

Company Registration No. 01981238

Denplan Limited

Annual Report and Financial Statements

31 December 2021



Denplan Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

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Denplan Limited

COMPANY INFORMATION

DIRECTORS

S Khemka
N Potter

REGISTERED OFFICE

Hambleton House
Waterloo Court
Andover
Hampshire
SP10 1LQ

BANKERS

Barclays Bank PLC
UK Banking
1 Churchill Place
London
E14 5HP

SOLICITORS

Addleshaw Goddard
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

INDEPENDENT AUDITOR

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Denplan Limited
STRATEGIC REPORT
Year ended 31 December 2021

Overview of Denplan Limited ('the Company')

The Company is a wholly owned subsidiary of Simplyhealth Group Limited, the ultimate parent company.

The Company's principal activity is to provide the administration of capitation plans within the dental market. It also sells and administers dental insurance products to employers on behalf of their employees underwritten by Simplyhealth Access, a fellow subsidiary company in the Simplyhealth Group ('the Group'). The administration of capitation plans for the dental profession and its patients remains Denplan's largest source of income while the sales of dental insurance products to employees of our corporate customers continues to grow.

The Company supports dentists and their patients, providing products and services which support the provision and funding of dental services. Our aim is to continue the development of our existing relationships and focus on the impact of any changes to the NHS dental provision.

Statement by the directors in performance of their statutory duties in accordance Section 172 (1) statement

The board of directors of Denplan Limited consider that they have both individually and together, considered Section 172 (1) of the Companies Act 2006 ('s172') to an appropriate extent in relation to the decisions taken during the year ended 31 December 2021, and accept that due consideration has been applied by the ultimate parent company of Simplyhealth Group Limited, of which Denplan Limited is a subsidiary.

Review of activities and business performance

The Company recovered from the pandemic during 2021 and made an operating profit of £5,469,000 (2020 loss: £6,621,000) and a profit before tax of £9,118,000 (2020: loss £3,824,000). This significant improvement in profits include a gain on investments of £7,465,000, comprising of a prior year impairment reversal of £4,148,000 and a current year gain of £3,317,000. The Company's financial position has strengthened and is in a good position as the business returns to normal.

The pandemic hit dentistry and dentist hard, and our dental partnerships suffered too. While doing what we could to support all Denplan dentists during this time, with, for example, the provision of PPE, the Group Board made a strategic decision to stop the investment in dental joint ventures and to prepare to exit the ones already acquired. In 2021 the financial performance of the practices improved as the impact of Covid diminished month on month. Three practices were sold during 2021 and the remaining practices will be sold in 2022 through the sale of its subsidiary, Simplyhealth Partnerships Limited.

The Company incurred a tax charge of £944,000 (2020: £1,289,000) after adjusting the loss for timing differences on expenses.

Key performance indicators

The Company manages its business performance based on key financial and other performance indicators as follows:

	2021	2020	Change
	£'000	£'000	£'000
Capitation Income	22,109	21,100	1,009
Insurance commissions	14,806	20,762	(5,956)
Operating profit/(loss)	5,469	(6,621)	12,090
Membership	1,381	1,356	25

Capitation income increased by 4.6 % during the year mainly due to the launch of Denplan+. A new offering that rewards dentists with free compliance checks, enhanced staff benefits including 24/7 GP.

Insurance commission is calculated as a % of underwriting margin which has slowly reduced to normal levels during 2021. In 2020 the pandemic had caused claims to reduce significantly increasing the underwriting margin and commission received.

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Operating profit increased as a result of a reduction in company expenses, with the biggest impact being the impairments in 2020. A breakdown of costs is referenced in note 4.

Risk management

The role of risk management

The Company's risk management procedures are embedded within the arrangements operated throughout the Group. References to procedures applied by the Group with regard to risk management apply equally to the Company.

The Board considers risk management to be a fundamental part of good management practice and a significant aspect of corporate governance. The effective management of risk is central to the Group's culture and decision-making and provides an essential contribution towards the achievement of the Group's strategy and objectives.

The Group has developed an Enterprise Risk Management Policy that stipulates the minimum standard for risk management and internal control for all parts of the Group and for all categories of risk.

