFRS 15, Revenue from Contracts with Customers.

###### *IFRS 9, Financial Instruments*

The Company has applied IFRS 9, Financial instruments for the first time in the preparation of the Company's financial statements.

Under IFRS 9 all financial assets and liabilities are measured at fair value on initial recognition. IFRS 9 subsequently measures financial assets and liabilities at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit and loss ('FVTPL'). As all assets and liabilities were measured at amortised cost under IAS 39 there is no change in accounting policy on adoption of IFRS 9.

IFRS 9 establishes a new model for recognition and measurement of provisions of loans and receivables, including intercompany receivables, that are measured at amortised cost called the 'expected credit losses' ('ECL's') model which replaces the IAS 39 incurred loss model. The standard defines provisions as 'impairment'.

A 12 month expected credit loss model is applied to the Company's intercompany receivables. On transition to IFRS 9 applying this model has resulted in a provision of £23,000 being recorded as an adjustment to opening reserves as at 29 December 2018. Comparatives have not been restated.

###### *Other*

No other new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 27 December 2019, have had a material impact on the company.

# **Advance Planning Limited**

## **Notes to the financial statements**

### **for the period ended 27 December 2019 (continued)**

#### **2 Turnover**

No segmental analysis is relevant since the Company's activities are all related to the marketing and administration of pre-arranged funeral plans. All turnover is derived from, and all the net assets are located in, the United Kingdom.

#### **3 Staff costs**

##### **(a) Employees**

There were no employees in either period.

##### **(b) Directors' remuneration**

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.

#### **4 Result before taxation**

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

# Advance Planning Limited

## Notes to the financial statements for the period ended 27 December 2019 (continued)

### 5 Tax on result

#### Analysis of tax charge for the period

No tax charge arises in the period as no taxable income was received in the period (2018: £nil).

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

The current tax charge for the period is equal to (2018: equal to) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	52 week period ended 27 December 2019 £'000	52 week period ended 28 December 2018 £'000
<b>Result before tax</b>	-	-
Result before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	-	-
Effects of:		
Group relief claimed without charge	(14)	(14)
UK to UK transfer pricing adjustment	14	14
<b>Total tax charge for the period</b>	-	-

Legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020 was substantively enacted at the balance sheet date.

In the recent budget announced in March 2020, the legislation to reduce the main rate of corporation tax to 17% has been cancelled and the main rate of corporate tax is expected to remain at 19%. The change had not been substantively enacted at the balance sheet date and is therefore not recognized in these financial statements. The proposed change is not expected to have a material impact on the financial statements.

No deferred tax was recognised or unrecognised during the period (2018: £nil).



# Advance Planning Limited

## Notes to the financial statements for the period ended 27 December 2019 (continued)

### 6 Debtors

	27 December 2019	28 December 2018
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	23,522	23,163
Expenses to be recovered from Trust <sup>(1)</sup> (note 11)	3,894	3,392
Other debtors	10	-
	<b>27,426</b>	<b>26,555</b>

The amounts owed by group undertakings are unsecured and non interest bearing. An ELC provision of £23,000 is held against amounts owned by group undertakings.

<sup>(1)</sup> Included in this amount is approximately £487,000 (2018: £528,000) falling due after more than one year.

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

	27 December 2019	28 December 2018
	£'000	£'000
Bank loans and overdrafts	107	142
Amounts owed to group undertakings	21,704	20,775
Accruals and deferred income	751	655
Trade creditors	146	173
	<b>22,708</b>	<b>21,745</b>

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

# Advance Planning Limited

## Notes to the financial statements for the period ended 27 December 2019 (continued)

### 8 Creditors: amounts falling due after more than one year

	27 December 2019	28 December 2018
	£'000	£'000
Authorised, issued and fully paid		
3,863,291 (2018: 3,863,291) 0.0000001p redeemable preference shares of 1p each	39	39

#### Redeemable preference shares

On 12 March 2003, the Company issued 7,788,882 0.0000001p redeemable preference shares (the 'Preference Shares') of £1 each at par. The Preference Shares were issued to Dignity Pre Arrangement Limited (the 'Preference Shareholder') in consideration for the Preference Shareholder irrevocably and unconditionally releasing the Company from the obligation to repay the amounts owed to the Preference Shareholder.

The Preference Shares carry no voting rights, unless there has been a breach of the articles of association of the Company, which in the reasonable opinion of the Preference Shareholder has or might be considered likely to have a material adverse effect on the Preference Shareholder's investment in the Company.

During the period, the Company redeemed nil (2018: nil) Preference Shares. At the period end 3,863,291 Preference Shares (2018: 3,863,291) remained outstanding.

