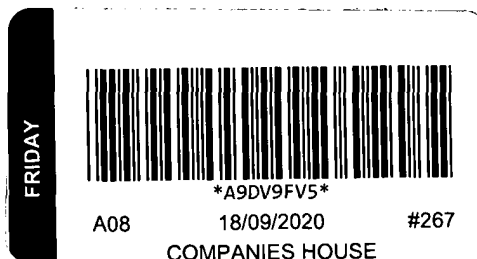


Company Registration No. 01981238

Denplan Limited

Annual Report and Financial Statements

31 December 2019



Denplan Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

CONTENTS

	Page
Company information	1
Strategic report	2
Directors' report	8
Directors' responsibilities statement	9
Independent auditor's report	10
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Notes to the financial statements	16

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

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Denplan Limited

STRATEGIC REPORT Year ended 31 December 2019

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 continue to develop our existing relationships and focus on the impact of any changes to the NHS dental provision.

The Company also supports vets and their customers by providing products and services supporting the funding of veterinary services. The aim is to drive growth within the veterinary market by expanding the customer base for both the independent and corporate vet sectors. Following a strong year, we feel we have a solid foundation to move the business forward.

Dental partnerships

During the year the Company continued its investment in the dental partnership programme and secured investment in six more joint venture partnerships through its wholly owned subsidiary Simplyhealth Partnerships Limited. This strategic opportunity will see Denplan strengthen its support, investment and involvement for our member dentists and in the future of private, preventative dentistry.

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. Our contingency planning is ongoing, over and above, our normal Business Continuity Plan. This is to ensure we are able and ready to respond to 'probable worst case scenarios', in line with ongoing UK Government advice.

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 that enabled the continuation of critical business services, which 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.

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 2019, and accept that due consideration has been applied by the ultimate parent company of Simplyhealth Group Limited, of which Denplan Limited is a subsidiary.

Denplan Limited**STRATEGIC REPORT****Year ended 31 December 2019****Review of activities and business performance**

The Company enjoyed another profitable year in which it made an operating profit of £7,602,000 (2018: £9,019,000). The reduction in profit was as a consequence of additional "one off" costs resulting from the reorganisation of the Simplyhealth Group, which included and impacted Denplan. The objective of the reorganisation was to streamline our operations in all areas, removing complexity and creating the right environment for collaboration to thrive as part of the wider Simplyhealth Group.

The Company received a dividend of £nil (2018: £2,500,000) from The Animal Healthcare Company Ltd, a subsidiary undertaking. An increase in costs in excess of the additional revenue generated led to a decrease in profit before tax and exceptional items to £7,823,000 (2018: £11,744,000).

The Company incurred a tax charge of £1,716,000 (2018: credit of £957,000) arising from the profit in the year.

Key performance indicators

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

	2019	2018	Change	Change
	£'000	£'000	£'000	%
Revenue	41,156	40,976	+180	+0.44%
Operating profit	7,602	9,019	-1,417	-15.71%

Corporate business turnover represents insurance commission from insurance sales to companies and their employees. There was a growth in the corporate business due to an increase in customer base.

Key performance indicators (continued)

Turnover relating to personal customers predominantly consists of administration fees from dentists and veterinary practices together with insurance commission from insurance sales to customers.

The Company's expenses increased to £33,554,000 (2018: £31,957,000), an increase of £1,597,000 in year attributed to the costs of the group restructuring.

Denplan Limited

STRATEGIC REPORT Year ended 31 December 2019

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 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.

Denplan Limited

STRATEGIC REPORT **Year ended 31 December 2019**

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.

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 of our customers and employers, regulatory changes and an improving but still fragile economic environment, and
- The business strategy, which focuses on developing existing businesses, building new ones and delivering sustainable returns, with a focus on outstanding customer relationships and effective governance in a changing healthcare market.

Denplan Limited

STRATEGIC REPORT Year ended 31 December 2019

Principal risks and uncertainties (continued)

Exposure to risk is monitored throughout the Group through regular reviews by management and the Risk and Capital Committee. The range of risks that influence the Group's operations and performance is regularly reviewed as part of the Group's risk management process and on an ongoing basis under the Own Risk and Solvency Assessment.

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 negotiated trade agreement" uncertainty

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 underway on the Transition Arrangements. The Transition Arrangements are intended to be agreed by the end of 2020, although they are subject to significant negotiation. There still remains the risk of a "no deal" at the end of this period.