In turn, this enables reasonable assurance to be provided to the Board and external stakeholders that the Company is achieving the following risk management and internal control objectives:

- Effective risk and capital management that secures an appropriate level of solvency for the Group and protection for policyholders;
- Strong alignment between risk management, accountability, decision-making and reward;
- Effective and efficient operations that are aligned to the Group's strategic objectives and risk appetites;
- Reliable non-financial and financial information, that meets internal and external reporting requirements including prudential reporting and supports effective oversight and decision-making; and
- Compliance with applicable and emerging laws, regulations and administrative provisions.

Risk management approach

The Group adopts a responsible and balanced approach to risk-taking so that significant risks are identified and managed. This supports long-term sustainability and growth and enables the Group to respond dynamically to strategic opportunities while maintaining an appropriate and proportionate approach to running the business.

The Group's approach to risk management consists of the following components:

- Agreement of Board risk appetite statements in relation to defined risks, which sets the philosophy and high level measures for the level of risk the Group is willing to accept.
- A risk management system which ensures that all principal risks are identified, assessed and managed in accordance with the risk appetite framework. The Group's risk management policies are reviewed at least annually.
- Regular risk monitoring and reporting, ensuring any concentration of risk by risk type, entity or function is assessed and management action agreed on a timely basis. Group Risk Reporting provides an assessment of risk at both the Group, Business Unit and where appropriate functional level.
- An effective risk and control culture which is focused on the sustainability of the Group, risk awareness, ethical behaviour and the fair treatment of customers and employees.

Risk management framework

The Group maintains a risk management framework which establishes how risk management operates across the business. This framework links together our operating environment, business strategy, decision-making and capital management, alongside defined risk appetites, so that there is an appropriate forward-looking view of the risks facing our business.

The framework is used to provide a comprehensive and consistent approach for identifying, assessing, mitigating, monitoring and reporting risk, for establishing risk appetite and for managing capital. The framework sets out the processes involved in the identification, assessment, mitigation, monitoring and reporting of risk, required to meet the Group's commercial, strategic and regulatory objectives.

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STRATEGIC REPORT
Year ended 31 December 2021

Risk governance

The Board is responsible for determining the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives, including the setting of the Group's overall risk appetite. The Board delegates oversight of risk management to the Risk and Capital Committee.

The day-to-day oversight and challenge of the Group's risk management and reporting processes rests with the Group Risk Function. The consolidated risk report produced by this function is firmly embedded in the Group's management and Board reporting. This report enables the monitoring of risk-taking versus agreed risk limits, using a suite of Key Risk Indicators linked to risk appetite.

The effectiveness of the risk management and internal control framework is independently assessed as part of the programme of activity carried out by the Internal Audit Function in the third line of defence, the results of which are reported to the Audit Committee.

Risk management function

The risk management function is required to:

- Facilitate the implementation of the risk-management system;
- Assist the Board and other functions in the effective operation of the risk management system;
- Monitor and report on the risk management system;
- Monitor the general risk profile of the undertaking as a whole;
- Report to the Board on material risks;
- Advise the Board on risk management matters, including in relation to strategic affairs such as corporate strategy, mergers and acquisitions and major projects and investments;
- Identify and assess emerging risks;
- Co-operate closely with the actuarial function; and
- Implement and oversee a suitable risk assessment process for solvency purposes.

Principal risks and uncertainties

The Company's overall risk profile is determined by:

- The environment in which we do business, in particular competitor activity in the healthcare market, the changing health needs and claiming behaviour of customers, including exceptional circumstances throughout the pandemic, regulatory changes and an uncertain economic environment; and
- The business strategy, which focuses on developing existing businesses, creating new opportunities and delivering sustainable returns, with a focus on developing outstanding customer relationships with products and services that meet our customers' needs in a changing healthcare market.

The primary risk exposures are underwriting risk, market risk, credit risk, insurance operational risk, liquidity risk, non-insurance profit risk, non-insurance operational risk. Further details on how the Group manages these risks are given in note 4 of the Group's financial statements.

The Group monitors its exposure to non-financial risks through regular reviews of the risk profile, application of the three lines of defence model, the Own Risk and Solvency Assessment (ORSA) process and reporting to the Risk and Capital Committee.

