



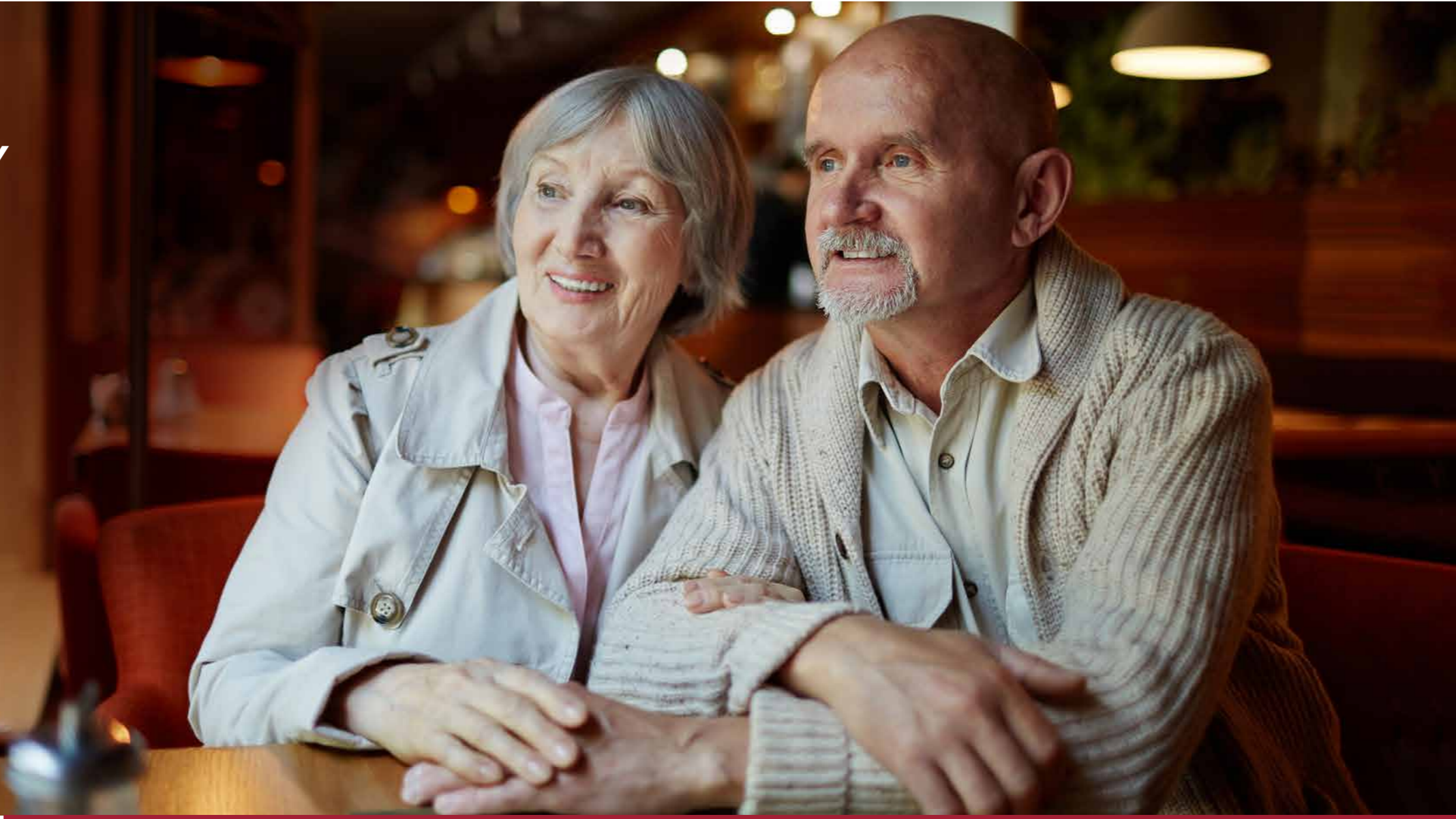
# EMBRACING CHANGE

ANNUAL REVIEW  
2017/18

# WHAT OUR PLAN HOLDERS SAY

“THE FUNERAL DIRECTOR MADE THE WHOLE THING SIMPLE, AND THE FOLLOW UP FROM GOLDEN CHARTER WAS VERY GOOD. THE ABILITY TO SELECT YOUR OWN FUNERAL DIRECTOR IS ONE OF THE BIG ADVANTAGES OF THIS SCHEME.”

—  
MR RILEY, TRUSTPILOT



# IN THIS YEAR’S ANNUAL REVIEW

CHAIRMAN’S REPORT	4
GOLDEN CHARTER’S BOARD OF DIRECTORS	6
CEO’S REPORT	8
FINANCIAL REPORT	12
THE YEAR IN REVIEW	14
SHAREHOLDERS’ REPORT	29
THE GOLDEN CHARTER TRUST	34





## CHAIRMAN'S REPORT

ANNUAL REVIEW 2017/18

**2017/18 was a challenging year for Golden Charter as we faced an increasingly competitive and rapidly changing market place. Pre-paid funeral plan sales in the UK are still an emergent market segment and we have seen a significant number of new entrants who are looking to secure market share from more established funeral planning companies. This has in turn led to increased media and regulatory scrutiny of the funeral market. Golden Charter welcomes the debate on the future regulation of the funeral planning industry and our management team is fully engaged in understanding and representing our shareholders' insights, and in assisting policy makers with their thinking.**

We implemented a number of changes in our funeral plan sales deployment model following a decision in late 2016 to only compete in market segments that are consistent with the core values of the company and our shareholders. This has led to a planned reduction in our market share, but the Board believes that the changes we have made leave us well prepared for future changes to the regulatory framework.

We reviewed our provision of legal services during the year and will focus in the future on a targeted range of products that complements our existing product portfolio. We also invested in a new trading subsidiary, Golden Charter Services Limited, which will introduce a range of solutions designed to protect our independent funeral director shareholders' share of future at-need funerals, and to help them respond to the changes in consumer needs. The Board



is encouraged by the early progress of this new subsidiary and further development of Golden Charter Services Limited will be a continued focus in the next financial year.

Suzanne Grahame was appointed as Chief Executive Officer of Golden Charter, joining the Board in December 2017. Suzanne joined from UK top-twenty law firm Addleshaw Goddard and brings a range of experience, which matches well with our multi-stakeholder business, and has a background that will help guide us towards an increasingly regulated and digitised environment. Suzanne takes over from Ronnie Wayte who left the business in November 2017. The Board would like to thank Ronnie for his 10 years of service to the company.

Suzanne's appointment was the only addition to Board membership during the year. Six non-executive directors served on the Board in 2017/18. Three were SAIFCharter-nominated funeral directors, with Julian Walker, Helen Wathall and James Tovey bringing significant funeral profession experience and insight to Board discussions. I was also joined as a non-executive director by Steve Burnett and John Thornton both of whom bring extensive board experience and take lead roles in chairing the Audit Committee and Remuneration Committee, respectively. There are two executive director roles on the Board, with Suzanne joined by Robert Speir who served as Chief Financial Officer.

Despite the competitive threats and the increased levels of required investment, Golden Charter ended 2017/18 in a strong position financially, with a £1.7m increase in operating profits and the strongest level of cash reserves in the company's history. This is testament to the hard work of our employees who are fully committed to our customers and independent funeral director shareholders.

ANNUAL REVIEW 2017/18

The Board believes that there remains significant opportunity for growth in conjunction with our independent funeral director businesses. Our focus will broaden to ensure that we provide a range of products and services that will help the independent funeral director to continue to thrive and provide the best value to customers across the UK.

I will stand down as Chairman in November 2018 and I am delighted to announce that the Board has decided to appoint John Thornton as my successor, thus ensuring a smooth handover of my responsibilities. It has been an honour to serve as Golden Charter Chairman. Since 2012 when I joined the Board, the business has grown to become one of the leading players in the funeral planning market. We have clarified and greatly strengthened the company's governance. I am particularly proud to be handing over the Chair of a company boasting a strong balance sheet with appropriate cash reserves to deal with any bumps in the road. Six years ago we were in a very different position.

I would like to thank my fellow directors, our employees, our shareholders, and our stakeholders who have joined me and supported me on my journey. I have learned a lot and made many friends. Finally, I would like to wish Golden Charter every success in the future.

**MAGNUS P SWANSON**  
**CHAIRMAN**  
**GOLDEN CHARTER LIMITED**



# GOLDEN CHARTER LIMITED

## BOARD OF DIRECTORS

### Magnus Swanson

#### *Non-Executive Chairman*

Magnus is an experienced lawyer having been Chief Executive of Maclay, Murray and Spens LLP from 2003 to 2011. Currently he is Chairman of Law at Work and Chair of the National Galleries of Scotland Foundation.

### 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.

### John Thornton

#### *Non-Executive Director*

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.

### 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 December 2017 from UK top-twenty law firm Addleshaw Goddard, where she was Executive Director. A professionally qualified accountant, she has previously held 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.





