

Registered Number 1981238

DENPLAN LIMITED
Directors' Report
for the year ended 31 December 2006



Registered Office 5 Old Broad Street, London EC2N 1AD

DENPLAN LIMITED

DIRECTORS

M C Bell
A Brown
D P Clarke
A P Coombs
F A Craig
S G Cross
S J Gates
K G Gibbs
C J Horlick

SECRETARY

H M Harvey

AUDITORS

PricewaterhouseCoopers LLP

DENPLAN LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The company's principal business is to provide an independent capitation plan to the dental profession and its patients. Together with the administration of the plan, Denplan provides products and services to dental practitioners and their patients. The Company also administers dental insurance products for corporate clients of its fellow subsidiary company AXA PPP healthcare

BUSINESS REVIEW

Results and performance

The profit for the year after taxation was £8.7m (2005 £7.3m). The result for the year is shown in the profit and loss account on page 10.

The turnover for the year £34m (2005 £28m) has increased due to a high number of dentists converting from the National Health Service to Denplan Limited and an increase in dental insurance products for Corporate clients of its fellow subsidiary company AXA PPP healthcare limited.

Business environment

The sale of independent capitation plans to the dental profession and its patients continues to grow and has been stimulated by the effects of changes to the NHS dental contracts and funding. A combination of product innovation and excellent customer service has allowed the Company to retain its market share.

Strategy

The Company's strategy remains the achievement of profitable growth and excellent customer service. We seek to increase the sale of independent capitation plans to dentists wishing to take control of their practice, to grow the dental insurance product market and find new products and services which build upon our existing competencies and specialism.

Principal risks and uncertainties

The Company is part of the AXA UK Group which has established group wide processes for risk acceptance and risk management which are addressed through a framework of policies, procedures and internal controls. All policies are subject to board approval and ongoing review by management, risk management and group internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance and finance teams take on an important oversight role in this regard.

DENPLAN LIMITED

DIRECTORS' REPORT (CONTINUED)

Future Outlook

The Company has posted a strong set of results for 2006 and has a number of initiatives in place to build on this performance for 2007

Key performance indicators

The board monitors the progress of the Company by reference to the following KPIs

	2006	2005
Turnover	£34m	£28m
Net profit after tax	£9m	£7m
Expense ratio (Expenses/Turnover)	68%	68%

DIVIDENDS

Interim dividends of £7,000,000 and £4,000,000 were paid on 16 May 2006 and 15 December 2006 respectively. The directors do not recommend the payment of a final dividend for the year ended 31 December 2006 (2005 £5,000,000 interim dividend, £nil final dividend)

SECRETARY

Mrs M D Chapman resigned as Secretary of the Company on 4 August 2006 and Miss H M Harvey was appointed Secretary on the same day, as her replacement

DIRECTORS

The directors of the Company at the date of this report are shown on page 1

Mrs C A Ravenscroft resigned as a director on 7 June 2006 and Mr A P Coombs was appointed as a director of the Company on 21 June 2006

DIRECTORS' INTERESTS

The Company has not disclosed directors' interests in shares and share options, such a requirement having been removed from the Companies Act for directors' reports approved on or after 6 April 2007

DENPLAN LIMITED

DIRECTORS' REPORT (CONTINUED)

INDEMNIFICATION OF DIRECTORS

The Company is party to a group-wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of the Companies Act 1985

PAYMENT OF CREDITORS

The Company's policy on the payment of creditors is to agree terms of payment when orders for goods and services are placed and to pay in accordance with those terms

Balances outstanding for the Company at 31 December 2006 represented a credit period of 7 days (2005 – 12 days)

EMPLOYEES

The AXA UK group, through each of its employing subsidiary companies, is committed to a policy of equal opportunity in recruitment, training, career development and promotion of staff, irrespective of gender, marital status, race or ethnic origin. Full and fair consideration is also given to disabled persons including the rehabilitation and retention of staff who become disabled, having regard to their particular aptitudes and abilities

Great importance is placed on good communications with employees and in seeking to inform and involve staff in the development of their operations and in the achievement of their business goals

A full range of written, audio, video and regular face-to-face communications, including team briefings, regular appraisals, company newspapers and various bulletins are used. Regular consultation is maintained with staff representative groups on the complete range of employment and business issues