EU audit legislation requires when completing the assessment of the potential impact of a no deal Brexit that both direct and indirect impact assessments are completed. The Group completed a revised assessment in October 2019 and concluded the following:

- The business impact to Denplan is considered to remain low, although we continue to monitor the impact on the availability and pipeline of professional clinicians, both Dentists and Vets, for the short and long term;
- There is no impact on the going concern status of the Denplan;
- A no deal Brexit would not negatively impact any of our key outsourcing relationships in their ability to provide the required services to Denplan; and

In addition the assessment concluded that like any business, future performance will be impacted by the general macroeconomic conditions which could be adversely affected by a no deal Brexit.

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 and pet owners.

Working with veterinarians, we provide their customers with pet health plans, supporting the health and wellbeing of a wide variety of animals, both large and small. Our plans enable pet owners to take a proactive approach to their pet's health by removing the financial worry of treatment costs as well as emergency insurance through Simplyhealth Access, a regulated provider of insurance.

Denplan Limited

STRATEGIC REPORT Year ended 31 December 2019

Working with our professional customers (continued)

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.

99.7% 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,

During 2019, we continued to grow our Dental Partnerships programme to eleven partnerships as part of our continued investment in the dental market. Our 50/50 partnership proposition provides a great opportunity for dentists working towards a smooth retirement transition, while retaining responsibility for day-to-day business decisions and clinical delivery. The partnership approach ensures patients have continuity of oral care and practice staff the reassurance of stable employment, when the dentist retires. Growing our partnership proposition at an increased rate remains a key focus in 2020.

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 2020

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 2020 we will be working with Dentists and customers to strengthen our proposition and increase our market share.

Through the Denplan subsidiary, Simplyhealth Partnerships Limited, we have steadily grown our dental partnerships since we launched the 50/50 partnership approach in 2016 and we currently have eleven practices in total. The business plan for 2020 includes further investment by the Company both in additional practices and developing our current partner practices to meet the changing needs of patients.

We continue to expand the membership of our pet health plan business as more vets and corporate groups consider the beneficial effect of a health plan on their practices and the health of pets. We are well placed to benefit from this growth as we explore and develop technology solutions to support all our customers to make it easy, for the many, for the long term.

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

Debbie Beaven

Debbie Beaven, Director
2 September 2020

Denplan Limited

DIRECTORS' REPORT

The directors present this report together with the Strategic Report, Financial Statements and Auditor's Report for the year ended 31 December 2019.

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. The following paragraphs summarise how the Director's fulfil their duties in accordance with Section 172.

DIVIDENDS

The Company has neither received nor paid any interim dividends during this year (2018: £ nil). The Directors do not recommend the payment of a final dividend (2018: £ nil).

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

Grant Thornton UK LLP has expressed its willingness to continue in office as the Company's auditor.

On behalf of the Board,

Debbie Beaven

Debbie Beaven, Director
2 September 2020

Hambleton House
Waterloo Court
Andover
Hampshire
SP10 1LQ

Denplan Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

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 MEMBER OF DENPLAN LIMITED****Opinion**

We have audited the financial statements of **Denplan Limited** (the 'company') for the **year ended 31 December 2019**, which comprise **the statement of comprehensive income, the statement of financial position, the statement of changes in equity** and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 **'The Financial Reporting Standard applicable in the UK and Republic of Ireland** (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at **31 December 2019** and of its **profit** for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Denplan Limited

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

Other information

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

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

We have nothing to report in this regard.

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.

Matter on which we are required to report under the Companies Act 2006

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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 9, 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.

Denplan Limited

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

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Paul Flatley

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
2 September 2020

Denplan Limited
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Turnover		41,156	40,976
Administrative expenses		(33,554)	(31,957)
		<hr/>	<hr/>
Operating profit		7,602	9,019
Income from shares in group undertakings	8	-	2,500
Other interest receivable and similar income	6	221	225
		<hr/>	<hr/>
Profit on ordinary activities before exceptional items and tax	4	7,823	11,744
Exceptional item	4	-	(16,056)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		7,823	(4,312)
Tax on profit/(loss) on ordinary activities	7	(1,716)	957
		<hr/>	<hr/>
Profit/(Loss) for the financial year		6,107	(3,355)
		<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 16 to 28 form an integral part of these financial statements.

