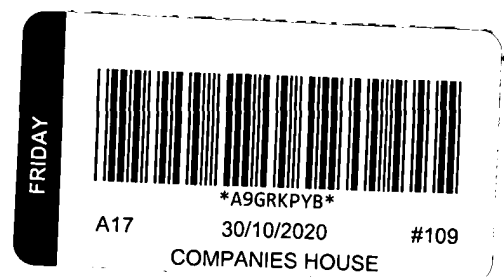


**The London Cremation
Company plc**

Annual report and financial statements

for the year ended 31 March 2020

Registered number: 00612939



Company Information

Directors	Lord de Mauley FCA (Chairman)* S Wright (Managing Director) A Anderson, BA, FCA, (Finance Director) H Thomas CBE, FRSA, FCIPR, FCIJ* R A Griffiths, MA, FRSA* Revd. Dr P C Jupp, MA, MTh, MSc, PhD, FRSA* K Lindsay(appointed 1 January 2020, B. Acc (Hons), CA* *Non-executive
Company secretary	S Wright
Registered number	00612939
Registered office	62 Hoop Lane London NW11 7NL
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Bank of Scotland 280 Bishopsgate London EC2M 4RB
Solicitors	Ashtons Legal Trafalgar House Meridian Way Norwich Norfolk NR7 0TA

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Notice of meeting

for the year ended 31 March 2020

Notice is hereby given that the sixty second Annual General Meeting of The London Cremation Company plc will be held at 62 Hoop Lane, London, NW11 7NL on Thursday 24 September 2020 at 12pm for the following purposes:

1. To receive and consider the Directors' report and financial statements for the year ended 31 March 2020.
2. To confirm the interim Ordinary share dividends already paid.
3. To re-elect H Thomas CBE as an Ordinary Share Director.
4. To elect K Lindsay as an Ordinary Share Director.
5. To fix the total fees of the Non-Executive Directors.
6. To re-appoint Buzzacott LLP as Auditor and to authorise the Directors to fix their remuneration.

By Order of the Board



Name S Wright
Managing Director

Date 28 August 2020

Directors' report

for the year ended 31 March 2020

The Directors present their annual report and the financial statements of The London Cremation Company plc ('the Company') for the year ended 31 March 2020.

Results and dividends

The profit for the year, after taxation, amounted to £408,126 (2019 - £880,915).

Ordinary Shares

An interim dividend of 5.75% was declared on 31st March 2020. A second interim dividend of 5.75% was declared on 31st July 2020 making a total for the year of 11.5%, which is the same as the previous year. Both of these dividends were paid during the year. It is not proposed to pay a final dividend.

Directors

The Directors who served during the year were as follows:

Lord de Mauley joined the Company as a non-executive director on 1st October 2017. He was appointed Chairman on 8th February 2018. He is a Fellow of the Institute of Chartered Accountants in England and Wales and, as a member of the House of Lords, was Parliamentary Under Secretary of State at DEFRA from 2012 to 2015. He is Honorary President of the Cremation Society of Great Britain.

Mr H Thomas CBE joined the Company as a non-executive Ordinary Share Director in 1983. He was appointed Chairman for a three year term on 18 September 2014. He is an international PR consultant and served as a senior advisor to the Prime Minister from 1979 to 1991. He is a member of the Council of The Cremation Society of Great Britain and was its Chairman 2009-2019. He is also a Fellow of the Royal Society of Arts, the Chartered Institute of Public Relations and the Chartered Institute of Journalists.

Mr S Wright joined the Company in 1998 and was General Manager of the Company from 2002 to April 2015. He was appointed a director on 1 January 2015 and became Managing Director on 22 April 2015. He is an Executive Committee member of the Federation of Burial and Cremation Authorities (FBCA). He is Chairman of the Association of Private Crematoria and Cemeteries (APCC).

Mr R A Griffiths was elected a non-executive Ordinary Share Director in 2000. He is a former senior partner of the solicitors Farrer & Co and is a founder member of Resolution (formerly the Solicitors Family Law Association). He was appointed a Life Trustee of the Sir John Soane's Museum in 1993 and served in this role until 2014 and was Chairman between 1997 and 2008. He served as a member of the Council of the Imperial Cancer Research Fund. He is a Fellow of the Royal Society of Arts.

