



A N N U A L
R E V I E W
2 0 1 8 - 1 9

WHAT OUR CUSTOMERS SAY

“

THE GOLDEN CHARTER FUNERAL PLAN IS PERFECT. THE APPLICATION FORM WAS EASY TO FOLLOW AND SATISFIED ALL MY NEEDS. MY FAMILY ARE VERY PLEASED THAT I HAVE SUCH A GOOD FUNERAL PLAN IN PLACE.

”

-

MRS BAXTER, TRUSTPILOT

★ Trustpilot ★ ★ ★ ★ ★

IN THIS YEAR'S ANNUAL REVIEW

CHAIRMAN'S REPORT	04
GOLDEN CHARTER'S BOARD OF DIRECTORS	06
CHIEF EXECUTIVE'S REPORT	08
FINANCIAL REPORT	12
THE YEAR IN REVIEW	14
SHAREHOLDERS' REPORT	25
THE GOLDEN CHARTER TRUST	28





CHAIRMAN'S REPORT

2018-19 was a challenging year for the funeral sector. The market for new pre-paid funeral plans, as measured by the Funeral Planning Authority (FPA), shrank by 15% in the twelve months to December 2018; the first reduction since 2006. There was continued media scrutiny and regulatory investigation of both the pre-paid funeral plan market and the provision of funerals at the time of need. Throughout the year, our management team has been fully engaged with the policy makers who will shape the future regulation of the industry and we look forward to the details of the future regulatory model that will emerge from the Financial Conduct Authority (FCA), which will follow from the announcements made by the Treasury in June 2019.

We completed a review of the provision of legal services during the year and chose to cease the sale of these products from April 2019. This decision allows us to focus our resources on funeral related products and services, which continue to be our core offering. We will, of course, carry on providing services to honour our commitments to all of our existing legal services customers.

We also maintained the investment in our trading subsidiary, Golden Charter Services Limited, which has introduced a range of digital solutions designed to protect the independent funeral director's share of future at-need funerals and to help them respond to the changes in consumer needs and behaviour.

I was appointed as Chairman in December 2018, succeeding Magnus Swanson who stepped down from the Board after six and a half years. The Board would like to thank Magnus for his strong leadership through a period of change for Golden Charter. Following my move to Chairman, Mark Huggins joined the Board as an independent non-executive director. Mark has extensive commercial experience, primarily in financial services. Karen Trickett also joined the Board following her appointment as Chief Commercial Officer, having served as Director of Marketing for the company for three years before her promotion.

The Board operates with nine directors in total. Three are funeral directors nominated by SAIFCharter, our ownership association, and

“
**THE BOARD BELIEVES THE INDEPENDENT
 FUNERAL BUSINESSES WE PARTNER WITH
 PROVIDE THE BEST SERVICE AND VALUE
 FOR CONSUMERS**
 ”

Julian Walker, Helen Wathall and James Tovey bring significant funeral industry experience and insight to Board discussions. I am joined as an independent non-executive director by Steve Burnett and Mark Huggins who bring extensive board level experience in regulatory environments, and who take lead roles in chairing our audit and remuneration committees respectively. There are also three executive director roles on the Board; Suzanne Grahame, Chief Executive Officer, Robert Speir, Chief Financial Officer and Karen Trickett, Chief Commercial Officer.

Golden Charter ended 2018-19 in a strong financial position, with a £1.2m increase in operating profit and further improvement in the level of cash reserves. This is testament to the hard work of our employees who are fully committed to our customers and the independent funeral directors we support.

We expect our turnover to reduce in the coming year reflecting a slowdown in general economic conditions, changes in consumer behaviour and our decision to stop selling legal services products. We have made the necessary adjustments to our cost base to accommodate

these changes and expect to maintain our underlying level of operating profit. However, we do anticipate our overall operating profit to reduce as we increase our investment in technology, product development, and we prepare for changes in regulatory oversight of the industry.

The Board believes the independent funeral businesses we partner with provide the best service and value for consumers in the market. The Board also believes the investment we have made in recent years to ensure our sales processes always treat customers fairly will stand us in good stead for the future changes to regulatory oversight of the market.

I would like to thank my fellow directors, our employees, our shareholders, and our stakeholders for all of their hard work during the year.

JOHN THORNTON
 CHAIRMAN
 GOLDEN CHARTER LIMITED

GOLDEN CHARTER LIMITED

BOARD OF DIRECTORS

John Thornton

Non-Executive Chairman

John splits his time as an ombudsman for the Financial Ombudsman Service and non-executive director for various organisations including Queen Victoria Hospital NHS Foundation Trust and Vision Critical Ltd which supplies IT services to commercial banks.

Steve Burnett

Non-Executive Director

Steve is an experienced non-executive director and currently holds directorships with a number of public bodies including the Wales Audit Office and the Government Internal Audit Agency.

Mark Huggins

Non-Executive Director

Mark's experience includes both executive and non-executive directorships with leading blue chip financial services organisations such as Admiral, MBNA and the AA.

Julian Walker

Non-Executive Chairman

Julian is an independent funeral director and Chairman of Golden Charter's ownership association, SAIFCharter.

James Tovey

Non-Executive Director

James is an independent funeral director and a member of the SAIFCharter Executive.

Helen Wathall

Non-Executive Director

Helen is an independent funeral director and a member of the SAIFCharter Executive.

Suzanne Grahame

Chief Executive Officer

Suzanne joined Golden Charter in 2017 from UK top-twenty law firm Addleshaw Goddard, where she was Executive Director. A professionally qualified accountant, she has previously held senior roles with FCA-regulated investment fund manager Standard Life plc and UA Group plc.

Robert Speir

Chief Financial Officer

Robert, who is a qualified management accountant, joined Golden Charter as Finance Director in 2012. He previously held senior finance roles with the University of Glasgow and Diageo.

Karen Trickett

Chief Commercial Officer

Karen joined Golden Charter as Director of Marketing in 2015. She holds a wealth of director-level experience in marketing and creative roles.



Golden Charter Limited's Board of Directors

Back (left to right): Steve Burnett, John Thornton, Mark Huggins, Helen Wathall, Robert Speir
Front (left to right): Julian Walker, James Tovey, Karen Trickett, Suzanne Grahame



CHIEF EXECUTIVE'S REPORT

2018-19 has been a pivotal year for the funeral sector as a whole; with government officials placing a welcome consumer focus on both funeral planning and the delivery of funerals, as policy makers set out their stall on future regulatory frameworks. The Funeral Planning Authority (FPA), the Treasury, the Competition and Markets Authority (CMA) and the Scottish Government have consulted extensively with the sector during the year, in preparation for future regulation, each with their focus clearly on increasing current customer protection.

This report covers my first full year since joining Golden Charter as Chief Executive Officer in December 2017. During the year, I have continued to spend much of my time with funeral directors, employees, trade associations, government officials and other policy makers, understanding their concerns in relation to our increasingly high profile industry.

A challenging market place

The core of our business remains the provision of pre-paid funeral plans, which are offered through multiple routes to market, but with the majority emanating from conversations between the customer and their chosen funeral director, with whom they will have discussed their detailed wishes. We believe this leads to the highest quality overall experience possible for customers.

As the Chairman sets out in his statement, 2018-19 was a challenging year for the pre-paid sector, where plan sales reduced by 15%. There is evidence that some of the market was taken by the adjacent "Over 50s" insurance market, which is increasingly marketed as an alternative solution for consumers to make financial provision for a future funeral. The ongoing uncertainty in relation to Brexit also reduced consumers' propensity to commit to larger discretionary expenditure.



