

**DARWIN BEREAVEMENT SERVICES FUND**

**REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**DARWIN BEREAVEMENT SERVICES FUND**

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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## DARWIN BEREAVEMENT SERVICES FUND

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### GENERAL INFORMATION

ADMINISTRATOR, SECRETARY AND REGISTRAR	Vistra Fund Services (Guernsey) Limited 11 New Street St Peter Port Guernsey GY1 2PF
MANAGER	Darwin Alternative Investment Management (Guernsey) Limited 11 New Street St Peter Port Guernsey GY1 2PF
DIRECTORS OF THE MANAGER	Ian Michael Burns Anthony Geoffrey David Esse Christopher James Affleck Penney Robin Haake Smith Martin Paul Tolcher
INVESTMENT ADVISER	Darwin Alternative Investment Management Limited Empire House 175 Piccadilly London W1J 9EN
TRUSTEE	Butterfield Bank (Guernsey) Limited PO Box 25 Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3AP
INDEPENDENT AUDITOR	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF
BUSINESS VALUERS	Smith and Williamson LLP 25 Moorgate London EC2R 6AY

## DARWIN BEREAVEMENT SERVICES FUND

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### GENERAL INFORMATION (CONTINUED)

#### BANKERS

Lloyds Banking Group plc  
25 Gresham Street  
London  
EC2V 7HN

Butterfield Bank (Guernsey) Limited  
PO Box 25  
Regency Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 3AP

#### LENDERS

Lloyds Banking Group plc  
25 Gresham Street  
London  
EC2V 7HN

GLA Strategic Reserve LP  
50 Lothian Road  
Festival Square  
Edinburgh  
Scotland  
EH3 9WJ

National Westminster Bank plc  
250 Bishopsgate  
London  
EC2M 4AA

#### LEGAL ADVISERS TO THE FUND

*As to Guernsey law:*

Collas Crill  
Glategny Court  
PO Box 140  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 4EW

## DARWIN BEREAVEMENT SERVICES FUND

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### GENERAL INFORMATION (CONTINUED)

LEGAL ADVISERS TO THE FUND

*As to United Kingdom law:*

Burges Salmon LLP  
One Glass Wharf  
Bristol  
BS2 0ZX

## **DARWIN BEREAVEMENT SERVICES FUND**

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### **MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

Darwin Alternative Investment Management (Guernsey) Limited (the "Manager") of the Darwin Bereavement Services Fund (the "Fund") is pleased to submit its Report and Audited Consolidated Financial Statements for the year ended 31 December 2021.

#### **THE FUND**

The Fund was established in Guernsey through a trust instrument on 3 September 2018, as an open-ended unit trust authorised by the Guernsey Financial Services Commission as an authorised Class B open-ended Collective Investment Scheme under The Protection of Investors (Bailiwick of Guernsey) Law, 2020. The Fund was established in Guernsey as a Qualifying Investor Fund.

#### **INVESTMENT OBJECTIVE**

The Fund's investment objective is to maximise total return in Sterling terms primarily through a combination of growth and income.

#### **INVESTMENT SUMMARY**

The Investment policy of the Fund is to primarily invest in a portfolio of interests in UK based cemeteries, crematoria and related bereavement services assets with a view of enhancing value through strategic selection and interventionist asset management.

The Fund may invest in such property, directly, or indirectly, through one or more Property Holding Vehicles or other Intermediate Vehicles which may also be domiciled in Guernsey.

The Fund has acquired and intends to expand a portfolio of cemeteries, crematoria and related bereavement service assets so that unitholders can participate in the attractive income available in those markets as well as any future capital value growth.

The Fund may also invest in other collective investment schemes, listed and unlisted securities, joint ventures and partnerships, where the Manager considers there is a link with the bereavement services industry. In addition, due to the nature of the Fund's assets and lead times to complete purchases, there may be periods where liquidity levels are relatively high. During such periods, uninvested liquidity will be held in cash deposits, Treasury Bills and other government and public securities, money market instruments or investment funds or any combination of these at the discretion of the Manager provided that any such assets shall hold an AA or better rating.

Investment decisions made by Darwin Alternative Investment Management (Guernsey) Limited reflect the long-term objective to maximise total return through a combination of growth and income. The Manager has appointed Darwin Alternative Investment Management Limited ("DAIM") as its Investment Adviser. DAIM will provide advice to the Manager on investment matters in relation to the Fund.

The value of the Fund's investments and other assets is reflected in the value of the units which is dependent upon an independent valuation of the land and buildings and other assets undertaken by the property and business valuers.

## DARWIN BEREAVEMENT SERVICES FUND

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### **MANAGER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **ACCUMULATED DISTRIBUTIONS**

The Manager recommended that distributions be made for the year ended 31 December 2021 of 3.42 pence per unit on the A Accumulation class, 3.43 pence per unit on B Accumulation class, 2.06 pence per unit on the B Income class, 2.09 pence per unit on the C Accumulation class, 2.06 pence per unit on the C Income class, 2.06 pence per unit on the D Income class, 1.01 pence per unit on the E Accumulation class and 2.07 pence per unit on the E Income class.

The distributions allocated to the accumulation units were reinvested and accumulated in the capital. In total £1,410,811 (2020: £1,834,023) relating to the accumulation units was reinvested during the year.

#### **STATEMENT OF MANAGER'S RESPONSIBILITIES**

The Manager is responsible for preparing consolidated financial statements for each financial year which give a true and fair view, in accordance with applicable Law and United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice (SORP) "Financial Statements of Authorised Funds" issued by the Investment Association in June 2017, of the state of affairs of the Fund as at the end of the year and of the profit or loss of the Fund for that year. In preparing these consolidated financial statements, the Manager is required to:

- select suitable accounting policies then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- notify its members in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of consolidated financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable it to ensure that the consolidated financial statements comply with the terms of the Trust Instrument, The Protection of Investors (Bailiwick of Guernsey) Law 2020, The Authorised Collective Investment Schemes (Class B) Rules, 2021 and the applicable accounting standards. It is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the Investment Manager confirm that the Fund has complied with the above requirements in preparing the financial statements.

So far as each Director of the Manager is aware, there is no relevant audit information of which the Fund's auditor is unaware, and the Manager has taken all the steps as Manager to be aware of any relevant audit information and to establish that the Fund's auditor is aware of that information.

## DARWIN BEREAVEMENT SERVICES FUND

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### **MANAGER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **GOING CONCERN**

The Directors of the Manager have, at the time of approving the audited consolidated financial statements, a reasonable expectation that the Fund together with its subsidiaries have adequate resources to continue in operational existence for a period of not less than twelve months from the date of the approval of the consolidated financial statements. Thus they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

During the year and to the date that the consolidated financial statements were approved, the COVID-19 outbreak has continued to cause disruptions to businesses and economic activities. However as the operating businesses provide a critical service to the community, they continued to trade throughout the crisis whilst adhering to the social distancing measures imposed by the UK government.

On 24 February 2022 Russia launched an invasion of Ukraine which has led to uncertainty in the financial markets and the economy up to and including the date of signing these financial statements. The Directors are monitoring the ongoing situation but do not consider that there is a material impact on the Fund.

#### **AUDITOR**

The Auditor, Grant Thornton Limited, has indicated its willingness to continue in office.

Signed for and on behalf of the Manager by:

Anthony Esse

**Director**

**10 June 2022**

Robin Smith

**Director**

## DARWIN BEREAVEMENT SERVICES FUND

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### INVESTMENT ADVISER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

During the financial year, B Accumulation units saw an increase in value of 5.62% (2020: 5.35%). The Fund declared two dividends; 1% on 30 September and a further 1% on 31 December.

2021 was a transformational year for the Darwin Bereavement Services Fund. The acquisitions of Memoria and Affordable Funerals in May followed by RNS Publications in December have diversified the portfolio of bereavement services assets owned by the Fund both in terms of geography and service offering. This has reinforced the sustainable, predictable, and uncorrelated income streams that the Fund can deliver to investors.

A key component in the Fund's strategy is the development of strong customer-centric brands with a shared vision for providing quality yet affordable services. The Fund now owns a number of distinctive yet complementary brands which collectively provide a high standard of service and facility to bereaved families across the UK.

#### **GreenAcres**

In 2021, the GreenAcres portfolio hosted circa 2,500 services and conducted a combined total of 1,300 burials and ash internments. The business achieved record breaking revenues in 2021 despite the early part of the year being dominated by the Covid-19 pandemic and there being restrictions on attendance numbers at funeral services.

GreenAcres has provided a critical service to the community throughout the pandemic. At the start of the year when the UK was in a period of national lockdown, burial volumes spiked, most notably at Eternal Gardens (the dedicated offering to the Muslim community), before stabilising to more normal levels later in the year. Community engagement has been a priority and the appointment of a community engagement manager last year has helped strengthen relationships in areas surrounding the GreenAcres cemeteries.

Pre-arranged sales revenue performed particularly well in 2021. The grounds teams have been developing a wide variety of different offerings for burials and cremated remains plots, e.g. woodland glades or private gardens in addition to the more traditional burial or ash interment offerings which are proving to be popular.