## CEO'S REPORT

ANNUAL REVIEW 2017/18

**I was honoured to join Golden Charter as Chief Executive Officer in December 2017 and spent much of my first months out on the road, listening to our independent funeral director shareholders to understand how we can best adapt to the fast-changing market conditions they are facing, and also to identify ways that we can help them thrive within that changing environment.**

### Our performance

As the Chairman sets out in his review, 2017/18 was a challenging year for the company. The pre-paid funeral plan market was particularly competitive, with significant competition on price and product proposition and a number of new entrants in the marketplace, some with an emphasis on engaging with customers through digital solutions, and a small but growing trend towards low cost and 'direct to cremation' products.

These changing market dynamics were also felt keenly by independent funeral directors who, for the first time in many years, were unable to increase their year-on-year sales of Golden Charter funeral plans.

This signalled a clear indication for the business that we had to reassess the kind of support we provide for independent funeral directors and develop a new and innovative model that is fit-for-purpose for today's environment.

In the Golden Charter Annual Review 2016/17 we announced that we had decided to part company with a number of third party marketing agents who did not consistently meet the level of quality we required in their sales processes, and so our third party activity during the year was delivered by high quality independent financial advisers (IFAs), Will writers and corporate partners.

While most families looking to take out a funeral plan do so through a funeral director, a growing number are discussing their needs with IFAs, building societies, age charities and corporates, which is why it is important that Golden Charter is active in this space. If we chose not to work with third parties, more families would be committed to plans with our biggest competitors at the expense of independent businesses. We are aware that this activity can very

occasionally overlap with activity independent funeral directors are undertaking in their local communities, and we are doing all we can to minimise this disruption, but through our work with quality third parties we are successfully securing many more funerals for independent funeral directors.

We also announced a change to our direct to consumer sales team, moving away from advising in the customer's home to a model where potential plan holders contact Golden Charter directly in response to our marketing activity. Sales are subsequently completed digitally, via the telephone, or through our network of independent funeral directors. These revisions to our strategy mean we will only compete in market segments that are consistent with the core values of the company and our shareholders.

Already, we are seeing fewer plans being cancelled and a higher uptake of our more comprehensive plan options than traditionally seen for customers choosing to take out a funeral plan direct from Golden Charter or through one of our quality intermediaries.

As a result of the changes made, sales in the 12 months to 31 December 2017 showed a market share of 26%, as measured by the Funeral Planning Authority, which was 7 percentage points lower than the 2016 outcome. This was in line with our expectations and the company remains one of the largest sellers of pre-paid funeral plans in the UK. The changes to our Consumer and Intermediaries models are now fully implemented and we will look to grow market share through our revised quality-based model as we move forward.

We also reviewed our provision of legal services during the year and discontinued a number of products that did not fully align with the future direction of our funeral director shareholders.

### Ensuring a high quality service for our customers

Golden Charter aims to help families make tomorrow's decisions today. The benefits of funeral planning extend well beyond setting aside money to cover the funeral directors' services; the real value comes from the sense of being prepared, knowing who will take care of the arrangements and removing the responsibility from loved ones. At the end of the financial year, 376,000 customers had an active Golden Charter funeral plan in place. We regularly seek the views of our plan holders and over 90% are satisfied with the service that we provide, placing particular value on staff availability, helpfulness and

product knowledge.\* Additionally, we have recently attained a five-star rating on consumer review site Trustpilot, which plays an increasingly influential role in helping customers choose a provider.

### Looking after our people

Every day, our employees demonstrate that they genuinely care about our plan holders and independent funeral directors. During 2017/18, with professional guidance, our frontline staff were empowered to re-engineer our customer-facing processes with excellent results (see 'Process Improvements' pages 24). We regularly survey our employees and I am personally delighted to see continuing high levels of engagement across our teams. I have also spent time face-to-face with our internal teams to understand how the Board can best support them, and we will continue to invest in training and technology to enable our employees to deliver an excellent customer experience for plan holders and independent funeral directors.

**“WE REGULARLY SEEK THE VIEWS OF OUR PLAN HOLDERS AND OVER 90% ARE SATISFIED WITH THE SERVICE THAT WE PROVIDE, PLACING PARTICULAR VALUE ON STAFF AVAILABILITY, HELPFULNESS AND PRODUCT KNOWLEDGE.\*”**

\*Golden Charter Plan Holder Satisfaction Research, CJM Research, 2018



### Listening to our shareholders

One of my first steps as CEO was to put in motion plans to increase the prices of our set plans following a period of discounting, which had been introduced in February 2017 in response to price cuts by our competitors but had reduced the payments funeral directors receive for their services.

The need to create a business model that more effectively supports independent funeral directors in today's environment also became apparent, and during 2017/18 our strategy was broadened to consider a wider and more flexible range of support solutions to meet this demand. We recognised that in order to achieve this aim we need to create a team with the correct skills and experience to deliver success, and work therefore commenced on creating a business support-focused team that will become

visible in autumn 2018. Our funeral director field team will move to a new partnership model with independent funeral directors, adding value by providing a more tailored and personalised approach to the support we provide.

While the independent funeral directors who are most active in offering pre-paid funeral plans to their families are achieving high ratios in terms of their pre-need versus at-need business, and therefore securing a significant number of future funerals, many businesses are not. Our partnership model will focus on the needs of each individual firm to deliver a form of support that better enables independent funeral directors to boost their share of future funerals through funeral plans, as well as supporting them in other areas.

The first significant element of the enhanced services we will provide for independent funeral directors was put into action during the year. Our shareholders had become aware that although only a small proportion of customers search online for a funeral director at present, this number is expected to grow year-on-year. As a result, they asked us for backing to provide assistance in this space and we created a bespoke digital platform under a new trading subsidiary, Golden Charter Services Limited. Enabling families to obtain an immediate response from their local independent funeral director, [localfuneral.co.uk](http://localfuneral.co.uk) was put in motion in January 2018, with the pilot phase presenting the unique opportunity for our shareholders to shape the customer journey. Our focus will turn to ramping up the promotion of the site throughout 2018/19, while also building a suite of digital service benefits to support our funeral director shareholders' business operations.

### Regulation on the horizon

The nature and growing scale of the media scrutiny on funeral plans, and the funeral sector in general, also led me to engage with government officials and other policy makers to understand their concerns in relation to our increasingly high profile industry and to make the case in support of independent funeral directors.

We welcome the recent announcement that the Treasury plans to review the regulatory framework used in the market for those pre-arranging their funerals. We are actively participating in the formal consultation process, working closely with our funeral director shareholders, and are pleased the Treasury shares Golden Charter's view that wider powers be granted to ensure broader protection for customers making arrangements for their own funerals.

The Funeral Planning Authority is the body protecting the interests of consumers buying pre-paid plans currently, but it has no statutory powers; an omission that has allowed companies to operate outside the Authority's jurisdiction. This has left a potential gap in the oversight of the security of customer funds and service, which is an issue Golden Charter has argued for some time should be resolved.

In parallel with the Treasury announcement, the Competition and Markets Authority will review the funeral sector, including a focus on transparency provided by funeral directors on pricing and services. The National Society of Allied & Independent Funeral Directors (SAIF) will play an important role in representing the independent sector on issues of quality standards and consistency of pricing, and we will also assist our shareholder association in contributing to the ongoing dialogue.

In Scotland, we have been involved in similar discussions for some time, with the Government appointing an Inspector of Funeral Directors last year. It seems entirely logical for the UK Government to follow that path, and Golden Charter supports calls for accessible and transparent pricing, together with a clearly identifiable quality marque for funeral services that will enable families to understand the widely varying levels of service available.

I recognise that some of these reforms may pose real threats to the future operation of the independent businesses that form our ownership group, but they may also present opportunities. With that in mind, we will continue to expend significant energy and resource on achieving the best outcomes for our funeral director shareholders.

Golden Charter's purpose is to safeguard the independent sector and to help it to thrive into the future. Ensuring future legislation and regulatory frameworks allow all independent funeral businesses to offer pre-payment plans and do not saddle firms with restrictions that give advantage to mega players is the only way to make sure we retain the level of competition and choice currently available to UK families.

### Our future

The unique factor in Golden Charter's DNA remains our UK-wide network of independent funeral directors who are pillars of their local communities and who we believe offer the best quality of service available.

At present, the independent sector carries out around two thirds of at-need funerals, but the equivalent share of pre-paid funeral plans lags behind. We understand that, in order for Golden Charter to effectively support independent funeral directors into the future, we have to be innovative, adaptable and responsive across all areas of the business to address this inequality.

The transformation will not happen overnight, but with a clear, forward-looking strategy in place and significant steps already underway I am confident that we are making strides in the right direction.

**SUZANNE GRAHAME**  
CHIEF EXECUTIVE OFFICER  
GOLDEN CHARTER LIMITED





## FINANCIAL REPORT

ANNUAL REVIEW 2017/18

**While 2017/18 presented many challenges for the sector, our financial results for the year to 31 March 2018 were wholly positive.**

Turnover for the year was £36.7m and the company delivered an operating profit for the sixth year in a row. At £2.6m, this was an increase of £1.7m in the year, and was in line with our objective to achieve a modest operating profit each year.

At the end of the year the company held cash of £6.4m, representing an increase of £1.6m on our results for 2016/17. This is in line with the strategy agreed with our SAIFCharter shareholder representatives to increase our level of reserves to ensure that the company has adequate protection against trading volatility.

During the year we invested £0.6m in a new trading subsidiary, Golden Charter Services Limited, through an intercompany loan. The company has been set up to introduce a range of solutions, such as localfuneral.co.uk (see 'New Technologies', page 22), that will help our independent funeral director shareholders respond to changes in the market and consumer needs.