“
**I HAVE CONTINUED TO
 SPEND MUCH OF MY TIME
 WITH FUNERAL DIRECTORS,
 EMPLOYEES, TRADE
 ASSOCIATIONS, GOVERNMENT
 OFFICIALS AND OTHER POLICY
 MAKERS, UNDERSTANDING
 THEIR CONCERNS IN RELATION
 TO OUR INCREASINGLY
 HIGH PROFILE INDUSTRY.**
 ”

Against this background, sales of Golden Charter funeral plans in the 12 months to 31 December 2018 reduced by 11% compared with an overall market decline of 15%. As a result, our market share of new plans taken out in the period grew by 1% to 27%, as measured by the FPA. This was a notably strong performance as a number of our funeral planning competitors invested heavily in marketing and promotions throughout the year.

Our independent funeral director shareholders face a number of challenges beyond the pre-paid funeral plan market. We are providing support across several areas through the deployment of our partnership service. This approach is designed to help independent funeral businesses meet the challenges presented by the digital age, changing consumer behaviours, as well as helping them prepare for a more regulated future. Our continued investment in our trading subsidiary, Golden Charter Services Limited, enabled the progress of localfuneral.co.uk which launched in

January 2018. This website allows families to receive an immediate response from our network of independent funeral directors. There are now in excess of 1,500 funeral branches who have chosen to be listed on the website, by far the widest selection of any such site and we are connecting families to our funeral director network every day.

As noted by the Chairman, we reviewed our provision of legal services during the year and ceased sales of new products from April 2019. We announced this change in November 2018 and I'd like to thank all of our employees who have been impacted by this change, who have continued to provide excellent service to our customers as we have reorganised our business.

Preparing for a regulated future

Golden Charter welcomed the Treasury review of regulation of the market for those pre-arranging funerals. We consulted extensively with both the Treasury and the FCA during the year and support their proposed direction of travel. We look forward to considering detailed recommendations, which we believe will ensure greater protection for customers making arrangements for their own funerals.

The CMA completed its initial review of the funeral sector and publically voiced its concerns about the effectiveness of competition and will therefore carry out an in-depth market investigation. The CMA ruled against inclusion of pre-paid plans, except at the time of redemption as part of their definition of provision of funeral services. Golden Charter continues to support calls for greater transparency of the pricing of funerals and related services and is engaged with the CMA as it makes its deliberations.

It is essential that both regulators consider the immense contribution that independent funeral directors bring to both markets when settling on their final models. Regulators should introduce proportionate measures which

do not disadvantage the smaller independent businesses who deliver the majority of funerals across the United Kingdom. This is important for both customer choice and the continuation of the proven price advantage offered by independent funeral directors. Golden Charter will continue to campaign vociferously for this outcome, which I believe is in the best interest of every consumer's family.

Delivering for our customers

Our business is, of course, all about our customers. Golden Charter exists to help connect people with their funerals. The benefits of funeral planning extend well beyond setting aside money to pay for funeral directors' services. The real value comes from the sense of being prepared, knowing who will take care of the arrangements, and removing that responsibility from loved ones. By the end of 2018-19 almost 700,000 customers have trusted us to facilitate their funeral in the future. We regularly survey our customers and over 90% of our customers are satisfied or very satisfied with the service that we provide, placing particular value on staff availability, helpfulness and product knowledge.



Enhancing our employee experience

The core asset within our business is our employees who underpin the service we provide to families. We undertook our third staff engagement survey during the year which was completed by 98% of our employees. We were delighted to see continuing high levels of engagement across our teams and a marked increase in their belief that they have the necessary tools to provide a first class service. These scores reflect the investment we have made in recent years in process and technology. Investing in capability will remain one of the core elements of our strategy.

Our future

Our UK-wide network of over 2,900 independent funeral directors remains Golden Charter's unique advantage, offering unrivalled choice to customers. These businesses are pillars of their local communities and we believe they offer the best quality, value and consistency of service in the market place.

The sector is changing rapidly and customers' preferences are evolving, and new and innovative competitors have entered the field. Our strategy recognises that we need to reimagine the future through the customer's eyes and our role is to interpret customer preferences and, through innovation, assist independent funeral directors to be ready to meet these new demands in an advancing world, always led by consumer choice.

SUZANNE GRAHAME
CHIEF EXECUTIVE OFFICER
GOLDEN CHARTER LIMITED





FINANCIAL REPORT

While 2018/19 was again a challenging year for the sector, our financial results for the year to 31 March 2019 were encouragingly positive.

Turnover for the year was £34.2m, which was a reduction of £2.5m versus last year, reflecting the decline in the number of funeral plans sold in line with the reduction of the overall market. To address the decrease, operating costs were managed carefully, with a £2.4m reduction in cost of sales and a £1.3m reduction in administrative expenses. Careful management of costs allowed the business to deliver an operating profit for the seventh year in a row at £3.8m.

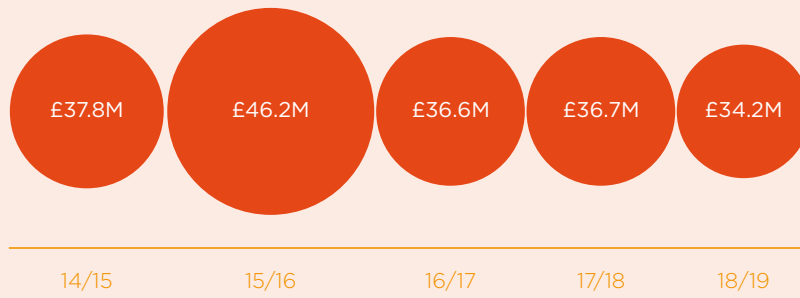
We invested a further £1.2m in our subsidiary, Golden Charter Services Limited, during the year. Set up in 2017, its purpose is to introduce a range of solutions that will help independent funeral directors respond to the emerging market and consumer needs.

At the end of the year the company held cash of £7.5m, representing a £1.1m increase on the previous year. The cash generation in the year was driven by the delivery of operating profits, offset by an increase in working capital due to lower levels of creditors and the investment in Golden Services Limited.

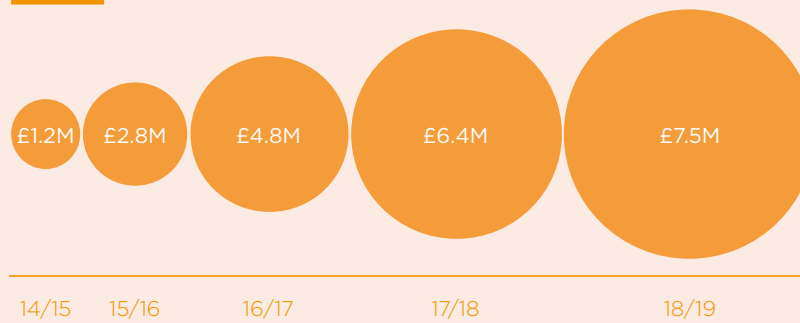
The outlook for next financial year suggests that turnover will reduce by a further £2m. This is the expected result of general economic conditions and emerging changes in consumer behaviour, as well as our decision to stop selling legal services products from April 2019. We have already implemented several alterations to our cost base that will mitigate the impact of these changes on underlying operating profits. We expect a reduction in the overall level of operating profit as we increase our investment in technology, product development and prepare for the new developing regulatory environment.