Revd. Dr. P C Jupp was elected a non-executive Preference Share Director in 2000. He is a member of the Council of The Cremation Society of Great Britain and was its Chairman 2001-2009. He is a former member of the Burial and Cremation Advisory Group on the Ministry of Justice, director of the National Funerals College project 1992-1997 and a former member of the Churches Funerals Group and of the International Work Group on Death, Dying and Bereavement (Board member 2007-2010). He was the founding co-editor of the journal Mortality and has published regularly on the history of cremation in England and in Scotland. He is a Fellow of the Royal Society of Arts.

Mr E B Middleton joined the Company as a non-executive Ordinary Share Director in 2011. He is a Fellow of the Institute of Chartered Accountants in England and Wales and was appointed a partner in PKF (UK) LLP, Chartered Accountants, in 1979, elected to its board in 2005 and retired in 2008. He resigned as a director on 31 December 2019.

Ms A Anderson joined the Company as Financial Controller in July 2016 and was appointed as Executive Finance Director on 1 April 2020. She is a Fellow of the Institute of Chartered Accountants in England and Wales. Training in practice she moved into industry in 2008 with a leading international transport group, going on to gain experience in a variety of industries.

Directors' report (continued)

for the year ended 31 March 2020

Mr K Lindsay joined the Company as a non-executive director on 1 January 2020. A Chartered Accountant who has previously been a partner in ECI Partners LLP (a UK private equity investment house) and has served as non-executive Director on numerous Boards over the last two decades. He is currently Chairman of Cambridge Nutritional Foods Limited and Envirobuild Materials Limited.

Except for the Managing Director and Finance Director, none of the Directors holds or will hold service contracts.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Matters covered in the strategic report

The company has chosen, in accordance with s.414C(11) of the Companies Act 2006, to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and Part 2 of The Companies (Miscellaneous Reporting) Regulations 2018 to be contained in the Directors' report. It has done so in respect of risk exposure, future developments, and engagement with suppliers, customers and others.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

for the year ended 31 March 2020

Post balance sheet events

There have been no significant events affecting the company since the year end.

This report was approved by the board on 28 August 2020 and signed on its behalf.



S Wright
Managing Director

Strategic report

for the year ended 31 March 2020

Business review and principal activity

The Company is a cremation authority and its principal activities are carrying out cremations and providing memorials at its six crematoria at Golders Green, Woking, St Marylebone, Banbury, Garden of England Sittingbourne and Thames View Gravesend.

The provision of service excellence remains a priority and where practicable to do so the Company continually upgrades and improves its facilities. The Board is maintaining its strategic plan of cautious expansion, which includes the provision of new build crematoria and acquisition opportunities.

The results for the year, set out on page 11, show an operating profit of £636k compared to £1,296k in the previous year. Profit on ordinary activities after taxation was £408k compared to £881k in the previous year. Earnings per ordinary share decreased to 18.17p compared to 39.21p in the previous year.

Principal risks and uncertainties

The process of risk management is regularly addressed by the Board and is subject to ongoing review by the executive management. Compliance with regulation, legal and ethical standards is a high priority for the Company.

Principal risks faced by the Company are:

Legislation and Regulation - an important factor affecting the Company's operations continues to be environmental regulation, in particular the abatement of mercury emissions and potential new legislation. The Company has installed mercury abatement plant at its modern sites and is paying for emissions under a national burden sharing scheme (operated by CAMEO) for its old sites, where it has not yet been possible to install mercury abatement plant. Any overall shortfall in the number of abated cremations required is compensated for by the purchase of excess abated cremations available through the CAMEO Scheme.

The Company is taking part, through the Association of Private Crematoria and Cemeteries (APCC), in government consultations on streamlining and modernising the law governing burial and cremation following the publication of the Law Commission's 13th Programme of Law Reform in December 2017. All necessary steps will be taken to comply with any new requirements and guidelines.

The Company's sites all comply with statutory requirements and hold the necessary Pollution Prevention and Mercury Abatement Certificate, issued by CAMEO.

Competition and Markets Authority (CMA):

The Company participated in a CMA investigation into Funeral Markets and their costs. The conclusion of the investigation was extended to March 2021, having been delayed by the CMA due to the COVID-19 pandemic.

The CMA published its Provisional Decision Report (PDR) on 13th August 2020. It concedes that the COVID-19 pandemic has prevented the CMA from completing its investigation and, having no authority to suspend or further extend the deadline for completion, it is calling a halt. The PDR does contain opinions on funeral costs and proposed remedies, which are a package of monitoring measures as well as increasing public visibility of pricing across the sector.

