

Birkbeck Securities Limited  
Directors' report and financial statements  
for the year ended 31 December 2002

Registered number: 8032



# **Birkbeck Securities Limited**

## **Directors' report for the year ended 31 December 2002**

The directors present their report and the audited financial statements of Birkbeck Securities Limited ('the Company') for the year ended 31 December 2002. The Company is a subsidiary of the Dignity Limited group ('group') whose holding company is Dignity Limited (formerly Broomco (3040) Limited).

### **Principal activities**

The company ceased to trade on 31 December 1999 and has acted as an investment holding company since that date.

### **Results and dividends**

The profit for the year before taxation amounted to £nil (2001: £nil). No dividends have been proposed in respect of the year (2001: £nil).

### **Change in parent company**

On 11 February 2002, the entire share capital of the company's ultimate United Kingdom parent Dignity Services, was acquired by Dignity (2002) Limited. Details of the Company's ultimate parent undertaking are set out in note 11 to the financial statements.

### **Directors and their interests**

The directors who served during the year were:

P T Hindley	
M K McCollum	(appointed 10 February 2002)
P W C Lerouge	(resigned 10 February 2002)

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 2002 or as at 31 December 2001.

The directors are also directors of the ultimate parent company, Dignity Limited. The interests of the directors in other group companies are shown in the annual report of Dignity Holdings No. 2 Limited (formerly Broomco (2776) Limited), a fellow subsidiary of Dignity Limited, which can be obtained from Plantsbrook House, 94 The Parade, Sutton Coldfield, West Midlands, B72 1PH.

# **Birkbeck Securities Limited**

## **Directors' report for the year ended 31 December 2002 (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 year and of the profit or loss of the Company for that year. 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 year ended 31 December 2002, 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**

PricewaterhouseCoopers resigned as auditors on 10 February 2002 and Ernst and Young LLP were appointed by the directors in their place. Ernst and Young LLP resigned as auditors on 11 February 2002 and PricewaterhouseCoopers were reappointed as auditors.

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership ('LLP') from 1 January 2003, PricewaterhouseCoopers resigned on 17 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as 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

7 March 2003

# **Birkbeck Securities Limited**

## **Independent auditors' report to the members of Birkbeck Securities 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 into 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Birmingham

7 March 2003

## **Birkbeck Securities Limited**

### **Profit and loss account for the year ended 31 December 2002**

The Company has neither entered into, nor been party to, any transactions during this or the prior year that have generated any gains or losses.

### **Statement of total recognised gains and losses**

As there have been no transactions during either this or the prior year, no separate statement of total recognised gains and losses has been prepared.

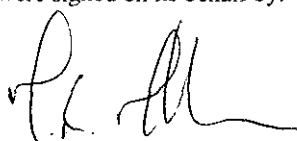
## Birkbeck Securities Limited

### Balance sheet as at 31 December 2002

		2002	2001
	Note	£'000	£'000
<b>Fixed assets</b>			
Investments	5	11,333	1,333
<b>Current assets</b>			
Debtors – amounts falling due within one year	6	12,653	2,653
Creditors - amounts falling due within one year	7	(10,000)	-
<b>Net current assets</b>		<b>2,653</b>	<b>2,653</b>
<b>Net assets</b>		<b>13,986</b>	<b>3,986</b>
<b>Capital and reserves</b>			
Called up share capital	8	1,102	1,102
Share premium account	9	10,000	-
Profit and loss account	9	2,884	2,884
<b>Equity shareholders' funds</b>	10	<b>13,986</b>	<b>3,986</b>

The financial statements on pages 4 to 10 were approved by the board of directors on 7 March 2003

and were signed on its behalf by:



Director

# **Birkbeck Securities Limited**

## **Notes to the financial statements for the year ended 31 December 2002**

### **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 Company has adopted Financial Reporting Standard ('FRS') 19, 'Deferred tax' in the year. This did not have any impact on the Company's net assets.

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 (2002) 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 FRS 1, 'Cash flow statements' and has not prepared a cash flow statement as the Company is included in the consolidated financial statements of its intermediate parent company, Dignity (2002) Limited which include a consolidated cash flow statement.

Furthermore, as the company is a wholly owned subsidiary of Dignity (2002) 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 (2002) Limited group of companies.

#### **Investments in subsidiaries**

The merger relief provisions of the Companies Act apply to the share capital issued to the immediate parent company in consideration for the shares in subsidiary undertakings acquired before 1 January 2000. Investments in these subsidiaries are carried at the nominal value of the shares issued by the Company. Other investments in subsidiaries are carried at cost.

### **2 Turnover**

The company has neither entered into, nor been party to, any transactions during this or the prior year.

### **3 Operating profit**

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

## **Birkbeck Securities Limited**

### **Notes to the financial statements for the year ended 31 December 2002 (continued)**

#### **4 Staff costs**

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

There were no staff costs either in this or the prior year.

##### **(b) Directors' emoluments**

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.

