

**Report of the Directors and
Financial Statements
for the Year Ended 29 September 2022
for
Capital Life Funeral Planning Ltd**

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for the Year Ended 29 September 2022**

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DIRECTORS:

J A Elder
C Darlaston

REGISTERED OFFICE:

Brooke Court
Lower Meadow Road
Handforth
Wilmslow
SK9 3ND

REGISTERED NUMBER:

03534103 (England and Wales)

AUDITORS:

SB&P
Chartered Accountants & Statutory Auditors
Oriel House
2-8 Oriel Road
Bootle
Liverpool
Merseyside
L20 7EP

**Report of the Directors
for the Year Ended 29 September 2022**

The directors present their report with the financial statements of the company for the year ended 29 September 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of pre-paid funeral plans and related services.

FUTURE DEVELOPMENTS

CFLP put in an application to become authorised by the FCA to sell and administer funeral plans in October 2021. Within our application was our business model, for which we had sought advice from a reputable and experienced legal firm that specialised in FCA matters. In April 2022 we were left with no option but to withdraw our application for authorisation, which we believe was a direct result of negligent advice given to us by the above legal advisors. We have since taken advice from leading Counsel on this matter, who also concurs with our understanding and as such, is very confident we have a substantial and valid claim in this regard.

As a direct result of us not getting authorised by the FCA, we were forced to transfer our book of customers in what can only be described as a distressed sale in a very short period of time and to a very limited number of potential acquirers. We believe this meant we got a significantly compromised and deflated value of what the actual book of customers was worth, and also for the future additional value of the customer base. At the date we withdrew our application for authorisation with the FCA in April 2022, our anticipated future profit from the funeral plans already sold was over £15.9 million, which reduced significantly as a direct result of having to withdraw the application, but was still showing a healthy surplus at the time of handover to Dignity, with an anticipated future surplus from the customer book in excess of £10 million.

The future value, had we been able to run the book out and also been able continue to write new business, would have been significantly more, based on the momentum the business had already achieved and its future forecasts. At the time of submitting our application to the FCA, the company had sufficient facilities available to support its growth expectations, and had already well exceeded the necessary requirement of the FCA SAR threshold (Solvency Assessment Report); the minimum required level was 100%, ours was at over 160%, which was certified by our Actuary.

Our financial advisors are now being instructed to determine the value of the business (including other group activities) at the time at which we withdrew our application to the FCA, in order to allow us to look to recover all our consequential losses and damages as a direct result of the negligent advice we believe we received from the above legal advisors, which we expect to be considerable.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

J A Elder has held office during the whole of the period from 30 September 2021 to the date of this report.

Other changes in directors holding office are as follows:

C Darlaston - appointed 11 February 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**Report of the Directors
for the Year Ended 29 September 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

J A Elder - Director

7 February 2024

Balance Sheet
29 September 2022

	Notes	29.9.22 £	29.9.21 £
CURRENT ASSETS			
Debtors	6	29,888,944	19,232,238
Investments	7	3,882	230,291
Cash at bank		174,350	5,267,675
		<u>30,067,176</u>	<u>24,730,204</u>
CREDITORS			
Amounts falling due within one year	8	29,951,976	9,384,695
NET CURRENT ASSETS		<u>115,200</u>	<u>15,345,509</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		115,200	15,345,509
CREDITORS			
Amounts falling due after more than one year	9	-	(15,291,172)
PROVISIONS FOR LIABILITIES		<u>(11,539)</u>	<u>(5,839)</u>
NET ASSETS		<u>103,661</u>	<u>48,498</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Retained earnings		103,561	48,398
SHAREHOLDERS' FUNDS		<u>103,661</u>	<u>48,498</u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 7 February 2024 and were signed on its behalf by:

J A Elder - Director

**Notes to the Financial Statements
for the Year Ended 29 September 2022**

1. STATUTORY INFORMATION

Capital Life Funeral Planning Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

The Company ("Capital Life Funeral Planning Limited") markets and sells pre-paid funeral plans and services.

The Company operates in conjunction with a legal trust known as Capital Life Independent Protection Trust ("The Trust"), its purpose, to safeguard the capital prepayments received from customers.

Pre-paid plans are recognised in the company accounts as they are sold, but only to the extent of recording an asset and corresponding creditor. No income is recorded in the accounts of the company relating to plans sold. The balances recorded represent amounts owed to the company by the customer for the sale of the plan, and amounts that are due to be paid to the Trust once payments and instalments have been received by the company. Such amounts are then paid to the Trust, in line with the terms of the trust deed.

In line with the terms of the Plan Document and the Trust Deed, the company receives a contribution from the sale of plans to cover all of its marketing, operational and overhead costs. This income is recorded and recognised in the company's accounts at the same time it incurs such costs. All costs are recorded in the company.

