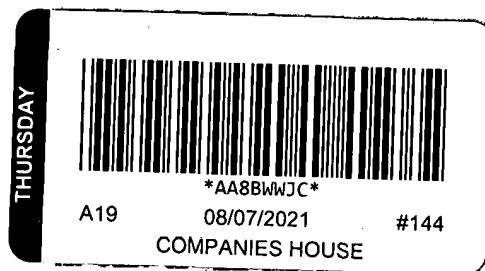


Company Registration No. 01981238

Denplan Limited

Annual Report and Financial Statements

31 December 2020



Denplan Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

CONTENTS

	Page
Company information	1
Strategic report	2
Directors' report	7
Directors' responsibilities statement	8
Independent auditor's report	9
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the financial statements	15

Denplan Limited

COMPANY INFORMATION

DIRECTORS

R Abdin
D J Beaven

REGISTERED OFFICE

Hambleden 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 2020

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 and veterinary 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 support our dental practice customers, in the current Covid-19 crisis, while continuing to develop our existing relationships and focus on the impact of any changes to the NHS dental provision.

In August 2020, we announced our plan to sell our pet health business to focus solely on everyday human healthcare where we can truly make the biggest difference. On the 30th September the trading assets of the veterinary side of the business were sold to its subsidiary Animal Healthcare Ltd which was subsequently sold to the Premier Veterinary Group PLC on the 12th October.

Dental partnerships

Our 50/50 partnership proposition provides an opportunity for dentists working towards a smooth retirement transition, while retaining responsibility for day-to-day business decisions and clinical delivery. In 2020 the number of Dental practices invested in remained at 11 as we decided to take a strategic pause and to consider the future of this model.

Denplan's approach to Coronavirus

Coronavirus is bringing into sharp focus how important it is, that all businesses are resilient and ready to meet the changeable and challenging environments that the modern world now faces. At Denplan we take our responsibility as a resilient business seriously. For many years now we have been working behind the scenes to ensure that in the event of an incident, like the Coronavirus outbreak, we're able to continue to deliver services to our customers. In doing so, the safety, security and wellbeing of our colleagues will always be our number one priority. During the year we have provided £1,812,000 of PPE equipment to our dental practice customers to both support them in this difficult time and also improve the access to dentistry for our wider customer base.

This investment in PPE was part of a holistic package of support for our member dentists including administration fee reductions, financial assistance loans, compliance webinars and support, free access to GP/EAP services for all practice team members and the investment in funding and accessing PPE. Denplan also offered an opt in facility to allow a 3 month payment break to patients in financial distress. Collectively the response from Denplan to the Covid pandemic was both market leading and welcomed by the profession.

Denplan's Business Continuity plan focuses on a range of risks to the business, to ensure we have a continued service of critical applications and/or services. This approach ensures that any impact on the business, regardless of cause, can be managed accordingly up to, and including, a total loss of site.

A Coronavirus Response Team was established in early March with the responsibility of monitoring the developing situation, communicating updates and instructions to all Denplan colleagues, and for managing the implementation of appropriate actions. As the seriousness of the situation increased the team immediately responded making decisions to ensure the continuation of critical business services. This included the mobilisation of remote working equipment and technology to our colleagues, each of whom have critical roles in supporting the business and customers every day. A remote telephony solution was ready to use enabling us to continue recording calls and maintaining high levels of customer service.

We are proactively supporting Dentists seeking guidance and clarity on clinical governance issues and we continue to develop ways to be "by their side" through the pandemic "lock-down" period.

Our teams are multi-skilled and will be deployed to meet customer needs in the event of infection of one or more of our Denplan colleagues.

Denplan Limited**STRATEGIC REPORT****Year ended 31 December 2020****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 2020, 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 made an operating loss of £6,621,000 (2019 profit: £7,602,000). The loss was primarily caused by impairment of investments and loans and an increase in the underlying operating costs due to a change in the methodology for recharging costs within the group. Despite the loss for the year primarily caused by Covid-19, the Company's financial position remains strong and in a good position to recover quickly as the business returns to normal.

The Company received a dividend of £2,450,000 (2019: £nil) from The Animal Healthcare Company Ltd and made a gain of £127,000 from the disposal of its subsidiary.