In summary, the CMA is therefore intending to implement:

- Active monitoring of revenues and volumes, with a view to step in if felt there is a need
- Funeral Directors (FD) and Crematoriums to publish price information (with further measures for FD's) for transparency
- Regulation of the FD sector by an independent body

Strategic report (continued)

for the year ended 31 March 2020

The London Cremation Company plc (LCC) does not regard any of these measures as a cause for concern. However, whilst not imposing formal price controls on the industry at the current time, the PDR acknowledges the CMA is likely to require a further supplementary market investigation at some future time, once the impact on the funeral industry of the current COVID pandemic becomes clearer.

Low Cost Funerals:

There is significant growth in the demand for low cost funerals or Direct Cremation arrangements. The Board is continually monitoring this development, and the company has carried out a number of such cremations.

Directors' statement of compliance with duty to promote the success of the Company

The LCC acknowledges the requirement to comply with s.172 of the Companies Act 2006. The LCC Board recognises a Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly as between members of the Company

The role of the LCC Board is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It does this by continually monitoring its business methods and activities, quality of service provision, and competitiveness within its specific marketplace.

During the year under review the LCC Board has considered how it best promotes the success of the Company. The process included exploration of marketing methods such as website advertising and advertorials through media outlets. The LCC raises its profile across the bereavement services sector as it is a Gold sponsor of the leading industry annual conference. The executive management are trained and briefed in delivering strategic objectives.

Consequences of long term decision making is uppermost in the minds of the Directors, such as mergers and acquisitions, which remain a priority for the Company in relation to long term sustainable success. The interests of the Company's employees are always taken into consideration when making long-term decisions, including continual development, upskilling and increasing resources, as necessary.

The LCC recognises the need to foster the Company's relationships with suppliers, customers and others. There is particular focus on client relationships, service delivery and quality matters. Suppliers are regularly reviewed for consistency of deliverables and value for money.

The impact of the Company's operations on the community and the environment are of specific importance to the Board of Directors. The LCC carefully manages its corporate responsibility with regard to emissions to air control. The LCC has a process for monitoring and managing existing and new initiatives regarding environmental matters. The details of some of these initiatives are commercially sensitive, but this Board can report that entrepreneurial heat reclamation designs have been adopted by the LCC during the year under review.

Engagement with local communities is a priority for the LCC, particularly with regard to making information available in relation to development projects.

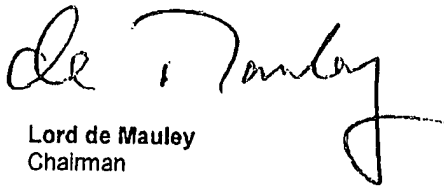
The desire of the Company is to maintain and improve a reputation for high standards of business conduct, and the need to act fairly as between members of the Company. Engagement with its stakeholders is a vital component in ensuring this is achieved and is a high priority for the LCC Board and management.

Strategic report (continued)

for the year ended 31 March 2020

Finally, this year witnessed the beginning of the effects of the COVID-19 pandemic, which placed very substantial demands upon every member of the Company's employees. I would like to record my heartfelt thanks to everyone for their huge efforts and cooperation during these testing times.

This report was approved by the board on 28 August 2020 and signed on its behalf.



Lord de Mauley
Chairman

Independent auditor's report to the shareholders of The London Cremation Company plc

for the year ended 31 March 2020

Opinion

We have audited the financial statements of The London Cremation Company plc (the 'Company') for the year ended 31 March 2020, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year 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. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

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 directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Buzzacott

Independent auditor's report to the shareholders of The London Cremation Company plc (continued)

for the year ended 31 March 2020

Other information (continued)

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 the 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 the 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 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.

Buzzacott

Independent auditor's report to the shareholders of The London Cremation Company plc (continued)

for the year ended 31 March 2020

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: 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 shareholders 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 shareholders 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 shareholders for our audit work, for this report, or for the opinions we have formed.



