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The Golden Charter Trust

Solvency Assessment Report
as at 30 September 2025

Scott Binnie FFA C.Act

11 March 2026





Purpose and scope



- We have been instructed to provide Golden Charter Limited (“GCL”) with a Solvency Assessment Report as required by the Financial Conduct Authority (“FCA”) under section 3.2.2 of the Funeral Plan: Conduct of Business sourcebook.
- To prepare this Solvency Assessment Report we have completed an assessment of the Golden Charter Trust Fund’s (“Trust”) assets and liabilities as at 30 September 2025 (“Review Date”).
- This report complies with the Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) and Technical Actuarial Standard 400: Funeral plan trusts.
- Our interpretation of the FCA’s requirements in terms of funeral plans backed by a trust are to ensure that:
 - adequate arrangements are in place so that funerals are carried out in accordance with the funeral plan purchased by the planholder from the plan provider;
 - should a planholder cancel their plan they will receive a refund in line with the cancellation terms;
 - should the plan provider fail and it does not prove possible to find another provider to take on the plans, then it is important that the arrangements put in place by the plan provider do not adversely affect the interests of planholders and covered individuals.
- This report is addressed to Golden Charter Limited. This report may be shared with other interested parties including the Trustees of the Golden Charter Trust, but it does not constitute advice to them.
- We have carried out the assessment on an ongoing basis – the Trust continues to receive monies from new plan sales and pay out monies on the maturity of plans.



Scott Binnie FFA C.Act
Barnett Waddingham LLP



Purpose and scope

Purpose

- The FCA have set out their requirements for the preparation of a Solvency Assessment Report in chapter 3 of the Funeral Plan: Conduct of Business sourcebook.
- The key aspects are:
 - An actuarial assessment of the Trust is required to determine, calculate and verify the assets and liabilities of the Trust on a best estimate basis;
 - The liabilities are to be assessed against the amounts the provider puts into trust to be sufficient for the purpose of providing the agreed funeral;
 - The data and liabilities should be categorised into:
 - single payments;
 - instalment payments fully paid; and
 - instalment payments not fully paid.
 - Details of any liability subcontracted to funeral services providers that may include inflation.
- The definition of actuarial best estimate is that the assumptions should be neither optimistic nor pessimistic – i.e. no margins for prudence with the actual outcome being equally likely to be higher or lower than the assumption made. The results of the assessment have been completed on a best estimate basis.

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Background



Background

Previous assessment

The previous Solvency Assessment Report, dated 11 March 2025, was prepared based on an assessment carried out as at 30 September 2024. The results of that assessment indicated that the assets of the Trust exceeded its liabilities.

Subcontracted liabilities to funeral service providers

The funeral plan contract with the planholder is constituted by the Terms and Conditions (Terms) on which GCL undertakes to appoint the selected funeral services provider as its subcontractor to provide the planholder's funeral services.

The Funeral Service Provider Terms sit in tandem with the Terms. When a funeral plan is sold by the funeral services provider, they accept the Terms when the application form is completed. Where the funeral plan is sold by GCL and allocated to the funeral services provider, GCL's allocation process ensures the funeral service provider's acceptance of the Terms.

Under the Funeral Service Provider Terms, the selected funeral service provider "unconditionally and irrevocably guarantees" to carry out the planholder's funeral services and does not charge either the planholder or their estate additional sums for doing so unless specifically permitted under the Terms. The guarantee is enforceable against the selected funeral service provider by any or all of the following parties - GCL, the planholders and/or the planholder's estate. There is therefore an unconditional undertaking by the funeral services provider to carry out the funeral.

In addition to the guarantee, the selected funeral service provider also undertakes to carry out the funeral services in accordance with the Terms. The Funeral Service Provider Terms deal with the process for payment of the funeral service provider i.e. by reference to such amount as would be intimated by GCL.

There is thus a binding undertaking, through the guarantee, given by the funeral service provider which ensures that the funeral services of the planholder should be provided regardless of whether GCL itself remains in existence as a provider of funeral plans.

Current and future plan values

Each live plan in the Trust has a plan value known as the Funeral Director Invoice Amount or FDIA. At the point of sale, this is the amount that is paid into the Trust by the plan provider as agreed with the appointed funeral services provider who will carry out the funeral at the time of need.

The initial amount paid into the Trust is revalued annually in line with the growth agreed between the Trustees and GCL. The annual growth rate is agreed between the parties as part of the process to deliver this Solvency Assessment Report. The agreed growth rate for the twelve months to 31 March 2026 is 2.0%. The agreed growth rate for the twelve months to 31 March 2027 is 2.2%. These agreed rates have been reflected in the results.