2021 also saw the completion of the development works at GreenAcres Heatherley Wood. The project included an extension to the service hall, a fit for purpose reception building and upgraded car park. Initial feedback has been very positive and the unveiling of the new site has given the park good local exposure.

#### **Memoria Group**

The Memoria Group consists of 11 crematoria, 9 of which are fully owned by the Fund and two under management. In addition, there are two further sites with planning consent for new crematoria at Doncaster and Faversham in North Kent.

Like the GreenAcres portfolio, the Memoria businesses saw increased volumes in the early part of the year and carried out 16,000 cremations in 2021. In the early part of the year, social distancing policies restricted attendance numbers at funerals but since all Memoria sites are equipped with web streaming facilities, families and friends who weren't able to physically attend funeral services were able to join online.

Since acquisition in May 2021, the business performed strongly and in line with expectations. The death rate stabilised after the initial peak at the beginning of the year to more manageable levels but standard cremation volumes were maintained across the year. Direct cremations originating from the Affordable Funerals division grew strongly in 2021 which is a trend that is expected to continue as Affordable Funerals becomes a more established brand in the marketplace.

## DARWIN BEREAVEMENT SERVICES FUND

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### INVESTMENT ADVISER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### Affordable Funerals

Affordable Funerals is the Fund's online funeral director which specialises in the provision of direct and affordable cremation products. Originally branded Low Cost Funerals, this is also the division of the group selling funeral plans. The business traded well throughout 2021 with revenues increasing incrementally across the year in both 'At Need' and 'Pre Arranged' activities and this growth has continued into 2022.

On 29 July 2022, the FCA will start regulating the pre-paid funeral plans sector. Whilst this is initially creating some turbulence in the marketplace we believe this will have a positive impact on the sector in the longer term and restore public confidence in the funeral plan market. Low Cost Funeral Limited has applied to be regulated by the FCA and is expected to receive authorisation before the end of July 2022.

The businesses trading under the Affordable Funerals brand collectively sold in excess of 9,000 funeral plans and arranged circa 9,500 funerals in 2021. The sale of funeral plans today will protect and drive revenue opportunities in the future. Low Cost Funeral Limited is the listed funeral director on each of the funeral plans that are sold so when a funeral plan matures, Low Cost Funeral will arrange a funeral and where appropriate, a cremation will take place at a Memoria crematoria.

#### The CDS Group

2021 marked the first full year of ownership of CDS by the Fund. The business has continued to support local councils and also private sector operators with planning and environmental advice with several large local authority projects ongoing. CDS has also been supporting GreenAcres in sourcing opportunities for new sites as well as extensions of their existing facilities.

CDS are pioneering the sector with their extensive 'green' credentials. In addition to carrying out research into the environmental impacts of the industry and sourcing alternative and more sustainable and environmentally friendly practices they are supporting a number of local authorities with the acquisition and installation of electric cremators.

#### RNS Publications

RNS Publications is the most recent addition to the Fund. It is the UK's largest provider of hospital bereavement booklets; these booklets are tailored to the desires of each individual hospital and hospice and are provided free of charge. The booklets contain practical information such as where to collect the belongings of the deceased and supportive guidance as to how to deal with grief. Booklets are provided to 192 hospitals and 85 hospices across the country.

The booklets are funded by the inclusion of advertisements from a selection of local businesses across the bereavement sector; these advertisements will range from local funeral directors to florists and event spaces. Contracts with the hospitals are rolling agreements often up to four years. Funeral Directors are typically on a two year advertising contract.

## **DARWIN BEREAVEMENT SERVICES FUND**

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### **INVESTMENT ADVISER'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

During the early stages of 2022 the portfolio businesses have performed well in spite of there being a drop in the national death rate. The diversified portfolio owned by the Fund has helped mitigate the impact of the decline in the death rate.

The wider service offering is also creating opportunities for the different portfolio businesses to work in tandem with each other. For example, at a number of locations, the GreenAcres cemeteries are able to use the services of Affordable Funerals and Memoria for cremations. (Previously GreenAcres would have used external cremation providers). GreenAcres are also working with Affordable Funerals on a selection of pre-arranged funeral plan products.

The CDS Group are experts in the design and build of crematoria and cemeteries, environmental risk and groundwater management. CDS are providing advice for GreenAcres in expansion projects ongoing at Kemnal Park, Colney and Heatherly Wood. They have also supported Memoria on the development of the two new crematoria being constructed at Doncaster and North Kent.

**Darwin Alternative Investment Management Limited**

**Date: 10 June 2022**

**DARWIN BEREAVEMENT SERVICES FUND**

<b>COMPARATIVE TABLE</b>	<b>2021</b>	<b>2020</b>
<b>A Accumulation units</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
<b>Change in net assets per unit</b>		
Opening net asset value per unit	110.6860	105.1500
Return before operating expenses	7.3000	6.9028
Operating charges	(1.2000)	(1.3666)
Return after operating charges	6.1000	5.5360
Distributions on income units	N/A	N/A
<b>Closing net asset value per unit</b>	<b>116.7860</b>	<b>110.6860</b>
Retained distributions on accumulation units	3.4211	5.2764
<b>Performance</b>		
Return after charges	5.51%	5.26%
<b>Other information</b>		
Closing net asset value (£)	356,171	337,568
Closing number of units	305,000	305,000
Operating charges	(1.08%)	(1.30%)
<b>Prices</b>		
Highest unit price	116.7775	110.6779
Lowest unit price	110.6860	105.1500
<b>B Accumulation units</b>		
<b>Change in net assets per unit</b>		
Opening net asset value per unit	111.0460	105.4000
Return before operating expenses	7.3300	6.9223
Operating charges	(1.0900)	(1.2762)
Return after operating charges	6.2400	5.6460
Distributions on income units	N/A	N/A
<b>Closing net asset value per unit</b>	<b>117.2860</b>	<b>111.0460</b>
Retained distributions on accumulation units	3.4343	5.2909
<b>Performance</b>		
Return after charges	5.62%	5.35%
<b>Other information</b>		
Closing net asset value (£)	40,295,916	38,154,460
Closing number of units	34,359,563	34,359,563
Operating charges	(0.98%)	(1.21%)
<b>Prices</b>		
Highest unit price	117.2860	111.0351
Lowest unit price	111.0460	105.4000

**DARWIN BEREAVEMENT SERVICES FUND**

<b>COMPARATIVE TABLE (CONTINUED)</b>	<b>2021</b>	<b>2020</b>
<b>B Income units *</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
<b>Change in net assets per unit</b>		
Opening net asset value per unit	100.0000	-
Return before operating expenses	5.2917	-
Operating charges	(0.7400)	-
Return after operating charges	4.5517	-
Distributions on income units	2.0617	-
<b>Closing net asset value per unit</b>	<b>102.4900</b>	-
Retained distributions on accumulation units	N/A	-
<b>Performance</b>		
Return after charges	4.55%	-
<b>Other information</b>		
Closing net asset value (£)	10,249,208	-
Closing number of units	10,000,000	-
Operating charges	(0.74%)	-
<b>Prices</b>		
Highest unit price	102.6449	-
Lowest unit price	100.0000	-
<b>C Accumulation units *</b>		
<b>Change in net assets per unit</b>		
Opening net asset value per unit	100.0000	-
Return before operating expenses	6.4800	-
Operating charges	(1.3000)	-
Return after operating charges	5.1800	-
Distributions on income units	N/A	-
<b>Closing net asset value per unit</b>	<b>105.1800</b>	-
Retained distributions on accumulation units	2.0851	-
<b>Performance</b>		
Return after charges	5.18%	-
<b>Other information</b>		
Closing net asset value (£)	925,991	-
Closing number of units	880,376	-
Operating charges	(1.30%)	-
<b>Prices</b>		
Highest unit price	105.1830	-
Lowest unit price	100.0000	-

\* B Income units were launched in April 2021.

\* C Accumulation units were launched in January 2021.

DARWIN BEREAVEMENT SERVICES FUND

COMPARATIVE TABLE (CONTINUED)	2021	2020
<b>C Income units *</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
<b>Change in net assets per unit</b>		
Opening net asset value per unit	100.0000	-
Return before operating expenses	5.5719	-
Operating charges	(1.0500)	-
Return after operating charges	4.5219	-
Distributions on income units	2.0619	-
<b>Closing net asset value per unit</b>	<b>102.4600</b>	-
Retained distributions on accumulation units	N/A	-
<b>Performance</b>		
Return after charges	4.52%	-
<b>Other information</b>		
Closing net asset value (£)	51,229	-
Closing number of units	50,000	-
Operating charges	(1.05%)	-
<b>Prices</b>		
Highest unit price	102.6968	-
Lowest unit price	100.0000	-
<b>D Income units *</b>		
<b>Change in net assets per unit</b>		
Opening net asset value per unit	100.0000	-
Return before operating expenses	5.2891	-
Operating charges	(0.9000)	-
Return after operating charges	4.3891	-
Distributions on income units	2.0591	-
<b>Closing net asset value per unit</b>	<b>102.3300</b>	-
Retained distributions on accumulation units	N/A	-
<b>Performance</b>		
Return after charges	4.39%	-
<b>Other information</b>		
Closing net asset value (£)	40,625,994	-
Closing number of units	39,700,552	-
Operating charges	(0.90%)	-
<b>Prices</b>		
Highest unit price	102.3300	-
Lowest unit price	100.0000	-

\* C Income units were launched in April 2021.