Our Dental partnerships suffered detrimentally as a consequence of the Covid-19 lockdown and subsequent restrictions. This has led us to impair the investment in the subsidiary, Simplyhealth Partnerships Ltd, by £1,750,000 and write down the loan by £4,535,000.

The Company incurred a tax charge of £1,289,000 (2019: £1,716,000) 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:

	2020	2019	Change
	£'000	£'000	£'000
Turnover	45,205	41,156	4,049
Operating (loss)\profit	(6,621)	7,602	(15,643)
Membership	1,356	2,872	(1,516)
Membership (excluding vets)	1,356	1,395	(39)

Turnover includes commission of £20,762,000 (2019:£14,104,000) from insurance sales to companies and their employees and to personal customers. The pandemic caused claims to reduce significantly during the year which increased the commission received.

Turnover relating to administration fees from dentists and veterinary practices reduced during the year to £22,393,000 (2019:£27,052,000) due to a reduction in members and the sale of the veterinary business

Also included in turnover is £2,050,000 (2019:£0) relating to transitional services supplied to the new owners of the veterinary business.

The Company's expenses increased to £51,826,000 (2019: £33,554,000), an increase of £18,272,000 in the year relating to a number of one off costs, the breakdown 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.

Denplan Limited**STRATEGIC REPORT****Year ended 31 December 2020**

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 Simplyhealth 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 Simplyhealth, 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.

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.

Denplan Limited**STRATEGIC REPORT****Year ended 31 December 2020**

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 Simplyhealth 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 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.

"Brexit" and transitional impact

On 23 June 2016, the United Kingdom ('UK') voted to leave the European Union ('EU'). In January 2020 the Withdrawal Agreement Bill was passed through Parliament and work is now complete on the Transition Arrangements, with the exit from the EU being effective 31 December 2020. The new EU/UK Trade and Corporation Agreement which includes the Free Trade Agreement was agreed on 24 December 2020 and has been included in the assessment below.

Denplan Limited

STRATEGIC REPORT

Year ended 31 December 2020

When completing the assessment of the potential impacts of Brexit, we have completed both direct and indirect impact assessments. The Group completed a revised assessment throughout 2020 and continues to do so in 2021 and have concluded the following:

- The business impact to Simplyhealth is considered to remain low;
- There is no impact on the going concern status of the Group;
- We do not expect the impact to affect the ability to serve our customers;
- Adverse transitional arrangements from Brexit would not negatively impact any of our key outsourcing relationships in their ability to provide the required services to the Group; and
- The Investment Portfolio remains within a fixed income portfolio, reflecting the economic uncertainty that exists.

In addition the assessment concluded that like any business, future performance will be impacted by the general macroeconomic conditions.

Working with our professional customers

The Company works closely with healthcare professionals across the dental and veterinary industries, supporting them with their businesses and helping 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.

99.1% of Denplan customers opt for our Dental insurance, again provided through Simplyhealth Access, giving them the peace of mind that in the event of an emergency the cost of dental treatment is covered,

Our people

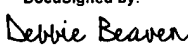
All Simplyhealth colleagues are employed by Simplyhealth People Limited ('SHP'), a fellow subsidiary undertaking in the Simplyhealth Group. SHP is responsible for the payment of salaries and wages and ensuring that all parts of the business have the right capabilities to support the effective running 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 2021

The Denplan brand is highly regarded by Dentists and a trusted brand among customers. Denplan products and services will continue to be core to the Simplyhealth Group portfolio and in 2021 we will be working with Dentists and customers to strengthen our proposition and increase our market share.

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

DocuSigned by:

8683D049CB27477...

Debbie Beaven, Director
31 March 2021

Denplan Limited

DIRECTORS' REPORT
Year ended 31 December 2020

The directors present this report together with the Strategic Report, Financial Statements and Auditor's Report for the year ended 31 December 2020.

DIRECTORS

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

R Abdin
D J Beaven

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 Simplyhealth 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

The Company has received a dividend during this year of £2,450,000 (2019: £ nil). The Directors do not recommend the payment of a final dividend (2019: £ nil).

POST BALANCE SHEET EVENT

As disclosed in note 22, after the year end the repayment date of the loan made to Simplyhealth Partnerships Limited was extended to the 31 October 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:

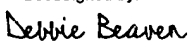
- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- The Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit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

Deloitte LLP were appointed as auditors during the year, and has expressed its willingness to continue in office.

On behalf of the Board,

DocuSigned by:

8683D049CB27477...