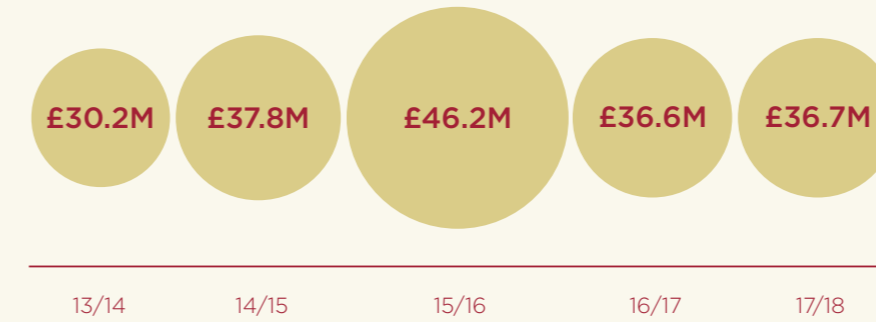
The outlook for the next financial year is to grow our turnover by increasing our funeral plan sales, while maintaining operating profit at current levels, as we invest in the face of increased competition from established industry players and new entrants.

**ROBERT SPEIR**  
CHIEF FINANCIAL OFFICER  
GOLDEN CHARTER LIMITED

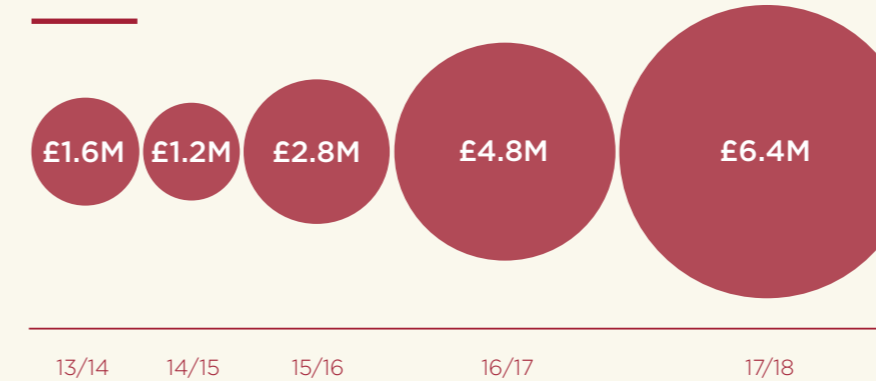
**"THE COMPANY DELIVERED AN OPERATING PROFIT FOR THE SIXTH YEAR IN A ROW. AT £2.6M, THIS WAS AN INCREASE OF £1.7M IN THE YEAR."**



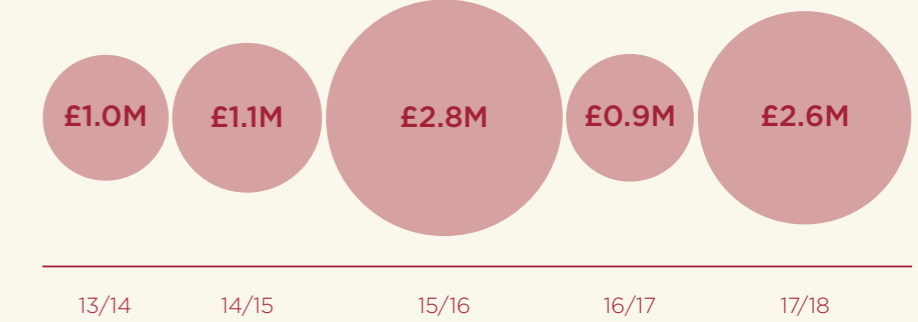
### TURNOVER



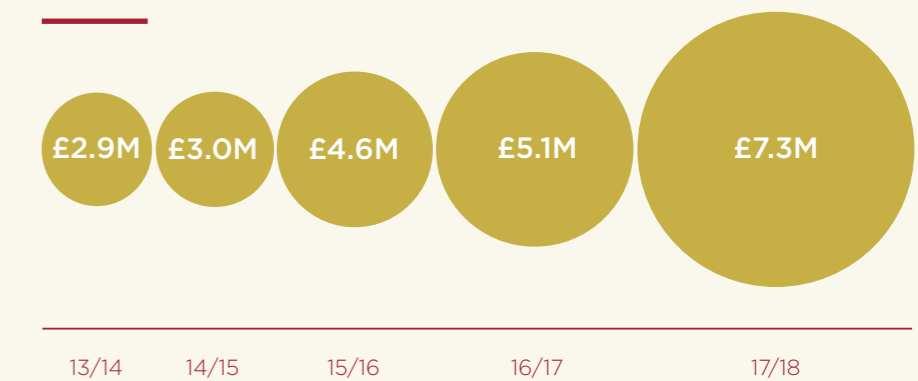
### CASH AT BANK AND IN HAND



### OPERATING PROFIT



### NET ASSETS



# THE YEAR IN REVIEW

## SUPPORTING INDEPENDENTS IN THE PRE-PAID MARKET



**At the beginning of 2017/18, independent funeral directors were facing heightened levels of competition from new entrants to the market as well as from the bigger, more familiar names in the funeral business.**

The prices of our set arrangements had been reduced for the first time in many years in response to market-wide discounting of funeral plans and our Value Plan had been introduced to meet a growing demand for a simpler, lower-cost funeral plan, enabling us to compete effectively with the product ranges of our competitors.

This strategy of broadening our product range was extended further in June with the introduction of two direct cremation plans, Basic Plan and Basic Plan Plus, which do not cover any form of service or include any other elements that many would traditionally have considered to be essential to a funeral. Amidst growing concern over funeral poverty, reflected both in the media and in government, this trend suggested a subtle societal shift away from the traditional funeral service.

However, while providing a wide range of funeral plans to meet the needs of an increasingly multifaceted society is important, uptake of these new plans during 2017/18 did not demonstrate a significant shift from the preference for a full funeral service with flexibility and choice for the family about where and when the ceremony takes place.

Tellingly, the proportion of Independent Way and Independent Way Plus plans increased to 88% of all plans sold by independent funeral directors. This reflects growing regional variations in price driven by diverging third party costs, as well as a growing consumer desire for a tailored, personalised funeral representing a celebration of the plan holder’s life.

The extension of our product range was not limited to value-led plans, with the launch of our Woodland Burial Funeral Plan pilot in south-east England in the autumn. Available to families based in and around the region, this plan meets the needs of a growing number of individuals who are seeking an alternative to a traditional cremation or burial, as well as those who desire a peaceful resting place in a woodland setting. While the Woodland Burial Funeral Plan is not expected to become a mainstream product, it attracts customers to discuss their funeral plans; even if they do ultimately decide to proceed with a more traditional Independent Way plan. Going forward we intend to extend the range of woodland burial sites available in order to make these plans accessible to more families.

By late 2017 it was apparent that the downwards trend in funeral plan pricing had abated and we announced our intention to increase our set plan prices from April 2018, restoring plan values to pre-February 2017 levels. In line with discussions with shareholding funeral directors, other

adjustments were also announced including the removal of the integrated Will from the Value Plan and an increase in our third party costs allowance on most set plans. In each case the additional funds were directed to the Trust to ease the cost strains on plan maturity values for funeral directors.

The number of Golden Charter plans sold by independent funeral directors reduced from 40,000 in 2016/17 to 38,000 in 2017/18 as a result of unprecedented challenges in the marketplace. However, the quality of plans originating from our contact centre and from intermediaries improved, reducing cancellation rates and delivering higher value allocations to independent funeral directors. See ‘Process Improvements’, page 24, for more information.

Challenges to the independent funeral sector were not limited to increased competition in the market, however, with legislative changes, increased governmental intervention in the sector and pressure from consumer groups all impacting in 2017/18.

While the General Data Protection Regulation (GDPR) was not introduced until May 2018, the bulk of the preparation necessary for ensuring Golden Charter and independent funeral directors were collectively ready for this significant shake up in data protection laws took place over the course of the year.



**“THE QUALITY OF PLANS ORIGINATING FROM OUR CONTACT CENTRE AND FROM INTERMEDIARIES IMPROVED, REDUCING CANCELLATION RATES AND DELIVERING HIGHER VALUE ALLOCATIONS TO INDEPENDENT FUNERAL DIRECTORS.”**

We recognised early in 2017/18 that the impact on independent businesses would be substantial, and so we decided to provide guidance and support spanning both pre-need and at-need business. Led by our Risk and Compliance department, we delivered a broad programme of masterclasses, webinars, supporting materials and face-to-face visits, with high levels of engagement from funeral directors. We worked closely with the National Society of Allied and Independent Funeral Directors (SAIF) and the National Association of Funeral Directors (NAFD), with the combined aim of supporting all independent funeral directors.

Recognising growing consumer expectation for clarity and consistency in the customer journey, we provided all funeral businesses promoting our plans with a copy of the Golden Charter Essential Guidance and Support Pack. Covering a wide range of topics from sales compliance to enquiry follow up, this resource is now available in every local branch to give funeral directors and staff the support needed to offer Golden Charter plans to families confidently and compliantly.