The Company has Investors in People accreditation

FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risk through the inherent uncertainty in undertaking business affecting its financial assets and liabilities. The most important components of this risk are credit, liquidity and cash flow risks

The Company is part of the AXA UK Group which has established a group wide financial risk management framework and associated set of policies. These are designed to ensure that financial risks are adequately controlled and monitored through Risk Committees advising the Group Chief Executive and individual business unit Chief Executives. A dedicated Financial Risk Management function supports the individual business units by ensuring that a full understanding and control of financial risks is incorporated into management decision making and procedures

DENPLAN LIMITED
DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk

Price risk can be defined as the risk that movements in market factors (such as pricing of equities or bonds), interest rates and currency rates impact adversely the value of, or income from, the financial assets. Also, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rates risk.

The Company has no exposure to equities, bonds, interest rates on borrowing, or currency rates, as a result of its operations. The Company's exposure to interest rates is limited to investment of surplus cash on a short-term basis.

Credit risk

Credit risk can be defined as the risk of capital or income loss resulting from counterparty default or issuer credit downgrades affecting financial assets.

Non-investment items which generate credit risk generally arise as a by product of the Company's insurance operations, such as premium debts from policyholders and intermediaries and other operational debts. Exposure is controlled via different processes including the active monitoring of premium debt.

Liquidity and cash flow risk

Liquidity or cash flow risk is defined as the risk that the Company, irrespective of solvency and profitability, may not have sufficient available cash (or near cash assets or funding facilities) to pay obligations when they fall due at reasonable cost.

This is controlled by encouraging a robust working capital management environment that includes ensuring there is appropriate regular cash flow forecasting.

AUDIT DISCLOSURE

Each director in office at the date of approval of this report confirms that

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

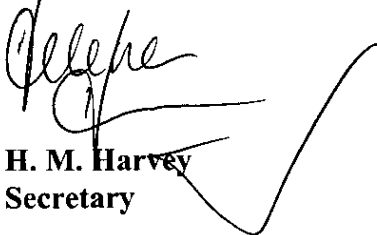
DENPLAN LIMITED
DIRECTORS' REPORT (CONTINUED)

AUDITORS

Under Section 379A of the Companies Act 1985, the Company has elected to dispense with the following obligations

- to lay accounts and reports before general meetings,
- to hold annual general meetings, and
- to appoint auditors annually

By Order of the Board

A handwritten signature in dark ink, appearing to read 'H. M. Harvey', is written over the printed name and title. A large, sweeping checkmark is drawn to the right of the signature.

H. M. Harvey
Secretary

20th August 2007

DENPLAN LIMITED

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on page 8 is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the financial statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

DENPLAN LIMITED

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENPLAN LIMITED

We have audited the financial statements of Denplan Limited for the year ended 31st December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

DENPLAN LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Southampton

13 September 2007

DENPLAN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £'000	2005 £'000
Turnover	2	33,813	28,050
Administrative expenses		<u>(22,891)</u>	<u>(19,032)</u>
Operating profit		10,922	9,018
Interest receivable and similar income		<u>1,646</u>	<u>1,514</u>
Profit on ordinary activities before taxation	5	12,568	10,532
Tax on profit on ordinary activities	6	<u>(3,918)</u>	<u>(3,250)</u>
Profit for the financial year	16	<u>8,650</u>	<u>7,282</u>

All of the above derive from continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

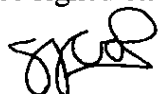
There were no recognised gains or losses other than reported in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

DENPLAN LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £'000	2005 £'000
FIXED ASSETS			
Intangible assets	8	519	648
Tangible assets	9	<u>1,465</u>	<u>294</u>
		1,984	942
CURRENT ASSETS			
Debtors	10	1,994	1,548
Cash at bank and in hand	12	<u>11,520</u>	<u>16,200</u>
		13,514	17,748
CREDITORS: Amounts falling due within one year	13	<u>(9,290)</u>	<u>(10,132)</u>
NET CURRENT ASSETS		<u>4,224</u>	<u>7,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,208</u>	<u>8,558</u>
NET ASSETS		<u>6,208</u>	<u>8,558</u>
CAPITAL AND RESERVES			
Called up share capital	14	68	68
Share premium account	15	550	550
Capital redemption reserve	15	250	250
Profit and loss account	15	<u>5,340</u>	<u>7,690</u>
EQUITY SHAREHOLDERS' FUNDS	16	<u>6,208</u>	<u>8,558</u>