\* D Income units were launched in April 2021.

DARWIN BEREAVEMENT SERVICES FUND

COMPARATIVE TABLE (CONTINUED)	2021	2020
<b>E Accumulation units *</b>	<b>Pence per unit</b>	<b>Pence per unit</b>
<b>Change in net assets per unit</b>		
Opening net asset value per unit	100.0000	-
Return before operating expenses	1.1700	-
Operating charges	(0.1700)	-
Return after operating charges	1.0000	-
Distributions on income units	N/A	-
<b>Closing net asset value per unit</b>	<b>101.0000</b>	<b>-</b>
Retained distributions on accumulation units	1.0100	-
<b>Performance</b>		
Return after charges	1.00%	-
<b>Other information</b>		
Closing net asset value (£)	20,200,273	-
Closing number of units	20,000,000	-
Operating charges	(0.17%)	-
<b>Prices</b>		
Highest unit price	101.0000	-
Lowest unit price	100.0000	-
<b>E Income units *</b>		
<b>Change in net assets per unit</b>		
Opening net asset value per unit	100.0000	-
Return before operating expenses	6.0394	-
Operating charges	(1.1400)	-
Return after operating charges	4.8994	-
Distributions on income units	2.0694	-
<b>Closing net asset value per unit</b>	<b>102.8300</b>	<b>-</b>
Retained distributions on accumulation units	N/A	-
<b>Performance</b>		
Return after charges	4.90%	-
<b>Other information</b>		
Closing net asset value (£)	66,647,126	-
Closing number of units	64,809,929	-
Operating charges	(1.14%)	-
<b>Prices</b>		
Highest unit price	103.0641	-
Lowest unit price	100.0000	-

\* E Accumulation units were launched in December 2021.

\* E Income units were launched in February 2021.

## DARWIN BEREAVEMENT SERVICES FUND

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### TRUSTEE'S REPORT TO THE UNITHOLDERS OF DARWIN BEREAVEMENT SERVICES FUND

In our capacity as Trustee to the Fund we confirm that, in our opinion, the Manager has managed the scheme for the year ended 31 December 2021 in accordance with the provisions of the principal documents of the Fund and with The Authorised Collective Investment Schemes (Class B) Rules, 2021 and no material breaches have occurred.

Andrew Thompson

**Trustee Representative**

**10 June 2022**

Butterfield Bank (Guernsey) Limited  
Regency Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 3AP

## DARWIN BEREAVEMENT SERVICES FUND

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### Independent auditor's report To the unitholders of Darwin Bereavement Services Fund

#### Opinion

We have audited the consolidated financial statements of Darwin Bereavement Services Fund (the 'Fund') and its subsidiaries (together 'the Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Total Return, the Consolidated Statement of Changes in Net Assets Attributable to Unitholders, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Practice).

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its profit for the year then ended;
- are in accordance with FRS102;
- comply with the requirements of The Trust Instrument.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The Manager is responsible for the other information. The other information comprises the information included in the Manager's Report and Investment Adviser's Report set out on pages 4 to 6 and 7 to 9, respectively, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Independent auditor's report**

**To the unitholders of Darwin Bereavement Services Fund**

**Responsibilities of the Manager for the consolidated financial statements**

As explained more fully in the Manager's responsibilities statement set out on page 5, the Manager is responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with United Kingdom Accounting Standards, and for such internal control as the Manager determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statement**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## **DARWIN BEREAVEMENT SERVICES FUND**

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### **Independent auditor's report**

#### **To the unitholders of Darwin Bereavement Services Fund**

##### **Auditor's responsibilities for the audit of the consolidated financial statement (continued)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Use of our report**

This report is made solely to the Parent Company's unitholders, as a body. Our audit work has been undertaken so that we might state to the Parent Company's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

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#### **Grant Thornton Limited**

Chartered Accountants

St Peter Port, Guernsey

Date: 10 June 2022

**DARWIN BEREAVEMENT SERVICES FUND**

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**CONSOLIDATED STATEMENT OF TOTAL RETURN  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		£	£
<b>INCOME</b>			
<b>Capital gains</b>			
Unrealised gain/(loss) on operating assets held at valuation	10	<u>3,036,419</u>	<u>(421,363)</u>
		3,036,419	(421,363)
Revenues	6	25,835,236	8,285,871
Share of loss from investments in joint ventures	13	(160,527)	-
<b>EXPENSES</b>			
Other expenses	7	(22,729,756)	(8,409,080)
Interest expenses		(1,552,491)	(345,645)
Management fees	20	(1,079,125)	(188,349)
Performance fees	20	(369,770)	(153,548)
<b>Total expenses</b>		<b><u>(25,731,142)</u></b>	<b><u>(9,096,622)</u></b>
<b>Total gain/(deficit) before taxation</b>		<b><u>2,979,986</u></b>	<b><u>(1,232,114)</u></b>
Taxation	9	(588,902)	(67,800)
<b>Total gain/(deficit) before distributions</b>		<b><u>2,391,084</u></b>	<b><u>(1,299,914)</u></b>
<b>Increase/(decrease) in net assets for the year</b>		<b><u>2,391,084</u></b>	<b><u>(1,299,914)</u></b>

The results of the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

The accompanying notes on pages 22 to 46 form an integral part of these consolidated financial statements.

**DARWIN BEREAVEMENT SERVICES FUND**

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**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		£	£
<b>Opening net assets attributable to unitholders</b>		36,005,736	37,305,650
Movement due to issue of units	19	135,935,000	-
Reinvested accumulation distribution	8	<u>1,410,811</u>	<u>1,834,023</u>
		173,351,547	39,139,673
Increase/(decrease) in net assets attributable to unitholders for the year		2,391,084	(1,299,914)
Finance costs: distribution	8	<u>(3,574,620)</u>	<u>(1,834,023)</u>
<b>Closing net assets attributable to unitholders</b>		<b>172,168,011</b>	<b>36,005,736</b>

The accompanying notes on pages 22 to 46 form an integral part of these consolidated financial statements.

**DARWIN BEREAVEMENT SERVICES FUND**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		£	£
<b>ASSETS</b>			
<b>Non - current assets</b>			
Goodwill	5	44,499,408	2,976,859
Operating assets held at valuation	10	178,135,953	47,520,352
Tangible fixed assets	11	8,092,430	1,440,969
Investments in joint ventures	13	7,089,473	-
Financial assets	14	2,221,975	-
		<b>240,039,239</b>	<b>51,938,180</b>
<b>Current assets</b>			
Inventories		139,378	166,307
Debtors and prepayments	15	4,364,391	1,895,373
Cash and cash equivalents		<b>11,216,259</b>	<b>13,064,314</b>
		<b>15,720,028</b>	<b>15,125,994</b>
<b>TOTAL ASSETS</b>		<b>255,759,267</b>	<b>67,064,174</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Amounts falling due within one year	16	12,881,820	5,953,290
Loans and bank overdraft due within one year	17	37,426,035	25,000,000
Taxation	9	123,292	67,800
		<b>50,431,147</b>	<b>31,021,090</b>
<b>Non-current liabilities</b>			
Loans due after one year	17	31,739,617	-
Deferred taxation	9	1,420,492	37,348
		<b>33,160,109</b>	<b>37,348</b>
<b>Total liabilities excluding net assets attributable to unitholders and non-controlling interests</b>		<b>83,591,256</b>	<b>31,058,438</b>
<b>Net assets attributable to unitholders</b>		<b>172,168,011</b>	<b>36,005,736</b>
<b>Number of units in issue</b>	19	<b>170,105,420</b>	<b>34,664,563</b>
<b>Fund net asset value per unit</b>		<b>1.0121</b>	<b>1.0387</b>

The consolidated financial statements on pages 18 to 46 were approved and authorised for issue by the Board of Directors of the Manager on 10 June 2022 and are signed on its behalf by

Anthony Esse  
**Director**

Robin Smith  
**Director**

The accompanying notes on pages 22 to 46 form an integral part of these consolidated financial statements.

