Solvency Assessment Report (SAR) for INDEPENDENT FUNERAL PLANNING SERVICES TRUST as of 31 March 2025 (Valuation Date) addressed to Independent Funeral Planning Services Ltd following the requirements of FPCOB 3.2 (This SAR complies with regulations, TAS 100, and TAS 400)

We have been instructed to provide Independent Funeral Planning Services Ltd (the Plan Provider) with a Solvency Assessment Report as required by the Financial Conduct Authority ("FCA") under section 3.2.2 of the Funeral Plan: Conduct of Business sourcebook. The SAR report draws from a valuation of the INDEPENDENT FUNERAL PLANNING SERVICES TRUST's assets and liabilities as at as of 31 March 2025 ("Review date"). This SAR complies with Technical Actuarial Standards TAS 100 (Principles for technical actuarial work, version 2.0) and the Framework for FRC technical actuarial standards, TAS 400 (Version 3.0) concerning the determination, calculation and verification of the assets and liabilities of a funeral plan trust plus Actuarial Profession Standard (APS) Z1: Duties and responsibilities for actuaries working for UK trust-based pre-paid funeral plans. The aim is to ensure the interests of customers are not adversely affected in all reasonably foreseeable circumstances.

The finances of the pre-arranged funeral Trust are investigated each year by an independent actuary (TrustActuarial Limited (TA Ltd)). In his investigation on 31 March 2025 the Trust actuary has indicated that the fund is 119% funded on a best estimate basis, that is for every £1 of monies projected to be required to pay for future funerals, there is £1.19 to cover the funeral promise. This figure will change each year, for example, because the value of the asset changes on a day-by-day basis. The assets are taken into the actuary's calculation at market value and other valuation assumptions (e.g., future interest rates and inflation) are chosen to be consistent with market conditions. Liabilities are valued by discounting future projected cash flows out of the fund to a lump sum at the valuation date, using a market-based interest rate. The monies are held ring fenced in a Trust independent from the Plan Provider who is also the final backer of the absolute guarantee to provide funerals. In arriving at their valuation assumptions, the Trustees had to be mindful of investment risks, unanticipated changes in mortality and higher than anticipated funeral expenses. There are no subcontracted liabilities to other funeral service providers.

"The Plan Provider" markets a pre-paid funeral plan ("The Plan"). The Plan provides a facility whereby individual Plan-Holders can make advance payment for their funeral; the funeral is at the price applicable and estimated at the time of application; this allows fully paid Plan-Holders the flexibility to plan any kind of funeral, but there are exclusions. The Trust Fund was established on 7 July 2022 between the Plan-Provider (the Company), and the Trustee is to receive payments from Plan-Holders in respect of the Plan. The Trust Deed is dated 7 July 2022. The Company "guarantees" the funeral cost at the price at application (subject to certain rules and guidelines). Should the Company enter into insolvency, the Trustee has a written Supplementary Agreement with another funeral director to provide the respective funeral plans at a cost to the Trust of 90% of the face value of the plan.

It must be re-emphasised that the Trust is merely a vehicle to reserve the cost of future funerals when required. It is **Independent Funeral Planning Services as Plan Provider** who is the final backer of the absolute guarantee to provide the funerals to the highest standard as initially promised to Plan-holders, in exchange for the assets of the Trust, whatever they may be regardless of whether or not the Trust has available assets to fund the funeral. The Plan Provider, therefore, has a potential exposure in the form of a reduced fee should the Trust's investment strategy, over which it has no control, fails to deliver an appropriate return or result in a fall in underlying asset values, or if the cost of delivery for a funeral increases at rates in excess of investment returns. In respect of buffers the approximately £443k Best Estimate surplus is in the context of the £2,317k Best Estimate liabilities.