The Company's principal risks and uncertainties have been defined by the Directors as follows:

Credit risk

The Company's credit risk is primarily attributable to its premium debtors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with acceptable credit ratings that are assigned by international credit rating agencies.

Operational/conduct risk

Increasingly challenging demands on resources and skills within the business could negatively affect the operational capacity and capability of the Company and the resilience of its operational systems and processes. These demands include risks relating to information security particularly as it relates to the safety of our customers' data. In

Denplan Limited
STRATEGIC REPORT
Year ended 31 December 2021

accordance with the Enterprise Risk Management Policy, the management and governance culture of our business continues to be enhanced specifically to address this challenge.

During the year there have been no material operational risk losses or incidents that require disclosure.

Working with our professional customers

The Company works closely with healthcare professionals across the dental industry, having disposed of its veterinary business in 2020. Denplan supports dentists with their businesses and works with them to provide the very best affordable and effective healthcare plans for their patients.

In addition, our dental payment plans help our member dentists focus on providing their patients great oral healthcare, without having to worry about lost revenue from cancelled appointments or time away from the surgery for training. In addition, a payment plan helps patients to budget for their dental treatment and access private dental care when they need it.

Patients of Denplan dentists have the security of knowing that their dentist is supported by Simplyhealth with their continual professional development (CPD) and regulatory and legislative advice and those with the Excel certification are striving for best practice in all areas of clinical governance.

Denplan also offers patients with plans dental insurance, provided through Simplyhealth Access, and 97.8% of customers benefit from this product giving them the peace of mind that in the event of an emergency the cost of dental treatment is covered.

Our people

All Simplyhealth colleagues are employed by Simplyhealth People Limited ('SHP'), a fellow subsidiary undertaking in the Group. SHP is responsible for the payment of salaries and wages and ensuring that all parts of the business have the right capabilities to support the effective running of the business as well as its strategic development.

SHP is responsible for ensuring they provide a work experience that helps our people feel connected to our customers, our colleagues and our communities. They create and encourage a supportive environment for our people, one which recognises the need for a healthy work and home life balance, where they feel listened to and recognised for their contribution in making a difference to things that matter: helping people with healthcare. The Group is committed to the personal development and career growth of our people, ensuring that our recruitment, development and opportunities are openly available for all, irrespective of gender, disability, marital status, race, age, sexual orientation, or ethnic origin.

Looking forward to 2022

Denplan is a highly regarded and a trusted brand by dentists and customers. Denplan products and services will continue to be core to the Group portfolio and in 2022 we will be working with Dentists and customers to build on the success of Denplan +, to further strengthen our proposition and increase our market share.

Approved by the Board of Directors and signed on behalf of the Board

Nicholas Potter

Nicholas Potter, Director
18 May 2022

Denplan Limited

DIRECTORS' REPORT Year ended 31 December 2021

The directors present this report together with the Strategic Report, Financial Statements and Auditor's Report for the year ended 31 December 2021.

DIRECTORS

The Directors who served during the year and up to the date of approval of these financial statements were:

S Khemka	(appointed 1 April 2021)
R Abdin	(resigned 1 April 2021)
N Potter	(appointed 10 November 2021)
D J Beaven	(resigned 10 November 2021)

SECRETARY

J Jansen-Alder (resigned 28 February 2021)

DIRECTORS' REPORT DISCLOSURES

The Strategic Report contains disclosures otherwise required to be contained in the Directors' Report in respect of principal activity, risk management, employment policies, including those relating to disabled persons and future developments.

DIRECTORS DUTIES

Throughout the annual report we have provided examples of how we have taken into account the likely consequences of long-term decisions, built relationships with our key stakeholders and engaged with our employees throughout the year. Section 172 duties are disclosed in the Group consolidated financial statements.

FINANCIAL RISK MANAGEMENT

The financial risk management objectives, policies and principal risks of the company are contained on pages 3 to 5 of the strategic report.

DIVIDENDS

There have been no dividends received or paid during this year (2020: received £2,450,000). The Directors do not recommend the payment of a final dividend (2020: £ nil).

POST BALANCE SHEET EVENT

As disclosed in note 16, after the year end the 100% owned subsidiary, Simplyhealth Partnerships Limited, was sold on the 14 April 2022.