Golden Charter works with a very diverse group of independent businesses, each of which needs an individual, tailored approach to the support we provide. During the year our marketing resource was strengthened, giving us the ability to offer bespoke market analysis and campaign support to those seeking more comprehensive and sophisticated promotional activity.

The digital world continued to permeate the funeral sector, with more families going online to purchase plans, as well as to research and arrange at-need funerals. While independent funeral directors had access to existing at-need 'find a funeral director' sites, our shareholders identified a need for an alternative platform dedicated to ensuring independent funeral directors are fully represented in this growth area.



The localfuneral.co.uk website was launched in early 2018 and gained pace through the remainder of the financial year, surpassing our phase one target of having 400 branches opted in to appear on the site. We believe that every grieving family seeking a funeral director is entitled to know that when they select a funeral director their choice is available to them then and there. So, rather than list all known funeral businesses, as some similar directory websites do, localfuneral.co.uk only lists those who specifically opt in to the site. Although this limited our ability to advertise full UK coverage initially, it ensured that no bereaved family's request was left unfulfilled.

Being innately traditional, small businesses adopted this innovation at a measured pace, but we ended the financial year with national coverage on the horizon. See 'New Technologies', page 22, for more information on localfuneral.co.uk.

A further challenge came in the form of growing public scrutiny of funerals and funeral plans from governments, consumer review sites and pressure groups. During 2017/18, consumer group Fairer Finance published a report calling for funeral plans

to become regulated by the Financial Conduct Authority, with a second report published in April 2018. By late March there were suggestions of an upcoming consultation on this subject by HM Treasury, with this speculation crystallising into fact by June. To ensure the independent sector is fully represented in any regulatory discussions, we had engaged with Fairer Finance as early as May 2017 and had attended several meetings and industry forums over the year to investigate options to ensure all consumers are always protected, and not just those who take out a plan with a provider registered with the Funeral Planning Authority (FPA). With the specific intent of prompting a thorough public examination of the risks to consumers, we agreed to co-fund the second Fairer Finance review.

Recent annual reviews have carried progress reports on our journey to put in place a robust compliance framework to complement the increased regulatory oversight of funeral plans, and we will continue to provide the support and guidance required to assist independent businesses in adapting to future

change. Over the coming year we will work closely with our shareholders to ensure that the views of independent funeral directors are considered in any decision-making processes.

We also invested significant resources to allow us to add value to independent funeral director businesses in a variety of areas. During 2017/18 this included guidance in the transition to the GDPR whereby we worked with SAIF and other bodies to produce an industry standard for independent funeral directors, digital presence support in the form of localfuneral.co.uk, and national television advertising that supports independent funeral directors by underpinning their local reputations with a strong national brand. We are doing more than ever to ensure independent businesses are safeguarded for the future. This increasingly holistic, added-value approach is a long-term strategy, and one that independent funeral directors will increasingly recognise over the coming months.

## OFFERING PLANS TO CONSUMERS DIRECTLY

Our consumer contact model shifted to focus solely on generating inbound enquiries in early 2017, and the subsequent review of our operating model and processes afforded us the ideal opportunity to concentrate on reaching the right customer groups, identifying their needs and guiding them through a best practice sales process.

National advertising remained a key component of the Consumer channel's marketing strategy, with Golden Charter's unique connection with independent funeral directors at its heart. A 60-second version of our existing television advert was rolled out during the year and, with increased frequency of transmission, we saw a 29% increase in the sale of plans attributable to this campaign.

While the campaign's primary purpose is to generate funeral plan enquiries, it also delivers consequential benefits for independent funeral directors. With heightened awareness of Golden Charter funeral plans, local companies are able to underpin their own strong reputations within their communities with the confidence of a nationally recognised brand.

We continued to see an increasing willingness amongst consumers to engage online. The number of website visitors rose, with both research and purchase activity delivering strong conversion rates.

We developed our corporate partnership with Telegraph Media Group, which gives us unmatched access to readers of the Daily Telegraph. Our dedicated team of advisers dealing with Telegraph customers experienced a good uplift in enquiries during 2017/18, indicating that the integrated promotional



A still from Golden Charter's national television advertising campaign

campaign, both on and offline, is a model that we should seek to employ with other media partners.

Our contact centre's transformational process improvement programme was implemented. Developing an enquiry and sales process centred on identifying and meeting the needs of enquirers proved highly successful, and also delivered a boost in staff satisfaction levels. See 'Process Improvements', page 24, for more information.

The Golden Charter brand is becoming better known, with research confirming that both spontaneous and prompted awareness are up, and finding that around one fifth of those surveyed are able to recall seeing the Golden Charter television advert.

Having put trust, reassurance and independent funeral directors at the forefront of our communications, more than 13,000 plans were taken out directly with Golden Charter during 2017/18. This delivered a result ahead of target and generated £36m worth of future funerals for independent funeral directors.

## WORKING WITH TRUSTED THIRD PARTIES

In the two years since overhauling our third party seller strategy, the benefits have continued to accrue in terms of quality and are now also being seen in terms of growing sales volumes. During 2017/18, we saw sales of plans introduced by independent financial advisers (IFAs) and Will writers increase by 19% and 10% respectively. The high quality of sales made by these trusted third parties is apparent, with an increasing proportion of plans paid by single payment, a larger proportion of more comprehensive plan types being taken out, and a continuing decline in the lifetime cancellation rate.

Demonstrating to professional advisers the genuine value of funeral plans to their clients and establishing Golden Charter as both a leader and widely trusted brand has been crucial to this success. We were aware that some regulated advisers were reluctant to offer products to their clients that are not overseen by a statutory regulator such as the Financial Conduct Authority. In response to this, we developed a media campaign highlighting the safeguards offered with plans purchased from FPA registered providers, and offering guidance on how advisers should go about selecting a provider.

While funeral traditions are changing and the taboo of talking about death is diminishing, some hesitation remains so press articles sought to highlight the obvious link between discussing Wills and estate plans with clients, and discussing funeral plans. This approach proved successful in raising awareness of funeral plans and will continue into 2018/19 as the focus on increased regulation serves to put a spotlight on the good and the bad providers operating in the market.



## MEANINGFUL CORPORATE PARTNERSHIPS

Partnering with recognised national brands remains imperative to ensure that independent funeral directors retain a significant share of future funerals.

2017/18 saw us enter the second year of our partnership with The Royal British Legion and Poppyscotland, once again positioning Golden Charter alongside two of the country's most popular veterans' charities. The £25 donation to the charities made by the independent funeral directors participating in the campaign proved popular with families and the running total raised since the partnership commenced was approaching £200,000 by the close of 2017/18. With a re-energised campaign planned for 2018/19, we expect to increase this total significantly in year three of the partnership.

While the popularity of guaranteed over 50s whole of life policies has arguably peaked, these products remain an important tool in ensuring the future of independent funeral businesses via the funeral benefit options (also known as 'legal charges') many policy holders elect to take. As a key element of our corporate partnership strategy, we joined with insurance provider BISL Limited during the year to deliver the funeral benefit options on their newly launched Fifty Life plans. This move aims to bring further significant future funerals to independent funeral directors.

Throughout 2017/18 we continued to develop our employee benefits proposition, establishing relationships with large organisations that wish to offer funeral plans to their employees via salary sacrifice schemes and otherwise. This is an area with strong potential to drive growth within the Corporate Partnerships channel.

**“THE RUNNING TOTAL RAISED SINCE THE [ROYAL BRITISH LEGION AND POPPYSCOTLAND] PARTNERSHIP COMMENCED WAS APPROACHING £200,000 BY THE CLOSE OF 2017/18.”**



## CHANGES TO OUR LEGAL SERVICES BUSINESS

As our core aim is securing the future of independent funeral directors, it is crucial that Golden Charter evolves and adapts to changing markets and seeks alternative income sources. Our legal services business was one such initiative, but societal choice is also shifting within that space.

With fewer consumers seeking face-to-face consultations and the introduction of the GDPR limiting our potential to market legal services products, we decided the time was right to withdraw our field-based legal services team. Accordingly, sales of standalone legal service products requiring direct interaction with customers, such as Trusts, Powers of Attorney and Probate Plans, ceased from 31 March 2018. However, integrated Wills are valued by many consumers and so remained a feature of our set pre-paid funeral plan range.

We will continue to investigate potential opportunities for the business in this area in future.

## NEW TECHNOLOGIES

**Our systems transformation, which incorporates a complete review of the ways in which Golden Charter operates for the benefit of our customers, independent funeral directors and employees, picked up pace in 2017/18.**

### Developing fit for purpose systems

Having outgrown the various systems we rely on to meet the needs of our plan holders, independent funeral directors and other key stakeholders, we implemented a core platform modernisation project that touches virtually all areas of the business. Last year we undertook the significant task of migrating financial information and transactions from our existing database to a fully supported modern system.

In the coming year our attention will shift to the software we use to help us to manage customer enquiries more effectively and efficiently.

### Managing our relationships better

As time moves on, our existing systems for supporting our relationships with customers, funeral directors and intermediaries are also becoming overstretched. Today's business has outgrown our stakeholder database, and we do not have the flexibility to adapt sufficiently quickly in a rapidly evolving environment.

In 2017/18 we began moving plan holder and partner data to a proprietary relationship management system that will allow us to tailor our communications approach to individual preferences and requirements.

