

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2022

FAMILY FUNERALS  
TRUST LIMITED



**MENZIES**  
BRIGHTER THINKING

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# FAMILY FUNERALS TRUST LIMITED

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## COMPANY INFORMATION

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**Directors**

B A Harris  
R J Lodge  
A J Lodge  
J R Lodge  
C D Lodge  
M J Lodge

**Registered number**

02230971

**Registered office**

Ludlow House  
Ludlow Road  
Feltham  
Middlesex  
TW13 7JF

**Independent auditors**

Menzies LLP  
Chartered Accountants & Statutory Auditor  
Centrum House  
36 Station Road  
Egham  
Surrey  
TW20 9LF

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# FAMILY FUNERALS TRUST LIMITED

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# FAMILY FUNERALS TRUST LIMITED

REGISTERED NUMBER:02230971

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	6	17,524,408	19,780,296
		<u>17,524,408</u>	<u>19,780,296</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	7	103,314	234,147
Debtors: amounts falling due within one year	7	505,935	603,657
Cash at bank and in hand		760,385	435,256
		<u>1,369,634</u>	<u>1,273,060</u>
Creditors: amounts falling due within one year	8	(913,281)	(653,852)
<b>Net current assets</b>		<u>456,353</u>	<u>619,208</u>
<b>Total assets less current liabilities</b>		<u>17,980,761</u>	<u>20,399,504</u>
<b>Provisions for liabilities</b>			
Deferred tax		(287,136)	(720,374)
Other provisions	9	(17,029,325)	(17,568,529)
		<u>(17,316,461)</u>	<u>(18,288,903)</u>
<b>Net assets</b>		<u>664,300</u>	<u>2,110,601</u>
<b>Capital and reserves</b>			
Called up share capital		2	2
Profit and loss account		664,298	2,110,599
		<u>664,300</u>	<u>2,110,601</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....  
**M J Lodge**  
 Director  
 Date:

26/6/2023

The notes on pages 2 to 7 form part of these financial statements.

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# FAMILY FUNERALS TRUST LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1. General information

These financial statements have been prepared in compliance with FRS 102 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Family Funerals Trust Limited is a private company limited by shares and incorporated in England and Wales. The address of its registered office can be found on the company information page.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit or loss in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

#### 2.2 Revenue

The company's principal activity is the arrangement of funeral plans.

Revenue recognised on premiums payable on funeral plan sales is based upon the directors' assessment of the fair value of the services provided in arranging the funeral plan having regard to the benefit transferred to the customer in signing up to and fully paying for the funeral plan.

#### 2.3 Investments

Investments held beneficially by the group are recorded initially at historic cost. The investments are revalued each year, with any gain or loss being realised in the profit and loss account.

The scheme assets are held separately to the group assets and were managed on behalf of the custodian trustees by Rathbone Brothers Plc for the year.

The company is able to access the value of these assets on the death of a prepaid funeral scheme member at a rate determined by the actuary. Interest receivable from investments are included in the profit and loss account on an accruals basis. Dividend income is accounted for on a cash basis.

In July 2022, Family Funerals Trust Limited received authorisation from the FCA to continue to administer the existing funeral plan membership. As part of the FCA authorisation process the Trustees amended the Trust Instrument and the main change was to remove the pre-emption clause previously in place. Under FCA FPCOB rules for prepaid funeral plans Family Funerals Trust Limited is only able to access cumulative investment income and capital appreciation from the Trust annually and only to the extent that the latest Solvency Assessment Report surplus is greater than 110% of liabilities and approved by the scheme actuary.

#### 2.4 Functional and presentation currency

The company's functional and presentational currency is GBP.

#### 2.5 Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is

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# FAMILY FUNERALS TRUST LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 2. Accounting policies (continued)

#### 2.5 Financial instruments (continued)

subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

#### 2.6 Provisions for liabilities - Pre arranged funeral plans

Liabilities for prepaid funeral plans are recognised within provisions for liabilities.

The total provision recognised relates to the undiscounted, accumulated amounts due on each active funeral plan, reflecting the monies due to the funeral director on enactment of a funeral. Contractual arrangements are entered into with the funeral director based upon RPI increases or fixed price agreement and the provision is adjusted each year to reflect these arrangements with the movement recognised within the income statement. Alternatively, the company would be liable to repay amounts collected to a scheme member should the plan be cancelled before death. Based upon historic experience there are a low proportion of plans cancelled and any adjustment required to the provision to reflect this would be immaterial. Accordingly, no adjustment is made for such cancellations.

This provision will be utilised over a number of years into the future, albeit the exact timing is currently unknown based upon the relative ages of individuals who have signed up to the plans and/or inherent uncertainty in predicting the timing and quantum of cancellations.

