Peace of Mind Funeral Trust 2005

Solvency Assessment Report
as at 31 December 2025

11 February 2026

Important Notice

This report has been prepared by PricewaterhouseCoopers LLP based on the instructions provided by the Trustees of the Peace of Mind Funeral Trust 2005 ("the Trust") ("the Trustees") and, where appropriate, incorporates the advice of the responsible Actuary, Emma Morton, who is an employee of PricewaterhouseCoopers LLP. It has been prepared for the sole purpose that is set out in the Executive Summary.

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A copy of this report has been sent to Dignity Funerals Limited ("the Company") as set out in our agreement with them dated 25 September 2024. Under the basis of that agreement, the Company accepts that the work we have carried out is for the Trustees only and we do not accept any responsibility to any other party for it. In particular, we note that the Company will share this report with the FCA and will place it on its website as required by the FCA but PwC accepts no responsibility to anyone who may view the report other than the Trustees.

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Executive summary

The purpose of this Solvency Assessment Report ("SAR") is to advise the Trustees of the Peace of Mind Funeral Trust 2005 ("the Trust") ("the Trustees") of the results of a Solvency Assessment completed with an effective date of 31 December 2025 ("the valuation date"). This report is produced in line with the FCA regulations that took effect on 29 July 2022, and follows the requirements set out by the FCA in the FCA handbook and specifically FPCOB 3.2.

The solvency assessment values a "cover level" for each plan held by the Trust. The cover level is the amount the Company will withdraw from the Trust to provide a funeral for the plan holder. For this Trust, the cover level is set equal to the share of the assets of the Trust attributable to each plan.

In valuing the liabilities of the Trust, we have only considered the plans in force at the valuation date, and have made no allowance for any financial support that may be available from the Company.

The FCA requires that liabilities are measured on a "best estimate" basis, which is a basis where there is an equal chance that actual results will be either better or worse than assumed. The Trust operates on a "share of fund" basis where the total of each plan holders' share of fund equals the market value of the Trust assets at the valuation date. The FCA's definition of the "solvency level" (used in this report) is the ratio of trust assets over trust liabilities, measured on a best estimate basis. For a Trust that operates on a share of fund basis, the surplus will always be nil and the solvency level will always be 100%.

The market value of the Trust's assets as at 31 December 2025 has been calculated to be **£8.4m**. The best estimate liabilities of the Trust are also valued at **£8.4m**, which results in:

A **surplus** - i.e. assets less ongoing liabilities - of **£nil**	A **solvency level** (as defined by the FCA) of **100%**

At 31 December 2024 the market value of the Trust's assets was £8.6m. The liabilities of the Trust were also taken to be £8.6m, so the solvency level was 100%.

This report has been prepared in accordance with the Technical Actuarial Standards, issued by the Financial Reporting Council, that are relevant to the scope of this work insofar as they apply. These are TAS 100 V2.0 (Principles for Actuarial work, dated March 2023) and TAS 400 V3.0 (Funeral plan trusts, dated July 2023).

Description of plans

A sum of money was paid into the Trust for each plan holder at the time the funeral plan was acquired. This money is held in the Trust until the plan holder dies. At that time an amount equal to the plan holder's proportional share of the fund is paid to an approved funeral provider who then provides the funeral.

The cover level for each plan holder at any point in time is the plan holder's proportional share of the Trust assets (as per the Trust management accounts). Therefore, the total cover level across all plan holders equals the total Trust assets.

We understand that the Trustees rely on legal advice that the Company has obtained to confirm that this Trust should be operated on a share of fund basis. We therefore understand that the Trust has no obligation to pay out more than the value of the Trust assets, whatever that value should be.

We have not considered how the share of fund attributed to each plan holder relates to the expected cost of future funeral provision. Nor have we considered how the cover levels determined on this basis compare to the cost of providing a funeral on the open market or otherwise how the plans could be provided if the Company is unable to provide the funeral, including on insolvency.

The Trust is closed to new business.

Summary of plan holder data

Plan holder data is not needed for the valuation of a share of funds trust. The Company provided us with unaudited management accounts as at 26 December 2025, which we have used for the valuation as at 31 December 2025. The accounts show the total number of plan holders in the Trust at the valuation date was 2,580.

We can determine the average cover level for each plan holder by dividing the value of the assets (shown on page 7) by the number of plan holders, as follows:

Fund Summary	
Net asset value of the Trust	£8,374,000
Number of plan holders	2,580
Average share of fund per plan holder	**£3,246**

Note: FPCOB 3.2 requires disclosure of 'plan value' in this report. ‘Plan value’ is not defined by the FCA and so we have interpreted it to refer to cover levels (as defined in this report). However, we believe that other interpretations are possible.