There is no contractual obligation to increase plan values but GCL's desired aim is to increase plan values to provide a level of inflationary protection to the appointed funeral services provider, based on actuarial advice.

Planholder cancellation

Not all plans will reach maturity. Plans can be cancelled and planholders will receive a refund of the amounts paid less a non-refundable arrangement fee that is retained by GCL on cancellation in line with the funeral plan Terms.

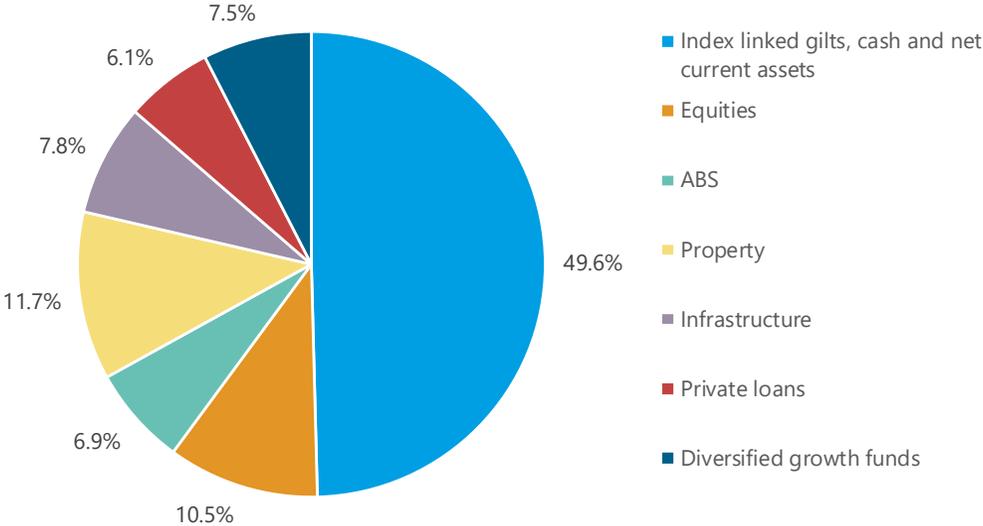


Background

Assets

The value of the net assets of the Trust that we have used in the assessment as at 30 September 2025 is the fair value of the assets based on a net asset statement approved by the Trust's external auditors. This showed a total value of £1,249m at 30 September 2025.

The chart below sets out a breakdown between asset class of the invested assets as at 30 September 2025.



Assumptions and methodology



Assumptions as at 30 September 2025

Discount rate

The discount rate is derived by determining the expected return from each asset class on a best estimate basis and adjusting for tax and expenses.

The investment strategy of the trust is to allocate the assets into 3 “buckets” as follows:

- Growth assets – equities, multi asset credit, secure lending and absolute return funds (30%)
- Protection assets – index linked gilts (50%)
- Real assets – property and infrastructure (20%)

The assumed return from growth assets is based on the expected return from equities. This is based on dividend yields plus expected long term inflation plus expected real long term dividend growth at the Review Date. The assumed return from the protection assets is based on the expected returns from index linked gilts based on market yields as at the Review Date. Real assets are assumed to achieve a return of 0.5% less than Growth Assets.

Inflation

Long term RPI inflation is derived from the Bank of England gilt curves. An assumption for future CPI inflation is derived directly from the RPI assumption and is expressed as a single rate assumption. At the Review Date long term CPI inflation was assumed to be 2.78% p.a.

Tax rates and expenses

We have adjusted the assumed level of future investment returns to reflect the expenses met by the Trust Funds and the expected amount of tax.

Trust expenses are primarily investment management charges and other professional fees, as well as staff costs and related administrative costs of running the Trust. The expense assumption made reflects an estimate of the annual amount of such expenses that the Trust expects to incur expressed as a percentage of the Trust assets and incorporated into the assessment via a deduction from the best estimate discount rate/expected future investment return. As at the assessment date the expense deduction equates to 0.51% of the expected future investment return.

The Trust’s investment portfolio is held in a corporate entity wholly owned by the Trust. The entity’s profits are the investment returns achieved net of expenses and are subject to corporation tax at the prevailing rate, currently 25%. The tax basis is such that investment returns that take the form of dividends are excluded from the calculation as is the inflationary element of returns from index-linked gilts. For the purposes of the assessment we complete calculations to determine the tax that is expected to accrue as a percentage of the assets and allow for this as a deduction from the best estimate discount rate/expected future investment return. As at the assessment date the deduction equates to 0.82% of the expected future investment return.