ROBERT SPEIR
CHIEF FINANCIAL OFFICER
GOLDEN CHARTER LIMITED

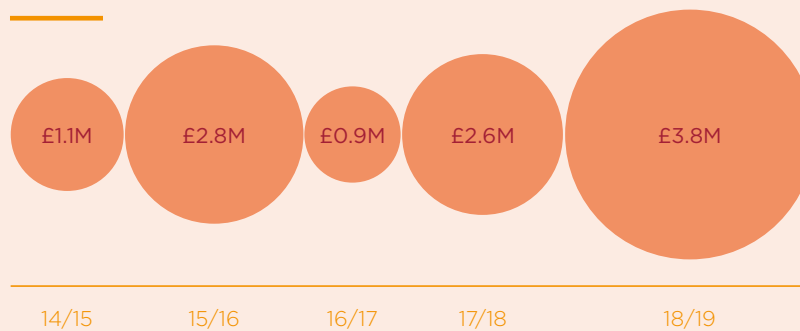
TURNOVER



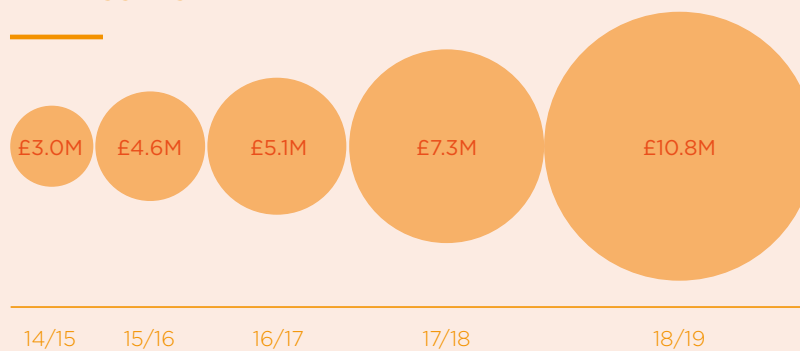
CASH AT BANK AND IN HAND



OPERATING PROFIT



NET ASSETS



THE YEAR IN REVIEW

A rapidly changing market

The funeral sector has experienced significant upheaval in the last 12 months and the pace of change is expected to accelerate.

Influences on customer behaviour

Traditionally, consumers have based their knowledge of funerals and funeral planning on their experience of organising one or two funerals in their lifetime and attending a handful more. That is no longer the case as funeral related advertising is an everyday occurrence, whether on TV, radio, in print media or online. Consumers are bombarded with information about the types of funerals they should have, who should carry out the funerals and what their choices reflect about them. And this impacts their thinking on planning for a funeral too.

The use of technology and the internet in older generations of consumers is lower than younger demographics, but the age gap is narrowing and amongst older consumers digital activity has risen dramatically in the last few years. According to the Office for National Statistics, the 65 to 74 year old age bracket using the internet has steadily increased from 52% in 2011 to 83% in 2019, and for over 75s has more than doubled from 20% to 47% in the same period.

Increasing use of technology provides consumers with access to online resources, enabling them to research the multiple options available to them, helping them to more easily compare prices and service when shopping around, and having done that research, being more confident to proceed to make a purchase online.





Customers are also increasingly likely to share their experiences of a funeral online, whether that is sharing a particular experience of a funeral service via Facebook or by simply leaving and reading reviews on aggregator or comparison sites.

Against that backdrop, consumers have other societal changes influencing them, changes which could have a material impact on how they think and feel about the purpose of a funeral in relation to their own circumstances, lifestyle and beliefs.

Religion has traditionally played a significant part in a funeral. But with fewer people now identifying with a particular religion, and even less participating actively in attending church or other religious activity, a growing number of families consider religion to be less important, or even irrelevant, when planning a funeral. But many consumers still believe that the words 'a traditional funeral' mean a religious one – and in a growing proportion of cases, that doesn't appeal.

The shape of a family has also flexed significantly. It is not uncommon for a family to be spread geographically across the UK and beyond, to have families where there might be a second spouse or partner, and children from previous marriages, some related, some not. All adding to the complexity of the 'family' and consumers are increasingly mindful of these family dynamics, particularly at such an emotive and emotional time as a funeral.

Moving with the times and keeping abreast of these developments in customer behaviour and preference will be key to our future success, and we will endeavour to share our insights with independent funeral directors who, to continue to thrive, must come on that journey with us.

Regulation

The path to regulation for funerals and funeral planning gained pace in 2018/19. We welcome moves to regulation which will ultimately benefit customers and, over the year, we engaged extensively with decision makers to ensure that they had a good understanding of the sector, of our business and of independent funeral directors.

In July 2018, the Competitions and Markets Authority (CMA) launched its review into the delivery of at-need funerals. We expect this to culminate in a statutory regulatory regime for the delivery of a funeral, the preparation for which was announced in Scotland this year. This will make it clearer to consumers about what they can expect from a funeral service provider, and importantly, will require price transparency and impose a new code of conduct and regulatory regime on funeral directors.

In addition, following a significant period of information gathering and consultation on the pre-paid funeral planning market, HM Treasury

announced that they will move from the voluntary Funeral Planning Authority regime to a statutory regime overseen by the Financial Conduct Authority (FCA).

This should be good news for independent funeral providers, for customers and for Golden Charter as we want to see a good, strong and statutory regulatory system to protect customers from those who operate outside the Funeral Planning Authority.

Over the coming year we will continue to work closely with the regulators to ensure that they recognise the contribution that independent funeral directors bring to both markets before reaching their conclusions. It is important that any measures introduced do not disadvantage smaller independent businesses who deliver the majority of funerals across the United Kingdom and ensure no detriment is caused to customer choice or pricing as a result.



Competition

Consumers now have more choice than ever before, with information on those choices increasingly easier to access.

Many privately-owned crematoria and low cost providers are now marketing attended and unattended cremations directly to consumers. Some use the services of funeral directors, but others care for the deceased in a central hub location, but where the funeral service is perceived to be less important and offers a simpler, low cost option.

Conglomerates are offering a full service including cremation within their packages to customers; a one stop shop, which can be scaled up or scaled down to meet customer wishes. Aggregator sites, like Beyond, Funeral Guide, formerly known as Funeral Zone, and our own localfuneral.co.uk allow consumers to compare funeral services available in their area. And, as already mentioned, insurance companies too are increasingly marketing their guaranteed over 50s plans as solutions for making provision for a funeral.

Customers have never had so much choice, and we must ensure that we keep anticipating changes in customer preferences and offer products which meet their needs now and in the future, however they prefer to source and to buy them.

Impact on the pre-paid funeral plan market

The funeral market's period of unprecedented disruption and change has had an unsurprising adverse impact on the sale of funeral plans as public confidence has been impacted. The funeral planning market has experienced its first decline since 2006. Some of that must also be attributable to the general economic uncertainty as inconclusive Brexit discussions continued to cast a shadow on consumer confidence.

The market for Funeral Planning Authority (FPA) pre-paid plans contracted in the year to December 2018. Golden Charter volume declined by 11%, while the rest of the FPA market declined by 15%. At the end of December, Golden Charter had 27% of the regulated FPA market, up 1% from 2017. This shows that in a difficult trading environment, we are performing better than our key competitors.

Partnering with Independents to build a stronger future

It was clear in 2018 that the unparalleled complex and changing nature of the market that we, and our funeral directors, were facing required a fresh approach. That approach needed to provide more flexible and tailored support to ensure that Independents were assisted in meeting emerging and future trends, and could respond to them whilst carrying out the day-to-day running of their businesses.

As reported last year, Golden Charter had already started providing more holistic support, helping Independents understand and respond to the requirements being imposed under the new General Data Protection Regulation (GDPR) regime. By May 2018, we had carried out 23 masterclasses up and down the country, attended by more than 350 firms and Independents welcomed the assistance and guidance to help them through the complexities of this important legal change.

So, during 2018/19, we sought to increase the breadth of support that we could offer to Independents by changing the way we worked together. We introduced a partnership service, and upskilled our funeral director facing business managers to enable them to provide help to funeral directors where they need it most. This involved changing the way that we, as a business, interact with our funeral director partners, to be more engaging and curious, working with them to explore how we might be able to support them in the years ahead.