Plan- holder data

The Plan-Provider has supplied Plan-Holders' data for TA Ltd.'s investigations of the Trust's financial position in electronic format, the membership position is set out below as of 31 March 2025 [2024 figures in square brackets]:

	Active Plans	Average age (un-weighted)	Undiscounted Future payments under the Funeral Plan
Total	**1,461 [163]**	**76.2 [73.4]**	**£3,251,456 [368,755]**

The arrangement merged with **The GO AS YOU PLEASE FUNERAL PLAN TRUST on 8 October 2024. The number of live plans categorised by payment method/ total plan value in relation to undrawn or live plans categorised by payment method:**

	PLANS TOTAL	VALUE TOTAL	% NUMBER	% VALUE
SINGLE PAYMENT PLANS	1352	2,993,052	93%	92%
INSTALMENT PLANS PAID	102	239,122	7%	7%
INSTALMENT PLANS OUTSTANDING	7	19,282	0%	1%
	163	368,755	100%	100%

Average Plan Values (deposits plus fees) by payment method

SINGLE PAYMENT PLANS:	**£ 2,214**
INSTALMENT PLANS PAID:	**£ 2,344**
INSTALMENT PLANS OUTSTANDING:	**£ 2,755**

At the Review Date the amounts still to be received by the Trust in relation to partly paid instalment plans were £2,850

Asset Data

TA Ltd relied on the list of investments appearing in the Trust's audited Financial Statements. The main portfolio of investments is managed by Sarasin and Partners on behalf of the Trust. The aim is to maintain the safety of principal (via diversity and holding mainly sterling assets), maintain liquidity (sufficient cash and assets that are easily saleable) to meet cash flow needs and to provide a competitive investment return over the long term (via investments that fluctuate in value and that are strategically diversified geographically). At the valuation date the assets were invested as follows:

At the valuation date the assets were invested as follows:

Asset Class	% of **Fund**
Equity	52%
Alternatives	5%
Corporate Bonds	8%
Gilts	8%
Cash type	10%
net current assets	17%
	100%

Valuation on a Best Estimate basis on 31 March 2025

Summary Main Assumptions

- Discount Rate net of notional tax at a global rate of 30% : 4.6%
- Mortality assumption: ELT 17 for males and females but the mortality was multiplied by 1.74. An improvement rate of 1.5% p.a. assumed (long cohort, CMI Mortality Projections Model 2015).
- £100,000 expense reserve.
- Rate of increase of funeral costs taken as 1% pa (determined by the Trustees) or 0% p.a. for those customers merged in from another trust.
- TA Ltd has assumed a tax rate of 20%.

Tax Treatment

Treated as a discretionary trust. Investment income is taxed at 20% and capital gains are also taxed above certain limits ("CGT") but we understand it should be possible to invest to keep the effective CGT tax rate quite low for an ongoing arrangement. The Trustees have instructed TA Ltd to assume a best estimate global average tax rate of 20% on investment returns. The actual global tax rate will become apparent over the future and the impact of a deviation from 20% will appear as an item of actuarial profit in the future (a potential loss if tax rates rise).

Withdrawal Assumptions

Withdrawals are ignored for the purposes of the valuation, for this type of Trust in this geographical area the withdrawal rate has been circa 1% p.a. under normal circumstances.

Mortality Assumption Detail

The basis used was 174% ELT 17 for males and female's mortality. Mortality improvements are allowed for by incorporating CMI 2015 Core Projection with a long-term improvement rate of 1.5%. Basically, the actuary assumed 1.74 times the normal number of deaths for the average persons in the England and Wales and also allows for future mortality improvements. The average age at the valuation date for the members was 76.2 years. The average expectation of life at the current Valuation Date for the male members was 9.1 years (10.9 years for females). Due to assumed improvements in mortality at 1.5% pa these expectations of life increase by on average 0.8 year in (the non-weighted average) 10.1years' time.

The 1.74 times adjustment was calculated in an experience investigation.

Retail Prices Inflation

At the Valuation Date, the Bank of England published a 3.45% RPI rate at the 10-year point of the UK implied inflation spot curve.

*The assumed long-term rate of **price inflation** is therefore selected as 3.5% per annum.*

Investment Returns

Fixed Interest

As at the Valuation Date, relevant market yields were approximately as follows:

- UK Government stock (Gilts) - 4.98% p.a. (15 years) (Financial Times)

The above was used for the basis for arriving at the equity return*****

- 10-year corporate bonds - 4.8% p.a. (provided by iBoxx-interpolation)
- 10-year Gilts – 4.7%

Thus, the yield on fixed income assets was taken at 4.7% (gilts) and 4.8% corporate bonds.

***These discount interest rates were incorporated in the calculation of the global discount rate in proportion to the nature of the assets held at the Valuation Date to produce a best estimate investment yield**.*

Equities

In determining an appropriate discount interest rate relevant to the equity holding, a useful starting point is the yield on long-term gilts (15-year term) as they are virtually risk-fee investments. At the Valuation Date, there were yielding circa 4.98% p.a.