DIRECTORS' INDEMNITIES

During the year and at the time the Directors' Report was approved the Company's Directors were the beneficiaries of qualifying indemnity provisions in respect of proceedings brought by third parties (subject to the conditions set out in section 234 of the Companies Act 2006) provided by Simplyhealth Group Limited ('SHG'), the ultimate parent undertaking.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors of the Company at the date when this report was approved confirms that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- The Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITOR

The auditor, Deloitte LLP has indicated its willingness to be continue in office and a resolution that it be reappointed will be proposed at the annual general meeting.

On behalf of the Board,

Nicholas Potter

Nicholas Potter, Director
18 May 2022

Denplan Limited

DIRECTORS' RESPONSIBILITIES STATEMENT Year ended 31 December 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"* ('FRS 102'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Denplan Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENPLAN LIMITED

Opinion

In our opinion the financial statements of Denplan Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

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 Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 MEMBERS OF DENPLAN LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, risk and compliance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included regulatory solvency requirements and the wider regulations of the **Financial Conduct Authority**.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT, valuation and financial instruments specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Risk that the convertible debt instrument held in Premier Veterinary Group PLC, as disclosed in note 9, has been valued incorrectly due to the methodology applied by management:
- We have gained an understanding of relevant controls in the process of estimating the PVG PIK note valuation.
- Utilised our valuation specialists to assess and challenge management's selection of assumptions and inputs.
- Assessed the selection and implementation of the chosen methodologies.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following: reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Denplan Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENPLAN LIMITED (continued)

- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Financial Conduct Authority.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

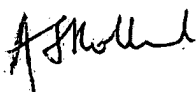
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Holland, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
18 May 2022

Denplan Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

Figures are in thousands of pounds

	Note	2021	2020
Turnover		38,276	45,205
Administrative expenses	4	(32,807)	(51,826)
Operating profit/(loss)		5,469	(6,621)
Income from shares in group undertakings	8	-	2,450
Interest receivable and similar income	6	332	220
Unrealised gains on investments		3,317	-
Profit on disposal of operations		-	127
Profit/(loss) on ordinary activities before taxation		9,118	(3,824)
Tax on profit/(loss) on ordinary activities	7	(944)	(1,289)
Profit/(loss) for the financial year		8,174	(5,113)

The Company has no recognised items of other comprehensive income other than those included above, and therefore no separate statement of other comprehensive income has been presented.

The amounts shown above are in respect of continuing operations.

The notes on pages 14 to 22 form an integral part of these financial statements.

Denplan Limited

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2021

Figures are in thousands of pounds

	Note	2021	2020
Fixed assets			
Investments	9	9,000	1,535
		9,000	1,535
Current assets			
Debtors	10	35,238	32,656
Cash and cash equivalents	11	6,429	7,075
		41,667	39,731
Creditors			
Amounts falling due within one year	12	(20,472)	(19,588)
Net current assets		21,195	20,143
Debtors: Amounts falling due after more than one year	10	448	791
Net assets		30,643	22,469
Capital and reserves			
Called up share capital	13	3,568	3,568
Share premium account		550	550
Capital redemption reserve		250	250
Profit and loss account		26,275	18,101
Shareholder's funds		30,643	22,469

The notes on pages 14 to 22 form an integral part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 18 May 2022.

Signed on behalf of the Board of Directors

Nicholas Potter

Nicholas Potter, Director

18 May 2022

Denplan Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Figures are in thousands of pounds

	Called-up share capital	Share premium account	Profit and loss account	Capital redemption reserve	Total
At 1 January 2020	3,568	550	23,214	250	27,582
Loss for the year	-	-	(5,113)	-	(5,113)
At 31 December 2020	3,568	550	18,101	250	22,469
At 1 January 2021	3,568	550	18,101	250	22,469
Profit for the year	-	-	8,174	-	8,174
At 31 December 2021	3,568	550	26,275	250	30,643

The notes on pages 14 to 22 form an integral part of these financial statements.

The share premium account contains the premium arising on the issue of equity shares, net of issue expenses.