Debbie Beaven, Director
31 March 2021

Hambleton House
Waterloo Court
Andover
Hampshire
SP10 1LQ

Denplan Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

Year ended 31 December 2020

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 2020 and of its loss 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 22.

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.

Denplan Limited**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 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.

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;
- 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.

Denplan Limited

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

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

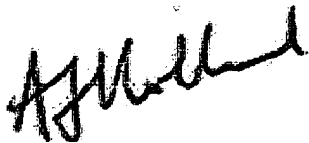
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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, UK
31 March 2021

Denplan Limited**STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover		45,205	41,156
Administrative expenses	4	(51,826)	(33,554)
		<hr/>	<hr/>
Operating (loss)/profit		(6,621)	7,602
Income from shares in group undertakings	8	2,450	-
Interest receivable and similar income	6	220	221
Profit on disposal of operations	12	127	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(3,824)	7,823
Tax on (loss)/profit on ordinary activities	7	(1,289)	(1,716)
		<hr/>	<hr/>
(Loss)/profit for the financial year		(5,113)	6,107
		<hr/> <hr/>	<hr/> <hr/>

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 15 to 26 form an integral part of these financial statements.

Denplan Limited

STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	-		1,239	
Tangible assets	10	-		1,682	
Investments	11	1,535		7,385	
			1,535		10,306
Current assets					
Debtors	13	32,656		16,186	
Deferred taxation	14	-		475	
Cash at bank and in hand	15	7,075		13,217	
		39,731		29,878	
Creditors					
Amounts falling due within one year	16	(19,588)		(18,406)	
Net current assets			20,143		11,472
Debtors: Amounts falling due after more than one year	13		791		6,260
Provisions for liabilities	17		-		(456)
Net assets			22,469		27,582
Capital and reserves					
Called up share capital	18		3,568		3,568
Share premium account			550		550
Capital redemption reserve			250		250
Profit and loss account			18,101		23,214
Shareholder's funds			22,469		27,582

The notes on pages 15 to 26 form an integral part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 31 March 2021.

Signed on behalf of the Board of Directors

DocuSigned by:
Debbie Beaven
8683D049CB27477...

Debbie Beaven, Director

Denplan Limited**STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2020

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Capital redemption reserve £'000	Total £'000
At 1 January 2019	3,568	550	17,107	250	21,475
Total comprehensive income for the year	-	-	6,107	-	6,107
At 31 December 2019	<u>3,568</u>	<u>550</u>	<u>23,214</u>	<u>250</u>	<u>27,582</u>
At 1 January 2020	3,568	550	23,214	250	27,582
Total comprehensive loss for the year	-	-	(5,113)	-	(5,113)
At 31 December 2020	<u>3,568</u>	<u>550</u>	<u>18,101</u>	<u>250</u>	<u>22,469</u>

The notes on pages 15 to 26 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.

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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 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 2020 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 SHG, 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 SHG.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

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.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised through the statement of comprehensive income on a straight-line basis over its expected useful economic life, which the Directors consider to be ten years in respect of current acquisitions. The gain or loss on subsequent disposal of a subsidiary will take account of any attributable unamortised goodwill which is derecognised on the disposal of the associated business.

The carrying value of goodwill is assessed at each annual reporting date for indication of impairment.

Other intangible assets*Brands, customer relationships and licenses*

Intangible assets are recognised on acquisition of subsidiary undertakings and businesses where the Directors believe that it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost or value of the asset can be measured reliably.

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles through the statement of comprehensive income on a straight-line basis over their expected useful economic life, which the Directors consider to be ten years.

The carrying values of brands, customer relationships and licenses are assessed at each annual reporting date for any impairment.

Computer software and development costs

Purchased computer software is carried at historical cost less accumulated amortisation and amortised over a useful life of between two and four years, on a straight-line basis. Provision is made for any impairment.

The Directors review internal development expenditure annually. If the Directors are satisfied as to the technical, commercial and financial viability of individual projects internally developed computer software is capitalised as development expenditure. Development expenditure is not amortised until it is implemented in the live environment at which point it is reclassified as computer software and amortised over a period of seven years.

In cases of staged live implementations, costs relating to the expected benefits of the relevant modules are reclassified from development expenditure to software and amortised over a period of seven years. The carrying value of the asset and its expected future cash flows are assessed annually for impairment.