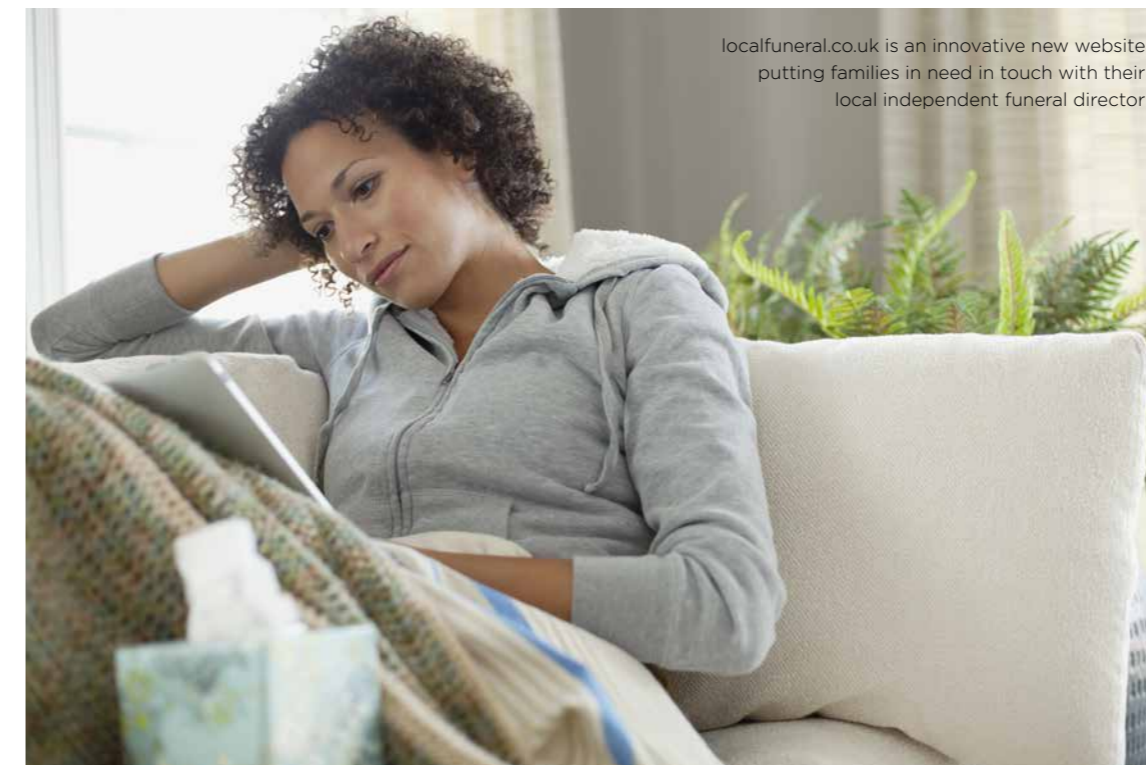
By March, all new customer enquiries were being managed on this system, along with the data we hold on those intermediaries offering our plans. The migration of remaining information will be completed in the coming year, helping Golden Charter to better identify and meet the needs of all stakeholders.

### A slicker application process

We have also transformed the funeral plan application process, providing a more secure and efficient solution than paper-based application forms allow. The 'Paperless Applications' pilot provided a sample of funeral directors and intermediaries with the ability to capture plan holder information on an electronic application form and submit it without any of the delay, risk or expense of postal submission, while providing a quicker and more efficient service for plan holders and improving the quality of the data captured.

Accessed via Golden Charter's first in-house developed app, the participants in the pilot were able to capture the information required and take payment using one of two methods initially trialled.

With phase one completed in March 2018, the functionality from the app is now moving to the funeral director and intermediary portals accessible at mygoldencharter.co.uk, and a larger group of funeral directors and intermediaries will be invited to join the pilot. Over the coming year, the solution will be made available to all businesses offering Golden Charter plans, while a full training programme will ensure it is readily accessible to all.



### Introducing localfuneral.co.uk

While new technology continues to offer huge possibilities, not keeping up to speed also presents a significant threat. It is apparent that, despite some scepticism from within the funeral sector, a small but growing number of people are searching online when it comes to making funeral plans for the future and, increasingly so, when arranging the funeral of a loved one at the time of need.

While at-need funeral comparison sites are open to independent funeral directors, our shareholders asked us to create a purpose-built site exclusively for and on behalf of independent businesses. localfuneral.co.uk was put in motion in January 2018, and in the early months the project team focused on testing and measuring, seeking feedback from site users – both customers and funeral directors – and developing a fit-for-purpose, intuitive site to capture at-need funeral enquiries and pass these in real time to independent funeral directors.

Moving forward into the next year, the site will continue to develop and be extended in order to provide extensive UK-wide coverage, delivering the best possible customer journey for families in need.

### Improving customer materials

We also launched a project tackling another systems-imposed limitation that prevented us from introducing variation to our printed materials in a cost effective way. Consumers today expect more personalisation and the ability to react quickly to change, both of which can be differentiating factors in competitive situations. Accordingly, over the last year we have prepared for the move to a 'variable print' platform, which will allow us to provide sophisticated, personalised materials for our customers, from the moment of their first enquiry to the pack received when their plan is made live.

## PROCESS IMPROVEMENTS



The contact centre process re-design was led by team leaders Martin McGhee and Amanda Coleman, and manager Stewart Bodys (left to right)

### Contact centre process re-design

Having reconfigured our Consumer channel in 2016/17, shifting from face-to-face funeral plan sales to a telephony-based model, we spent much of the last year introducing a best practice sales culture to ensure a high quality, robust experience for plan applicants. With a focus on fully understanding and meeting families' needs, this marked a significant departure from a tightly scripted enquiry process.

Once the new process was embedded, we quickly saw the positive impacts of empowering each adviser to have more fluid and natural conversations, which made them better equipped to identify capacity or vulnerability issues. By the end of the calendar year the contact centre team had achieved 126% of its original target and, as a direct result of better quality information being exchanged, more customers were opting for the more comprehensive Select and Premier plan types than had been the case previously. Our Plan Holder Satisfaction Research also indicated significant improvements across all measures - availability, speed, helpfulness and knowledge - with more than 90% of plan holders surveyed satisfied with the service provided by our contact centre advisers.\*

\*Customers who purchased plans via Golden Charter's contact centre, Golden Charter Plan Holder Satisfaction Research, CJM Research, 2018

### Customer journey project

We concluded our review of the journey a funeral plan takes from the time of application to the moment it becomes live. This project revolutionised our application process, which had remained relatively unchanged since the earliest days of Golden Charter.

The re-engineered process introduced an entirely new way of working, and by the end of the calendar year each plan application received was owned by one individual responsible for seeing the plan through to being made live.

The results were impressive. A plan following the old process would have 36 'touch points' along the way, taking an average of six days to complete. Under the new process, this

reduced to just seven touches and an average of two days to be made live. The ancillary win is that the new structure also delivers more varied roles for employees, who have greater ownership of the plans they look after. Looking ahead, the transformation process will now explore how technology can be used to introduce more automation, in order to deliver increased accuracy and further efficiencies.

**Finishing the year ahead of target in relation to cash in the bank (see 'Financial Report', page 12) keeps us in a strong position. We are able to invest in transforming Golden Charter, improving our customer journey and future-proofing the business for the benefit of our funeral director shareholders.**



Our customer journey project empowered staff to work together to develop a new, more efficient method of processing customers' plan applications

## OUR PEOPLE

We are proud of the diverse group of people who make up our workforce, who demonstrate each day that they genuinely care about our plan holders and independent funeral directors. In recent years we have placed a renewed focus on ensuring our employees are looked after in exchange for their commitment and dedication to the business.

### Gathering employee views

During 2017/18 we continued to listen to our employees via our staff engagement survey. This attracted an impressive 91% participation rate making the results highly representative. Staff feel more engaged, valued, informed and involved in the business; however, their frustrations with our systems and processes were evident. Work is underway to address these issues (see 'Process Improvements', page 24 and 'New Technologies', page 22).

Canvassing the views of our employees is vital to ensuring the continued success of Golden Charter for the benefit of our plan holders, independent funeral directors, and our employees themselves.

### Improving our employee benefits

Our reward programme review continued during the year, closely following the introduction of a new salary and career progression framework at the end of 2016/17. Concentrating

on holiday entitlement, family-friendly leave and pay, and compassionate leave and sick pay, the improved benefits will better support our employees in balancing their home and work life.

This long-term project aims to improve our overall rewards package in order to retain our valuable, experienced and knowledgeable employees while also helping to attract new talent to the business. In the coming year we will review our employee bonus and pension schemes.

### Developing our future leaders

In October 2017 we launched a People Leader programme to equip our people managers with the skills, knowledge and behaviours they need to perform their roles successfully. The first three modules, each comprising a two-day workshop offsite, included experiential workshops, 'just in time' access to information and resources, and online learning.

During 2017/18, 40 delegates took part in the programme, with 75% stating that the course had significantly increased their knowledge and 98% agreeing that they would recommend it to a colleague.