This partnership approach, conducting business review discussions, and then together agreeing resulting actions, to address both issues and opportunities, is already seeing benefits for those funeral directors who have already engaged.

Taking a step back and thinking about the future is not something that small businesses often have the time and luxury to do, particularly when they are so carefully ensuring the needs of their families are met at the time of passing. But, those who have gone through the process have found it useful, and having plans in place to help them maintain and grow their businesses, despite complicated market conditions, is helping many.

A recurring theme from funeral directors, has been a desire for assistance with digital marketing, and during the year all of our business managers received extensive professional training to enable them to provide appropriate and knowledgeable advice in this key area of business today.

We know that independent funeral directors offer the very best in customer care to their families at the time of need, however the service offered to customers enquiring about funeral plans is often less consistent. For that reason, we have been sharing best practice to help ensure that customers receive the information and follow up that they want from funeral directors about pre-planning when they need it, leaving the enquirer with a positive and professional impression of the company. Purchasing directly from funeral directors is still the most popular method for customers to make their funeral plans, so it is vital that Independents follow up with interested parties efficiently, before they decide to consider a competitor.

We will continue to develop how we work in partnership with funeral directors to help us to respond to emerging market trends together, and ensure that we meet customer expectations, however different those may be in the future.



Funeral planner of the year

Our long-running Funeral Planner of the Year Awards took place in September at Edinburgh's National Museum of Scotland.

Hosted by BBC Radio 2 DJ, Ken Bruce, and attended by over 400 friends, the awards celebrated Independents who are leading the way in funeral planning.

40 awards were given out on the evening, but the big winners on the night, claiming our national awards, were Your Choice Funerals from South Shields (pictured above) and Inverness-based John Fraser & Son (right).





Localfuneral.co.uk

Launched in January 2018, localfuneral.co.uk went from strength to strength during the year. The site is constantly evolving with the aid of consumer testing and feedback from funeral directors to ensure that it meets its objective to connect families to a local independent funeral director when they need to.

Over the course of the year, localfuneral.co.uk has successfully tripled the number of independent funeral director branches it features, providing comprehensive and UK-wide choice for customers. It is important to appreciate this unrivalled coverage is based on firms who have asked to be part of the site, and unlike competing websites localfuneral.co.uk has not simply listed businesses to give the appearance of active participation. This significant increase in coverage, along with improvements in search optimisation, has more than doubled the monthly visits to the site. Greater site traffic, coupled with continuous enhancements to the user journey saw enquiries generated rocket by 700% during the period. All of these enquiries go directly to independent funeral directors and more than half result in a funeral.

We continue to extend the services available on the site, prioritising options that will add most value for customers and our funeral director partners. In March we added a funeral notice feature giving Independents ready access to the technology and so providing the ability for their customers to easily share details of funeral arrangements online and via social media.

We know that customers increasingly seek to compare prices to confirm they are being charged fairly for products and services. To help achieve this during 2019 we will upgrade localfuneral.co.uk by giving funeral directors the facility to make their prices available to customers. Our research suggests that customers are more likely to opt for a company that makes their pricing information easily available. Over the coming year we will be encouraging Independents to make use of the new functionality and take advantage of the benefits that transparency of pricing brings.

localfuneral.co.uk is a useful part of our strategy to help Independents compete in an increasingly digital market place and we are committed to continue to invest to ensure the site stays ahead of customer and funeral director needs as they evolve.

Working with trusted third parties

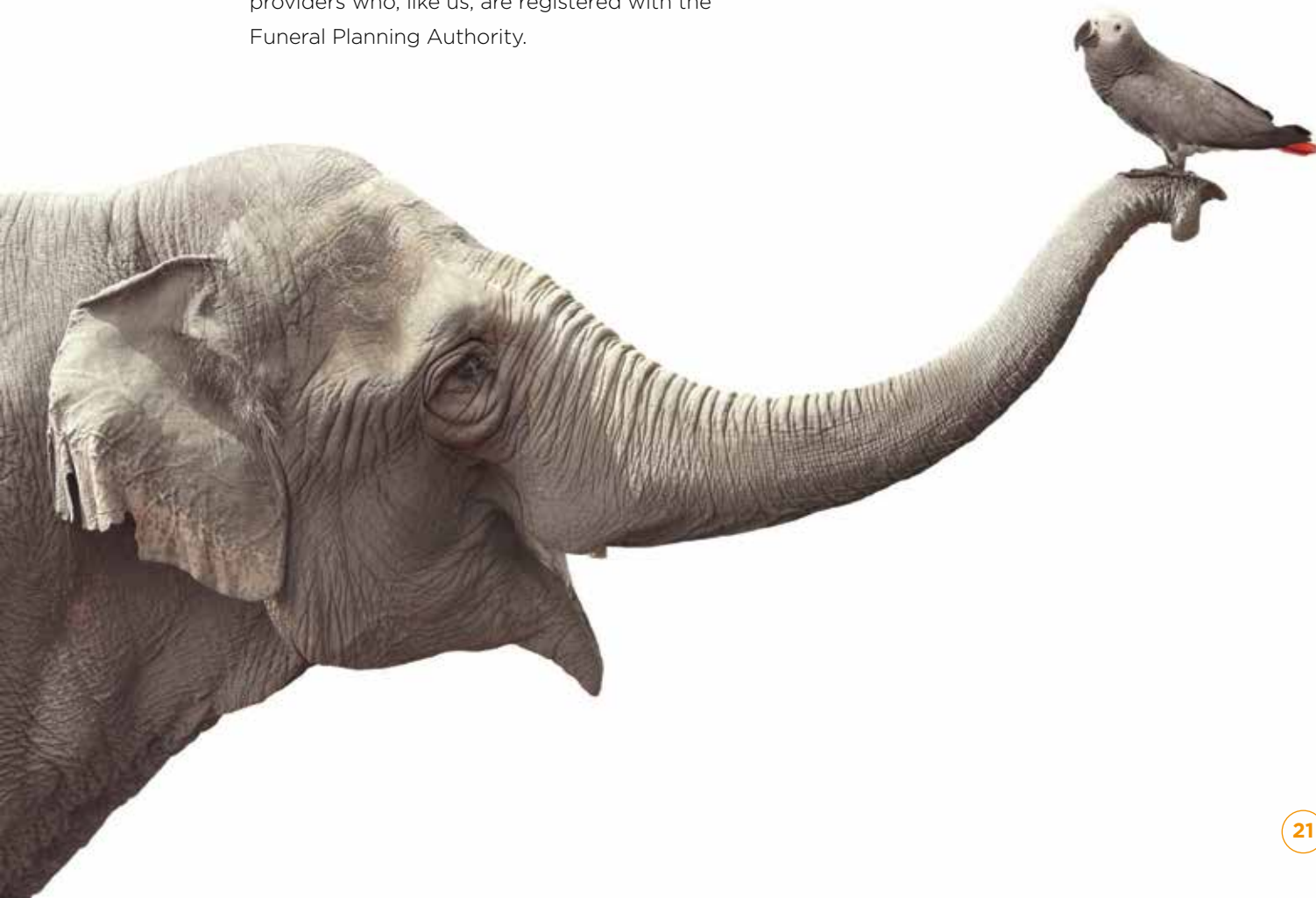
Our strategy to promote our branded funeral plans through quality third parties continued, as we sought to be the funeral plan provider of choice for professional advisers. Golden Charter is the only provider with the scale to bring this type of business to Independents. We knew that Will Writers and Independent Financial Advisers often found it difficult to bring up the subject of funeral planning with their clients. To overcome this and encourage them to broach a subject we believe everyone should consider, we developed a suite of innovative and eye catching marketing materials to help them consider talking about 'the elephant in the room'.