Investment in subsidiary companies

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

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life as follows:

Computer hardware	- 2 to 4 years
Fixtures, fittings and office equipment	- 4 to 10 years
Leasehold property	- over the term of the lease

The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Carrying values of fixed assets are reviewed for indicators of impairment on an annual basis.

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.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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.

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.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)**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.

Leases

Payments in respect of operating leases are charged to the statement of comprehensive income on a straight-line basis, over the term of the lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currencies

Monetary assets and liabilities held in foreign currencies at the statement of financial position date are expressed in sterling at rates ruling on that date. Income and expenditure denominated in foreign currencies are translated at rates ruling at the date on which the transaction occurs. All resulting exchange gains and losses are included within that part of the statement of comprehensive income in which the underlying transaction is reported.

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

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)*Simplyhealth Partnerships Limited*

During 2020, we have seen our investments in Simplyhealth Partnerships Limited impacted by the effects of Covid-19. This impact, together with management projections of future performance within the Covid-19 environment has led to management impairing the investment and loan to its subsidiary Simplyhealth Partnerships Limited.

Fair value of debt instruments

In the absence of an actively traded market the debt instrument received from Premier Veterinary Group PLC (PVG) on the sale of Animal Healthcare Ltd has been included at cost.

Key accounting estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Simplyhealth Partnerships Limited

When assessing the carrying value of the investment and loan in Simplyhealth Partnerships Limited, management have considered the future net cash flows and discounted using a cost of capital of 17.2% (2019:15.0%). Future cashflows include profit distributions and the proceeds from disposing of the joint ventures within the next three years. The cost of the investment has been fully impaired by £1,750,000 (2019: £nil) and the loan has been impaired by £4,535,000 (2019: £nil) to a carrying value of £3,465,000.

Fair value of debt instruments

The value of the debt instrument received from Premier Veterinary Group PLC (PVG), on the sale of Animal Healthcare Ltd, was initially valued at £5,683,000 using the Black Scholes model when active market data was available. Subsequently the shares have been de-listed and in the absence of an actively traded market the asset has been impaired by £4,148,000 and included at its face value of £1,535,000.

4. NET OPERATING EXPENSES AND OTHER CHARGES

Profit/(loss) on ordinary activities before taxation is stated after charging:	2020 £'000	2019 £'000
Amortisation of goodwill	122	162
Amortisation of other intangible assets	31	42
Depreciation	-	295
Operating lease rentals		
- motor vehicles	-	564
- buildings	-	562
- office equipment	-	35
Broker commissions	1,090	1,042
Customer rebates	241	1
Investments impairment	5,898	-
Loan impairment	4,535	-
Personal protective equipment supplied to dental practices	1,812	-
Loss on sale of intangible assets	144	-
Fees payable to the Company's auditors		
- for the audit of the Company's annual accounts	70	72

On 1 January 2020, operating leases were moved to our intercompany service company, Simplyhealth People. The disclosures are within Simplyhealth People and Simplyhealth Groups financial statements only.

Customer rebates relate to the Denplan retention scheme which is fully described in Note 13.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

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 financial statements only.

Directors' remuneration

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

R Abdin and D Beaven are Directors of SHG, the ultimate parent undertaking. The directors' emoluments, which relate to her services to the Simplyhealth 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 Simplyhealth Group.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Interest received from group undertakings	144	125
Bank and other interest	76	96
	<u>220</u>	<u>221</u>

Interest received from group undertakings relates to interest on a loan to Simplyhealth Partnerships Limited ('SPL') (see note 13).

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

The tax charge on the profit/(loss) on ordinary activities for the year was as follows:

	2020	2019
	£	£
Current tax		
United Kingdom corporation tax at 19% (2019: 19%)	822	-
Adjustment in respect of previous period	(9)	2
Group relief payable	0	1,319
Total current tax	<u>813</u>	<u>1,321</u>
Deferred tax		
Current year deferred tax	469	51
Adjustment in respect of previous period	7	344
Total deferred tax	<u>476</u>	<u>395</u>
Tax on profit/(loss) on ordinary activities	<u>1,289</u>	<u>1,716</u>

The corporation tax charge for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%) on the accounting profit/(loss). The differences are explained as follows:

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

	2020	2019
	£'000	£'000
(Loss)/Profit on ordinary activities before taxation	<u>(3,824)</u>	<u>7,823</u>
Tax (credit)/charge on (loss)/profit at UK rate of 19% (2019: 19%)	(727)	1,486
Effects of:		
Fixed asset differences	(108)	-
Expenses not deductible for tax purposes	1,982	54
Income not taxable for tax purposes	(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	346
Remeasurement of deferred tax for changes in tax rates	(32)	-
Adjust closing deferred tax to average rate	-	39
Adjust opening deferred tax to average rate	-	(62)
Deferred tax not recognised	147	(147)
Tax on profit/(loss) on ordinary activities	<u>1,289</u>	<u>1,716</u>

8. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2020	2019
	£'000	£'000
Interim dividend received from subsidiary undertaking	<u>2,450</u>	<u>-</u>

9. INTANGIBLE ASSETS

	Brands	Customer relationships	Goodwill	Software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2020	68	307	1,217	17,265	18,857
Disposal	(68)	(307)	(1,217)	(17,265)	(18,857)
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortisation and impairment					
At 1 January 2020	68	133	527	16,890	17,618
Charge for the year	-	31	122	-	153
Disposal	(68)	(164)	(649)	(16,890)	(17,771)
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value					
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>-</u>	<u>174</u>	<u>690</u>	<u>375</u>	<u>1,239</u>

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

9. INTANGIBLE ASSETS (continued)

On 1 January 2020 all software was sold to the group's service company, Simplyhealth People Limited, at a net book value of £375,000 and no gain or loss was recognised on the sale.

On 12 October 2020 all other intangible assets were disposed of as part of the Animal Healthcare Ltd sale to Premier Veterinary Group. Brands and customer relationships have been written off with a loss of £144,250 being recognised in the year and the goodwill was sold at its net book value of £568,190.

10. TANGIBLE ASSETS

	Computers and office equipment £'000	Fixtures and fittings £'000	Leasehold property £'000	Total £'000
Cost				
At 1 January 2020	2,232	465	2,390	5,087
Disposal	(2,232)	(465)	(2,390)	(5,087)
At 31 December 2020	-	-	-	-
Depreciation				
At 1 January 2020	1,958	160	1,287	3,405
Disposal	(1,958)	(160)	(1,287)	(3,405)
At 31 December 2020	-	-	-	-
Net book value				
At 31 December 2020	-	-	-	-
At 31 December 2019	274	305	1,103	1,682

On 1 January 2020 all tangible assets were sold to the group's service company, Simplyhealth People Limited, at a net book value of £1,682,000 and no gain or loss was recognised on the sale.

11. FIXED ASSET INVESTMENTS

The movement in fixed asset investments during the year is as follows:

	Subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost at 1 January 2020	7,385	-	7,385
Additional Investment in PVG	-	5,683	5,683
Disposal of Animal Healthcare Ltd (note 12)	(5,635)	-	(5,635)
Impairment	(1,750)	(4,148)	(5,898)
Cost at 31 December 2020	-	1,535	1,535

The Directors have considered the recoverability of the Company's investment in subsidiaries. Their review concluded that the remaining investment in Simplyhealth Partnerships Limited was fully impaired resulting in an impairment loss of £1,750,000 (2019: £nil).

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 loan note is transferrable after three years from the date of issue and can be sold without restriction

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

11. FIXED ASSET INVESTMENTS (continued)

The subsidiary undertakings held by the Company at 31 December 2020 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 2020	£4,135,262
Loss for the year ended 31 December 2020	£4,340,923

12. SALE OF ANIMAL HEALTHCARE LTD

On 12 September 2020 the Group sold its 100% interest in the ordinary share capital of The Animal Healthcare Company Ltd (AHCL) to the Premier Veterinary Group PLC.

The sale, which was completed after the transfer of the Vet pet plan business operated by Denplan Limited to AHCL, was for a consideration of £7,183,000. This comprises a short term loan of £1,500,000 and a convertible loan valued at £5,683,000 at the completion date.

The sale included a contract for the supply of transitional services for a six months period. At the year-end income of £2,050,000 has been included in turnover and costs of £624,000 included in administrative expenses.