**"I'VE TAKEN SOMETHING FROM EACH MODULE THAT I'VE BEEN ABLE TO APPLY TO MY DAY-TO-DAY ROLE. IT HAS MADE ME MORE CONFIDENT IN HANDLING CERTAIN SITUATIONS AT WORK AND I DEFINITELY USE THE 'TOOLKIT' OF TECHNIQUES REGULARLY. I FEEL VERY FORTUNATE THAT GOLDEN CHARTER IS INVESTING IN ME WITH THIS PROGRAMME."**

**—  
FEEDBACK ON  
GOLDEN CHARTER'S  
PEOPLE LEADER  
PROGRAMME**



Golden Charter giving back

As a business with a long history of charitable fundraising, 2017/18 was no different with a variety of events, sponsorship and donations from independent funeral directors raising a total of £100,000 for charities over the year. In addition to our corporate partners, The Woodland Trust, The Royal British Legion and Poppyscotland, benefiting, our charity of the year, Maggie's, was also a recipient as our generous staff members took part in charity dress-down days, bake sales and raffles to raise money for this important cause.

Gender pay gap reporting

From April 2018, Golden Charter is required to report on its gender pay gap.

GENDER PAY GAP: HOURLY PAY AND BONUS PAY		
	MEAN <sup>1</sup>	MEDIAN <sup>2</sup>
HOURLY PAY GAP	24%	33%
BONUS PAY GAP	64%	53%

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.

While our report found that men and women performing the same roles within the company are paid equally, the higher remuneration for specific roles more often filled by men was the main contributor to the gap.

Women are well represented in Golden Charter, making up 55% of employees against an industry average of 41%. Within management and leadership roles, women make up 48% and 38% respectively.

As an employer committed to equal opportunities and treatment for our employees, we value our ability to attract and retain a diverse and engaged workforce and are now taking steps to close the gap. These include an equal pay audit built into the annual salary review, introducing a talent management and succession framework, improving transparency of pay via the career and salary progression framework introduced in April 2017, and introducing new family-friendly policies. In addition, we have committed to review our job design and attraction methods in areas where men or women are underrepresented to identify any barriers to application or selection for these positions.



Women as a proportion of Golden Charter employees, April 2017



SHAREHOLDERS' REPORT

SAIFCharter is the body that represents the ownership group of Golden Charter Limited. Membership of SAIFCharter is open to those 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.

Your representatives

Representing this body of approximately 740 funeral businesses is an elected executive group of 11 working funeral directors, sitting alongside the Chief Executive of the company, on a formal board called the SAIFCharter Executive. From within this group there are three funeral directors selected to sit as non-executive directors on the Golden Charter Board with the aim of influencing the strategy and direction of the company in alignment with the values, culture and interests of the ownership group. In addition, a member of the Executive sits as a trustee alongside the independent trustees managing The Golden Charter Trust. The Executive has established a series of sub-committees that are supplemented by the attendance of additional SAIFCharter members.

Each of the working groups focuses on a different aspect of Golden Charter's business or the funeral planning sector, including product development, membership and marketing support, and reflects funeral director views in the business. The chairs of the groups now lead on reporting to the association's members at the AGM. This demonstrates the commitment and involvement of funeral directors in the guidance and support the association imparts to Golden Charter.





### SAIF the trade association

SAIF is one of two main UK funeral trade associations, and has a shared heritage with SAIFCharter. SAIF and SAIFCharter operate completely independently; however both SAIF and the autonomous SAIF Scotland can appoint representatives to the SAIFCharter Executive.

SAIF and SAIFCharter are introducing more collaborative working, through wider dialogue and more shared initiatives such as the creation and distribution of guidance related to the new General Data Protection Regulation (GDPR) requirements across the entire independent sector. This project demonstrated a commitment to utilising available resources within Golden Charter to benefit the wider funeral director group, outside of the immediate scope of pre-planning, which historically has been the sole purpose of SAIFCharter and Golden Charter.

Presently, the industry is self-regulated through a voluntary code of conduct agreed by members of the trade associations. SAIFCharter believes that there will be, and indeed welcomes, an acceleration of the move towards compulsory regulation of both the funeral profession and funeral planning across the whole of the UK. Inevitably this will remove some of the perceived value of membership of the trade associations and require them to adapt their role accordingly. For Golden Charter, the survival of a cohesive national network of independent funeral director sellers remains critical. Therefore, SAIFCharter is extending its reach to safeguard the needs of members beyond funeral planning to include 'at-need' funeral services and more general business support. SAIFCharter members have an expectation that a shift in future strategic direction is required from both SAIF and the other main UK funeral trade association, the NAFD.



### Membership

Member businesses continue to be acquired by Dignity Plc, Co-op Funeralcare and Funeral Partners, and against this background it is heartening to see membership numbers maintained with many firms sold to other independent funeral directors. Golden Charter has a significant further group of sellers, namely, those who sell Golden Charter plans exclusively but do not belong to SAIF, often for historic reasons. They are not directly represented by SAIFCharter. Securing this group, recognising them, rewarding them and representing them will be a future requirement of SAIFCharter in order to build resilience into our national network.

### The market

Together, SAIFCharter and Golden Charter have been adapting to changing funeral practices and market innovation. During the year, Golden Charter, in conjunction with SAIFCharter, has been devising and developing the foundations for a deeper, more mutually supportive partnership with shareholder members to enable a more collective response from what remains a proudly independent, traditional and very local set of businesses.

Direct cremation, that is, the disposal of remains without a ceremony, is a good example of a market change. This option has been slowly growing in popularity for 18 months – as a lifestyle choice rather than for affordability reasons – and is expected to continue to grow. Through the bespoke Independent Way and Independent Way Plus products, funeral directors who promote Golden Charter plans have the tools to secure the future direct cremation market, with Golden Charter developing a series of direct cremation plan types available from the company or via intermediaries.

Around two thirds of UK funerals are carried out by independent funeral directors, with SAIFCharter members accounting for a majority of these. Previous surveys and mystery shopping activity all suggest that the independent funeral network consistently charges less for at-need funerals than the large corporate funeral directors, sometimes by hundreds of pounds. This point often gets missed when considering the value of independent funeral businesses to communities and society at large, particularly because there remains relatively limited price sensitivity by consumers. Following pressure from consumer groups, the UK Government is starting to focus on funeral pricing and freedom of choice; a move that is warmly welcomed by SAIFCharter, especially as 70% of Golden Charter funeral plans are bespoke plans based on local independent funeral director prices and not nationally fixed prices, as offered by most competitors.

The challenge for SAIFCharter is to coordinate the independent network where possible, and to consistently demonstrate transparency of choice, costs and ownership.



### Funeral plan regulation

Together with the Co-op and Dignity, Golden Charter promotes and manages the majority of UK funeral plans, with all three organisations operating under the supervision of the Funeral Planning Authority (FPA). SAIFCharter considers that the FPA has evolved into a capable and appropriate regulatory body that should be empowered by compulsory membership. However, ongoing governmental scrutiny suggests that funeral planning may become statutorily regulated in the near future. SAIFCharter members believe that the best funeral advice and value comes from an independent funeral director, and therefore SAIFCharter and Golden Charter will continue to work to enable local firms to interact with customers within any future compliance framework.

Concurrently, SAIFCharter will move to reduce and ultimately prevent the acceptance of non-FPA plans by members in order to reduce the group's exposure to risk.

### Governance

Customer expectation, the regulatory framework and the competitive market have influenced the need for SAIFCharter to review its purpose, ambition and rules in the form of its constitution. A revised constitution is expected to be put

forward to members for approval in the coming year. It will more appropriately define the evolving partnership between Golden Charter and SAIFCharter members, as well as preparing the association for the future.

### Conclusion

The SAIFCharter association has had another strong year; building depth into its back office support capability, guiding the company through the transition and selection of a new CEO, and delivering with Golden Charter the initial framework for an enhanced partnership with the association's members.

SAIFCharter's first independent AGM weekend took place in September 2017 and was better attended than ever before. Ultimately, the greatest rewards and benefits will be awarded to the members who commit to and contribute to the group's success. In the next year we will support the transition to a new Golden Charter Chairperson and also select a new SAIFCharter Chairperson. The association will continue to listen to all members and will wholly commit to focus on its future purpose alongside and within Golden Charter.

**JULIAN WALKER**  
CHAIRMAN  
SAIFCHARTER

**“CUSTOMER EXPECTATION, THE REGULATORY FRAMEWORK AND THE COMPETITIVE MARKET HAVE INFLUENCED THE NEED FOR SAIFCHARTER TO REVIEW ITS PURPOSE, AMBITION AND RULES IN THE FORM OF ITS CONSTITUTION.”**



## THE GOLDEN CHARTER TRUST

### ABOUT THE TRUST



**THE TRUST EXISTS BOTH FOR THE PROTECTION OF PLAN HOLDERS AND FUNERAL DIRECTORS**

#### **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 plan provider.

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

The Trust's investments are held in a wholly owned subsidiary company, The Golden Charter Trust Limited. This allows the Trust to conduct its investment business more efficiently and to take advantage of the lower taxation rates

applicable to companies. The directors of The Golden Charter Trust Limited are the Trustees of The Golden Charter Trust and so the safeguards provided by the Trust are unaffected by this structure.