**DARWIN BEREAVEMENT SERVICES FUND**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>Notes</i>	<b>2021</b>	<b>2020</b>
		£	£
<b>Cash flows from operating activities</b>			
Total gain/(deficit) before distributions		2,979,986	(1,232,114)
Movement in unrealised gain on operating assets held at valuation	10	(3,036,419)	421,363
Share of loss from investments in joint ventures	13	160,527	-
Bank interest income	6	(28,542)	(17,194)
Interest expense	17	1,552,491	345,645
Depreciation	7	1,524,879	412,837
Amortization of goodwill	5	984,948	124,036
Movement in inventories		26,929	36,829
Movement in debtors and prepayments	15	(2,477,233)	(956,225)
Movement in creditors	16	<u>5,740,918</u>	<u>1,842,273</u>
		7,428,484	977,450
Tax paid		(269,139)	-
<b>Net cash flows generated from operating activities</b>		<b><u>7,159,345</u></b>	<b><u>977,450</u></b>
<b>Cash flows from investing activities</b>			
Purchase of operating assets held at valuation	10	(128,031,138)	-
Purchase of investment/subsidiary		(55,777,008)	(3,315,007)
Purchase of tangible fixed assets		(2,896,609)	(577,282)
Proceeds from disposal of tangible fixed assets		12,195	313
Bank interest received		36,757	7,098
<b>Net cash flows used in investing activities</b>		<b><u>(186,655,803)</u></b>	<b><u>(3,884,878)</u></b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of units	19	135,935,000	-
Loans and overdrafts drawn during year	17	94,008,675	28,000,000
Repayment of loans and overdrafts during year	17	(50,000,000)	(14,665,824)
Interest paid		(1,319,075)	(357,996)
Distributions paid		(976,197)	-
<b>Net cash flows generated from financing activities</b>		<b><u>177,648,403</u></b>	<b><u>12,976,180</u></b>
<b>Net cash (outflow)/inflow for the year</b>		<b><u>(1,848,055)</u></b>	<b><u>10,068,752</u></b>
Net cash and cash equivalents at the beginning of the year		<u>13,064,314</u>	<u>2,995,562</u>
<b>Net cash and cash equivalents at the end of the year</b>		<b><u>11,216,259</u></b>	<b><u>13,064,314</u></b>

The accompanying notes on pages 22 to 46 form an integral part of these consolidated financial statements.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. GENERAL INFORMATION

The Fund was established in Guernsey on 3 September 2018 as an open ended unit trust authorised by the Guernsey Financial Services Commission ("GFSC") as an authorised Class B open-ended Collective Investment Scheme. The address of the registered office of its Manager, Darwin Alternative Investment Management (Guernsey) Limited is 11 New Street, St Peter Port, Guernsey, GY1 2PF.

The Fund's principal activity is to invest in a portfolio of interests in UK based cemeteries, crematoria and related bereavement services assets with a view of enhancing value through strategic selection and interventionist asset management.

The Fund may invest in such property, directly, or indirectly, through one or more Property Holding Vehicles or other Intermediate Vehicles which may also be domiciled in Guernsey.

The Fund may also invest in other collective investment schemes, listed and unlisted securities, joint ventures and partnerships, where the Manager considers there is a link with the bereavement services industry.

Due to the nature of the Fund's assets and lead times to complete purchases, there may be periods where liquidity levels are relatively high. During such periods, uninvested liquidity will be held in cash deposits, Treasury Bills and other government and public securities, money market instruments or investment funds or any combination of these at the discretion of the Manager provided that any such assets shall hold a AA or better rating.

#### 2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102").

##### *New Interpretations and amendments in issue*

Amendments to FRS 102 – Interest rate benchmark reform Phase 2 effective for accounting periods commencing on 1 January 2021.

Amendments to FRS 102 – UK exit from the European Union effective for accounting periods commencing on 1 January 2021.

The above new amendments are now effective and had no significant impact on the consolidated financial statements.

#### 3. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements of the Fund and its subsidiaries.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### ***Basis of preparation***

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the Investment Association in June 2017.

The preparation of consolidated financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

##### ***Basis of consolidation***

The consolidated financial statements include the results of the Fund drawn up to 31 December each year. The subsidiaries have been included in the consolidated financial statements using the purchase method of accounting. Accordingly, the Consolidated Statement of Total Return, Consolidated Changes in Net Assets Attributable to Unitholders, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows and associated notes include the results of the subsidiaries from acquisition date.

All the Group companies have 31 December as their year end.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Fund.

Intercompany transactions, balances and unrealised gains on transactions between Fund companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### ***Going Concern***

The Directors of the Manager have, at the time of approving the audited consolidated financial statements, a reasonable expectation that the Fund together with its subsidiaries have adequate resources to continue in operational existence for a period of not less than twelve months from the date of the approval of the consolidated financial statements. Thus they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

During the year and to the date that the consolidated financial statements were approved, the COVID-19 outbreak has continued to cause disruptions to businesses and economic activities. However as the operating businesses provide a critical service to the community, they continued to trade throughout the crisis whilst adhering to the social distancing measures imposed by the UK government.

On 24 February 2022 Russia launched an invasion of Ukraine which has led to uncertainty in the financial markets and the economy up to and including the date of signing these financial statements. The Directors are monitoring the ongoing situation but do not consider that there is an impact on the Fund.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

***Revenue***

Sales revenue consists of income from the sale of burial plots, burial fees, cremation services, memorialisation options, contract income, bereavement consultancy services, sales of funeral plans, funeral arranging, sale of advertising and other services provided at the parks. All income is recognised net of VAT.

Revenue arising from the sale of burial plots and memorialisation options is recognised at the date of completion of the sale. Revenue in relation to the provision of services is recognised at the date the service is provided. Revenue arising from contracts is recognised in accordance with the terms of the specified contract and when the risks and rewards of ownership have been transferred.

Revenue is accounted for on an accruals basis and where income is received in advance, it is deferred until the date that it meets the Group's recognition criteria.

Deposit interest and other income are accounted for on an accruals basis.

***Expenses***

Expenses are accounted for on an accruals basis.

***Operating assets held at valuation***

Operating assets held at valuation include land and buildings held by the underlying subsidiaries.

Operating assets are carried in the statement of financial position on the basis of a valuation based upon their existing use value, being their fair value estimated by using a discounted cash flow model.

Operating assets held at valuation are initially measured at cost, being the fair value of the consideration given, including related transaction costs. After initial recognition, operating assets are carried at fair value. The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The estimation of fair value does not assume that either the underlying business is saleable at the reporting date or that their owners have the intention to sell in the near future. The objective is to estimate the exchange price at which hypothetical market participants would agree to transact. Gains and losses arising from changes in fair value are included in the Consolidated Statement of Total Return.

The fair value of the operating assets is largely based on estimates using property appraisal techniques and other valuation methods as outlined in Note 4. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

Operating Assets held at valuation are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Consolidated Statement of Total Return.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

***Business Combination and goodwill***

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be 25 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

***Investments in joint ventures***

Investments in joint ventures are accounted for using the equity method, after initially being recognised at cost.

The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### ***Tangible fixed assets***

Tangible fixed assets are held for use in the day to day operations of the Fund and its subsidiaries, these are stated at historical cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Tangible fixed assets are depreciated on a straight line basis as follows:

Furniture and fittings	5 years straight line
Motor vehicles	3 years straight line
Site Equipment	10 years straight line
Capitalised Software	5 years straight line
Computer equipment	3 years straight line
Other fixed assets	5 years straight line

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Fund and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Consolidated Statement of Total Return and included in 'Park operating expenses' within 'Expenses'.

##### ***Financial instruments***

The Fund has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **Financial assets**

Basic financial assets, including debtors and cash and cash equivalents are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at market rate of interest.

Such assets are subsequently carried at amortised cost less any impairment using the effective interest method, unless the assets are due within one year, then are measured at the undiscounted amount of cash or other consideration expected to be received.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated Statement of Total Return.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

***Financial instruments (continued)***

Other financial assets, including financial assets at fair value through profit or loss, which are not subsidiaries or joint ventures, are initially measured at fair value, which is usually the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Consolidated Statement of Total Return.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**Financial liabilities**

Basic financial liabilities, including creditors, are initially recognised at transaction price. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are subsequently measured at amortised cost using the effective interest method, unless payment is due within one year or less, then are measured at the undiscounted amount of cash or other consideration expected to be paid.

***Cash and cash equivalents***

Cash and cash equivalents, includes cash in hand, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

***Inventories***

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is calculated using the first in, first out method. At each reporting date inventories are assessed for impairment.

***Distributions***

The net distributable income of the Fund will be available to be allocated at the end of each calendar quarter ending on 31 March, 30 June, 30 September and 31 December based on the returns of the Fund. In the case of Income Units, the income allocated will be available to be distributed within 50 Business Days of the relevant quarter date. Distributions for Accumulation Units are reinvested in the fund. All units have equal rights to distributions.

***Functional and reporting currency***

The Fund's functional and reporting currency is the Pound Sterling.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Fund's accounting policies, which are described in Note 3, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

The most significant estimates and judgements made in preparing these consolidated financial statements, under FRS 102, are as follows:

**Valuation of operating assets held at valuation**

In accordance with the Fund's accounting policies, operating assets held at valuation are stated at fair value as at the balance sheet date. This is determined by the investment adviser and independent valuation experts using recognised valuation techniques.

The Investment Manager has appointed Smith & Williamson as the independent business valuation expert and determined that the operating assets are fairly valued using a Discounted Cash Flow (DCF) model. The inputs for the DCF model are drawn from the management accounts which are the basis of the annual audited financial statements of the underlying businesses.