The profit on sale of subsidiary has been calculated as follows:

	£'000
Debt Instruments received from PVG	7,183
Disposal of investment in Animal Healthcare Ltd	(5,635)
Selling costs	(1,421)
Profit on sale of subsidiary	127

13. DEBTORS

	2020	2019
Due within one year	£'000	£'000
Trade debtors	14,985	12,110
Amounts due from group undertakings	14,809	3,120
Prepayments and accrued income	774	926
Other debtors	2,088	30
	<u>32,656</u>	<u>16,186</u>

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

13. DEBTORS (continued)

	2020 £'000	2019 £'000
Due after more than one year		
Prepayments and accrued income for long term contracts	791	-
Amounts due from group undertakings	-	6,260
	<u>791</u>	<u>6,260</u>

Trade debtors include an amount of £10,558,000 (2019: £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 (2019: £nil) 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. £712,000 (2019: £547,000) are due within one year and £791,000 (2019:£nil) due in more than year.

Amounts due within one year 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 repayable on 31 December 2021 and no repayment of amounts drawn down is due before this date. During the year the loan was impaired by £4,535,000 (2019: £nil) to a carrying value of £4,365,000 (2019:£7,760,000).

14. DEFERRED TAXATION

The Company's deferred tax asset calculated in accordance with FRS 102 was as follows:

	2020 £'000	2019 £'000
Asset relating to timing differences on fixed assets	-	350
Asset relating to short term timing difference	-	125
	<u>-</u>	<u>475</u>

The movement in the deferred tax asset during the year was as follows:

	2020 £'000	2019 £'000
At 1 January	475	870
Current year timing differences on tangible assets	(419)	(51)
Adjustment in respect of prior period	(56)	(344)
	<u>-</u>	<u>475</u>

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

15. CASH AT BANK AND IN HAND

The Company administers a number of trust accounts under agreements between the Company and dentists in accordance with the declaration of trust for each account. The accounts are used to manage cash collected by the Company from patients and pet owners for onward payment to dental and vet practices. No right of set-off exists between the trust accounts and any other bank accounts of the Company.

Total balances held in the trust accounts at 31 December 2020 amounting to £2,913,000 (2019: £3,263,000) were included in the cash at bank and in hand on the Company's statement of financial position with an offsetting liability included in "Creditors: Amounts falling due within one year" (note 16).

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	-	14
Amounts due to group undertakings	11,646	9,783
Amounts held in trust on behalf of clients	2,913	3,263
Accruals and deferred income	3,112	4,525
Deferred Broker Commission	379	363
Corporation tax	822	-
Other taxes and social security	609	376
Other creditors	107	82
	<u>19,588</u>	<u>18,406</u>

17. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
At 1 January	456	736
Amounts charged against the provision	-	(280)
Balance moved to Simplyhealth People	(456)	-
	<u>-</u>	<u>456</u>
At 31 December	<u>-</u>	<u>456</u>

Provisions represent the best estimates of expenditure the Company will incur in fulfilling its obligations under a repairing lease on its main offices to return the property back to the required condition at the end of the lease. All movements have been taken through the statement of comprehensive income.

On 1 January 2020 all provisions were moved to the intercompany Service Company, Simplyhealth People. The disclosures are within Simplyhealth People and Simplyhealth Group financial statements only.

18. CALLED UP SHARE CAPITAL

The allotted, called up and fully paid share capital of the Company is:

	2020 £'000	2019 £'000
3,567,659 (2019: 3,567,659) ordinary shares of £1 each	<u>3,568</u>	<u>3,568</u>

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2020**

The Company has one class of ordinary shares which carries no right to fixed income.

19. FINANCIAL COMMITMENTS**Leasing**

Total future minimum lease payments under non-cancellable operating leases are as follows:

Amounts payable	2020 £'000	2019 £'000
within one year	-	750
between one and five years	-	2,215
in more than five years	-	906
	<u>-</u>	<u>3,871</u>
	<u>-</u>	<u>3,871</u>

On 1 January 2020 all leases were moved to the intercompany service company, Simplyhealth People. The disclosures are within Simplyhealth People and Simplyhealth Group financial statements only.

20. 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 seven Limited Liability Partnerships ('LLPs') (2019: seven) and four Limited Liability Companies ('LTDs') (2019: 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.

21. 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 Hambleden 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.

22. POST BALANCE SHEET EVENT

On the 30 March 2021 a new loan agreement with Simplyhealth Partnership Limited was signed extending the repayment date from the 31 December 2021 to the 31 October 2022. This is a non-adjusting event.