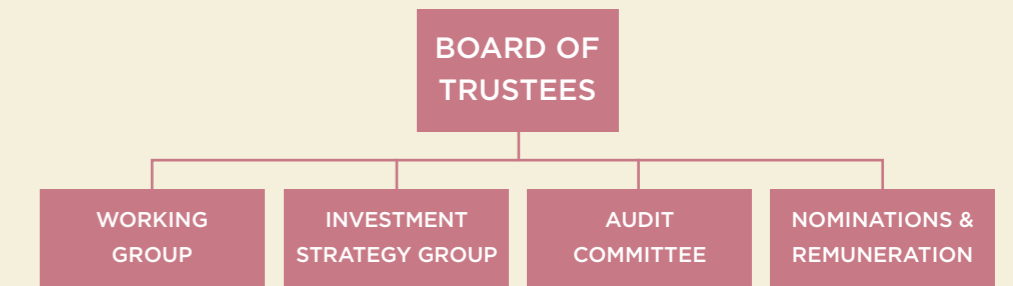
The Trust is governed by its Trust Deed which requires the Trustees to comply with the rules of the Funeral Planning Authority (FPA) of which Golden Charter is a registered provider. In addition, the Trust must comply with the Financial Services and Markets Act (Regulated Activities) Order 2001.

#### **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 Company Secretary and a Risk & Operations Analyst 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 matters are delegated to various subcommittees of up to four trustees, who make recommendations to the Board.

The Working Group comprises of a mix of trustees and representatives of Golden Charter Limited. It is tasked with ensuring effective communication of all issues of mutual interest to Golden Charter Limited and The Golden Charter Trust including product developments within Golden Charter Limited and the impact of developments within the wider funeral planning sector.



The members of the Investment Strategy Group all have significant investment experience. In performing its strategic investment function, the Investment Strategy Group takes advice from the Trust's investment advisers, Barnett Waddingham LLP, and from the various appointed investment managers who perform the day-to-day portfolio management within their agreed mandate.

The Audit Committee meets to consider risk, governance and compliance issues. In addition, the committee oversees the production and audit of the annual financial statements of the Trust and its subsidiary, The Golden Charter Trust Limited. The Trust's audited accounts and the actuarial valuation of the assets and liabilities of the Trust are sent annually to the FPA.

The Nominations and Remuneration Committee is responsible for ensuring that the performance of the Board of Trustees and individual trustees is regularly reviewed. It also makes recommendations on the level of the Trustees' remuneration, and for trustee retirement by rotation, and for the process of appointing new trustees.

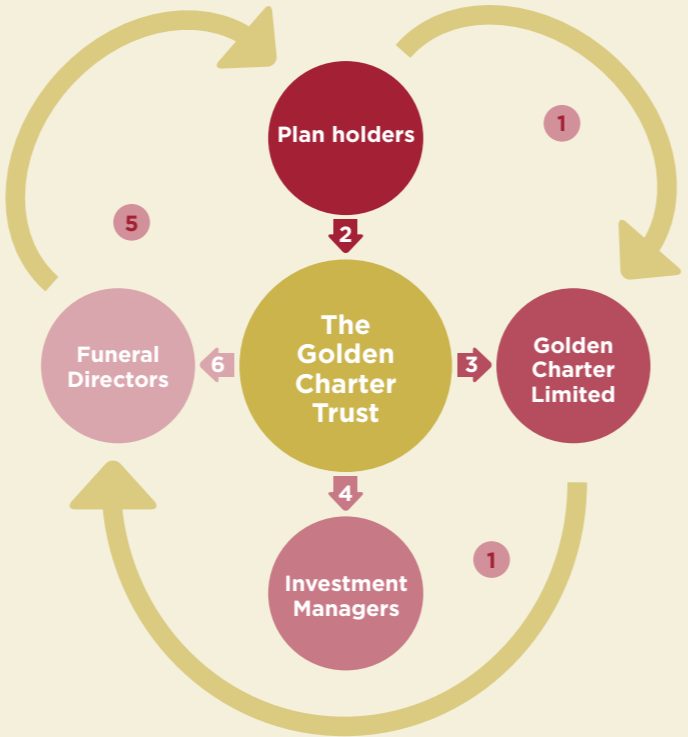
**How plan money is protected, utilised and invested:**

All money received from the sale of funeral plans is paid directly into the Trust. The money, after expenses (as noted below), is invested in accordance with the Trust's investment strategy, which is designed to achieve the growth necessary to meet the principal objective of the Trust. How plan money is protected, utilised and invested is illustrated in the chart opposite.

**Expenses of the Trust:**

The Trust incurs operating expenses for maintaining the Trust on a day-to-day basis which includes fees paid to the Trust's investment managers and professional advisers, and the remuneration of the trustees and its employees.

In addition to the direct operating expenses, the Trust makes monthly payments to Golden Charter Limited for the on-going maintenance and administration of the live funeral plans for which the sale proceeds are held in the Trust. The amounts of these payments are agreed annually between the Trust and Golden Charter Limited. An annual fee is also paid under a Service Level Agreement between the Trust and Golden Charter Limited for the provision of accounting and other administrative services provided to the Trust.



1. Customers buy Golden Charter plans which are subcontracted to the chosen or allocated funeral directors.
2. All payments made by planholders are paid directly into the Trust.
3. The Trust makes payments to Golden Charter Limited for the administration and maintenance of plans.
4. The Trust makes investments with carefully selected investment managers.
5. Funeral directors perform the funerals at time of need.
6. The Trust pays the nominated funeral directors for their services.



# THE GOLDEN CHARTER TRUST

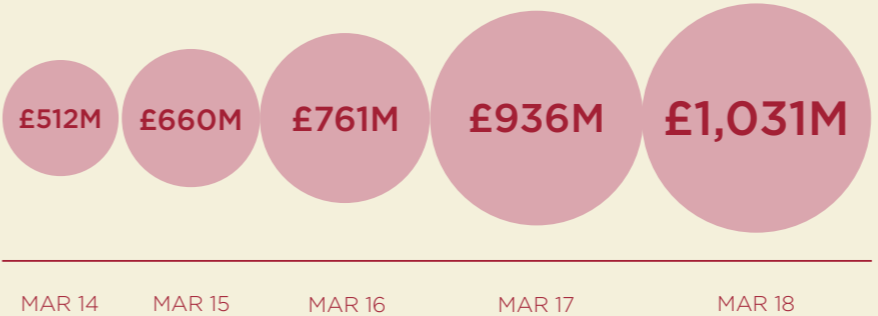
## CHAIRMAN'S STATEMENT

**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 2018.**

**How the Trust has performed in the year to 31 March 2018**

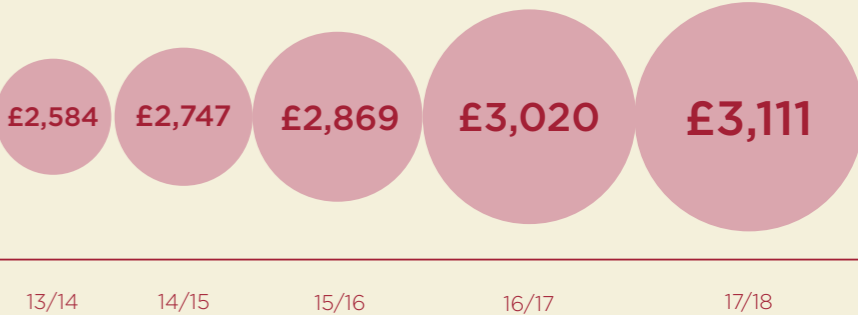
I am delighted to report that the Trust reached a historic milestone in the year to 31 March 2018 when its net assets rose to £1 billion. This was achieved by another year of growth from a combination of cash flow from new plan sales by Golden Charter Limited, and strong returns from the managed investments. The unaudited net assets of the Trust at the year-end totalled **£1.031 billion** (2017 audited – £936 million). The chart below shows how the value of the Trust has grown over the last five years.

**YEAR-END NET ASSET VALUES**



The steady growth in the net assets of the Trust is reflected in the growth in the average value of an outstanding funeral plan at the year-end which, as can be seen from the chart below, is now **£3,111** (2017 – £3,020).

**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 principal objective of the Trust is to invest the funds received from plan holders with a view to ensuring that there are sufficient funds to meet the anticipated invoice costs of all outstanding and maturing funeral plans.

Last year we completed a significant portfolio rebalancing exercise moving to a broader mix of investments, including gilts, equities, property and infrastructure funds. The Board is very pleased with the outcome of this exercise and Gareth Howlett, Chair of the Investment Strategy Group, gives more details on the performance of the investment portfolio in his Investment Report.

**Actuarial valuation as at 31 March 2018**

In our Actuarial Report, you will see that our Actuary states that the Trust's assets continue to cover more than 100% of future expected funeral director payments, when taking into account anticipated future consumer price inflation.

**Regulatory compliance**

During the year, Golden Charter Limited submitted its 2017 annual return to the Funeral Planning Authority (the FPA) of which it is a registered provider. The submission 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 2018 have been prepared and are currently being audited.

**Governance**

The Trust's Audit Committee, chaired by Geraldine Gammell, 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.

During the year the Audit Committee had a particular focus on ensuring that adequate cyber security measures were in place and that the Trust was taking the necessary steps to identify and implement its responsibilities under the new General Data Protection Regulations.