Smith & Williamson provide an independent assessment and review of the methodology, inputs and underlying assumptions which are used in the forecasted cash flow projections. Smith & Williamson provide the key technical components for setting the Weighted Average Cost of Capital (WACC) and terminal growth rate which ensures these are commensurate with investment and industry norms. At 31 December 2021, the WACC was determined to be 9.50% (2020: 10.25%).

Smith & Williamson, who have been appointed as the independent business valuer, is the eighth largest firm of accountants in the UK. The business has 12 principal offices in the UK and Ireland and an international capability in 120 countries through membership of Nexia International (the ninth largest international accounting network) and M&A International.

By nature, the DCF model used to determine the fair value of operating assets, requires the use of estimates such as future cash flows and judgement in the selection of an appropriate discount rate. The Directors of the Manager are confident that the valuation included in the consolidated financial statements has been incorporated on a consistent basis using sensible and supportable assumptions and the fund's operating assets are therefore fairly represented.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

##### **Assessment of impairment of goodwill**

In accordance with the Fund's accounting policies, Goodwill is held at fair value less any amortisation or impairment as at the balance sheet date. This is determined by using available information and future expected earnings in relation to the purchased entity.

Goodwill is evaluated for impairment annually or whenever the Fund identifies certain triggering events or circumstances that would more likely than not reduce the fair value of the purchased entity below the carrying amount. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro, and micro economic factors (for example, interest rate and loss of key personnel) and unanticipated competitive activities.

During the current year, the Directors believe there is no impairment on the goodwill as the expected future returns or earnings have not been affected at the balance sheet date. As a result, there is no impairment, refer to note 5 for detail.

#### 5. GOODWILL

	2021 £	2020 £
<b>At beginning of the year</b>	2,976,859	-
Additions	42,507,497	3,100,895
Amortisation	(984,948)	(124,036)
<b>At end of year</b>	<b>44,499,408</b>	<b>2,976,859</b>

On 28 February 2020, Darwin Bereavement Properties (Guernsey) Limited (a subsidiary of Darwin Bereavement Services Fund) acquired 100% of the ordinary share capital of Cemetery Development Services Limited ("CDSL") and Mausoleum Management Limited ("MML") for a total consideration of £3,805,007. There was goodwill of £3,100,895 associated with the acquisition of CDSL and MML.

CDSL is a leading bereavement consulting business which advises on cemetery and crematoria design and works closely with local councils to improve their bereavement services operations. MML is the owner of a purpose-built mausoleum serving the local community of Milton Keynes.

In May 2021, Darwin Bereavement Properties (Guernsey) Limited acquired, as part of the acquisition of Memoria and Affordable Funerals, 100% of the ordinary share capital of Low Cost Funeral Limited ("LCFL") for a total consideration of £33,007,833. There was goodwill of £30,823,736 associated with the acquisition of LCFL.

In December 2021, Darwin Bereavement Properties (Guernsey) Limited acquired 100% of the ordinary share capital of Turnside Marketing Limited for a total consideration of £9,328,748. There was goodwill of £11,683,761 associated with the acquisition of Turnside Marketing Limited. At the point of acquisition, Turnside Marketing Limited had net liabilities of £2,445,013. This is a consequence of the revenue recognition policy where income is deferred over two year period, the deferred income balance was £2,504,036 at the date of acquisition.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5. GOODWILL (CONTINUED)

The useful life of the goodwill is 25 years and the amortization calculated for the year 2021 is £984,948 (2020: £124,036). The Directors have determined that the goodwill is not impaired.

#### 6. REVENUE

	2021 £	2020 £
Sales revenue	24,932,085	8,256,509
Bank interest income	28,542	17,194
Dividend income	126,028	-
Other income	748,581	12,168
<b>Total Income</b>	<b>25,835,236</b>	<b>8,285,871</b>

#### 7. OTHER EXPENSES

	2021 £	2020 £
Park cost of sales	7,112,107	1,259,510
Payroll Costs	4,502,316	2,824,378
Advertising expenses	2,410,331	-
Depreciation	1,524,879	412,837
Bank Interest expense	1,158,776	18,137
Administrative expenses	1,137,446	1,153,424
Amortisation of goodwill	984,948	124,036
Legal and professional	574,555	242,456
VAT expenses	523,239	-
Park operating expenses	515,097	1,470,334
Audit and accounting fees	369,489	107,627
Administrator's fees	178,990	79,492
Insurance fees	149,833	98,341
Trustee's fees	79,309	38,680
Regulatory fees	6,207	14,796
Bank charges	8,197	9,951
Other expenses	1,494,037	555,081
<b>Total Expenses</b>	<b>22,729,756</b>	<b>8,409,080</b>

#### 8. FINANCE COSTS: ACCUMULATED DISTRIBUTIONS

The Manager recommended that distributions be made for the year ended 31 December 2021 of 3.42 pence per unit on the A Accumulation class, 3.43 pence per unit on B Accumulation class, 2.06 pence per unit on the B Income class, 2.09 pence per unit on the C Accumulation class, 2.06 pence per unit on the C Income class, 2.06 pence per unit on the D Income class, 1.01 pence per unit on the E Accumulation class and 2.07 pence per unit on the E Income class.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8. FINANCE COSTS: ACCUMULATED DISTRIBUTIONS (CONTINUED)

The distributions allocated to the accumulation units were reinvested and accumulated in the capital. In total £1,410,811 (2020: £1,834,023) relating to the accumulation units was reinvested during the year and £2,163,809 (2020: £nil) was paid to the income units during the year.

#### 9. TAXATION

The Fund is exempt from Income Tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. The Fund pays an annual fee to the States of Guernsey Income Tax Office, presently set at £1,200 (2020: £1,200).

The Group is liable to United Kingdom corporation tax on its net sales income for the whole year.

The Fund's subsidiary Darwin Bereavement Properties (Guernsey) Limited was liable to pay UK income tax at the rate of 20% (up until 5 April 2020) of its UK rental income less allowable expenses. The Company is liable to UK Corporation Tax (at 19%) on this rental income from 6 April 2020 onwards. The Company is registered under the Non-Resident Landlord Scheme to receive UK rental income with no tax deducted and submits an annual UK tax return and pays Income Tax / Corporation Tax on the net rental profits.

The Fund has taken professional guidance on these changes and will continue to monitor the situation to mitigate the UK tax within the fund structure.

<b>Tax expense included in profit or loss</b>	<b>2021</b>	<b>2020</b>
	£	£
Current corporation tax:		
Tax on profit on ordinary activities	324,631	67,800
Deferred tax:		
Origination and reversal of timing differences	264,271	-
Tax expense	<b>588,902</b>	<b>67,800</b>
 <b>Reconciliation of tax charge</b>	 <b>2021</b>	 <b>2020</b>
	£	£
Consolidated profit/(loss) before tax	2,979,986	(1,232,114)
Consolidation adjustments	<b>(3,010,235)</b>	<b>1,588,958</b>
(Loss)/profit before tax (after consolidation adjustments)	<b>(30,249)</b>	<b>356,844</b>
 Corporation tax at 19%	 (5,747)	 67,800
Fixed assets differences	(220,655)	-
Expenses not deductible for tax purposes	19,794	-
Fair value movements	(776,023)	-
Interest restriction	1,498,099	-
Losses brought forward	<b>(190,837)</b>	-
Origination and reversal of timing differences	<b>264,271</b>	-
 <b>Tax charge for the year</b>	 <b>588,902</b>	 <b>67,800</b>

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. TAXATION (CONTINUED)**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Movement in corporation tax provision</b>		
At start of year	67,800	-
Corporation tax for the year	324,631	-
Payments during the year	(269,139)	67,800
<b>At end of year</b>	<b>123,292</b>	<b>67,800</b>
	<b>2021</b>	<b>2020</b>
<b>Movement in deferred tax provision</b>		
At start of year	37,348	-
Acquired during the year	1,118,873	37,348
Provision for the year	264,271	-
<b>At end of year</b>	<b>1,420,492</b>	<b>37,348</b>

**10. OPERATING ASSETS HELD AT VALUATION**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Cost or valuation</b>		
At start of year	47,792,536	48,213,899
Additions	128,031,138	-
Unrealised gain/(loss) on revaluation	3,036,419	(421,363)
<b>At end of year</b>	<b>178,860,093</b>	<b>47,792,536</b>
<b>Depreciation and impairment</b>		
At start of year	(272,184)	(139,865)
Provided during the year	(451,956)	(132,319)
<b>At end of year</b>	<b>(724,140)</b>	<b>(272,184)</b>
<b>Carrying amount at end of year</b>	<b>178,135,953</b>	<b>47,520,352</b>

Included in operating asset additions above are incidental costs incurred in acquiring property during the year.

	<b>2021</b>	<b>2020</b>
	£	£
<b>Operating assets</b>		
GreenAcres cemeteries	52,952,466	47,520,352
Memoria crematoria	125,183,487	-
<b>178,135,953</b>	<b>47,520,352</b>	

To see the valuation methods used to value operating assets held at valuation please refer to Note 4.