Denplan Limited
Company number: 01981238

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	31 December 2019		31 December 2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	1,239		1,067	
Tangible assets	10	1,682		873	
Investments	11	7,385		7,385	
			<u>10,306</u>		<u>9,325</u>
Current assets					
Debtors	12	16,186		14,055	
Deferred taxation	13	475		870	
Cash at bank and in hand	14	13,217		15,682	
		<u>29,878</u>		<u>30,607</u>	
Creditors					
Amounts falling due within one year	15	(18,406)		(19,421)	
Net current assets					
			<u>11,472</u>		<u>11,186</u>
Debtors: Amounts falling due after more than one year	12		6,260		1,700
Provisions for liabilities	16		(456)		(736)
Net assets					
			<u>27,582</u>		<u>21,475</u>
Capital and reserves					
Called up share capital	17		3,568		3,568
Share premium account			550		550
Capital redemption reserve			250		250
Profit and loss account			23,214		17,107
Shareholder's funds					
			<u>27,582</u>		<u>21,475</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 2 September 2020.

Signed on behalf of the Board of Directors

Debbie Beaven

Debbie Beaven, Director

Denplan Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Capital redemption reserve £'000	Total £'000
At 1 January 2018	3,568	550	20,462	250	24,830
Total comprehensive income for the year	-	-	(3,355)	-	(3,355)
At 31 December 2018	3,568	550	17,107	250	21,475
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	3,568	550	23,214	250	27,582

The notes on pages 16 to 28 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 2019****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, as well as its capital and liquidity resources. These forecasts have been stressed tested through our Coronavirus scenario modelling, evaluating the impact on our financial performance and solvency of a "lock down" from 1 to 6 months. 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. As a consequence 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 2019 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.

Turnover

Turnover in respect of business with personal customers comprises 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, administration fees from dentists and insurance commission from insurance sales to patients, which are recognised when the services are provided. Turnover in respect of corporate business represents insurance commission from insurance sales to companies and their employees and is recognised when the services are provided. All amounts exclude value added tax.

Turnover has been generated wholly from the UK.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 December 2019****2. ACCOUNTING POLICIES (continued)****Pension costs and other employee benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Differences between amounts due in the year and amounts actually paid are shown as either accruals or prepayments in the statement of financial position. Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

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.

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.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 December 2019****2. ACCOUNTING POLICIES (continued)****Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting 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 assets and liabilities

Financial assets and liabilities, including debtors and creditors receivable or payable within one year with no stated interest rate, are recorded at transaction price.

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.

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2019

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.

Impairment in software development costs

In the year ended 31 December 2018 the Directors concluded that some of our systems were not constructed in a way that would enable their development and adaptation in line with the Simplyhealth Group's digital strategy in a cost effective way. This created an impairment loss in the 2018 results.

Dilapidations

The Company has a repairing lease on its property in Winchester that houses its main offices. The Directors have to exercise judgement in assessing the potential liability that the Company will incur in fulfilling its obligations under the lease to return the property back to the required condition. Troup, Bywater and Anders (TB&A), a consulting engineering practice, specialising in building construction and maintenance were engaged to complete a comprehensive inspection of our estate, including infrastructure to prepare a long-term maintenance plan for all our buildings.

In reaching a conclusion on the fair value of the provision for dilapidations the Directors relied on the list of works detailed in the TB&A assessment, excluding those items that are not part of the lease obligations such as work needed to upgrade the offices onto a modern working environment, which was completed in 2019.

Deferred tax

The Company has a deferred tax asset which represents the future tax benefit arising from differences between the treatment of certain items in calculating taxable profits and accounting profits. The asset will be realised through future corporation tax liabilities being lower than would be expected from the reported accounting profits.

The realisation depends on the Company generating sufficient future taxable profits to be able to take advantage of the reversal of these timing differences. The directors have assessed the future performance of the Company by reference to the business plan to support the valuation of the deferred tax asset at 31 December.

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2019

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Amortisation of goodwill	162	162
Amortisation of other intangible assets	42	755
Depreciation	295	172
Operating lease rentals		
- motor vehicles	564	531
- buildings	562	483
- office equipment	35	68
Fees payable to the Company's auditors		
- for the audit of the Company's annual accounts	72	55
	<u> </u>	<u> </u>
Exceptional item		
Impairment of intangible assets	-	16,056
	<u> </u>	<u> </u>

Impairment of intangible assets comprises the provision for impairment of development costs and computer software as explained in note 3.

5. STAFF COSTS

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Staff costs comprise the following:		
Wages and salaries	11,342	14,180
Social security costs	1,016	1,457
Other pension costs	1,403	1,919
	<u> </u>	<u> </u>
Total staff costs	13,761	17,556
	<u> </u>	<u> </u>

From 1 January 2019 all employees are employed under contracts of service with SHP. Prior to this date they were employed directly by the Company. The amounts disclosed above for the current year reflect the employment costs recharged for services received by the Company.

The total pension cost which has been charged to the statement of comprehensive income is £1,403,000 (2018: £1,919,000). There were no outstanding pension contributions as at 31 December 2019 (2018: £nil).