Simon Wax (Senior statutory auditor)

for and on behalf of

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

28 August 2020

Statement of income and retained earnings

for the year ended 31 March 2020

	Note	2020 £	2019 £
Revenue	4	7,210,474	7,063,940
Cost of sales		(3,386,465)	(3,244,557)
Gross profit		3,824,009	3,819,383
Administrative expenses		(2,674,316)	(2,523,470)
Exceptional administrative expenses	12	(514,112)	-
Operating profit	5	635,581	1,295,913
Interest receivable and similar income	9	18,894	17,136
Interest payable and expenses	10	(190,032)	(206,250)
Profit before tax		464,443	1,106,799
Tax on profit	11	(56,317)	(225,884)
Profit after tax		408,126	880,915
Retained earnings at the beginning of the year		7,956,767	7,205,026
Profit for the year		408,126	880,915
Dividends declared and paid		(129,174)	(129,174)
Retained earnings at the end of the year		8,235,719	7,956,767

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 or 2019.

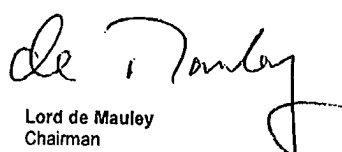
The notes on pages 14 to 29 form part of these financial statements.

Statement of financial position

as at 31 March 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Intangible assets	13	72,931	54,232
Tangible assets	14	13,284,598	13,153,859
		<u>13,357,529</u>	<u>13,208,091</u>
Current assets			
Stocks	17	11,216	10,015
Debtors	18	1,399,530	1,362,971
Cash at bank and in hand	19	3,159,320	3,231,932
		<u>4,570,066</u>	<u>4,604,918</u>
Creditors: amounts falling due within one year	21	<u>(1,688,519)</u>	<u>(1,863,602)</u>
Net current assets		<u>2,881,547</u>	<u>2,741,316</u>
Total assets less current liabilities		<u>16,239,076</u>	<u>15,949,407</u>
Creditors: amounts falling due after more than one year	22	(6,276,861)	(6,354,756)
Provisions for liabilities			
Deferred tax	24	(603,242)	(514,630)
		<u>(603,242)</u>	<u>(514,630)</u>
Net assets		<u><u>9,358,973</u></u>	<u><u>9,080,021</u></u>
Capital and reserves			
Called up share capital	25	1,123,254	1,123,254
Profit and loss account	26	8,235,719	7,956,767
		<u>9,358,973</u>	<u>9,080,021</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 August 2020.


Lord de Mauley
Chairman


S Wright
Managing Director

The notes on pages 14 to 29 form part of these financial statements.

Statement of cash flows

for the year ended 31 March 2020

	2020 £	As restated 2019 £
Cash flows from operating activities		
Profit for the financial year	408,126	880,915
Adjustments for:		
Depreciation of tangible assets	594,087	472,882
Loss on disposal of tangible assets	43	46,321
Interest paid	190,032	206,250
Interest received	(18,894)	(17,136)
Taxation charge	56,317	225,884
(Increase)/decrease in stocks	(1,201)	2,035
(Increase) in debtors	(36,559)	(229,250)
Increase in creditors	148,668	316,096
Corporation tax (paid)	(116,361)	(136,037)
Net cash generated from operating activities	1,224,258	1,767,960
Cash flows from investing activities		
Purchase of intangible fixed assets	(18,699)	(23,517)
Purchase of tangible fixed assets	(724,869)	(1,130,138)
Interest received	18,894	17,136
Net cash from investing activities	(724,674)	(1,136,519)
Cash flows from financing activities		
Repayment of loans	(252,990)	(321,362)
Dividends paid	(129,174)	(129,174)
Interest paid	(190,032)	(206,250)
Net cash used in financing activities	(572,196)	(656,786)
Net (decrease) in cash and cash equivalents	(72,612)	(25,345)
Cash and cash equivalents at beginning of year	3,231,932	3,257,277
Cash and cash equivalents at the end of year	3,159,320	3,231,932
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,159,320	3,231,932

The notes on pages 14 to 29 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2020

1. General information

The London Cremation Company plc. is a public company limited by shares, incorporated in England and Wales with registration number 00612939. The registered office and principal place of business of the company is 62 Hoop Lane, London, NW11 7NL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the impact of the current COVID-19 pandemic on the company's operations, with a particular focus on its effect on its customers, suppliers, directors and employees.

The directors do not consider this to be cause for material uncertainty in respect of the company's ability to continue as a going concern. The company has adapted well, successfully employing contingency plans, and the directors consider that the company has sufficient financial resources to continue for the foreseeable future, despite the current crisis. Therefore the financial statements have been prepared on the going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Credit for income from new memorials is taken partly in the year of sale with the remainder apportioned over the period of dedication; income from memorial renewals is recognised over the period of re-dedication.