By nature, independent financial advisers are cautious of promoting services to their clients which are not overseen by statutory regulation, and negative media coverage regarding the sector has caused further hesitation. We work hard to ensure that we counteract these negative perceptions, and keep our networks informed and reassured of the benefits of working with providers who, like us, are registered with the Funeral Planning Authority.

During the year we have developed additional corporate partnerships extending our reach to customers who choose to provide for their funerals in different ways. Our connection with Neilson Financial Services has blossomed in the last year with Golden Charter becoming the provider of funeral benefit options for the many customers of its British Seniors brand of over 50s life insurance.

In addition, our participation in employee benefits schemes continues to grow, launching in nine new schemes during the year with bodies such as DEFRA, the Department for Environment, Food and Rural Affairs, NASUWT, the Teachers' Union, Police Mutual and Lifeworks.

While sales of funeral plans have been challenging over the period, winning business with insurance companies, financial institutions and employee benefits providers to bring the benefits of funeral planning to their customers is another important way that we can help Independents to secure their share of future funerals.





Our People

Our employees are integral to the continued success of the business and every day they embody the company values of genuinely caring, leading the way, doing the right thing and putting people first. They are a credit to us and regularly receive praise from customers and funeral directors for the ways they carry out their roles.

Over recent years, we have committed to reviewing and making improvements to the benefits they receive, and in April 2018 a further package was launched. These benefits, which more befit a modern and compassionate company, included improvements to holiday entitlement, maternity and paternity leave and pay, compassionate leave and sick pay. Later in the year, we introduced salary sacrifice, mandatory pension contributions and an employee assistance programme; all contributing to an employee benefits package that we can be proud of, and one that helps us to retain and attract talent.

We continue to develop our employees and provide a range of training and development experiences to help them to progress in their roles; we also require them to complete annual

training in health and safety, data protection and information security. With the recent introduction of an online development toolkit, employees can access e-learning resources to help them further their individual learning.

As a company with a mix of office and field based employees, it is important that we all gather periodically to discuss company strategy and progress. In June 2018, our staff conference was held at Scotland's national football stadium, where we held a number of workshops on relevant industry topics. The highlight of the day was hearing from our funeral director colleagues, who took time away from their businesses to provide us with a hugely useful insight into their work and the current issues affecting the profession.

In February, we conducted our employee engagement survey using independent research specialists. The survey was completed by a remarkable 98% of employees and showed that improvements to technology, systems, training and benefits had all made a significant difference to how engaged and enabled our employees felt since they were last surveyed in 2017.

Supporting good causes

At Golden Charter we are proud to support a number of charities, be that via our corporate partnerships or charities nominated by our staff members. With the aid of independent funeral directors, we donated almost £150,000 to the Royal British Legion, Poppyscotland and the Woodland Trust as well as 12 other charities which benefitted from the generosity of our employees' fundraising activities.

Golden Charter Gender Pay Gap 2018

In March, we reported our second set of gender pay gap results showing an improvement from last year, with a 3% drop in the average pay gap, while men and women doing the same roles have continued to be paid equally. The gap is predominately caused by the types of roles held by men and women across the organisation.

We are pleased that actions that we have taken as a direct result of last year's report have made a difference to the underlying causes of the gender pay gap, however it will take a continued focus to close the gap over time.

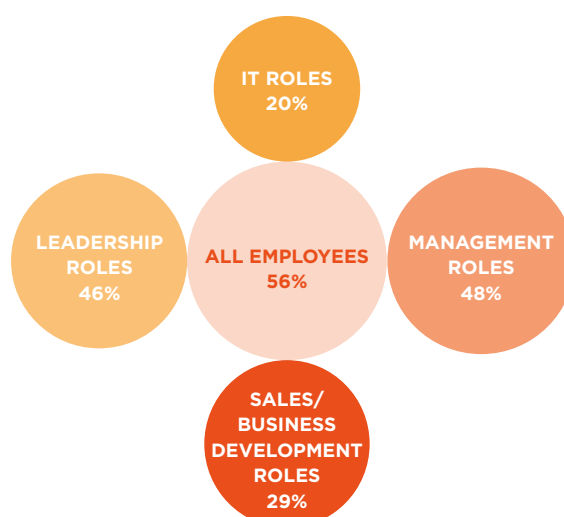
Gender Pay Gap: Hourly Pay and Bonus Pay		
	Mean ¹	Median ²
Hourly pay gap	21%	31%
Bonus pay gap	56%	55%

1. The mean (or average) is the sum of all hourly rates divided by the number of relevant employees.

2. The median number is the middle figure when the hourly rates of all colleagues are listed in ascending order.

We continue to have a strong female presence across our business, with women making up 56% of our workforce. Women have a strong presence in our management and leadership roles, with 48% and 46% respectively. We are endeavouring to increase our attraction of women into roles, such as IT and sales, where they continue to be under-represented.

REPRESENTATION OF WOMEN ACROSS THE BUSINESS



Improving technology

Our drive to improve technology and systems progressed throughout the year, with a focus on strengthening reliability and reducing risk, increasing business functionality and flexibility, whilst enhancing our service to funeral directors, intermediaries and our customers.

We are now using relationship management software across all of our channels, providing sizeable benefits in understanding our client base and, in turn, delivering more tailored services to better meet their needs and helping us to communicate with our stakeholders more effectively.

By the end of the year, our 'paperless applications' project had grown with over 500 intermediaries and funeral directors trained in the use of the system. A proportion of these businesses are now using it as their sole method of submitting applications, improving the accuracy and speed of processing for plan holders. Our project team is now reviewing and refining the process before scaling it further.

Our customer materials received a face-lift with our move to a 'variable print' solution, enabling

more personalisation and customisation and simplification of our documentation. This project formed a key part of our commitment to optimise the customer journey, by providing more consistent, user-friendly and reassuring correspondence, helping to ensure that their experience of Golden Charter from their very first contact is a positive one.

Another considerable development came with the launch of our new human resource information system, designed to provide our employees with the ability to self-serve HR tasks such as booking and authorising holidays, managing absence, selection and recruitment, identifying training needs and booking training. With fewer manual processes and less paperwork to complete, employees and managers can spend more of their time on tasks that deliver added value and better service for all of our stakeholders.

During the year we enhanced our investment in cyber security software and training to ensure the data that our customers entrust with us is protected to the best of our abilities and that our systems robustly defend against any potential intrusion.





SHAREHOLDERS' REPORT

SAIFCharter is the body that represents the ownership group of Golden Charter Limited. Membership of SAIFCharter is open to funeral businesses that are members of the SAIF trade association and make the commitment to only promote and sell Golden Charter funeral plans and abide by the rules of the association.

“
 IT HAS NEVER BEEN
 MORE IMPORTANT
 THAT WE WORK
 TOGETHER AND PULL
 OUR COLLECTIVE
 SKILLS TO DELIVER
 FOR CUSTOMERS
 NOW AND IN
 THE FUTURE.
 ”

Your representatives

Representing this body of approximately 750 funeral businesses is an executive group of 11 working funeral directors, sitting alongside the Chief Executive of the company, on a formal board called the SAIFCharter Executive.

From this group three funeral directors are selected to sit as non-executive directors on the Golden Charter Board to input on the strategy and direction of the company, representing the values, culture and interests of its shareholders. In addition, a member of the Executive sits as a trustee alongside the independent trustees managing The Golden Charter Trust. The Executive has a series of sub-committees that are supplemented by the attendance of additional SAIFCharter members. Each of these working groups focuses on a different aspect of Golden Charter's business or the funeral planning sector, including product development, membership and marketing support, contributing funeral director ideas, views and feedback into the business.