Assumptions as at 30 September 2025

To determine the discount rate, a weighted average of the different returns from the different asset classes is adjusted for tax and expenses as follows:

30 September 2025	Return (p.a.)	Allocation	Contribution (p.a.)
Growth assets	6.50%	30%	1.95%
Protection assets	5.07%	50%	2.54%
Real assets	6.00%	20%	1.20%
Gross return			5.69%
Less tax			(0.82%)
Less fund manager fees			(0.34%)
Less trust expenses			(0.17%)
Discount rate			4.36%
Long term CPI			2.78%

Mortality assumptions

The mortality base tables adopted were the ELT17 tables with separate age-related scaling factors at each age up to age 100 based on the report on the mortality review dated 18 July 2017. For ages above 100, due to experience being unreliable at very old ages, we have used the ELT17 tables without adjustment. No allowance is made for future improvements in mortality.

The following table shows the underlying life expectancies at 60, 70 and 80 implied by the mortality tables described above.

Age	Life expectancy (years)	
	Males	Females
60	18.3	21.9
70	13.4	16.1
80	7.8	9.5

Mortality experience

The following table shows the actual and expected number of deaths in the 12 months to the current assessment date.

12 months to 30 September 2025					
Actual Deaths	Expected Deaths	Act/Exp	Actual mortality rate (% p.a.)	Expected mortality rate (% p.a.)	Average age of all planholders
27,671	27,051	102%	7.8%	7.7%	78.9

The actual number of deaths was reasonably close to the expected number of deaths in the 12 months to the Review Date - a similar outcome to previous periods. We continue to monitor the actual mortality experience and will revise the assumptions if deemed appropriate.

Cancellation assumption

Not all plans reach maturity and can be cancelled. Planholders receive a refund of the amount paid less a fee. An analysis of cancellation experience was carried out in 2025 and concluded that allowing for cancellations based on actual planholder experience would not materially change the liabilities. Therefore, in line with previous years, no allowance is made for future cancellations in the assumptions.



Methodology

The methodology projects future payments from the Trust using the underlying assumptions described above.

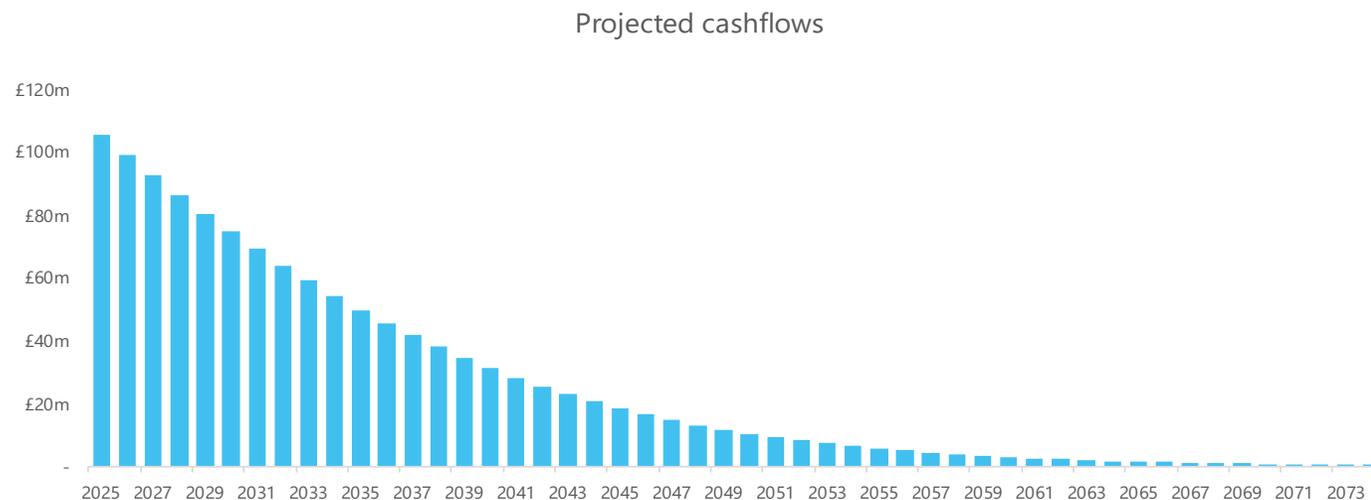
Fully paid plans

For fully paid plans – single payment or fully paid instalment plans - the projected cashflows are the full FDIA's expected to be paid based on the plan growth and mortality assumptions.