The capital redemption reserve is held in relation to the premium redemption of the Company's convertible redeemable preference shares. These shares were redeemed in July 1993.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1. CORPORATE INFORMATION

The Company is limited by shares and incorporated in the United Kingdom, registration number 01981238. The address of the registered office is detailed on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

2. ACCOUNTING POLICIES

The principal accounting policies are summarised below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102 and the Companies Act 2006.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to presentation of a cash flow statement and related notes, financial instrument disclosures (including categories of financial instruments, items of income, expense, gains or losses relating to financial instruments and exposure to and management of financial risks) and remuneration of key management personnel in its financial statements.

Going concern

The Directors have considered in detail the Company's forecast performance, in a number of scenarios, as well as its capital and liquidity resources, in each case. These forecasts have been stressed tested through our Coronavirus scenario modelling, evaluating the impact on our financial performance and solvency of shorter and long term lock downs in a number of economic best and worst case scenarios, over a number of years. The Group remains able to trade as a going concern through the strength of its capital base and liquidity even in the most extreme of scenarios.

We continue to be highly effective in our operations, the majority of which are now all delivered remotely through employee homes, and as a result we have supported our customers when they have needed us and maintained a mutually valued relationship.

Through maintaining a strong capital position and through our operational resilience, we have not seen a change in our customer lapses above normal levels. We are being responsive and supportive, and we are confident that the majority of our customers will stick with us through this challenging time and beyond into a recession, just as we experienced in 2008-2009.

In the course of preparing the annual financial statements, the Directors have assessed whether the Company is a going concern. As part of this review, the Directors have carefully considered the extent to which both the risks associated with the wider economic environment, and the operational risks which the Company has identified, might affect the preparation of the financial statements on a going concern basis.

Based on this assessment the Directors consider that the Company maintains an appropriate level of capital and liquidity, sufficient to meet both the normal demands of the business and the requirements that might arise in stressed circumstances. In addition, the Company's assets are assessed for recoverability on a regular basis. If these are not already carried at fair value, an additional provision is made.

Therefore they have a reasonable expectation that the Company has sufficient capital and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the 2021 financial statements on a going concern basis.

Group accounts

The financial statements present information about the Company as an individual undertaking and not about its Group. The Company is exempt from preparing group accounts as it is a wholly owned subsidiary undertaking of Simplyhealth Group Limited, a company incorporated in the United Kingdom, and the Company's results and those of its subsidiary undertakings are included in the consolidated accounts of Simplyhealth Group Limited.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

Turnover

Turnover comprises of amounts received by the Company in respect of services provided in the form of registration fees from patients which are recognised on a receipts basis and administration fees from dentists which are recognised when the services are provided. Turnover also includes insurance commission from sales to companies, their employees and personal customers and is recognised when the underwriting profit (premiums less claims) is earned by the insurance company. All amounts exclude value added tax.

Turnover has been generated wholly from the UK.

Administrative expenses

The majority of administration expenses are recharged from the group service company, Simplyhealth People Limited. Expenses are collected by the service company and allocated directly, when the entity is identified as the final cost objective, or indirectly, where there are multiple cost objectives, by applying an allocation methodology consistently across the group's trading entities. Amounts are invoiced at cost plus a 5% fee.

Investment in subsidiary companies

Investments in subsidiaries are measured at cost less provision for impairment.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income as described below.

Non-financial assets

If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

At each subsequent reporting date a new assessment of impairment is carried out and if the circumstances that previously caused the impairment no longer exist or there is clear evidence of an increase in the selling price because of changed economic circumstances the previous impairment is reversed.

Financial assets

For financial assets carried at amortised cost, the recoverable amount is determined as the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the recoverable amount is the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Financial instruments

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

Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances 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 a market rate of interest.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Assets (continued)

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity and debt instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 the 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 trade and other payables, bank loans and loans from fellow group companies are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Debtors

Premiums due from corporate customers are recognised in line with the insurance contract period with the corresponding liability due to the insurer.

Taxation

The Company is liable to taxation on its profit or loss on ordinary activities. Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at that date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the Directors are 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 associated 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 only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

No critical judgements, apart from those involving estimations (which are presented separately below), have been made by the directors in the process of applying the Group's accounting policies.

Key accounting estimates and assumptions*Fair value of debt instruments*

On the 31st December 2021 the group held loan notes in an unlisted entity that can be converted into equity. The entity's cashflows and profitability have become more certain and provides a reliable new estimate of fair value. The fair value has been calculated by taking the mid-point of the entity's normalised EBITDA and a high and low industry earnings multiplier. The valuation of £9.0m represents a share price of 57p per share and an increase in fair value of £7.5m.