**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 (CPI). Over the years, our prudent management of the Trust's 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 2018/19 would be 2.5%. As part of this announcement it was explained that going forward the growth rates for Independent Way plans and Golden Charter set plans would be aligned and that we would have the single objective to pay at least long-term CPI on all plans. This change will reinforce our ability to deliver sustainable pay-outs and our aim to ensure the Trust remains fully funded.

In addition to the annual growth applied to plans, 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 2018 and 31 March 2019. The 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**

In the last 12 months the funeral planning industry has come under increasing scrutiny and this has increased the Trustees' resolve to provide clear information about The Golden Charter Trust and the funds we hold on behalf of planholders for the ultimate beneficiaries, the funeral directors.

During the year we launched a new website for the Trust which makes it easier to obtain information about the Trust and its Trustees. The website includes a revised Frequently Asked Questions (FAQs) page which reflects the key questions that current and prospective plan holders ask about the Trust.

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.

We also recognise the importance of communicating directly with funeral directors who are the beneficiaries of the Trust. This includes trustee attendance at SAIFCharter's AGM and Executive meetings. The Trust also contributes articles on relevant topics to the SAIF Insight magazine.

**Summary**

The Trust continues to be governed in an efficient and effective manner in accordance with its Trust Deed, the duties and responsibilities obligated on the Trustees under Trust Law, and the FPA Rules and Code of Practice.

Without being complacent, I believe the Trust is well placed to meet the challenges that lie ahead. Our Board comprises a high calibre of trustee with a broad mix of skills and experience. We remain committed to safeguarding the assets of The Golden Charter Trust for the long-term benefit of funeral directors and plan holders.

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**

**“I BELIEVE  
THE TRUST IS  
WELL PLACED  
TO MEET THE  
CHALLENGES  
THAT LIE  
AHEAD”**



# THE GOLDEN CHARTER TRUST

## INVESTMENT REPORT

### Principal investment objective

The principal 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, and its liabilities for all future anticipated payments on maturing plans. Over the past several years, thanks to the investment strategy employed by the current and previous trustees, and to robust investment performance, the Trust has achieved and maintained this critical measure of financial health.

### Investment strategy

The 2017/18 financial year saw the culmination of a series of changes to the investment strategy which were set in train in 2015 when new trustees with specific investment expertise were appointed to the Board and to our Investment Strategy Group sub-committee.

Based on the advice of the Investment Strategy Group, the Board of Trustees diversified the Trust's asset allocation and increased the number of external managers in order to take advantage of expertise in different areas. Our current target is now to hold 50% of 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.

During the year we completed the transfer of our holding in index linked gilts from Royal London to Legal & General. Index linked gilts are the largest single part of our investment portfolio and the passive management of Legal and General, whose aim is to replicate the performance of the wider asset class, will give better protection against the risk of underperformance of this asset class than the active management of Royal London, as well as realising a significant saving in management fees.

### Investment managers

Last year I reported that the Trustees had taken the decision to replace Royal London with Aubrey Asset

Management as independent fund manager of the Trust's only direct asset, its 100% shareholding in The Golden Charter Trust Limited which holds the various investment portfolios of the Trust. This decision was taken on the basis that this role, which is required for regulatory reasons, should not be held by any of the investment managers of the underlying investment portfolios.

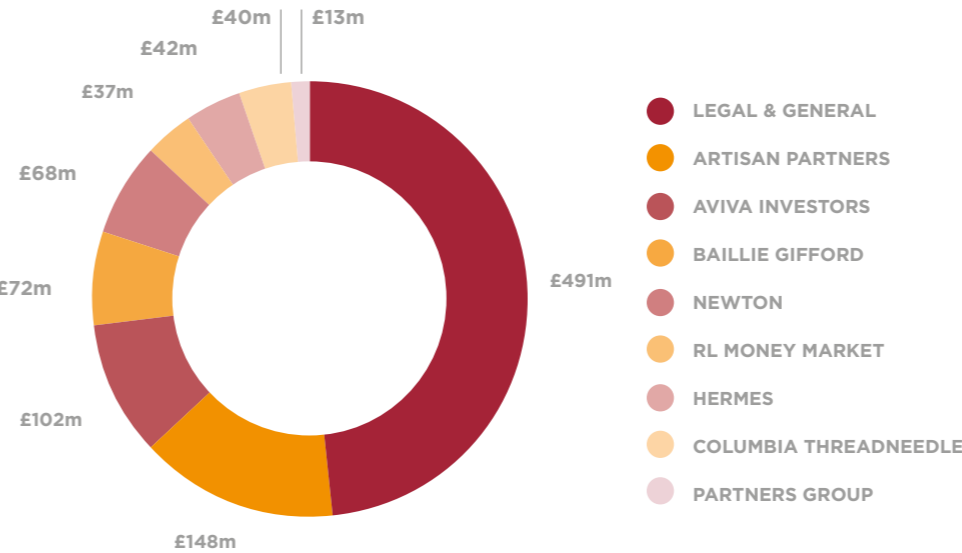
Aubrey's mandate is to give an expert, independent view to the Trustees on whether the principles of diversification and effective asset selection are being observed. I am pleased to report that Aubrey's first report for the year to 31 March 2018 confirmed that these principles were observed.

A new investment manager, Hermes was appointed in the year with a specific mandate for investment in corporate debt. This brings the total number of underlying investment managers to eight, compared to only four in 2014, and reflects the growth in the size of the Trust and the increasing investment diversification I referred to above.

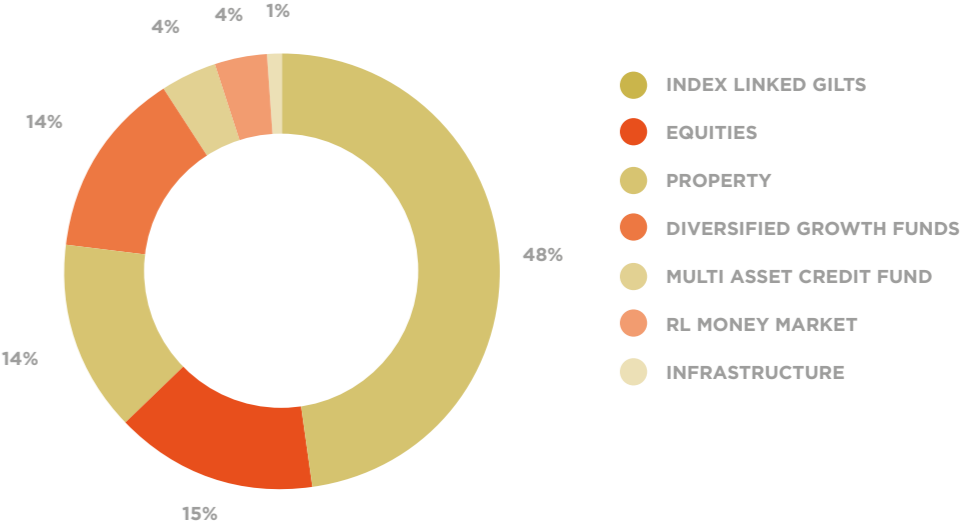
The investment managers are invited regularly to face-to-face meetings with the trustees of the Investment Strategy Group and this helps both to monitor performance and to understand the thinking and decisions behind the management of these large financial institutions.

The allocation of the Trust's investments by investment manager and asset class at 31 March 2018 is shown in the charts below.

### Investment portfolio by investment manager as at 31 March 2018



### Investment portfolio by asset class as at 31 March 2018



**“THE TRUSTEES BELIEVE THAT THE INVESTMENT PORTFOLIO IS WELL PLACED TO FACE THE CHALLENGES OF THE FUTURE.”**

#### Investment performance

The performance of the Trust's underlying investment managers is measured against specific benchmarks and monitored by the Trust's investment advisers and by the Investment Strategy Group. Each month, the investment advisers provide the Trustees with a statement of the overall performance of the Trust and of the individual underlying investment managers. The Board of Trustees formally review performance at least four times a year.

After some years of exceptional returns, the performance of index-linked gilts as an asset class was effectively flat. In comparison, most of the underlying investment managers performed well relative to their specific benchmarks and the Trustees remain satisfied that the diversification strategy remains appropriate.

#### Summary

The early results of the significant changes to the investment portfolio undertaken over the past three years have, on the whole, been encouraging. Those changes took place during a period when conditions in the investment markets, for the most part, were relatively favourable. The next few years may not be quite so benign, but the Trustees believe that the investment portfolio is well placed to face the challenges of the future.



**GARETH HOWLETT**  
CHAIRMAN  
INVESTMENT STRATEGY GROUP



## THE GOLDEN CHARTER TRUST ACTUARY'S REPORT

I was appointed Actuary to the Golden Charter Trust Fund in 1991 and have reported at least annually since that date to the Trustees regarding the ability of the Trust to meet its liabilities for maturing funeral plans.

On an annual basis, as at 31 March, a full and detailed Actuarial Review is undertaken. Additional updates are also provided during the year to the Trustees as requested. The most recent full valuation at 31 March 2018 showed that the Trust's assets were over 100% of the funds required to meet 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  
CONSULTANT ACTUARIES

**“AT 31 MARCH 2018, THE TRUST'S ASSETS WERE OVER 100% OF THE FUNDS REQUIRED”**

# EMBRACING CHANGE

ANNUAL REVIEW  
2017/18



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