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. TANGIBLE FIXED ASSETS**

	Furniture, fitting and equipment	Motor vehicles	Site equipment	Capitalised software	Computer equipment	Other fixed assets	Other property, plant and equipment	Total
	£	£	£	£	£	£	£	£
<b>At 1 January 2020</b>	141,923	153,176	351,673	30,625	144,114	97,881	-	919,392
Additions	42,292	28,580	210,294	117,663	79,232	313,548	133,740	925,349
Disposals	-	(8,394)	-	-	-	-	(3,953)	(12,347)
<b>At 31 December 2020</b>	184,215	173,362	561,967	148,288	223,346	411,429	129,787	1,832,394
Additions	1,202,678	165,596	1,720,888	25,691	93,541	772,842	3,755,343	7,736,579
Disposals	-	-	-	-	-	-	(13,560)	(13,560)
<b>At 31 December 2021</b>	<b>1,386,893</b>	<b>338,958</b>	<b>2,282,855</b>	<b>173,979</b>	<b>316,887</b>	<b>1,184,271</b>	<b>3,871,570</b>	<b>9,555,413</b>
<hr/>								
<b>Depreciation</b>								
<b>At 1 January 2020</b>	28,373	10,022	20,239	7,968	20,491	35,848	-	122,941
Charge for the year	39,693	60,187	60,883	22,011	57,558	6,759	33,427	280,518
Disposals	-	(8,081)	-	-	-	-	(3,953)	(12,034)
<b>At 31 December 2020</b>	68,066	62,128	81,122	29,979	78,049	42,607	29,474	391,425
Charge for the year	260,304	86,486	121,139	34,304	88,779	8,111	473,800	1,072,923
Disposals	-	-	-	-	-	-	(1,365)	(1,365)
<b>At 31 December 2021</b>	<b>328,370</b>	<b>148,614</b>	<b>202,261</b>	<b>64,283</b>	<b>166,828</b>	<b>50,718</b>	<b>501,909</b>	<b>1,462,983</b>
<hr/>								
<b>Carrying amount</b>								
<b>At 31 December 2020</b>	116,149	111,234	480,845	118,309	145,297	368,822	100,313	1,440,969
<b>At 31 December 2021</b>	<b>1,058,523</b>	<b>190,344</b>	<b>2,080,594</b>	<b>109,696</b>	<b>150,059</b>	<b>1,133,553</b>	<b>3,369,661</b>	<b>8,092,430</b>

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## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 12. INVESTMENT IN SUBSIDIARIES

The Fund holds and operates its portfolio through subsidiary companies. The financial statements consolidate the results of the Fund and its subsidiaries drawn up to 31 December each year. The subsidiaries have been included in the Fund's consolidated financial statements using the purchase method of accounting. The Consolidated Statement of Total Return and Consolidated Statement of Cash Flows include the results of the subsidiaries and the Consolidated Statement of Financial Position includes the position of the subsidiaries.

Name	Place of registration	Group ownership	Principal activity
<b>Immediate parent - The Darwin Bereavement Services Fund</b>			
Darwin Bereavement Properties (Guernsey) Limited	Guernsey	100%	Property Holding
Darwin Bereavement Finance (Guernsey) Limited	Guernsey	100%	Property Finance
<b>Immediate parent - Darwin Bereavement Properties (Guernsey) Limited</b>			
GreenAcres Groups Limited	UK	100%	Cemetery
GreenAcres Financial Services Limited	UK	100%	Dormant
GreenAcres Portfolio Management Limited	UK	100%	Cemetery
GreenAcres Ceremonial Parks Limited	UK	100%	Cemetery
GreenAcres Kemnal Park Limited	UK	100%	Cemetery
Cemetery Development Services Limited	UK	100%	Advisory
Mausoleum Management Limited	UK	100%	Cemetery
Turnside Marketing Limited	UK	100%	Provision of bereavement information
Bereavement Support Network Limited	UK	70%	Provision of bereavement information
RNS Publications Limited	UK	100%	Dormant
Probate Matters Limited	UK	100%	Dormant
Low Cost Funeral Limited	UK	100%	Online funeral provider
Memoria Limited	UK	100%	Crematorium
Flintshire Memorial Park Limited	UK	100%	Crematorium
Barnby Moor Memorial Park Limited	UK	100%	Crematorium
North Oxfordshire Memorial Park Limited	UK	100%	Crematorium
<b>Indirect subsidiaries - Darwin Bereavement Properties (Guernsey) Limited</b>			
Cardiff & Glamorgan Memorial Park Ltd	UK	100%	Crematorium
South Leicester Memorial Park Ltd	UK	100%	Crematorium
Amber Valley Memorial Park Ltd	UK	100%	Crematorium
Waveney Memorial Park Ltd	UK	100%	Crematorium

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Place of registration	Group ownership	Principal activity
<b>Indirect subsidiaries - Darwin Bereavement Properties (Guernsey) Limited (continued)</b>			
Denbighshire Memorial Park Ltd	UK	100%	Crematorium
North Herts Memorial Park Ltd	UK	100%	Crematorium
Doncaster Memorial Park Limited	UK	100%	Crematorium
Memoria 452 Limited	UK	100%	Dormant
Memoria Living Matters Limited	UK	100%	Dormant
Retford Affordable Funerals Limited	UK	100%	Dormant
Memoria Affordable Quality Funerals Limited	UK	100%	Dormant

#### 13. INVESTMENTS IN JOINT VENTURES

In May 2021, Darwin Bereavement Properties (Guernsey) Limited, through its subsidiary Low Cost Funeral Limited, acquired 25% of the ordinary share capital of The Independent Funeral Partnership 2020 Limited, 50% of the ordinary share capital of Celebration of Life Centres Limited and 50% of the ordinary share capital of Celebration of Life Funerals Limited, for a total consideration of £250,000, £5,000,000 and £2,000,000 respectively.

The carrying value of the investments in joint ventures was as follows:

	2021	2020
	£	£
At 1 January	-	-
Acquisitions during the year	7,250,000	-
Share of loss	(160,527)	-
<b>At 31 December</b>	<b>7,089,473</b>	<b>-</b>

Name	Place of registration	Group ownership	Principal activity
The Independent Funeral Partnership 2020 Limited	UK	25%	Funeral and related activities
Celebration of Life Centres Limited	UK	50%	Funeral and related activities
Celebration of Life Funerals Limited	UK	50%	Funeral and related activities

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. FINANCIAL ASSETS**

The financial asset includes the equity investment in Ordinary B shares in Kirkleatham Memorial Limited. The Group accounts for the investment at fair value through profit or loss.

As at year end, the fair value of the financial assets were as follows:

	<b>2021</b>	<b>2020</b>
	£	£
At 1 January	-	-
Acquisition during the year	2,221,975	-
At 31 December	<b><u>2,221,975</u></b>	<b><u>-</u></b>

The fair value of the financial assets have been estimated by using a discounted cash flow model.

**15. DEBTORS AND PREPAYMENTS**

	<b>2021</b>	<b>2020</b>
	£	£
Trade debtors	911,757	871,120
Other debtors and prepayments	3,450,692	1,012,576
Other assets	-	1,520
Interest receivable	1,942	10,157
	<b><u>4,364,391</u></b>	<b><u>1,895,373</u></b>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2021</b>	<b>2020</b>
	£	£
Trustee Fees	22,660	8,798
VAT Payable	529,069	103,066
Administration fee payable	57,680	16,965
Trade creditors	796,522	1,334,578
Management Fees	292,120	48,556
Performance fees	157,406	-
Deferred consideration	-	500,000
Deferred income	4,117,817	1,192,708
Accrued expenses	5,298,335	2,748,619
Dividend payable	1,610,211	-
	<b><u>12,881,820</u></b>	<b><u>5,953,290</u></b>

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**17. LOANS AND BANK OVERDRAFT**

	<b>2021</b>	<b>2020</b>
	£	£
<b>Due within one year</b>		
Loans	25,000,000	25,000,000
Bank Overdraft	12,426,035	-
	<b><u>37,426,035</u></b>	<b><u>25,000,000</u></b>
	<b>2021</b>	<b>2020</b>
	£	£
<b>Due after one year</b>		
Loans	31,739,617	-
	<b><u>31,739,617</u></b>	<b><u>-</u></b>
<b>Total</b>	<b><u>69,165,652</u></b>	<b><u>25,000,000</u></b>

**Fund Level**

On the 1 September 2020, the Fund was provided a convertible revolving credit facility of £25,000,000. The facility was terminated by converting the committed amount of £25,000,000 into an equal subscription for 25,000,000 units of the Fund on 1 February 2021.

The Fund received a new convertible revolving credit facility of £50,000,000 to support with liquidity and to support the acquisition of Memoria and Affordable Funerals. A total of £25,000,000 was repaid during the year reducing the overall facility to £25,000,000. This facility is issued by the Greater London Authority on the basis of the fund providing a negative pledge.