4. NET OPERATING EXPENSES AND OTHER CHARGES

Figures are in thousands of pounds

	2021	2020
Loss on disposal of intangible assets	-	144
Amortisation of goodwill	-	122
Amortisation of intangible assets		
- Brands and other intangibles	-	31
Broker commissions	1,179	1,090
Customer rebates	327	241
Reversal of impairment on investment	(4,148)	5,898
Reversal of impairment on loan	-	4,535
Personal protective equipment supplied to dental practices	-	1,812
Auditors' remuneration	2021	2020
Fees payable to the Company's auditor for:		
- the audit of the Company's financial statements	75	70
Total auditor's remuneration	75	70

Customer rebates relate to the Denplan retention scheme which is fully described in Note 10.

5. STAFF COSTS

All staff are employed by Simplyhealth People Limited, that acts as the Group service organisation. Simplyhealth People recharges the cost to the operating entities at cost plus 5% and is included in operating expenses. Staff costs are disclosed in the Simplyhealth People and Simplyhealth Group Limited financial statements only.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

5. STAFF COSTS (continued)

Directors' remuneration

The Directors are employed by and receive emoluments from Simplyhealth People Limited.

The Directors are also directors of Simplhealth Group Limited, the ultimate parent undertaking. The directors' emoluments, which relate to her services to the Group as a whole, are disclosed in the financial statements of SHG.

All Directors consider that they performed no qualifying services to the Company during the year as their services as directors are incidental to their other duties within the Group.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

Figures are in thousands of pounds

	2021	2020
Interest received from group undertakings	143	144
Bank and other interest	189	76
Total	332	220

Interest received from group undertakings relates to interest on a loan to Simplyhealth Partnerships Limited ('SPL') (see note 10).

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Figures are in thousands of pounds

	2021	2020
United Kingdom corporation tax at 19% (2020: 19%)	-	822
Adjustment in respect of prior years	-	(9)
Group relief payable	944	-
Total	944	813
Current year deferred taxation	-	469
Adjustment in respect of prior years	-	56
Effect of tax rate change on opening balance	-	(49)
Total deferred taxation	-	476
Tax charge on profit/(loss) on ordinary activities	944	1,289

The corporation tax charge for the year is lower than the standard rate of corporation tax in the UK at 19% (2020: charge is higher) on the accounting loss as shown below:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

Figures are in thousands of pounds

	2021	2020
Profit/(loss) on ordinary activities before taxation	9,118	(3,824)
Tax charge/(credit) on loss at UK rate of 19% (2020: 19%)	1,732	(727)
Fixed asset differences	-	(108)
Expenses not deductible for tax purposes	-	1,982
Income not taxable for tax purposes	(788)	(489)
Amounts (charged)/credited directly to the STRGL or otherwise transferred	-	87
Other tax adjustments, relief and transfers	-	382
Other adjustments in respect of prior years	-	47
Remeasurement of deferred tax for changes in tax rates	-	(32)
Deferred tax asset not recognised	-	147
Tax charge on profit/(loss) on ordinary activities	944	1,289

8. INCOME FROM SHARES IN GROUP UNDERTAKINGS

Figures are in thousands of pounds

	2021	2020
Interim dividend received from subsidiary undertaking	-	2,450
Total	-	2,450

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

9. FIXED ASSET INVESTMENTS

Figures are in thousands of pounds

	Investment in subsidiary undertakings	Other investments	Total
Cost:			
At 1 January 2021	1,750	5,683	7,433
Unrealised gains	-	3,317	3,317
At 31 December 2021	1,750	9,000	10,750
Impairment:			
At 1 January 2021	1,750	4,148	5,898
Reversal of impairment	-	(4,148)	(4,148)
At 31 December 2021	1,750	-	1,750
Net book value			
At 31 December 2021	-	9,000	9,000
At 31 December 2020	-	1,535	1,535

The other investment is a convertible debt instrument held in Premier Veterinary Group PLC. The loan note has a face value of £1,535,000 and a nominal interest rate of 1% per annum payable at the end of the term. The convertible equity option has been revalued during the year to £9,000,000. The loan note is transferrable after three years from the date of issue and can be sold without restriction.