In order to meet the payments required in settling the provision, the company will utilise its investments and cash resources, however there is a remote possibility requiring settlement in full in the period covering 12 months from the date of approval of the financial statements.

Outstanding liabilities under payment plans are recognised by inclusion of a corresponding asset in trade debtors, to the extent that they are considered recoverable.

#### 2.7 Trust arrangements - Pre arranged funeral plans

The company markets and sells pre-arranged funeral plans, with monies received since 2002 from selling the funeral plans being held and controlled by independent pre-arranged funeral trusts (the "Trusts"). The responsibility for the ultimate performance of the funerals is allocated to funeral directors. These Trusts are consolidated by the company, on the basis that whilst the customers' monies are paid to the Trusts, from the customers perspective they have contracted with the company. The placing of the monies into Trust is to ring-fence the customers monies in order that the company can meet its obligations to funeral directors and the plan holder as they fall due. At the direction of the company, the Trusts settle the company obligations to funeral directors and repay customers when required. In addition, the company is entitled to take payment of monies from the Trust to enable payment of costs incurred in the administration of the plans.

From 29 July 2022 the existing Trust was closed to new plans and prepaid funeral plans sold from this date were administered by a third party, Ecclesiastical Planning Services Limited, with the parent company, Lodge Bros. (Funerals) Limited, acting as appointed representative.

# FAMILY FUNERALS TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 2. Accounting policies (continued)

#### 2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 3. Other operating income

	2022 £	2021 £
Dividends from fixed asset investments	563,092	469,919
Gain on sale of fixed asset investments	-	10,113
	<u>563,092</u>	<u>480,032</u>

# FAMILY FUNERALS TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 4. Other operating charges

	2022 £	2021 £
Loss on sale of fixed asset investments	184,663	-
	<u>184,663</u>	<u>-</u>

### 5. Employees

The average monthly number of employees, including directors, during the year was 6 (2021 - 6).

### 6. Fixed asset investments

	Other fixed asset investments £
<b>Cost or valuation</b>	
At 1 January 2022	19,780,296
Additions	936,782
Disposals	(1,930,271)
Revaluations	(1,510,927)
Transfers intra group	248,528
At 31 December 2022	<u>17,524,408</u>

The investments above are held with Rathbone Brothers Plc and are invested in a portfolio of listed equities, unit trusts, government securities and Qualifying Corporate Bonds and collective investment funds which invest in a range of similar investments where regular market values are reported. These investments are treated as listed investments for the purposes of UK GAAP and their market value as at 31 December 2022 was £16,505,770 (2021: £19,003,377). The balance of £1,018,638 (2021: £776,918) represents the element of the investment portfolio temporarily held in cash.

# FAMILY FUNERALS TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 7. Debtors

	2022 £	2021 £
<b>Due after more than one year</b>		
Unpaid installments	103,314	234,147
	<u>103,314</u>	<u>234,147</u>
<b>Due within one year</b>		
Unpaid installments	173,111	224,665
Other debtors	1,126	1,126
Prepayments and accrued income	331,698	377,866
	<u>505,935</u>	<u>603,657</u>

### 8. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,318	68
Amounts owed to group undertakings	838,153	588,974
Accruals and deferred income	72,810	64,810
	<u>913,281</u>	<u>653,852</u>

# FAMILY FUNERALS TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 9. Other provisions

	Provision for funeral plans £
At 1 January 2022	17,568,529
RPI movements to the profit and loss account	314,819
Other movements to plans	(854,023)
<b>At 31 December 2022</b>	<b>17,029,325</b>

The provision is accounted for as described in the accounting policies. The amount is not capable of being split into periods of maturity.

An alternative accounting methodology would be to adopt an actuarial valuation of the liability. However, this would be discounted and involve significant estimation uncertainty surrounding timing of payments, inflation and discount rates. The directors are of the opinion that this would not reflect a true and fair view on the legal position at the year end. The company already has contractual arrangements in place with the funeral directors, including RPI increases in certain cases, which are adjusted within the provision annually.

An actuarial valuation of the liability using discount rates based upon UK government bond rates in line with the estimated timing of payments would result in a decrease in the provision of £4,194,125 (2021: £551,825) and a release of prepayments of £327,798 (2021: £377,866).

### 10. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed by Andrew Cook FCA (Senior statutory auditor) on behalf of Menzies LLP, Chartered Accountants and Statutory Auditor.

### 11. Parent company

Lodge Bros. (Funerals) Limited, a company incorporated in England and Wales, is the parent company of the smallest group for which consolidated financial statements are drawn up of which the company is a member. The parent company's registered office is Ludlow House, Ludlow Road, Feltham, TW12 7JF.