Assets

Details of the assets held by the Trust and deductions have been supplied in the form of unaudited management accounts for the quarter ending 26 December 2025 provided by the Company in January 2026. Figures as at 31 December 2025 were not available and so we have used the 26 December values as a best estimate for valuation purposes, noting that we do not expect a material difference between the two dates. As these accounts are unaudited these figures have not been independently verified.

We have relied on the statement of net assets provided in these management accounts as being true and accurate and have not carried out any checks to confirm this. All invested assets were held with BNY Mellon or Abrdn plc at the previous valuation date. During the year to 31 December 2025 the Trust's assets were transferred to Mercer.

As at 31 December 2025	£000s
Mercer Global Investments Management	8,887
Insurance Prepayment and other debtors	1
Cash at bank	542
Market value of Trust assets	**9,430**
Current liabilities	
Tax liability	(501)
Accounting and audit accrual	(4)
Professional fees accrual	(1)
Other creditors	0
Actuarial accrual	(3)
Amounts due to Dignity	(541)
Total Current Assets	**8,380**
Provision for deferred tax	(7)
Total assets for valuation	**8,374***

*Figures do not sum due to rounding

Monies deducted from Trust over the 12 months to 31 December 2025 (£k)**	
Payments on death and cancellation during the year	879
Tax and expenses	308

** Based on management accounts as at 26 December 2025 which show cashflows for the 9 months to 26 December 2025 and 12 months to 31 March 2025.We have supplemented this with information from the equivalent management accounts as at 31 December 2024 to derive the monies deducted over the full year.

Valuation method and assumptions

Liabilities

As this is a share of funds Trust, the liability for each plan holder has been taken to be a proportionate share of the Trust assets.

We have allowed for no additional liabilities, such as expenses.

We have only considered the plans in force at the valuation date and have made no allowance for any financial support that may be available from the Company.

We have not included expected cash flows in this report, as we have not been provided with the data to do this and it is not needed for our solvency calculation.

Assumptions

We do not use financial or demographic assumptions to calculate the liabilities of the Trust because they are determined on a share of fund basis.

Assets

We have valued assets at their market value.

Valuation results

The results of the methodology on the basis as described on page 8 are shown below.

As at 31 December 2025	Best Estimate Results (£000s)
Market value of Trust assets	9,430
Current Assets	0
Current Liabilities	(1,050)
Total Current Assets	**8,380**
Provision for deferred tax	(7)
Total Assets	**8,374***
Liability relating to Trust cover levels	8,374
Total Liabilities	**8,374**
Surplus / (deficit)	**0**
Solvency level	**100%**

*Figures do not sum due to rounding

Sensitivity analysis

There are no actuarial assumptions underlying the valuation results, and therefore no sensitivity scenarios to display.

Risk and uncertainties

The Trust is exposed to the following risks which need to be managed appropriately:

- **Investment risk:** the risk that variations in investment returns and asset values may mean that the resulting shares of fund vary over time, although this should not impact the solvency of the Trust.
- **Inflation risk:** the risk that a period of high inflation results in higher than expected increases to the cost of providing funerals, resulting in the share of fund per plan holder being insufficient to provide the promised funeral.
- **Data:** the risk of errors in the underlying data which would directly impact the valuation of the Trust's liabilities.
- **Covenant risk:** the risk that the Company is no longer able to support the Trust or provide the funerals promised to plan holders.
- **Climate risk:** the investment risk due to the effects of a transition to a lower carbon economy on the investment markets.
- **Regulatory risk**: the risk that the current FCA regulated regime changes, resulting in higher than expected costs or increased liabilities for the Trust.
- **Reputational risk**: the risk that Dignity's reputation deteriorates, resulting in a large number of unexpected cancellations.

Analysis of surplus

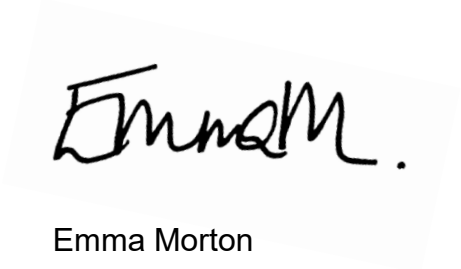
No Analysis of Surplus is provided for this Trust as the surplus remains at nil from year to year.

Conclusion

This report sets out the results of the solvency assessment of the Trust as at 31 December 2025.

The results of the valuation show a balanced position (i.e. neither a surplus nor deficit exists), as measured on a best estimate share of fund basis, equivalent to a solvency level of 100%.

For compliance with the documentation of the Trust and the FCA regulations, we understand that the next assessment should be carried out with an effective date no later than 31 December 2026.



Emma Morton

Fellow of the Institute of Actuaries

Partner at PricewaterhouseCoopers LLP

11 February 2026

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This paper has been prepared only for the Trustees of the Peace of Mind Funeral Trust 2005 and solely for the purpose and on the terms agreed with the Trustees of the Peace of Mind Funeral Trust 2005 and on the terms agreed with us in our engagement letter dated 27 September 2022. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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