A changing environment

This year has been a period of significant change. Change at a faster pace than I can ever remember is now affecting our profession. Customer expectations and the choices they make in the celebration of death are evolving rapidly; never before have customers had access to so much information to base their choices on, and with a plethora of providers ready to step in to deliver whatever they want, whenever and however they want it. We, of course, still believe that independent funeral directors are best placed to provide the service and products that customers want, but with a guiding hand from Golden Charter to assist us to understand this increasingly complex market and provide solutions and training in up-to-date marketing and digital technologies we are better placed to compete.

Golden Charter's investment in localfuneral.co.uk is just one example of where it is helping Independents to keep up with developments in digital technology. The site, which offers customers the facility to search for funeral services at the time of need, gives participating

Independents online visibility as well as access to additional features such as funeral notices and is now developing functionality to enable us to list prices. All of this is very much welcomed in a world of increasing transparency, making informed choices easier for customers.

Helping us to navigate the complicated path through changes in regulation is another area where Golden Charter has stepped up. Last year, the company helped Independents to understand our obligations under significant new data protection requirements. More recently SAIFCharter and Golden Charter have been helpfully working to represent our interests in discussions relating to future regulation of funerals and funeral planning. This has involved increasing our profile and building relationships and co-ordinating views to craft detailed and considered consultation responses to ensure that those making decisions on the future of the profession are doing so fully aware of the benefits that independent funeral directors bring to our communities.



Working in partnership

Whilst the strength of the company / funeral director relationship has always been part of our unique nature, this took a significant step forward last year. During 2018, Golden Charter launched its new partnership service which has transformed the way it works with funeral directors to provide us with tailored business support. Focussed on more than just sales, Golden Charter business managers now work hand-in-hand with Independents to truly understand how and where they can add value. SAIFCharter has long been an advocate of this more holistic approach and I am gladdened to see the company move in this direction to the real benefit of Independents and our customers.

SAIFCharter working groups continue to be integral to Golden Charter's operation, helping to inform and shape the company approach. Funeral directors who take the time out of their busy day-to-day business to support Golden Charter decision making are making a very worthwhile contribution, not only to the continuing success of their own businesses, but more importantly to the future sustainability of the profession. The value of this work cannot be underestimated and I would like to thank participating SAIFCharter members for their dedication to the greater good.

Governance

Over the last year, we undertook a review of our association's rules of membership and proposed amendments designed to equip us for a future regulatory regime, improving our governance in line with best practice. This work was led by a review committee, informed by our Monitoring and Compliance working group and feedback invited from SAIFCharter members before asking all members to vote on the proposed revised constitution. To progress we required a majority of at least 75% of our membership voting in support of the changes, and unfortunately we did not succeed in securing the level needed to carry the motion. We now look forward to work within our existing constitution and will continue to reform our association to ensure we work collectively to the highest standards to the benefit of the families we serve.

Conclusion

The SAIFCharter association has had another strong but challenging year; we have seen major progress working in partnership, however have not made the advances that we had hoped to in modernising our constitution.

In September, I step down as Chair of SAIFCharter and as I pass the reigns to my successor, I wish the association and our company continued success. I leave office heartened by the progress that has been made by the association to guide Golden Charter in its path, doing the right thing by Independents and customers.

At this time of unprecedented change, we must continue to collaborate as it has never been more important that we work together and pull our collective skills to deliver for customers now and in the future.

JULIAN WALKER
CHAIRMAN
SAIFCHARTER

THE GOLDEN CHARTER TRUST

ABOUT THE TRUST



The Trust exists both for the protection of funeral directors and for plan holders

Background

The Golden Charter Trust was established in 1990 to hold, invest and administer the funds received from individuals and families who purchase funeral plans sold by Golden Charter Limited.

The investment objective of the Trust is to invest the funds received with a view to ensuring that, at all times, there are sufficient funds to meet the anticipated invoice costs of all outstanding and maturing funeral plans.

The Trust exists both for the protection of funeral directors who have undertaken to carry out the funeral services in accordance with the plan terms and conditions, and for the plan holders themselves. To ensure this protection, the Trust's assets are entirely separate and independent of the plan provider, Golden Charter Limited.

The Trust is governed by its Trust Deed which requires the Trustees to comply with the rules of the Funeral Planning Authority (FPA) of which Golden Charter Limited is a registered provider. In addition, the Trust must comply with the Financial Services and Markets Act (Regulated Activities) Order 2001.

The Trust's investments are held by The Golden Charter Trust Limited, which is wholly owned by the Trust. Holding its investments in a company allows the Trust to conduct its investment business more efficiently and to take advantage of the lower taxation rates applicable to companies. The Trustees of The Golden Charter Trust are appointed as the directors of The Golden Charter Trust Limited and so the safeguards provided by the Trust are unaffected by this arrangement.

How the Trust is administered and managed

The Trust is administered by a Board of Trustees comprising of experienced business people from a wide range of backgrounds. They are required by majority to be independent of Golden Charter Limited. In addition, the Trust employs a full-time Company Secretary and a Risk & Operations Manager who have responsibility for managing the legal, financial and administrative affairs of the Trust on a day-to-day basis.

The Board of Trustees is responsible for all executive decisions. However, certain areas, including investment strategy, are assigned to various subcommittees for specific focus and to make recommendations to the Board.

Expenses of the Trust

The Trust incurs operating expenses for maintaining the Trust which includes fees paid to investment managers and professional advisers, and the remuneration of trustees and employees.

In addition to the direct operating expenses of the Trust, a plan maintenance fee is paid to Golden Charter Limited for the on-going maintenance and administration of live funeral plans for which the sale proceeds are held and invested by the Trust.

The plan maintenance fee is paid in recognition of the costs incurred by Golden Charter Limited in maintaining plans throughout the period between initial sale and maturity. These costs include the compliance requirements of maintaining plan holders' details, making any requested amendments to the wishes and arrangements for the delivery of plan holders' funerals through the appointed funeral directors and settling the invoice amounts of funeral directors at the time of need.

How plan monies are protected and invested until required at time of need

All monies received directly into the Trust from the sale of funeral plans are invested (net of up-front deductions for administration costs) in accordance with the Trust's investment strategy, which is designed to achieve the growth necessary to meet the investment objective of the Trust.

How plan monies are protected and invested until required at time of need, is illustrated in the diagram below.



1. Customers buy Golden Charter funeral plans which are subcontracted to the chosen or allocated funeral directors
2. All payments from plan holders for their funeral plans are paid directly into the Trust
3. The Trust makes payments to Golden Charter Limited for administration costs and ongoing maintenance of plans
4. The Trust invests the net funds received with carefully selected investment managers through its subsidiary, The Golden Charter Trust Limited.
5. Funeral directors perform the funeral services as specified in the funeral plans
6. The Trust pays the invoice amounts, as advised by Golden Charter Limited, to the nominated funeral directors



THE GOLDEN CHARTER TRUST CHAIRMAN'S REPORT

On behalf of the Board of Trustees, I am pleased to present our Annual Review of The Golden Charter Trust for the year to 31 March 2019.