The above staff costs include £nil (2018: £789,000) of own labour capitalised as part of investment in our system development and form part of the cost reflected in intangible assets in note 9.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 December 2019****5. STAFF COSTS (continued)**

The average number of employees during the year was as follows:	Year ended 31 December 2019 No	Year ended 31 December 2018 No
Operations	124	141
Finance and other administration services	209	292
	<u>333</u>	<u>433</u>

Directors' remuneration

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

R Abdin is a Director 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. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest received from group undertakings	125	40
Bank and other interest	96	185
	<u>221</u>	<u>225</u>

Interest received from group undertakings relates to interest on a loan to Simplyhealth Partnerships Limited ('SPL') (see note 12).

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2019

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

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

	Year Ended 31 December 2019 £	Year Ended 31 December 2018 £
Current tax		
United Kingdom corporation tax at 19% (2018: 19%)	-	-
Adjustment in respect of previous period	2	(224)
Group relief payable	1,319	-
Total current tax	<u>1,321</u>	<u>(224)</u>
Deferred tax		
Current year deferred tax	51	(936)
Adjustment in respect of previous period	344	203
Total deferred tax	<u>395</u>	<u>(733)</u>
Tax on profit/(loss) on ordinary activities	<u><u>1,716</u></u>	<u><u>(957)</u></u>

The corporation tax charge/(credit) for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%) on the accounting profit/(loss). The differences are explained as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit/(loss) on ordinary activities before taxation	<u>7,823</u>	<u>(4,312)</u>
Tax charge/(credit) on profit/(loss) at UK rate of 19% (2018: 19%)	1,486	(819)
Effects of:		
Income not subject to corporation tax	-	(475)
Expenses not deductible for tax purposes	54	76
Impairment of intangible assets	-	579
Intangible fixed asset timing differences	-	(325)
Tangible fixed asset timing differences	-	(39)
Research and development relief in respect of prior years	-	(159)
Other adjustments in respect of prior years	346	138
Effect of change in tax rate	-	67
Adjust closing deferred tax to average rate	39	-
Adjust opening deferred tax to average rate	(62)	-
Deferred tax not recognised	(147)	-
Tax on profit/(loss) on ordinary activities	<u><u>1,716</u></u>	<u><u>(957)</u></u>

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 December 2019****8. INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interim dividend received from subsidiary undertaking	-	2,500

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2019

9. INTANGIBLE ASSETS

	Brands £'000	Customer relationships £'000	Goodwill £'000	Development costs £'000	Software £'000	Total £'000
Cost						
At 1 January 2019	68	307	1,217	11,894	4,995	18,481
Additions	-	-	-	(11,894)	12,270	376
At 31 December 2019	68	307	1,217	-	17,265	18,857
Amortisation and impairment						
At 1 January 2019	68	92	365	11,894	4,995	17,414
Charge for the year	-	41	162	(11,894)	11,895	204
At 31 December 2019	68	133	527	-	16,890	17,618
Net book value						
At 31 December 2019	-	174	690	-	375	1,239
At 31 December 2018	-	215	852	-	-	1,067

The explanation of the impairment of intangible software development costs and computer software is explained in note 3.

10. TANGIBLE ASSET

	Computers and office equipment £'000	Fixtures and fittings £'000	Leasehold property £'000	Total £'000
Cost				
At 1 January 2019	2,232	164	1,587	3,983
Additions	-	301	803	1,104
At 31 December 2019	2,232	465	2,390	5,087
Depreciation				
At 1 January 2019	1,820	107	1,183	3,110
Charge for the year	138	53	104	295
At 31 December 2019	1,958	160	1,287	3,405
Net book value				
At 31 December 2019	274	305	1,103	1,682
At 31 December 2018	412	57	404	873

On 1 January 2020 all Tangible Assets were transferred to Simplyhealth People Limited.

Denplan Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ended 31 December 2019****11. FIXED ASSET INVESTMENTS****Subsidiaries**

The details of investments in the subsidiary undertakings held by the Company at 31 December 2019 are as follows:

Name of Company	Principal Activity	Class and percentage of shares held
The Animal Healthcare Company Ltd	Administration of veterinary pet health plans	Ordinary shares 100%
Simplyhealth Partnerships Limited	Investment and management of joint venture investments in dental practices	Ordinary shares 100%

Both companies listed above are registered in England & Wales and are directly held subsidiaries.

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

Cost	Subsidiary undertakings £'000
At 1 January 2019 and 31 December 2019	7,385

The Directors have considered the recoverability of the Company's investment in subsidiaries. Their review concluded that no provision for impairment is required (2018: *Nil*).