The financial statements on pages 10 to 25 were approved by the Board on 20th August 2007 and were signed on its behalf by



S. J. Gates
Director

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

a. Basis of accounting

The financial statements are prepared under the historical cost convention, on the going concern basis, and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom

b. Depreciation

Depreciation is provided on a straight line basis at the following rates

	<u>per annum</u>
Computer hardware	33 1/3%
Office equipment, fixtures and fittings	20%
Short leasehold property	2%
Improvement to leasehold properties	Over remaining life of lease

c. Deferred taxation

Full provision is made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred tax is not discounted.

Deferred tax assets are recognised to the extent that they are regarded as recoverable, where it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

d. Finance and operating leases

Rental costs under operating leases are charged to the profit and loss account as incurred over the lease term. Leasing agreements that transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible assets and the capital element of the leasing commitment is included within creditors. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged systematically to the profit and loss account over the lease period. Assets held under such leases are depreciated over the shorter of the lease terms and the useful life of equivalent owned assets.

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006

e. Pension scheme arrangements

The Company operates defined benefit and defined contribution schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The defined benefit scheme is accounted for as though it were a defined contribution scheme, as explained in note 19.

f. Goodwill

Goodwill arising on acquisitions is capitalised in the balance sheet at cost and amortised through the profit and loss account on a straight line basis over its useful economic life. The gain or loss on subsequent disposal of the business will include any attributable unamortised goodwill.

g. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Expenditure on software under £1.5m is not capitalised.

h. Consolidated accounts

The Company is a wholly owned subsidiary of Guardian Royal Exchange plc, a company registered in England and Wales, which publishes consolidated accounts and as such the Company avails itself of the right not to prepare consolidated accounts in accordance with Section 228 of Companies Act 1985 (as amended).

i. Basis of preparation

The financial statements have been prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985, and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") dated December 2006.

The financial statements have been prepared in accordance with applicable accounting standards.

The Company has adopted FRS 23, The effects of changes in foreign exchange rates, FRS 24, Financial reporting in hyperinflationary economies and the presentation requirements of FRS 25, Financial instruments presentation and disclosure for the 2006 year end but their adoption has had no impact on the financial statements.

The Company has adopted FRS 20, Share-based payment, but the effect is not material to the financial statements.

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006

The company has not adopted FRS 26, Financial instruments recognition and measurement. The Company is exempt from this standard as it does not hold derivatives at fair value.

The Company is a wholly-owned subsidiary undertaking and its immediate parent undertaking is established under UK law and, therefore, in accordance with section 228 of the Companies Act 1985, it has not prepared consolidated accounts for the year ended 31 December 2006.

2. TURNOVER

Turnover in respect of business with personal customers comprises amounts received by the Company in respect of products and 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 is recognised when the services are provided and represents insurance commission from insurance sales to companies and their employees. All amounts exclude value added tax.

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

3. STAFF NUMBERS AND COSTS

The average number of persons employed, by activity (including directors) during the year was as follows

	2006 Number	2005 Number
Administration	174	166
Selling and marketing	93	84
Management	36	35
	<u>303</u>	<u>285</u>

Staff engaged in the Company's activities are employees of Denplan Limited

The staff costs are set out below

	2006 £'000	2005 £'000
Wages and salaries	10,137	8,410
Social security costs	1,202	916
Other pension costs (note 19)	508	484
	<u>11,847</u>	<u>9,810</u>

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

4. DIRECTORS' EMOLUMENTS

The directors are employed and paid by companies in the AXA group and their directorships are held as part of that employment. Other than as disclosed below, no director has received any emoluments or other benefits from the Company or from any other company in the AXA group in respect of services to the Company.

	2006 £'000	2005 £'000
Aggregate emoluments	481	457

Retirement benefits are accruing to 2 directors (2005: 2) under a defined benefit pension scheme and to 1 director (2005: 1) under a defined contribution pension scheme.

Amounts attributable to highest paid director

	2006 £'000	2005 £'000
Aggregate emoluments	188	191
Defined benefit scheme		
Accrued pension at end of year	9	2

Directors' interests in transactions

No contract in which a director was interested and which was material to the Group or its subsidiaries or to the other transacting party existed during the year.