“

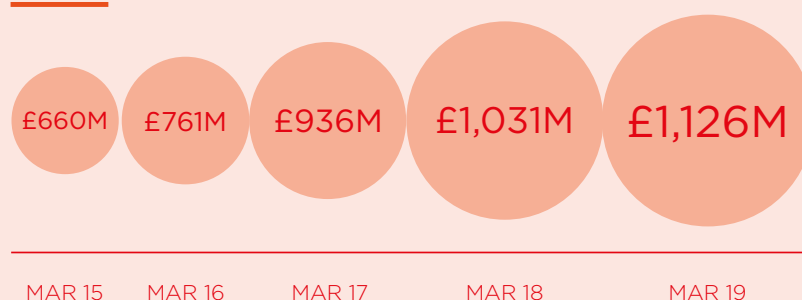
**THE TRUST
REMAINS WELL
PLACED TO MEET
ANY CHALLENGES
AND FULFIL ITS
OBJECTIVES**

”

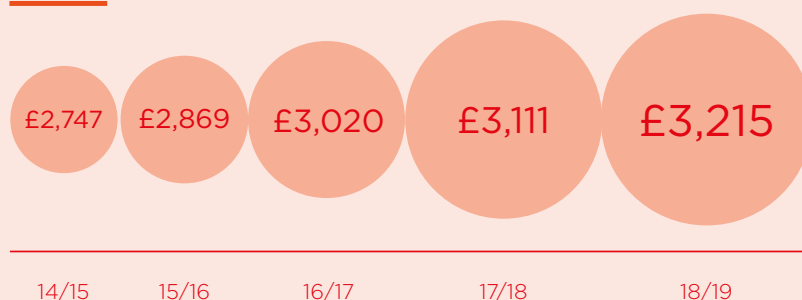
How the Trust has performed in the year to 31 March 2019

I am delighted to report another year of growth from a combination of cash flow from new plan sales by Golden Charter Limited, and good returns from the managed investments. The unaudited net assets of the Trust at the year-end totalled £1.126 billion (2018 audited - £1.031 billion). The following charts show how the value of the Trust and the average value of an outstanding funeral plan have grown over the period from 31 March 2015 to 31 March 2019.

YEAR-END NET ASSET VALUES



AVERAGE PLAN VALUE



We anticipate that the Trust's value, and the average plan value, will continue to grow in line with Golden Charter Limited's forecasts for plan sales and from prudent management of our investments.

Investment portfolio

The investment objective of the Trust is to invest the funds received with a view to ensuring that, at all times, there are sufficient funds to meet the anticipated invoice costs of all outstanding and maturing funeral plans.

Gareth Howlett, Chair of the Investment Strategy Group, provides more detail on the performance of the investment portfolio in his Investment Report.

Actuarial valuation at 31 March 2019

Our Actuary states in his Actuarial Report that the Trust's assets continue to cover more than 100 per cent of

future expected funeral director payments, when taking into account anticipated future consumer price inflation.

Regulatory compliance

Golden Charter Limited is a Registered Provider with the Funeral Planning Authority (FPA). On an annual basis, Golden Charter Limited submits a return to the FPA that includes the Trust's audited accounts and Actuarial Report, confirmation that the Trust complies with the Rules and Code of Practice of the FPA, and a statement signed by the Trustees confirming that there are sufficient funds held in the Trust to meet the obligations to customers and funeral providers.

The statutory accounts of The Golden Charter Trust and its subsidiary, The Golden Charter Trust Limited, for the year ended 31 March 2019

have been prepared and are currently being audited.

In June 2018 the government launched a call for evidence on the regulation of the pre-paid funeral plan market in response to which the Trust contributed a detailed submission. On 2 June 2019 the government announced that its proposed approach was to bring all funeral plan providers within the remit of the Financial Conduct Authority (FCA). The Trustees welcome this announcement. The Golden Charter Trust already places great importance on transparency and governance in its role to safeguard the interests of its beneficiaries and fully supports measures to strengthen consumer protection by statutory enforcement. The move to FCA regulation is of course still at an early stage, and we will continue to monitor developments and assess the impact on the Trust as more information becomes available.

Governance

The Trust's Audit Committee monitors the integrity of the Trust's financial statements, reviews internal financial controls including risk management systems, and recommends the appointment of external auditors to the Board of Trustees.

The Trust's Nominations and Remuneration Committee is responsible for the reappointment of trustees upon conclusion of their specified term of office, identifying and nominating new trustees, and making recommendations in respect of membership and chairmanship of Board sub-committees.

Uplift to plan values and additional maturity payments

It is the aim of the Trust to pay growth on outstanding funeral plans at a level at least equivalent to the long-term increase in the Consumer Price Index. Over the years, our prudent management of Trust funds has allowed the Trust to continue to uplift plan values and deliver sustainable plan pay-outs to independent funeral directors.

In February this year, it was announced that the growth rate for all plans in 2019/20 would be 2.4%. As explained last year, the growth rates for Independent Way plans and Golden Charter set plans are now aligned to our single objective to pay at least long term CPI on all plans regardless of type or payment method.

The Trustees are pleased to confirm that additional maturity payments, as advised by Golden Charter Limited, will be paid from the Trust to qualifying funeral directors, on each plan maturing between 1 April 2019 and 31 March 2020. The Trust's ability to continue to pay additional maturity payments from the Trust is reviewed annually in November of each year by the Trustees and is dependent on the impact of investment performance on the funding level of the Trust as advised by our Actuary.



Communication

The Trustees remain committed to providing clear information about The Golden Charter Trust and the funds we hold on behalf of funeral directors and plan holders.

The Trust's website is regularly updated with information about the Trust and its Trustees. This information includes Frequently Asked Questions (FAQs) that reflects the key questions current and prospective plan holders ask about the Trust. FAQs specifically tailored to funeral directors are available on the mygoldencharter.co.uk portal.

The managed investments of the Trust are held in our subsidiary company, The Golden Charter Trust Limited, and the accounts of this company are filed on public record at Companies House.

The Trust recognises the importance of communicating directly with funeral directors who are the beneficiaries of the Trust and the Trust is represented at SAIFCharter's AGM and at SAIFCharter Executive meetings. The Trust also contributes articles on relevant topics to the monthly SAIFInsight magazine from time to time.

Summary

Our Board comprises a high calibre of Trustee with a broad mix of skills and experience. This ensures that the Trust continues to be governed in an efficient and effective manner in accordance with the Trust Deed, the duties and responsibilities obligated on the Trustees under Trust Law, and the FPA Rules and Code of Practice.

The Board is committed to safeguarding the assets of The Golden Charter Trust for the long-term benefit of funeral directors and plan holders and I am confident that the Trust remains well placed to meet any challenges and fulfil its objectives.

Finally, I would like to thank my fellow Trustees and the employees of the Trust for their valued contribution, commitment and support over the year.

IAN BLACKFORD
CHAIRMAN
THE GOLDEN CHARTER TRUST





THE GOLDEN CHARTER TRUST INVESTMENT REPORT

Investment objective

The investment objective of the Trust is to invest the funds received in such a way as to maximise the likelihood that the Trust's assets will be sufficient to meet the costs of all pre-paid funeral plans as they mature.

In pursuit of this objective, the Trustees keep under constant review both the estimated real value in today's terms of the Trust's assets, including the forecast returns from those assets, and the estimated value of the Trust's liabilities for all future anticipated payments on maturing plans. The surplus of assets over liabilities which has been built up over several years is the most important measure of the Trust's financial strength, and the Trustees work actively with their advisers to defend it. Our Actuary's Report explains how the surplus is measured actuarially to determine the funding level of the Trust.

“
DURING THE
FINANCIAL
YEAR INVESTMENT
PERFORMANCE WAS
GOOD... BUT THE
NEXT FEW YEARS
MAY BE MORE
CHALLENGING.
”

Investment strategy

In my report last year, I explained that by 2015 the funding position of the Trust had improved considerably, thanks both to the work of an earlier generation of Trustees, and to robust market returns. This allowed major changes to be made to our investment portfolio from a position of strength.

A major contributor to the improvement in the Trust's funding position had been the exceptional performance of our holding in index-linked gilts which are our single biggest asset. The Trustees took the decision in 2015 to realise some of these gains and use them to diversify into a broader range of investments.

Last year we completed the switch from 'active' to 'passive' management of the index-linked gilt portfolio, and I am pleased to report that the new manager, Legal and General, has met the terms of its mandate and we have benefited from a significant saving in management fees following the switch.

Our current target is to hold 50% of the Trust's assets in index-linked gilts, with the other 50% divided between global equities, diversified growth funds, long lease property, infrastructure assets, corporate debt and cash.