Instalment plans

For instalment plans with instalments still to be paid we have assumed the full FDIA will be paid in the cashflow projection but then deducted the net present value of remaining instalments – essentially treating future instalments as future cashflows into the Trust. The net present value of the remaining instalments to be paid is £38.1m.

The projected cashflows based on full FDIA's of existing plans from the Trust are set out below.



These projected payments are discounted to the Review Date using the discount rate and the net present value of future instalments is deducted to obtain the net present value of the liabilities. We then compare the value of the liabilities with the fair value of assets.



Results

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Results – funding position

Funding position at 30 September 2025

The funding position as at the Review Date is set out in the table below.

We have shown the results split by plans that were paid by a single payment, instalments that have been fully paid and instalments that are not yet fully paid. The results from the previous year are shown for comparison.

In accordance with there being no contractual obligation to increase plan values, we have calculated the liabilities in line with the current level of plan values at the Review Date with no future increases other than the 2.0% agreed for the 12 months to 31 March 2026 and the 2.2% agreed for the 12 months to 31 March 2027. Within the sensitivity of results section of this report (p15), we have included alternative results allowing for plan growth beyond 31 March 2027.

Best estimate results	30 September 2025	30 September 2024
Single payment	£712m	£719m
Instalments – fully paid	£151m	£151m
Instalments – payments outstanding	£39m	£40m
Less outstanding instalments	(£38m)	(£41m)
Total liabilities	£864m	£869m
Assets	£1,249m	£1,220m
Surplus	£386m	£351m
Funding level	145%	140%

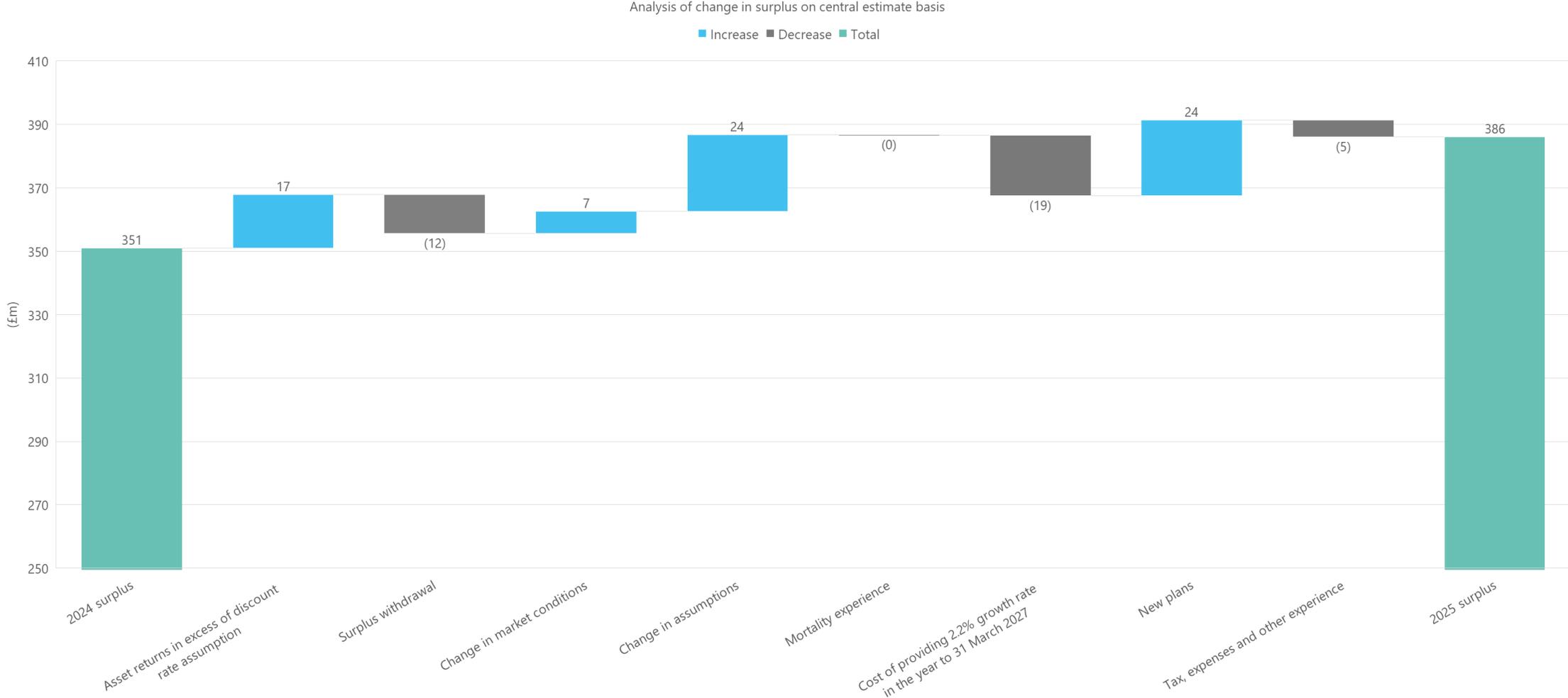
The estimated funding level at 30 September 2025 is 145%, corresponding to a surplus of £386m. This compares to a funding level of 140% and a surplus of £351m at the previous Review Date.