The Directors are of the opinion that the Company's activities constitute one class of business and therefore that segmental analysis is not appropriate.

Notes to the financial statements

for the year ended 31 March 2020

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	10	years
Website	-	10	years

No amortisation is provided in respect of these assets until they are brought into use.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using either a straight line method or on the reducing balance basis.

Depreciation is provided on the following basis:

Buildings	-	1%	Freehold
	-	2%	Leasehold
Plant and machinery	-	5%	Furnaces
	-	20%	Furnace relines
	-	20%	Other
Fixtures and Fittings	-	2%	Memorial
	-	10%	Other
Motor vehicles	-	25%	reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

No depreciation is provided in respect of land, or other fixed assets until they are brought into use.

2.6 Operating leases

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

Notes to the financial statements

for the year ended 31 March 2020

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash at bank and in hand. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit or loss.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured at fair value, net of transaction costs.

2.12 Finance costs

Finance costs are charged to the profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Notes to the financial statements

for the year ended 31 March 2020

2. Accounting policies (continued)

2.13 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Notes to the financial statements

for the year ended 31 March 2020

2. Accounting policies (continued)

2.16 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 date, 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.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The area where uncertainty of estimation arises is in deferred income.

Notes to the financial statements

for the year ended 31 March 2020

4. Turnover

The whole of the turnover is attributable to the company's principal activities.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Defined pension contribution cost	<u>101,334</u>	<u>84,600</u>

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	23,750	31,000
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	9,225	15,180
All other services	<u>2,800</u>	<u>2,680</u>

The prior year audit fee of £31,000 includes £8,000 as an under provision in respect of the year ended 31 March 2018.

Notes to the financial statements

for the year ended 31 March 2020

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	2,415,302	2,293,884
Social security costs	227,287	238,901
Cost of defined contribution scheme	101,334	84,600
	<u>2,743,923</u>	<u>2,617,385</u>

The average monthly number of employees, excluding non-executive directors, during the year was as follows:

	2020 No.	2019 No.
Operational	39	39
Administrative	32	28
	<u>71</u>	<u>67</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	256,043	286,125
Directors pension costs - defined contribution scheme	13,340	13,940
	<u>269,383</u>	<u>300,065</u>

The highest paid director received remuneration of £139,543 (2019 - £159,500), and pension contributions of £13,340 (2019 - £13,940).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	18,894	17,136
	<u>18,894</u>	<u>17,136</u>

Notes to the financial statements

for the year ended 31 March 2020

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	172,993	189,218
Preference share interest	17,039	17,032
	<u>190,032</u>	<u>206,250</u>

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	2,771	151,622
Adjustments in respect of previous periods	(35,066)	(55,420)
Total current tax	<u>(32,295)</u>	<u>96,202</u>
Deferred tax		
Origination and reversal of timing differences	100,790	138,854
Changes to tax rates	(12,178)	(9,172)
Total deferred tax	<u>88,612</u>	<u>129,682</u>
Taxation on profit on ordinary activities	<u>56,317</u>	<u>225,884</u>

Notes to the financial statements

for the year ended 31 March 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax within the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>464,443</u>	<u>1,106,799</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	88,244	210,292
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,646	59,294
Adjustments to tax charge in respect of prior periods	(35,066)	(55,420)
Fixed asset permanent differences	24,570	20,890
Change in deferred tax rate	(12,178)	(9,172)
Deferred tax not recognised	(14,899)	-
Total tax charge for the year	<u>56,317</u>	<u>225,884</u>

Factors that may affect future tax charges

The government had enacted legislation to keep the corporation tax rate at 19% until 31 March 2020 and to reduce it to 17% from 1 April 2020. However, on 17 March 2020 the government substantively enacted legislation to maintain the corporation tax rate at 19% until 31 March 2021. The government has also proposed legislation that will maintain the corporation tax rate at 19% from 1 April 2021 onwards.

Included with deferred taxation is a liability of £18,274 (2019: £18,274) on a gain relieved by rollover into the cost of Banbury Crematorium and a liability of £118,039 (2019: £118,039) on a gain relieved by rollover into the cost of the Garden of England Crematorium.

Notes to the financial statements

for the year ended 31 March 2020

12. Exceptional items

	2020 £	2019 £
Legal fees	209,250	-
Roof repairs	304,862	-
	<u>514,112</u>	<u>-</u>

During the year the Company incurred legal costs in relation to the CMA investigation into the funerals market.