Loans to directors and connected persons

No loans or quasi-loans exceeding £5,000 to directors and connected persons were made or subsisted during the year.

None of the directors exercised any share options or employee sharesave options in AXA UK plc during the year.

Mr K G Gibbs was also a director of the intermediate parent company, AXA UK plc, during the year and his emoluments, which relate to his services to the AXA group as a whole, are disclosed in the financial statements of that company.

Mr D P Clarke, Mr F A Craig, Mr C J Horlick and Mrs C A Ravenscroft were also directors of AXA PPP healthcare limited during the year and their emoluments, which relate to their services to the AXA group as a whole, are disclosed in the financial statements of that company.

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before tax is stated after charging/(crediting) the following

	2006	2005
	£'000	£'000
Amortisation of goodwill	129	130
Depreciation	218	134
Auditors' remuneration	,	
Audit services	28	28
Operating lease rentals		
Plant and Machinery	313	253
Other	259	259
Loss on sale of fixed assets	1	-

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006	2005
	£'000	£'000
a) Analysis of tax in period		
Current tax		
UK Corporation tax on profits of the period	3,899	3,214
Adjustment in respect of previous periods	<u>(6)</u>	<u>(11)</u>
Total current tax	<u>3,893</u>	<u>3,203</u>
Deferred tax		
Origination and reversal of timing differences (ACA and other)	25	66
Adjustments in respect of previous periods	<u>-</u>	<u>(19)</u>
Total deferred tax	<u>25</u>	<u>47</u>
Tax on profit on ordinary activities	<u>3,918</u>	<u>3,250</u>

b) Factors affecting tax charge for period

The tax charge assessed for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

Corporation tax on profit on ordinary activities before taxation of £12,568,000 at 30% (2005 -£10,532,000)	3,770	3,160
Effects of		
Expenses not deductible for tax purposes	154	120
Accelerated capital allowances and other timing differences	(25)	(66)
Adjustment to tax charge in respect of a previous period	<u>(6)</u>	<u>(11)</u>
Current tax charge for the period	<u>3,893</u>	<u>3,203</u>

c) Factors that may affect future tax charges

There are no factors affecting future tax charges

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

7. DIVIDENDS

	2006 £'000	2005 £'000
Interim dividend paid on ordinary shares £162 60 per share (2005 - £73 90)	<u>11,000</u>	<u>5,000</u>

8. INTANGIBLE ASSETS

	2006 Goodwill £'000	2005 Goodwill £'000
Cost		
At 1 January and 31 December	<u>1,297</u>	<u>1,297</u>
Aggregate amortisation		
At 1 January	649	519
Charge for the period	<u>129</u>	<u>130</u>
At 31 December	<u>778</u>	<u>649</u>
Net book value		
At 31 December	<u>519</u>	<u>648</u>

The goodwill that has arisen on the acquisition of BUPA DentalCover Limited is being amortised on a straight line basis over 10 years. This period represents the time over which the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets.

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

9. TANGIBLE FIXED ASSETS

	Short Leasehold property £'000	Office equipmen t fixtures & fittings £'000	Computer hardware £'000	Total £'000
Cost				
At 1 January 2006	19	301	890	1,210
Additions	1,164	48	178	1,390
Disposals	-	(112)	(59)	(171)
At 31 December 2006	<u>1,183</u>	<u>237</u>	<u>1,009</u>	<u>2,429</u>
Depreciation				
At 1 January 2006	19	219	678	916
Charge in year	46	28	144	218
Disposals	-	(111)	(59)	(170)
At 31 December 2006	<u>65</u>	<u>136</u>	<u>763</u>	<u>964</u>
Net book value				
At 31 December 2006	<u>1,118</u>	<u>101</u>	<u>246</u>	<u>1,465</u>
At 31 December 2005	<u>-</u>	<u>82</u>	<u>212</u>	<u>294</u>

DENPLAN LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)****10. DEBTORS**

	2006 £'000	2005 £'000
Trade debtors	1,021	988
Other debtors	163	17
Prepayments and accrued income	467	175
Deferred tax asset (see note 11)	343	368
	<u>1,994</u>	<u>1,548</u>