It is then necessary to consider the additional long-term return that might be available from equities relative to gilts - the "Equity Risk Premium". The Equity Risk Premium has been assumed as **3**% per annum, which implies an assumed long-term return for equities of 8% rounded (3+4.98) per annum rounded.

This return is before tax but after any management charges levied on the unit funds.

Alternatives were treated for assumed gross return purposes as an average of Corporate Bonds and Equities at 6.4% ((8+4.8)/2)

Deposits

TA Ltd has assumed a liquid assets (cash like) rate of 5% before tax, the current rate at the valuation date.

Adopted weighted return assumption

The table below implicitly assumes the Valuation Date holdings are maintained over the future. The application of a notional 20% global tax rate currently produces a best estimate net of tax investment return of 4.6% (5.8 x 0.8) pa. (rounded) after investment expenses have been deducted.

Asset Class	% of Fund	Assumed Gross Return	Contribution to WRbt*
Equity	52%	8.0%	4.15%
Alternatives	5%	6.4%	0.33%
Corporate Bonds	8%	4.8%	0.40%
Gilts	8%	4.7%	0.37%
Cash type	10%	5.0%	0.51%
net current assets	17%	0.0%	0.0%
	100%		
*Weighted Return before tax			5.8%

Valuation Method.

The first stage of the valuation process involves calculating the equivalent lump sum (at the valuation date) of the stream of projected future funeral costs using interest, inflation, and mortality; this process is called discounting. As a second stage this discounted value of the liabilities is compared against the current value of The Fund. The present value of expected future funeral costs was calculated for each individual by applying a whole life assurance factor to the funeral cost estimate at Valuation Date; this produces a valuation reserve similar to that of a single premium whole of life insurance policy.

The rate at which the Trust Fund accumulates depends on future investment returns after tax, after allowing for any expenses met by The Trust Fund. The incidence of payments from The Trust Fund will depend on the mortality rates experienced by Plan-Holders.

The basic valuation process takes the typical projected outflows for the whole future time period and answers the question “what would I need in the Trust asset-pot now earning interest at the assumed rate, in the light of future expense inflation and assumed mortality to discharge the liabilities of the Trust”. I.e., the liabilities at the valuation date have been derived by discounting the projected cash flows over the lifetime of the Trust to the valuation date, using the valuation discount rate.

A fundamental principle of an actuarial valuation is that the valuation of assets and liabilities should be consistent; thus, the valuation is on the market value of the assets held by The Fund and in TA Ltd’s opinion, the future rates of return reflecting relevant market related conditions at the Valuation Date. The level of solvency of the Trust Fund is determined by comparing the actuarial value of the sums agreed under the funeral plans with the current value of the Trust Fund. The Trust Fund is 100% solvent (or funded) if the actuarial value of benefits equals the value of the Trust Fund. The Trust Fund would be in deficit if the actuarial value of sums agreed under the funeral plans plus expenses (including some assumed level of future increase in expenses) when discounted at the assumed future investment rate was more than the current value of the Trust Fund.

To carry out an actuarial valuation, it is necessary to make several assumptions, some of these are of a statistical nature, such as estimates of the future rates of mortality; others are of an economic nature, such as the rates of return expected on various asset classes.

Financial position of the Trust on a Best Estimate basis:

The funding level on a Best Estimate (BE) basis was 119%. [The Best Estimate basis strips away margins for prudence, i.e. assessed for each of the assumptions such that there is an equal likelihood of actual experience being greater or less than the expected value].

Category	**£'000**
BE Liabilities (inc. expenses)	**2,317**
Assets (at market) of investments + cash	**2,760**
Surplus {(b)-(a)}	**443**
Funding Level {(b)/(a) x 100%}	**119%**

The key risks and sample impacts (in terms of changing the best estimate financial position from the valuation date levels) are:

If the discount rate reduces by 0.5% then the best estimate funding level falls by 4.2% (best estimate surplus falls by £87,000).

If the mortality is 200% of the ELT17 table, then the best estimate funding level falls by 3.2% (best estimate surplus falls by £65,000). If the rate of improvement in mortality reduces to 1% pa (from 1.5% pa) the best estimate funding level reduces by 1.4% (best estimate surplus reduces by £30,000).