The company provides a will writing service. Income derived from such services are recognised at the point of delivery of the service.

On the death of a policy holder the Trust will pay the lesser of the maximum amount payable under the contractual relationship between the customer and the company and the amount required to pay for the funeral products. Such income is recognised immediately the costs are incurred.

In the event of a cancellation of a plan by the policy holder during the policy holder's life, then subject to terms and conditions agreed with the Company, monies can be paid to the company to fulfil their contractual obligations on cancellation. Such income is recognised immediately the cost of refund to the customer is made.

Under the terms of the Trust, in the event of a surplus arising, the Trustees in their absolute discretion, may pay some or all of a surplus to the company by way of a distribution. Such a distribution would be recognised in the company immediately upon receipt and may be used for its own use and benefit absolutely. Any such surplus must be certified prior to any payment by an actuary who is a fellow of the Institute of Actuaries.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 33% on cost
Computer equipment	- 33% on cost

**Notes to the Financial Statements - continued
for the Year Ended 29 September 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Payments to funeral directors

Payments to funeral directors relate to those funeral plan commitments which have crystallized and which have either been paid out or provided for in the year.

Current asset investments

Current asset investments are investments held in portfolios which can be quickly converted into cash at short notice without incurring a financial penalty.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 46 (2021 - 27) .

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 30 September 2021	
and 29 September 2022	<u>9,600</u>
AMORTISATION	
At 30 September 2021	
and 29 September 2022	<u>9,600</u>
NET BOOK VALUE	
At 29 September 2022	<u>-</u>
At 29 September 2021	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 29 September 2022

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 30 September 2021 and 29 September 2022	<u>3,416</u>	<u>5,992</u>	<u>9,408</u>
DEPRECIATION			
At 30 September 2021 and 29 September 2022	<u>3,416</u>	<u>5,992</u>	<u>9,408</u>
NET BOOK VALUE			
At 29 September 2022	<u>-</u>	<u>-</u>	<u>-</u>
At 29 September 2021	<u>-</u>	<u>-</u>	<u>-</u>

6. DEBTORS

	29.9.22 £	29.9.21 £
Amounts falling due within one year:		
Trade debtors	27,757,256	3,622,907
Amounts owed by group undertakings	1,655,004	295,755
Other debtors	476,684	22,404
	<u>29,888,944</u>	<u>3,941,066</u>
Amounts falling due after more than one year:		
Trade debtors	-	15,291,172
Aggregate amounts	<u>29,888,944</u>	<u>19,232,238</u>

7. CURRENT ASSET INVESTMENTS

	29.9.22 £	29.9.21 £
Listed investments	<u>3,882</u>	<u>230,291</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	29.9.22 £	29.9.21 £
Trade creditors	7,043	170,136
Amounts owed to group undertakings	841,031	4,145,527
Taxation and social security	14,703	44,037
Other creditors	29,089,199	5,024,995
	<u>29,951,976</u>	<u>9,384,695</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	29.9.22 £	29.9.21 £
Other creditors	<u>-</u>	<u>15,291,172</u>

Notes to the Financial Statements - continued
for the Year Ended 29 September 2022

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	29.9.22	29.9.21
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

11. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Suzanne Draper FCCA ACA (Senior Statutory Auditor)
for and on behalf of SB&P

12. **RELATED PARTY DISCLOSURES**

During the year employer pension contributions amounting to £152,000 were made on behalf of an employee and related party.

13. **POST BALANCE SHEET EVENT**

The prepaid funeral plan market became regulated by the Financial Conduct Authority (FCA) from 29 July 2022.

Capital Life Funeral Planning Limited did not proceed with its FCA authorisation application in relation to its prepaid funeral plan activities, and consequently signed an agreement with Dignity Funerals Limited (DFL) on 26 October 2022, to transfer all of its existing prepaid funeral plans to them with effect from 31 October 2022.

Debtors, which represent customer amounts due by instalment were transferred on 31st October 2022.

As detailed in Note 6 amounts due by instalment at the year end amounted to £27,757,256. Payments received post year and up to 31 October 2022 amounted to £273,864.

14. **GOING CONCERN**

Following regulation of the pre-paid funeral planning industry and as detailed in Note 13 of the accounts, the company transferred the entirety of its existing funeral plans and related debtors to Dignity Funerals Limited (DFL) on 31 October 2022.

Capital Life Funeral Planning Limited will no longer be responsible for the administration of the plans after this date.

The company has now ceased writing any new business. However, costs are still being incurred whilst reacting to requests from DFL and others for information. The company is also dealing with everyday activities to ensure that all the accounts and other business requirements are dealt with correctly. In addition, we are preparing our claim for the poor advice we believe was given to us by our legal advisors in regard to our FCA Application.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.