11. DEFERRED TAX

	2006 Provided £'000	2005 Provided £'000
Excess of depreciation over capital allowances	325	351
Other timing differences	18	17
	<u>343</u>	<u>368</u>

The movement in the deferred tax can be explained as follows

	2006 Provided £'000	2005 Provided £'000
Deferred tax as at 1 January	368	415
Charge to profit and loss account	<u>(25)</u>	<u>(47)</u>
Deferred tax as at 31 December	<u>343</u>	<u>368</u>

Deferred tax includes amounts due in more than one year from the balance sheet date

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

12. CASH AT BANK AND IN HAND

The Company administers a number of trust accounts under agreement between the Company and dentists in accordance with the declaration of trust for each account. The accounts are used to channel cash collected by the Company from patients for onward payment to dentists. The accounts are separate to the Company's bank accounts and accordingly are excluded from cash at bank and in hand on the Company's balance sheet. 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 were £4,918,817 at 31 December 2006 (2005 - £3,933,000).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Trade creditors	174	305
Taxation and social security	2,843	3,008
Amounts due to group undertakings	1,058	1,000
Accruals and deferred income	5,120	5,763
Other creditors	95	56
	<u>9,290</u>	<u>10,132</u>

Taxation and social security includes an amount of £2,300,000 (2005 - £1,710,000) in respect of mainstream corporation tax. Amounts due to group undertakings are interest free, unsecured and repayable on demand.

14. SHARE CAPITAL

	2006		2005	
	Authorised £	Paid-up £	Authorised £	Paid-up £
Authorised:				
67,659 ordinary shares of £1 each	<u>67,659</u>		<u>67,659</u>	
Issued				
67,659 ordinary shares of £1 each		<u>67,659</u>		<u>67,659</u>

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

15. RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	550	250	7,690	8,490
Retained loss for the year	-	-	(2,350)	(2,350)
At 31 December 2006	<u>550</u>	<u>250</u>	<u>5,340</u>	<u>6,140</u>

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Profit on ordinary activities after tax	8,650	7,282
Dividends (note 7)	(11,000)	(5,000)
Retained (loss) / profit for the year	(2,350)	2,282
Opening shareholders' funds	8,558	6,276
Closing shareholders' funds	<u>6,208</u>	<u>8,558</u>

17. FINANCIAL COMMITMENTS

The Company has commitments under non-cancellable operating leases to make payments in the next year on leases expiring

	2006 £'000	2005 £'000
Operating leases		
Between two and five years for		
- other assets	375	248
Over five years for		
- land and buildings	374	340

DENPLAN LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

18. CAPITAL COMMITMENTS

At 31 December 2006, the Company had £2,950 capital commitments contracted for but not provided for (2005 - £1,269,000)

19. STAFF PENSION COSTS

Staff engaged in the Company's activities are members of the AXA UK Pension Scheme which embraces a number of companies in the AXA UK group. The Scheme has both defined benefit and defined contribution sections but the Company is unable accurately to identify its share of the underlying assets and liabilities of the defined benefit section. Accordingly, the Company has accounted for its contribution to the defined benefit section as if it were a defined contribution arrangement.

An independent actuarial review by Watson Wyatt of the defined benefit scheme revealed a deficit of £574m as at 31 December 2006 (£561.2m as at 31 December 2005) before taking account of any tax relief. This represents a snapshot of the present cost of meeting pension obligations that will crystallise over a period of many years. The scheme invests in a wide range of assets, including equities, which over the long term, are expected by the directors to produce higher returns than those underlying the assessment of the deficit as at 31 December 2006. The AXA UK Group made additional contributions totalling £23m (2005 £22m) to the scheme, in accordance with the plan to reduce the deficit.

The total pension cost which has been charged to the profit and loss account of the Company is £507,828 (2005 £483,842). The outstanding contributions as at 31 December 2006 are £60,788 (2005 £58,000).

20. RELATED PARTIES

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available.

DENPLAN LIMTIED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2006 (CONTINUED)

21. CASH FLOW STATEMENT

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cashflow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.

22. ULTIMATE PARENT

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.

The parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared is Guardian Royal Exchange plc, a company registered in England and Wales. Copies of the Guardian Royal Exchange group financial statements can be obtained from 5 Old Broad Street, London, EC2N 1AD.