12. DEBTORS

	31 December 2019 £'000	31 December 2018 £'000
Due within one year		
Trade debtors	12,110	12,106
Amounts due from group undertakings	3,120	729
Corporation tax recoverable	-	216
Prepayments and accrued income	547	1,004
Deferred acquisition costs	379	-
Other debtors	30	-
	16,186	14,055
Due after more than one year		
Amounts due from group undertakings	6,260	1,700

Trade debtors include an amount of £9,969,000 (2018: £9,238,000) relating to premiums to be collected on behalf of Simplyhealth Access.

Debtors due after more than one year represents the amount outstanding under a loan facility agreement with SPL. 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% pa and the facility terminates on 31 December 2021. No repayment of amounts drawn down is due before this date.

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2019

13. DEFERRED TAXATION

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

	31 December 2019 £'000	31 December 2018 £'000
Asset relating to timing differences on fixed assets	350	210
Asset relating to short term timing difference	125	89
Asset relating to losses and other deductions	-	571
	<u>475</u>	<u>870</u>

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

	31 December 2019 £'000	31 December 2018 £'000
At 1 January	870	137
Current year tax losses	-	639
Current year timing differences on intangible assets	-	325
Current year timing differences on tangible assets	(51)	39
Change in effective tax rate	-	(67)
Adjustment in respect of prior period	(344)	(203)
	<u>475</u>	<u>870</u>
At 31 December	475	870

14. 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 2019 amounting to £3,263,000 (2018: £3,810,000) 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 15).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2019 £'000	31 December 2018 £'000
Trade creditors	14	691
Amounts due to group undertakings	9,783	8,545
Amounts held in trust on behalf of clients	3,263	3,810
Accruals and deferred income	4,525	5,710
Deferred Broker Commission	363	-
Other taxes and social security	376	337
Other creditors	82	328
	<u>18,406</u>	<u>19,421</u>

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2019

16. PROVISIONS FOR LIABILITIES

	31 December 2019 £'000	31 December 2018 £'000
At 1 January	736	853
Additions	-	-
Amounts charged against the provision	(280)	(117)
At 31 December	456	736

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.

17. CALLED UP SHARE CAPITAL

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

	31 December 2019 £'000	31 December 2018 £'000
3,567,659 (2018: 3,567,659) ordinary shares of £1 each	3,568	3,568

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

18. FINANCIAL COMMITMENTS

(a) Capital expenditure

	31 December 2019 £'000	31 December 2018 £'000
Authorised by the Board of Directors and contracted for up to 31 December		
Capital expenditure	-	648

Commitments to future capital expenditure relate primarily to development costs for new administration and IT systems that will further enhance the customers' experience.

(b) Leasing

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

	31 December 2019 £'000	31 December 2018 £'000
Amounts payable		
within one year	750	770
between one and five years	2,215	2,143
in more than five years	906	1,097
	3,871	4,010

Denplan Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2019

19. 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 eleven Limited Liability Partnerships ('LLPs') (2018: five) in which its subsidiary undertaking, SPL, has joint control. The LLPs provide dental services to patients. The Company charges fees to the LLPs for services provided in the collection of registration and administration fees from patients and the payment of such amounts to the LLP's.

In the year ended 31 December 2019 the Company charged the LLPs £nil (2018: £125,468) in respect of administration fees.

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

20. ULTIMATE PARENT AND CONTROLLING PARTY

The Company's immediate and ultimate parent company is Simplyhealth Group Limited, a company registered in the United Kingdom and limited by guarantee.

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.

21. POST BALANCE SHEET EVENTS

During 2020 the world is materially impacted by the Coronavirus. Denplan Limited has assessed its impact on the values contained within the financial statements and does not consider there to be any change required to their value and is considered a non-adjusting event.

On the 13 August 2020 the company announced the sale of its wholly owned subsidiary, The Animal Healthcare Company Ltd (AHCL), to the Premier Veterinary Group PLC. The sale, which is subject to transfer of the vet pet plan business operated by Denplan to AHCL prior to completion, is for a consideration of approximately £6.64 million. This comprises the estimated equity value of a convertible loan at £5.14 million and a loan of £1.5 million. The convertible loan of £1.53m can be converted into 15,346,949 new ordinary shares at the holders choice option upon certain trigger events. Assuming conversion, at the closing price of 33.5 pence of each ordinary share of Premier Veterinary Group Plc on 12 August 2020 (being the latest date prior to the announcement), the value of these ordinary shares would have been approximately £5.14 million.