#### Events triggering redemption

(a) For each accounting period of the Company the Company is to redeem for cash at the Redemption Price such numbers of Preference Shares that it is able to lawfully redeem out of distributable profits arising during such accounting period; or

(b) On 31 December 2023, the Issuer will redeem for cash all the Preference shares still in issue; or

(c) If the Company gains the right to vote as Preference Shareholder, then it may call on the Company to redeem all or some (at the option of the Company) of the Preference Shares; or

(d) All Preference Shares will be redeemed immediately upon the appointment of an administrative receiver or an administrator of the whole or any part of the property and assets of the Company; or

(e) All Preference Shares will be redeemed immediately if the rights attaching to the Preference Shares are varied without the prior approval of the Company.

# Advance Planning Limited

## Notes to the financial statements for the period ended 27 December 2019 (continued)

### 9 Provisions for liabilities

	2019 £'000
Cancellation provision	
At the beginning of the period	159
Charged to the income statement	38
Utilised in the period	(107)
<b>At the end of the period</b>	<b>90</b>

As described in note 1, the Company receives monies from the Trust in respect of the marketing of pre-arranged funeral plans, which are refundable to the Trust in the event of cancellation. All amounts are charged or credited to turnover.

The provision covers the expected cost of such cancellations anticipated to occur in future years relating to plans sold before the balance sheet date and is anticipated to be utilised over the next five years. Of this amount, £30,000 (2018: £53,000) is expected to be utilised in the next twelve months.

### 10 Called up share capital

	27 December 2019 £'000	28 December 2018 £'000
<b>Allotted and fully paid:</b>		
7,500 (2018: 7,500) Ordinary "A" shares of £1 each	8	8
2,500 (2018: 2,500) Ordinary "B" shares of £1 each	2	2
	<b>10</b>	<b>10</b>

The 'A' and 'B' shares carry equal voting rights and rights to dividends. The holders of the 'A' shares are entitled to appoint 3 directors to the board and the holders of the 'B' shares are entitled to appoint 2 directors to the board.

# Advance Planning Limited

## Notes to the financial statements for the period ended 27 December 2019 (continued)

### 11 Pre-arranged funeral plan trust

During the period the Company entered into transactions with the Trust. The nature of the relationship with the Trust is set out in the accounting policies. Amounts may only be paid out of the Trust in accordance with the Trust's Deed.

Transactions principally comprise:

- the recovery of marketing and administration expenses in relation to plans sold net of cancellations; and
- receipts from the Trust in respect of funerals provided.

Transactions also include:

- receipts from the Trust in respect of cancellations by existing members; and
- reimbursement by the Trust of expenses paid by the Company on behalf of the Trust.

The transactions are summarised below:

	27 December 2019	28 December 2018
	£'000	£'000
Marketing and administration contributions receivable by the Company	3,150	4,470
Amounts received by the Company for payments made on behalf of the Trust, including amounts in respect of deaths and cancellations of existing members <sup>(1)</sup>	28,841	29,273

1. See note 1 for further details.

The amount owed to the Company from the Trust at 27 December 2019 was £3,894,000 (2018: £3,392,000).

The activities of the Trust is included in the consolidated financial statements both of the ultimate parent company, Dignity plc and of Dignity (2002) Limited.

### 12 Ultimate parent undertaking and controlling party

The Company's ultimate holding company and controlling party at 27 December 2019 and 28 December 2018 was Dignity plc.

The parent company of the smallest group in which the financial statements of the Company are consolidated is Dignity (2002) Limited. Copies of the consolidated financial statements of Dignity (2002) Limited are available from 4 King Edwards Court, King Edwards Square, Sutton Coldfield, West Midlands, B73 6AP, the Company's Registered office.

The parent company of the 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 immediate parent company is Dignity Pre Arrangement Limited.

# **Advance Planning Limited**

## **Notes to the financial statements for the period ended 27 December 2019 (continued)**

### **13 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:

- Dignity (2002) Limited, the Company's intermediate parent, and its wholly owned subsidiaries including the Company ('Dignity (2002) Group') have granted the Security Trustee fixed and floating charges over all the assets and undertakings of the Dignity (2002) Group.

At 27 December 2019, the amounts outstanding, by the Dignity (2002) Group, in relation to these borrowings was £551,835,000 (2018: £561,152,000).

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

### **14 Post balance sheet events**

The Company is not directly impacted by the COVID-19 pandemic, but is indirectly impacted through its position as part of the Dignity Group for which the pandemic is a non-adjusting post balance sheet event. The Dignity Group has considered the impact of the ongoing COVID-19 impact but will not speculate on the likely number of deaths in 2020. Whilst the Dignity Group business continues to operate, it has witnessed lower average incomes per funeral and anticipates lower crematoria memorial sales activity. The impact on its full year 2020 revenue and profitability of entities will depend on various factors outside of the Group's control, such as the length of time social distancing measures are in place.

The Company will continue, as part of its usual period end reporting process, to consider the recoverability of assets including those in respect of or due from other Dignity Group entities. There is the potential should the behavioural changes associated with social distancing persist for write down or provisions to be required.

The Dignity Group continues to enjoy a positive liquidity position and is well positioned, given further opportunities for cost mitigation, to cope with the current situation.