The subsidiary undertakings held by the Company at 31 December 2021 are as follows:

Name of Company	Simplyhealth Partnerships Limited
Principal Activity	Investment and management of joint venture dental practices
Registered Office	Hambleden House, Waterloo Court, Andover, Hampshire, United Kingdom, SP10 1LQ.
Class and percentage of shares held	Ordinary shares 100%
Capital and reserves at 31 December 2021	£(3,719,939)
Profit for the year ended 31 December 2021	£415,323

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

10. DEBTORS

Figures are in thousands of pounds

	2021	2020
Amounts falling due within one year:		
Trade debtors	16,410	14,985
Amounts due from group undertakings	16,422	14,809
Prepayments and accrued income	765	774
Other debtors	1,641	2,088
Total	35,238	32,656
Amounts falling due after more than one year:		
Prepayments and accrued income for long term contracts	448	791
Total	448	791

Trade debtors include an amount of £10,558,000 (2020: £9,969,000) relating to premiums to be collected on behalf of Simplyhealth Access.

Within other debtors is a short term loan to the Premier Veterinary Group PLC. The loan has a face value of £1,500,000 (2020: £1,500,000) payable within one year and accruing interest at 3% above base rate with a floor of 4.5%.

Included in prepayments and accrued income are amounts paid upfront to Denplan member dentists entering into multi-year commitment contracts. Such cash considerations represent an effective discount to the Denplan administration fees levied for the duration of such contracts and are amortised as such. £332,000 (2020: £712,000) are due within one year and £448,000 (2020: £791,000) due in more than year.

Amounts due from group undertakings includes a loan facility agreement with Simplyhealth Partnerships Limited. Interest is charged on the outstanding balance each 30 June and 31 December at the Bank of England base rate plus a margin of 2.0% per annum. The loan is included at its carrying value of £5,215,094 (2020: £4,365,000) and is repayable on 31 October 2022.

11. CASH AT BANK AND IN HAND

Figures are in thousands of pounds

	2021	2020
Cash at bank	3,451	4,162
Third party funds held under trust	2,978	2,913
Total	6,429	7,075

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Figures are in thousands of pounds

	2021	2020
Amounts falling due within one year:		
Amounts due to group undertakings	12,712	11,646
Amounts held in trust on behalf of clients	2,984	2,913
Accruals and deferred income	2,563	3,112
Deferred Broker Commission	384	379
Corporation tax	944	822
Other taxes and social security	300	609
Other creditors	585	107
Total	20,472	19,588

13 CALLED UP SHARE CAPITAL

Figures are in thousands of pounds

	2021	2020
Allotted, issued and fully paid		
3,567,659 ordinary shares of £1 each	3,568	3,568

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102 not to disclose details of transactions with:

- SHG and its subsidiary undertakings, 100% of whose voting rights are controlled within the group, that are included in the consolidated financial statements of SHG; and
- Key management personnel.

The Company is a related party of five Limited Liability Partnerships ('LLPs') (2020: seven) and three Limited Liability Companies ('LTDs') (2020: four) in which its subsidiary undertaking, SPL, has either full or joint control. The LLPs and LTDs provide dental services to patients and the Company charges fees for services provided in the collection of registration and administration fees from patients.

All other transactions were undertaken on an arm's length basis.

15. ULTIMATE PARENT AND CONTROLLING PARTY

The Company's immediate and ultimate parent company is Simplyhealth Group Limited, a company limited by guarantee, registered in the United Kingdom at Hambleton House, Waterloo Court, Andover, Hampshire, SP10 1LQ. Simplyhealth Group Limited is the parent of the largest and smallest group for which consolidated accounts are prepared of which the Company is a member. The financial statements of this company can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

On the 14th April, Simplyhealth Partnerships Limited, a 100% owned subsidiary, was sold for £5.9m in the form of £3.9m cash and the issue of £2m, 5% loan notes. After a capitalisation of £10.0m, the intercompany loan was repaid and the carrying value of the £10.0 investment was derecognised. An overall gain of £0.2m was achieved through the reversal of a previous £4.5m loan impairment less a loss on sale of £4.3m.