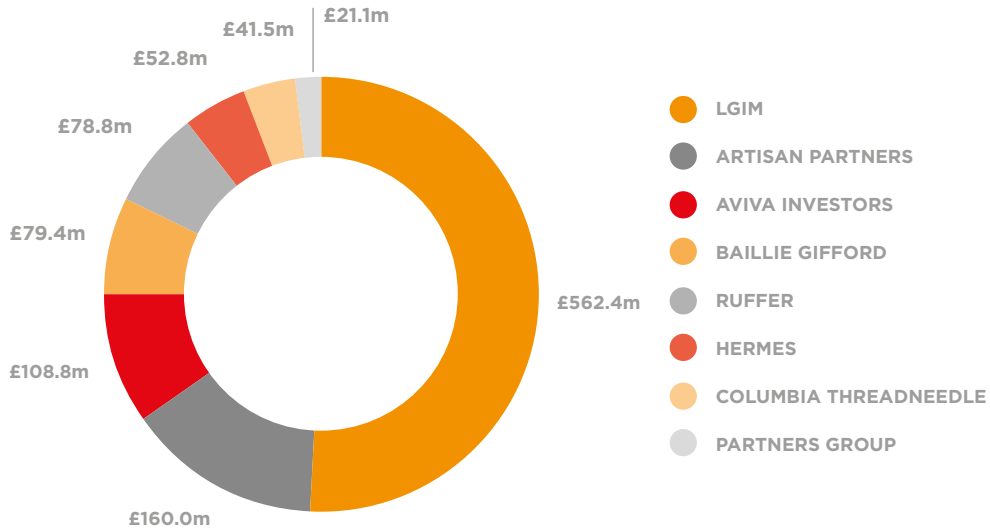
At 31 March 2019, the total of the Trust's assets invested in the above asset classes (excluding cash) was £1,104.8 million and the allocation of investments is shown in the charts below. In addition, the Trust has net current assets, including cash balances held, to give total net assets of the Trust at 31 March 2019 of £1,126 million.

Investment managers

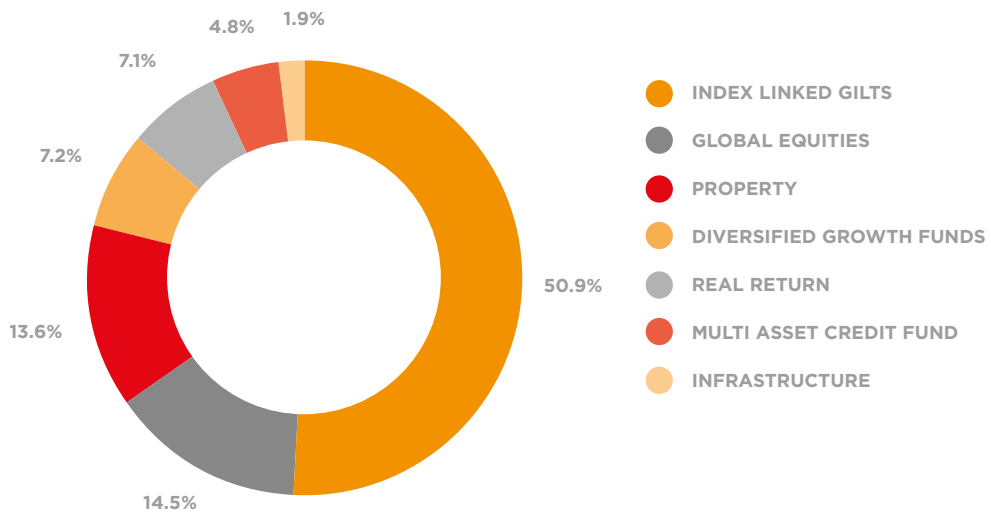
Monitoring investment manager performance is a major part of Trustees' duties. The full Trustee Board reviews performance on at least a quarterly basis, but day-to-day oversight is delegated to the Investment Strategy Group (ISG). During the year under review, after extensive investigations and a thorough interview process by the ISG, the Trustees terminated the mandate of Newton Investment Management, and appointed Ruffer Investment Management in their place. The total number of investment managers therefore remains unchanged at eight as at 31 March 2019.

Senior representatives from each of these eight managers, including the senior personnel directly responsible for the Trust's portfolios, are invited on a rolling basis to attend meetings with the ISG. This helps both to monitor performance and to understand how each manager is discharging its responsibilities.

**Value allocation of investments
by investment manager as at 31 March 2019**



**Percentage allocation of investments
by asset class as at 31 March 2019**





Investment performance

The performance of the Trust's eight investment managers is measured against specific benchmarks and monitored by the Trust's investment advisers, Barnett Waddingham, and by the ISG. Each month, Barnett Waddingham provides the Trustees with a statement of the overall performance of the Trust and of the individual underlying managers. A full report is provided each quarter which is used by the Board of Trustees in their quarterly review of performance.

During the financial year 2018/19 investment performance was good both in absolute terms and relative to the Trust's long-term benchmark of CPI +1.5%. All areas made a positive contribution, and most of the underlying managers performed in line with, or ahead of, their specific benchmarks. While this is welcome, it is not taken for granted and cannot be guaranteed. Therefore the Trustees remain vigilant for signs of deterioration in the performance of our managers and in the wider investment environment.

Summary

The Trust has benefited from generally favourable market conditions, both last year and for some years past. These conditions are not going to continue without interruption, as demonstrated by the dip in late 2018, and the next few years may be more challenging. It has been the objective of the Trustees to spread the risks of investment and to strengthen the Trust's portfolio so that it can meet these challenges and continue to support funeral directors and plan holders and protect their interests.

GARETH HOWLETT
TRUSTEE AND CHAIR OF THE
INVESTMENT STRATEGY GROUP



THE GOLDEN CHARTER TRUST ACTUARY'S REPORT

As the appointed Actuary to the Golden Charter Trust Funds, I report at least annually to the Trustees regarding the ability of the Trust to meet its liabilities for maturing funeral plans.

As at 31 March each year, a full and detailed actuarial valuation is undertaken. Additional updates are also provided by me during the year to the Trustees as requested.

The valuation addresses the question of whether or not, in my opinion, the assets in the Trust will be sufficient to meet the expected future plan values paid to funeral directors for all plans in force at the valuation date. In carrying out my valuation, I perform the following three steps:

- 1.** I project the expected payments or cashflows out of the Trust in respect of future maturities from existing plans allowing for expected increases in plan values and expected rates of mortality of plan holders.
- 2.** I discount these future expected cashflows to a net present or capital value at the valuation date. The discount rate used is a prudent estimate of future investment returns expected to be earned

by the underlying investments of the Trust net of tax and expenses.

- 3.** I compare the net present value of the discounted payments with the market value of the assets at the valuation date to determine the funding level, which is the ratio of the value of the assets to the capital value of the expected future payments from the Trust.

On the basis that the assumptions underlying the actuarial valuation are borne out in practice, a funding level of over 100% means that the assets will be sufficient to meet the expected future plan values paid to funeral directors.

The most recent full valuation at 31 March 2019 showed that the Trust's assets were over 100% of the funds required to meet expected future funeral costs covered by the plans in the Trust, allowing for increases in funeral costs in line with future levels of inflation as measured by the Consumer Price Index.

GRAEME MUIR
BARNETT WADDINGHAM LLP
CONSULTING ACTUARIES

ANNUAL REVIEW 2018/19

Golden Charter 

Golden Charter Ltd
Canniesburn Gate
10 Canniesburn Drive
Bearsden
Glasgow G61 1BF

Registered office:
One Fleet Place
London EC4M 7WS
Company no: 02511598

0800 833 800
goldencharter.co.uk