An overdraft facility of £12,500,000 was made available on 10 May 2021 to support the acquisition of Memoria and Affordable Funerals; the outstanding balance at the year end was £11,478,618. This facility is provided by Lloyds Banking Group and is secured against Greenacres properties at Chiltern, Colney, Epping, Heatherley Wood, Kemnal Park and Rainford.

**Operating Park Level**

(i) Upon acquisition of the Memoria Group the fund refinanced the existing term debt facilities into:

- (a) revolving credit facility of £20,000,000 with a drawn balance of £19,000,000 at year end. This facility was made available on a three-year term.
- (b) and a term loan of £6,608,304 with a drawn balance off £6,360,596 at year end. This facility was made available on a three-year term. This facility incurs quarterly capital repayments of £82,604.

These facilities are provided by National Westminster Bank and are secured by Memoria crematoria sites at Cardiff & Glamorgan, Denbighshire, Amber Valley, North Hertfordshire and South Leicester.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17. LOANS AND BANK OVERDRAFT (CONTINUED)

##### **Operating Park Level (continued)**

(ii) The Fund also inherited three term loans provided by Lloyds Banking Group on the acquisition of Memoria:

- (a) A term loan of £1,781,618 with a year end balance of £1,704,200 secured over a property at Flintshire. This loan amortises monthly on a fifteen-year amortisation profile. The quarterly capital repayments are £32,500.
  - (b) A term loan of £1,663,833 with a year end balance of £1,662,324 secured over a property at Barnby Moor. This loan amortises monthly on a twenty-year amortisation profile. The quarterly capital repayments are £21,250.
  - (c) A term loan of £4,000,000 with a year end balance of £4,000,000 secured over a property at North Oxfordshire. This loan operates on an interest only basis. Subsequent to the year end this facility was converted to an amortising term loan on a ten-year profile.
- (iii) A £500,000 gross overdraft (£100,000 net) facility for site operations continued to be made available to support with working capital movements during the normal course of business. £nil is currently drawn on this facility. This facility is provided by Lloyds Banking Group and is secured against Greenacres properties at Beaconsfield, Colney, Epping, Heatherley Wood, Kemnal Park and Rainford.

#### 18. FINANCIAL INSTRUMENTS

FRS 102 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) for identical instruments in active markets

Level 2 – Inputs other than quoted prices that are directly or indirectly observable

Level 3 - Valuation techniques using unobservable data

The Fund has the following financial instruments:

	2021	2020
	£	£
<b>Financial assets</b>		
<b>Measured at fair value</b>		
Financial assets	2,221,975	-
<b>Measured at undiscounted amount</b>		
Trade debtors	911,757	871,120
Cash and cash equivalents	11,216,259	13,064,314
	<hr/> <u>12,128,016</u>	<hr/> <u>13,935,434</u>
<b>Total financial assets</b>	<hr/> <b><u>14,349,991</u></b>	<hr/> <b><u>13,935,434</u></b>

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 18. FINANCIAL INSTRUMENTS (CONTINUED)

##### Financial liabilities

###### Measured at undiscounted amount

Trade and other creditors	1,326,388	1,408,897
Loans and bank overdraft	69,165,652	25,000,000
<b>Total financial liabilities</b>	<b>70,492,040</b>	<b>26,408,897</b>

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

#### 19. UNITHOLDERS' CAPITAL

In accordance with the Trust Instrument, distributions may be made to the unitholders of the Fund. Distributions are to be made rateably in accordance with the number of units held or deemed to be held on the relevant distribution date. The unitholders are only entitled to vote at meetings of the unitholders on specific resolutions as detailed in the Trust Instrument. At meetings of the unitholders, on a poll, every holder is entitled to one vote in respect of each unit held.

In a winding-up the unitholders have the right to receive all surplus assets available for distribution after settlement of the Class units' liabilities.

There is no upper or lower number of units that may be issued in the Fund.

##### Reconciliation of movement in units in issue

	2021	2020
	Units	Units
<u>A Accumulation units</u>		
Opening balance	305,000	305,000
Issued	-	-
Closing balance	<b>305,000</b>	<b>305,000</b>
	2021	2020
<u>B Accumulation units</u>		
Opening balance	34,359,563	34,359,563
Issued	-	-
Closing balance	<b>34,359,563</b>	<b>34,359,563</b>
	2021	2020
<u>B Income units</u>		
Opening balance	-	-
Issued	10,000,000	-
Closing balance	<b>10,000,000</b>	-

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. UNITHOLDERS' CAPITAL (CONTINUED)**

**Reconciliation of movement in units in issue (continued)**

	<b>2021</b>	<b>2020</b>
	<b>Units</b>	<b>Units</b>
<b>C Accumulation units</b>		
Opening balance	-	-
Issued	880,376	-
Closing balance	<b>880,376</b>	-
<b>C Income units</b>		
Opening balance	-	-
Issued	50,000	-
Closing balance	<b>50,000</b>	-
<b>D Income units</b>		
Opening balance	-	-
Issued	39,700,552	-
Closing balance	<b>39,700,552</b>	-
<b>E Accumulation units</b>		
Opening balance	-	-
Issued	20,000,000	-
Closing balance	<b>20,000,000</b>	-
<b>E Income units</b>		
Opening balance	-	-
Issued	64,809,929	-
Closing balance	<b>64,809,929</b>	-
<b>Total units in issue</b>	<b>170,105,420</b>	<b>34,664,563</b>

The terms of each share class are as set out in the Fund prospectus which is available at  
<https://www.darwinbereavementservicesfund.com/literature>.

**20. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS**

**Fees Payable to the Manager**

The Management fee is charged at 0.6% p.a of the NAV of the Fund for the Class "A" units, 0.5% p.a. of the NAV of the Fund for the Class "B" units, 0.85% p.a. of the NAV of the Fund for the Class "C" units, 0.75% p.a. of the NAV of the Fund for the Class "D" units and 0.8% p.a. of the NAV of the Fund for the Class "E" units.

The Manager will not make any initial charges for the issue of Class A, Class B, Class C, Class D and Class E Units.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**20. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS (CONTINUED)**

**Fees Payable to the Manager (continued)**

These fees are calculated by reference to the Net Asset Value of the Fund attributable to the relevant Units and shall be calculated and accrued at each Valuation Date and are payable quarterly in arrears.

Fees charged during the year by the Manager were £1,079,125 (2020: £188,349) of which £292,120 (2020: £48,556) remained outstanding at 31 December 2021.

In addition, the Manager is entitled to receive a performance fee set at 15% of the outperformance of the Fund when measured against a benchmark set at 6% annual increase in the NAV of the Fund.

An amount of £369,770 (2020: £153,548) was charged for the year of which £157,406 (2020: £nil) remained unpaid as at 31 December 2021.

**Fees payable to the Trustee**

The Trustee is entitled to an amount of £10,000 per annum, plus a percentage of the Gross Asset Value of the fund based on the below scale:

Up to £150 million	0.05% per annum
Between £150 million and £300 million	0.03% per annum
Above £300 million	0.02% per annum

The fee is subject to a minimum annual amount of £25,000 together with an establishment fee of £5,000 in respect of the launch of the Fund.

The Trustee is also entitled to additional, transactional fees of £500 per third party bank account set up with a £20 fee incurred for each transaction processed.

The Trustee is also due £2,000 per property transaction and £100 for any non-real estate type assets.

Fees charged by the Trustee during the year were £79,309 (2020: £38,680), of which £22,660 (2020: £8,798) remains unpaid at 31 December 2021.

**Fees Payable to the Administrator**

The Administration fee is charged at a rate dependent on the NAV of the Fund, as detailed below, with an annual minimum fee of £60,000.

Up to £50 million	0.175% per annum
Between £50 million and £100 million	0.15% per annum
Above £100 million	0.10% per annum

Transactional fees of up to £2,500 per acquisition or disposal may also be charged by the Administrator and are subject to agreement on a case by case basis.

Fees charged by the Administrator during the year were £178,990 (2020: £79,220), of which £57,680 (2020: £16,965) remained unpaid at 31 December 2021. There was a disbursement of £nil (2020: £272) during the year and there were no outstanding disbursement (2020: £nil) payables at 31 December 2021.

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 20. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS (CONTINUED)

##### Directors

I Burns, A Esse, J Penney, R Smith and M Tolcher are Directors of Darwin Alternative Investment Management (Guernsey) Limited, Darwin Bereavement Properties (Guernsey) Limited and Darwin Bereavement Finance (Guernsey) Limited.

The Directors of the Manager were remunerated by Darwin Alternative Investment Management (Guernsey) Limited, except for A Esse and J Penney who have waived their fees.

At 31 December 2021, A Esse owned 100,000 units (2020: 100,000 units) of the Class A Accumulation units. J Penney owned 150,000 units (2020: 150,000 units) of the Class A Accumulation units. R Smith had an interest in 30,000 units of the Class A Accumulation units via a retirement annuity trust and 10,000 units of the Class A Accumulation units as trustee (2020: 40,000 units). M Tolcher owned 15,000 units (2020: 15,000 units) of the Class A Accumulation units. At 31 December 2021, R Smith owned 40,000 units (2020: 40,000 units) of the Class C Income units via a retirement annuity trust and 10,000 units of the Class C Income units as trustee.