During the year the roof at St. Marylebone crematorium was replaced.

13. Intangible assets

	Website £	Computer software £	Total £
Cost			
At 1 April 2019 (as restated)	-	54,232	54,232
Additions	18,699	-	18,699
At 31 March 2020	<u>18,699</u>	<u>54,232</u>	<u>72,931</u>
Net book value			
At 31 March 2020	<u>18,699</u>	<u>54,232</u>	<u>72,931</u>
At 31 March 2019 (as restated)	<u>-</u>	<u>54,232</u>	<u>54,232</u>

Notes to the financial statements

for the year ended 31 March 2020

14. Tangible fixed assets

	Freehold and Long-term leasehold property £	Plant and machinery, motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation					
At 1 April 2019 (as restated)	11,131,444	5,364,238	1,254,151	54,915	17,804,748
Additions	30,373	591,766	95,656	7,074	724,869
Disposals	-	(451,792)	(175,123)	-	(626,915)
Transfers between classes	-	-	10,601	(10,601)	-
At 31 March 2020	<u>11,161,817</u>	<u>5,504,212</u>	<u>1,185,285</u>	<u>51,388</u>	<u>17,902,702</u>
Depreciation					
At 1 April 2019	1,178,655	2,686,166	786,068	-	4,650,889
Charge for the year	112,140	442,011	39,936	-	594,087
Disposals	-	(451,750)	(175,122)	-	(626,872)
At 31 March 2020	<u>1,290,795</u>	<u>2,676,427</u>	<u>650,882</u>	<u>-</u>	<u>4,618,104</u>
Net book value					
At 31 March 2020	<u>9,871,022</u>	<u>2,827,785</u>	<u>534,403</u>	<u>51,388</u>	<u>13,284,598</u>
At 31 March 2019 (as restated)	<u>9,952,789</u>	<u>2,678,072</u>	<u>468,083</u>	<u>54,915</u>	<u>13,153,859</u>

Freehold and leasehold land and buildings above includes £2,050,770 (2019: £2,050,770) of long leasehold property that was brought into use during August 2003 and subject to depreciation from that date. The figure also includes non-depreciated land of £2,367,025 (2019: £2,367,025).

15. Dividends

	2020 £	2019 £
Second interim 2019/20 - 5.75% (2019: 5.75%)	64,587	64,587
Interim 2019/20 - 5.75% (2019: 5.75%)	64,587	64,587
	<u>129,174</u>	<u>129,174</u>

Notes to the financial statements

for the year ended 31 March 2020

16. Earnings per share

	2020 pence	2019 pence
Earnings per Ordinary share of 50p	<u>18.17</u>	<u>39.21</u>

The figure for earnings per share is based on the number of Ordinary shares in issue during the year of 2,246,508 (2019: 2,246,508), and the profit of £408,126 (2019: £880,915) being the profit for the financial year, after taxation and preference dividend, attributable to Ordinary shareholders. There are no items which create dilution.

17. Stocks

	2020 £	2019 £
Brochures and transit urns	7,429	9,059
Memorials	3,787	956
	<u>11,216</u>	<u>10,015</u>

18. Debtors

	2020 £	2019 £
Trade debtors	864,445	896,657
Amounts owed by related undertakings	104,399	110,724
Other debtors	26,931	566
Prepayments and accrued income	403,755	311,060
Tax recoverable	-	43,964
	<u>1,399,530</u>	<u>1,362,971</u>

19. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	3,159,320	3,231,932
	<u>3,159,320</u>	<u>3,231,932</u>

Notes to the financial statements

for the year ended 31 March 2020

20. Analysis of net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash and cash equivalents	3,231,932	(72,612)	3,159,320
Bank loans	(4,513,838)	252,990	(4,260,848)
	<u>(1,281,906)</u>	<u>180,378</u>	<u>(1,101,528)</u>

21. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	264,230	252,989
Trade creditors	623,938	618,484
Corporation tax	2,713	151,369
Other taxation and social security	101,656	87,598
Other creditors	50,044	35,664
Accruals and deferred income	645,938	717,498
	<u>1,688,519</u>	<u>1,863,602</u>

22. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Deferred income	2,117,969	1,931,633
Bank loans	3,996,618	4,260,849
10.5% cumulative preference shares of £1	162,274	162,274
	<u>6,276,861</u>	<u>6,354,756</u>

Notes to the financial statements

for the year ended 31 March 2020

23. Loans and deferred income

Analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year		
Bank loans	264,230	252,989
Deferred income	469,952	453,209
	<u>734,182</u>	<u>706,198</u>
Amounts falling due 1-2 years		
Bank loans	275,607	264,230
Deferred income	390,685	389,502
	<u>666,292</u>	<u>653,732</u>
Amounts falling due 2-5 years		
Bank loans	699,208	754,032
Deferred income	797,147	754,499
	<u>1,496,355</u>	<u>1,508,531</u>
Amounts falling due after more than 5 years		
Bank loans	3,021,803	3,242,587
Deferred income	930,137	787,632
	<u>3,951,940</u>	<u>4,030,219</u>

Included within bank loans is £215,403 (2019 - £286,522). This loan is repayable over 143 months with an interest rate of 5.1%. A further bank loan of £4,045,445 (2019: £4,227,316) is held under the security of debentures and a charge over the freehold land and buildings at the Company's crematoria in St Marylebone and Banbury. This loan is repayable over 20 years with an interest rate of Base Rate plus 1.79%.

Notes to the financial statements

for the year ended 31 March 2020

24. Deferred taxation

	2020 £
At beginning of year	(514,630)
Charged to Statement of income and retained earnings	(88,612)
At end of year	(603,242)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(466,929)	(378,317)
Timing difference arising on rollover relief	(136,313)	(136,313)

25. Share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
2,246,508 (2019 - 2,246,508) Ordinary shares of £0.50 each	1,123,254	1,123,254

In accordance with FRS102 Section 11 "Financial Instruments: Presentation" preference shares are disclosed as a liability arising after more than one year.

The Preference shares carry a cumulative preference dividend at the rate of 10.5% per annum. These shares, on winding up or repayment of capital shall entitle the holders to repayment of the capital paid up on these shares (together with the sum equal to any arrears or deficiency of the fixed dividend, whether declared or earned or not, calculated down to the date of the return of capital) in priority to any payment to the holders of the Ordinary shares, but the preference shares shall not entitle the holders to any further or other participation in the profits or assets of the company.

26. Reserves

Profit and loss account - includes all current and prior period retained profits and losses.

27. Prior year adjustment

In the prior year, Computer software costs of £54,232 was treated as a tangible asset in Assets under construction. This adjustment is to reclassify these capitalised costs to intangible assets under Computer software. This adjustment has no impact on either the profit or net assets.

Notes to the financial statements

for the year ended 31 March 2020

28. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £14,066 (2019 - £10,503) were payable to the fund at 31 March 2020 and are included in creditors.

29. Commitments under operating leases

At 31 March 2020, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	50,938	50,518
Later than 1 year and not later than 5 years	169,394	182,868
Later than 5 years	2,788,132	2,823,274
	<u>3,008,464</u>	<u>3,056,660</u>

This includes a lease terminating in 2099. The company has the option to purchase this lease at market value from 3 August 2019 to 2 August 2020. The Company intends to not purchase the lease.

30. Related party transactions

During the year a charitable donation of £2,500 (2019: £2,500) was paid to the parent undertaking, The Cremation Society of Great Britain (a registered charity).

During the year a loan of £nil (2019 - £39,724) was advanced to Golders Green Foundation - a registered charity. Some of the trustees of the charity are directors of The London Cremation Company plc. The balance outstanding at the year end is £104,399 (2019 - £110,724). Since the year end, repayments have been made leaving a balance of £15,000.

31. Controlling party

The ultimate parent undertaking is The Cremation Society of Great Britain (a registered charity) which is a company limited by guarantee, incorporated in Great Britain and registered in England and Wales. The Cremation Society of Great Britain is this Company's controlling party.

The largest and smallest group of undertakings for which consolidated financial statements have been prepared which include the Company is headed by The Cremation Society of Great Britain. These are available from: The Registrar of Companies, Companies Houses, Crown Way, Cardiff, CF14 3UZ. The registered office address of The Cremation Society of Great Britain is 1st Floor, Beacon House, 16/16a Albion Place, Maidstone, Kent, ME14 5DZ.

The Cremation Society's interest in the Company at 31 March 2020 consisted of 1,896,436 Ordinary shares and 104,030 Preference shares.