The average number of people, including directors, employed by the company during the year was:

	<b>2002</b>	<b>2001</b>
	<b>Number</b>	<b>Number</b>
Administration and managerial	<b>2</b>	<b>2</b>
Total	<b>2</b>	<b>2</b>

#### **5 Investments**

	<b>Shares in group subsidiaries</b>
	<b>£'000</b>
At 1 January 2002	1,333
Additions in year	10,000
<b>At 31 December 2002</b>	<b>11,333</b>

On 11 February 2002, the Company purchased 1 ordinary £1 share at a premium of £9,999,999 from its subsidiary company, Dignity Pre-Arrangement Limited. The purchase was satisfied by way of a promissory note payable on demand.



# **Birkbeck Securities Limited**

## **Notes to the financial statements for the year ended 31 December 2002 (continued)**

### **5 Investments (continued)**

Shares in subsidiaries comprise:

<b>Name</b>	<b>Percentage of Shares held</b>	<b>Principal activities</b>
H Copeland & Son Limited	100%	Non trading
Dignity Funerals Limited	100%	Funeral services provider
Dignity Pre-Arrangement Limited	100%	Marketing and administration of pre-arranged funeral plans
UKF Limited	100%	Non trading

All of the above are registered in England and Wales.

### **6 Debtors: amounts falling due within one year**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Called up share capital not paid	10,000	-
Amounts due from group undertakings	2,653	2,653
	<b>12,653</b>	<b>2,653</b>

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

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Promissory notes (see note 5)	10,000	-

### **8 Share capital**

	<b>Authorised</b>		<b>Called up &amp; fully paid</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Ordinary shares of £1 each	1,102	1,102	1,102	1,102

On 11 February 2002, the Company issued one ordinary £1 share at a premium of £9,999,999 to its immediate parent undertaking Dignity Services. The issue was settled by way of a promissory note payable on demand.

## **Birkbeck Securities Limited**

### **Notes to the financial statements for the year ended 31 December 2002 (continued)**

#### **9 Reserves**

	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2002	-	2,884
Premium on issue of new shares	10,000	-
<b>At 31 December 2002</b>	<b>10,000</b>	<b>2,884</b>

#### **10 Reconciliation of movement in shareholders' funds**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
New share capital subscribed	<b>10,000</b>	-
Net addition to shareholders' funds	<b>10,000</b>	-
Opening shareholders' funds	<b>3,986</b>	3,986
<b>Closing shareholders' funds</b>	<b>13,986</b>	<b>3,986</b>

#### **11 Ultimate holding company**

At 31 December 2001, the ultimate holding company was Service Corporation International, a company registered in the United States of America. Group financial statements may be obtained from Service Corporation International, 1929 Allen Parkway, Houston, Texas 77019, USA.

On 10 February 2002 Dignity (2002) Limited acquired the entire issued share capital of Dignity Services. Following this acquisition Dignity Limited became the Company's ultimate holding company and controlling party.

The parent undertaking of the smallest group in which the financial statements of the Company are consolidated is Dignity (2002) Limited (formerly Broomco (2871) 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.

The parent undertaking of the largest group in which the financial statements of the Company are consolidated is Dignity Holdings No. 2 Limited (formerly Broomco (2776) Limited). Copies of the consolidated financial statements of Dignity No. 2 Limited are available from Plantsbrook House, 94 The Parade, Sutton Coldfield, West Midlands, B72 1PH.

## **Birkbeck Securities Limited**

### **Notes to the financial statements for the year ended 31 December 2002 (continued)**

#### **11 Ultimate holding company (continued)**

The Company's immediate parent undertaking at 31 December 2002 and 31 December 2001 was Dignity Services.

HSBC Holding plc and funds managed by its subsidiary companies control 65% of the share capital of the ultimate parent undertaking.

#### **12 Contingent liabilities**

The Company entered into certain guarantees to secure the borrowings of Dignity Holdings Limited, in connection with the acquisition of Dignity Services' entire issued share capital on 11 February 2002. Following the refinancing on 20 December 2002, the Company is no longer party to any such guarantees.

On 20 December 2002, the group refinanced its debt. As a result, Dignity (2002) Limited and its wholly owned subsidiaries ('Dignity (2002) Group') entered into certain guarantees to secure the borrowings drawn down on 20 December 2002, such guarantees include fixed and floating charges over the assets of the Dignity (2002) Group. At 31 December 2002, the amount outstanding in relation to these borrowings was £210,284,000.

The Dignity (2002) Group has given a cross guarantee in respect of its banking facilities, without limit, in favour of the other members of the Dignity (2002) Group.

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

Under the terms of the bank loan, the Dignity (2002) Group is required to enter into a whole business securitisation, or another means of financing if certain conditions are met. Such financing would be used to repay the bank loan in the first instance.

The Group does not consider the terms of such financing to be onerous. Consequently, no provision has been made for such a transaction in these financial statements.