#### 21. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES

Given the uncertainties and volatilities in the economy which can impact market risk (including interest rate risk), operational risk, liquidity risk and credit risk, the Fund has carefully considered its unique circumstances and risk exposures and provided adequate disclosures on the management of risks arising from the financial instruments.

##### Market Risk

The Fund is exposed to risk associated with the effects of fluctuation in the prevailing levels of market interest rates on its financial assets and financial liabilities to the extend that it earns interest on cash and cash equivalents and pays interest on its loans.

##### Interest Rate Risk

The interest rate profile of the financial assets and liabilities as at the consolidated balance sheet date is as follows:

As at 31 December 2021	Non-interest bearing				Total £
	Floating rate £	Fixed rate £	Non-interest bearing £	Total £	
<b>Assets</b>					
Cash and cash equivalents	11,216,259	-	-	-	11,216,259
Debtors	-	-	911,757	911,757	
Financial assets	-	-	2,221,975	2,221,975	
<b>Total assets</b>	<b>11,216,259</b>	<b>-</b>	<b>3,133,732</b>	<b>14,349,991</b>	
<b>Liabilities</b>					
Creditors	-	-	1,326,388	1,326,388	
Loans and bank overdraft	69,165,652	-	-	69,165,652	
Net assets attributable to unitholders	-	-	172,168,011	172,168,011	
<b>Total liabilities</b>	<b>69,165,652</b>	<b>-</b>	<b>173,494,399</b>	<b>242,660,051</b>	

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)**

**Interest Rate Risk (continued)**

**As at 31 December 2020**

	<b>Floating rate</b> £	<b>Fixed rate</b> £	<b>Non-interest bearing</b> £	<b>Total</b> £
<b>Assets</b>				
Cash and cash equivalents	13,064,314	-	-	13,064,314
Debtors	-	-	871,120	871,120
<b>Total assets</b>	<b>13,064,314</b>	<b>-</b>	<b>871,120</b>	<b>13,935,434</b>
<b>Liabilities</b>				
Creditors	-	-	1,408,897	1,408,897
Loans	-	25,000,000	-	25,000,000
Net assets attributable to unitholders	-	-	36,005,736	36,005,736
<b>Total liabilities</b>	<b>-</b>	<b>25,000,000</b>	<b>37,414,633</b>	<b>62,414,633</b>

Considering the effect on cash balances, an increase in 50 basis points in interest rates as at reporting date would have increased net assets and income for the year by £56,081 (2020: £65,322). A decrease of 50 basis points would have had an equal but opposite effect. The calculations are based on the balances at the reporting date and are not representative of the year as a whole.

Considering the effect on the loan balance payable, an increase in 50 basis points in interest rates as at reporting date will decrease net assets and income for the year by £345,828 (2020: £nil).

**Operational risks**

Sales revenue and the market value for properties are generally affected by overall conditions in the economy, such as changes in gross domestic product, number of deaths, changes in life expectancy, employment trends, inflation, the availability of banking finance and changes in interest rates, which in turn may impact the demand for burial parks and bereavement services.

Both income and property values may also be affected by other factors specific to the bereavement and wedding services markets, such as competition from other property owners, the perceptions of customers, attractiveness, convenience of venues, the periodic need to renovate, repair and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

The Directors of the Manager monitor the operating assets quarterly using the DCF model received from the investment adviser. The Directors of the Manager have engaged Smith and Williamson, Business Valuers, to review the DCF model on a quarterly basis.

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)**

**Liquidity risk**

The Fund's constitution provides for the quarterly creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time and the repayment of the loan. The Fund's main assets are property assets which are traded in an environment where deal timescales can take place over months. As a result, the Fund may not be able to liquidate quickly some of its properties at an amount close to its fair value in order to meet liquidity requirements.

Cash balances are maintained to ensure that the Fund is able to meet expenses, distributions and requests for redemption of units. Where redemption requests exceed cash available to the Fund, the Manager is entitled to suspend the redemption process until the Fund has been able to realise sufficient funds from the orderly disposal of property. To date no such suspension was necessary.

**As at 31 December 2021**

	<b>Due within 30 days</b>	<b>Due between 30 days and 60 days</b>	<b>Due between 60 days and 1 year</b>	<b>Due after 1 year</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debtors	911,757	-	-	-	911,757
Cash and cash equivalents	11,216,259	-	-	-	11,216,259
	<b><u>12,128,016</u></b>				<b><u>12,128,016</u></b>
Net assets due to unitholders	(37,400)	(36,278)	(307,996)	(171,786,337)	(172,168,011)
Creditors	(1,326,388)	-	-	-	(1,326,388)
Loans and bank overdraft	(12,426,035)	-	(25,000,000)	(31,739,617)	(69,165,652)
	<b><u>(13,789,823)</u></b>	<b><u>(36,278)</u></b>	<b><u>(25,307,996)</u></b>	<b><u>(203,525,954)</u></b>	<b><u>(242,660,051)</u></b>
<b>Total liquidity sensitivity gap</b>	<b><u>(1,661,807)</u></b>	<b><u>(36,278)</u></b>	<b><u>(25,307,996)</u></b>	<b><u>(203,525,954)</u></b>	<b><u>(230,532,035)</u></b>

**DARWIN BEREAVEMENT SERVICES FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)**

**Liquidity risk (continued)**

As at 31 December 2020

	Due within 30 days	Due between 30 days and 60 days	Due between 60 days and 1 year	Due after 1 year	Total
	£	£	£	£	£
Debtors	871,120	-	-	-	871,120
Cash and cash equivalents	<u>13,064,314</u>	-	-	-	<u>13,064,314</u>
	<u>13,935,434</u>	-	-	-	<u>13,935,434</u>
Net assets due to unitholders	(9,504)	(9,219)	(78,268)	(35,908,745)	(36,005,736)
Creditors	(1,408,897)	-	-	-	(1,408,897)
Loans and bank overdraft	-	(25,000,000)	-	-	(25,000,000)
	(1,418,401)	(25,009,219)	(78,268)	(35,908,745)	(62,414,633)
<b>Total liquidity sensitivity gap</b>	<b><u>12,517,033</u></b>	<b><u>(25,009,219)</u></b>	<b><u>(78,268)</u></b>	<b><u>(35,908,745)</u></b>	<b><u>(48,479,199)</u></b>

**Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. There are no significant concentrations of credit risk within the Fund other than the concentration of balances held with Butterfield Bank (Guernsey) Limited which amounts to £11,216,259 (2020: £13,064,314).

Credit risk in respect of other financial assets and is reflected in the carrying value of these assets being set to their fair value, as they represent cash and financial instruments held with the Fund's bankers. The Manager regularly reviews the credit ratings of the Fund's bankers.

Credit risk in relation to banking is managed by the Board monitoring the risk ratings of the counter party (Butterfield Bank (Guernsey) Limited). The current rating according to Moody's is A3 (2020: A3).

**22. NET ASSET VALUE PER UNIT**

	2021	2020
	£	£
Fund net asset value per December valuation	179,351,909	38,492,028
Adjustment to asset valuation on consolidation	(7,183,898)	(2,486,292)
<b>Group net asset value per financial statements</b>	<b><u>172,168,011</u></b>	<b><u>36,005,736</u></b>
	2021	2020
	£	£
Units in issue	170,105,420	34,664,563
Net asset value per unit (valuation)	1.0544	1.1104
Net asset value per unit (financial statements)	1.0121	1.0388

## DARWIN BEREAVEMENT SERVICES FUND

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 22. NET ASSET VALUE PER UNIT (CONTINUED)

	2021 £	2020 £
<u>Individual Fund class value per unit</u>		
A accumulation value per unit (Valuation)	1.1678	1.1068
A accumulation value per unit (Financial Statements)	1.1210	1.0353
B accumulation value per unit (Valuation)	1.1728	1.1104
B accumulation value per unit (Financial Statements)	1.1258	1.0387
B income value per unit (Valuation)	1.0249	-
B income value per unit (Financial Statements)	0.9839	-
C accumulation value per unit (Valuation)	1.0518	-
C accumulation value per unit (Financial Statements)	1.0097	-
C income value per unit (Valuation)	1.0246	-
C income value per unit (Financial Statements)	0.9835	-
D income value per unit (Valuation)	1.0233	-
D income value per unit (Financial Statements)	0.9823	-
E accumulation value per unit (Valuation)	1.0100	-
E accumulation value per unit (Financial Statements)	0.9696	-
E income value per unit (Valuation)	1.0283	-
E income value per unit (Financial Statements)	0.9872	-

#### 23. CONTROLLING PARTY

Due to the nature of the ownership of the units, the Manager believes that there is no ultimate controlling party.

#### 24. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 31 March 2022, the Manager recommended a distribution of 1.04 pence per unit on the Class B Income units, Class C Income units, Class D Income units and Class E Income units.

There have been no other material events after the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 December 2021.