The reasons for the improvement in the funding position are set out on the next page.



Results – analysis of change in surplus

A broad analysis of the change in the surplus position for the Trust since the previous Review Date is set out below:



Results – sensitivities and scenarios

Sensitivity Analysis

The results of the assessment are also sensitive to some of the key assumptions adopted, in particular the discount rate and plan growth assumption adopted. [Discount rate sensitivity](#)

In the table below we show the results assuming a 1% increase/decrease in the discount rate.

30 September 2025	Best estimate	Discount rate + 1% pa	Discount rate - 1% pa
Total liabilities	(£864m)	(£800m)	(£937m)
Assets	£1,249m	£1,249m	£1,249m
Surplus	£386m	£449m	£313m
Funding level	145%	156%	133%

Plan growth sensitivity

In the following table we show the results assuming 2.0% p.a. growth in plan values after 31 March 2027.

30 September 2025	2% pa Future Plan growth
Total liabilities	(£996m)
Assets	£1,249m
Surplus	£254m
Funding level	126%

Risks

There is the risk that the funding position will change in a potentially material way if actual investment returns are significantly different to the assumed returns underlying the discount rate without any compensating changes in market yields and discount rates. We provide the GCL Board and the Golden Charter Trustees with regular updates on investment performance and Trust funding levels in between provision of this annual Solvency Assessment Report.

Cancellation scenario

On cancellation, the liability is a cash sum equal to the amount paid less a non-refundable arrangement fee that is retained by GCL in line with the funeral plan terms and conditions. At the Review Date, the assets were more than sufficient to meet the amounts required should all plans cancel.

Conclusion

The financial position of the Trust is 145% at the Review Date of 30 September 2025. This is based on the ongoing best estimate basis and assessing plan values as the initial amounts received plus previous and planned growth until March 2027.

The next solvency assessment should be carried out as at 30 September 2026.



Appendix

1



Summary of planholder data

Planholder data

A summary of the data provided to us by Golden Charter Limited as at the Review Date is set out below:

30 September 2025	Number of planholders	Fully paid plan values	Average plan value
Single payment	266,064	£985m	£3,700
Instalments – fully paid	62,988	£223m	£3,540
Instalments – payments outstanding	23,545	£83m	£3,525
Total	352,597	£1,291m	£3,660

At the Review Date the amounts still to be received by the Trust in relation to partly paid live instalment plans was £47m.

Whilst we carry out reasonableness checks on the data we are not able to independently verify the data and we rely on what has been provided by GCL.

Where data items are missing or incomplete, suitable assumptions are made. I do not believe any of the assumptions made are material to the results produced and I believe the data provided is fit for the purpose of calculating the results summarised in this report.



Summary of invested assets

Invested assets by investment manager

The allocation of net assets by fund manager at 30 September 2025 was as follows:

Manager	% allocation
LGIM	49.5%
Schroders	10.5%
Ruffer	2.6%
M&G	6.9%
TwentyFour	4.9%
Barings	6.1%
Columbia Threadneedle	3.1%
Aviva	8.6%
Partners Group	7.8%
Total	100%

Reconciliation of assets

A reconciliation of the net assets during the 12 months to the Review Date is set out below:

Item	£m
Assets at 30 September 2024	£1,220m
Net plan proceeds	£92m
Maturity payments	(£102m)
Investment return	£65m
Trust expenses	(£2m)
Surplus payment	(£12m)
Tax	(£11m)
Assets at 30 September 2025	£1,249m