If there is a pandemic (say 10 times general population normal mortality) then the best estimate funding level falls by 27.5% (best estimate surplus reduces by £697,000).

If Climate change reduces the return on equities by 1% p.a., then the best estimate funding level falls by 3.4% and the best estimate surplus falls by £69,000.

If the equities' prices fall by circa 27% the best estimate funding level falls to 100%.

Third Party information

The Plan Provider (Independent Funeral Planning Services Ltd, "the Company") markets a range of pre-paid funeral plans ("The Plans"). The Plan provides a facility whereby individual Plan-Holders can make advance payment for their funeral. This allows fully paid Plan-Holders the flexibility to plan any kind of funeral, but there are exclusions. The Trust Fund established on 7 July 2022 between the Plan-Provider (the Company), and the Trustee is to receive payments from Plan-Holders in respect of the Plan. The funeral is at the price applicable and estimated at the time of application subject to the exclusions. The Company "guarantees" the funeral cost at the price at application (subject to certain rules and guidelines). Should the Company enter into insolvency, the Trustee has a written Supplementary Agreement with another funeral director to provide the respective funeral plans at a cost to the Trust of 90% of the face value of the plan.

It must be emphasised that the Trust is merely a vehicle to reserve the cost of future funerals when required. It is **Independent Funeral Planning Services as Plan Provider (following the introduction of the FCA regulation of the funeral plan industry)** who is the final backer of the absolute guarantee to provide the funerals to the highest standard as initially promised to Plan-Holders, in exchange for the assets of the Trust, whatever they may be regardless of whether or not the Trust has available assets to fund the funeral. The Plan Provider, therefore, has a potential exposure in the form of a reduced fee should the Trust's investment strategy, over which it has no control, fails to deliver an appropriate return or result in a fall in underlying asset values, or if the cost of delivery for a funeral increases at rates in excess of investment returns. In respect of buffers the approximately £443k Best Estimate surplus illustrated above is in the context of the £2,317k Best Estimate liabilities.

Data Checking

The actuary has relied on the above data as it has been taken from audited accounts, whereby administrative and accounting controls were tested to provide reasonable assurance of effectiveness. The figures set out in the accounts did not suggest to him any disconnection with the valuation data. He has carried out tests of reasonableness, e.g., on ages and funeral costs.

Investment Strategy

The main investment aims are to achieve capital growth over a period of five years or more through investment markets both in the UK and overseas with the portfolio broadly diversified across asset classes.

Potential Conflicts of Interest

None Identified

Model's appropriateness

The model used to perform the calculations was bespoke, written by an experienced pensions actuary with a degree in computing (it had been specified (and subsequently tested) by an experienced pensions actuary with a "Masters" in Applied Statistics. The approach produced a step by step program that was transparent, avoiding complexities that did not add real value (and which would have been more difficult to check for accuracy). In short it is a bespoke program appropriate and suited for the task.

Significant Post Valuation events

To give a useful indication of the change in funding levels over time, using up to date bond yields and inflation at 1 November 2025 against the customer data at 31 March 2025 the funding level is virtually unchanged; however on the asset front there was a considerable improvement.

Equity/ Corporate Bond indices changed over the post valuation period as follows:

	31/03/2025	01/11/2025	% increase
US 500	5600	6836	40.4%
FTSE 100	8609	9727	25.5%
EU 50	5277	5660	21.9%
Corp. Bonds 7-10 year price change	79.9015	82.4828	4.2%

……indicating a dramatic improvement in the asset position.

Overall the funding level has obviously improved over the post valuation period.

Given the nature of the arrangement fluctuations in funding levels are inevitable.

Geoff Arnold FIA (Fellow of the Institute of Actuaries)

For TrustActuarial Limited 23 November 2025

SAR Appendix-Expenditure 2025 £:

Expenditure on:		
Professional fees	4	16,872
Plan management and administration	5	21,740
Total expenditure		38,612
Net income / (expenditure) before taxation		(38,610)
Net movement of fund re funeral plans	7	83,700
Taxation	8	(62,036)
Profit/(Loss) on disposal/revaluation of investments	9	(14,026)
Net movement in funds		(30,972)
Reconciliation of funds		
Fund balances at 6 April 2024		49,152
Funds for merger		321,013
Fund balances at 31 March 2025		339,193

For further details see the Accounts, e.g. for Professional fees breakdown see note 4