

Company No. 01981238

Denplan Limited

Report and Financial Statements

31 December 2011

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Denplan Limited

REPORT AND FINANCIAL STATEMENTS 2011

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Denplan Limited

DIRECTORS' REPORT

REVIEW OF ACTIVITIES AND ENHANCED BUSINESS REVIEW

The results for the year are shown in the profit and loss account on page 7. The company achieved a retained profit of £6.8m (2010 £8.3m) for the year.

Overview of Denplan

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 administers insurance products for private schools and corporate clients. Denplan has also begun offering plans to veterinary practices.

Recessionary factors continued to affect the private dental market. As a result, the number of people choosing to pay for their dentistry through plans was slightly down on 2010. The Corporate insurance payment business was affected by claims pricing adjustments in 2011, the effect of which was offset by a growing patient base. Profit was in line with expected performance.

Denplan continues to diversify its product range. Denplan supports veterinary practices with payment plans which encourage pet owners to practise preventive healthcare. This business continues to grow. Denplan is also looking at opportunities overseas.

Dentistry in the UK remains stable at the moment with those dentists who have made the choice to practice independently strengthening their practice commitment while those who have remained in the NHS system choosing to continue to practise within the Primary Care Trust (PCT) framework while they wait to see the outcome of the new Government's health strategy.

The sale of independent capitation plans to the dental profession and its patients remains Denplan's largest source of income and the major focus for its business. Denplan intends to continue to support dentists and patients providing products and services which improve the provision and funding of dental services. At the same time Denplan has plans to grow other products and services through alternative distribution channels.

Sale of Denplan Ltd to Simplyhealth Group

On 20th December 2011, all the issued share capital of Denplan Ltd was acquired by Simplyhealth Group for a consideration of £113m. We do not expect any changes of the Denplan Ltd business model as a result of the acquisition.

Risk management

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 market risks. Liquidity risk is covered in the going concern section.

Credit Risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies and cash investments are limited to short term banking deposits. Denplan has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Market Risk

Changes in legislation or increased funding of NHS dentistry could adversely affect Denplan and reduce the ability to sell or develop the market sector.

Like all organisations we live in an uncertain world and as part of our risk management work we continually identify, assess and take steps to manage these risks and indeed opportunities which could affect the future development of our business.

The Company was part of the AXA UK Group which had established group wide processes for risk acceptance and risk management which were addressed through a framework of policies, procedures and internal controls. After the acquisition, the Company is now part of the Simplyhealth Group which has group wide processes and frameworks. All policies are subject to 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.

DIRECTORS' REPORT (continued)

Going Concern

The current uncertain economic conditions present increased risk for all businesses. In response to such conditions, the Directors have carefully considered these risks and the extent to which they might affect the preparation of the financial statements on a going concern basis.

As a result of the acquisition all distributable reserves of the company were paid out to the previous owners and the company was re-capitalised with the issue of 3,500,000 ordinary shares of £1 each, to the Simplyhealth Group. It is considered that no further financial support will be required for the future.

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

On this basis the Directors have a reasonable expectation that despite uncertain market conditions, the company has sufficient capital to ensure that it will continue in operational existence for the foreseeable future, accordingly the directors have adopted the going concern basis in preparing the financial statements.

People

The Simplyhealth Group, through its employing subsidiary company, 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 goal.

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.

Business performance

The Company has posted a strong set of results for 2011 and has a number of initiatives in place to build on this performance for 2012.

The board monitors the progress of the Company by reference to the following key performance indicators:

	2011	2010
Turnover	£39.3m	£35.4m
Net profit after tax	£6.8m	£8.3m
Expense ratio (Expenses/Turnover), before exceptional items	61%	67%
Exceptional items (note 2)	£4.8m	£0

DIVIDENDS

Interim dividends were paid in 2011

£22,864,000 on 28 th September 2011
£3,500,000 on 15 th December 2011

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: £6,000,000 interim dividend, £nil final dividend).

POLICY AND PRACTICE ON 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 2011 represented a credit period of 2 days (2010: 7 days) based on average days outstanding taken to settle creditor balances.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served throughout the year, except as stated were

Mr D Benjamin	Executive (appointed 20 December 2011)
Mrs R Abdin	Executive (appointed 20 December 2011)
Mr I M Maude	Executive (appointed 20 December 2011)

Mrs M C Bell	Executive (resigned 20 December 2011)
Mrs N Bell	Executive (resigned 20 December 2011)
Mr A Brown	Executive (resigned 20 December 2011)
Mr D P Clarke	Executive (resigned 20 December 2011)
Mr F A Craig	Executive (resigned 20 December 2011)
Mr S G Cross	Executive (resigned 20 December 2011)
Mr S J Gates	Executive (resigned 20 December 2011)
Mr K G Gibbs	Executive (resigned 20 December 2011)
Mr S J Harland	Executive (resigned 20 December 2011)

The Secretary as at 31 December 2011 was Mrs R Abdin (appointed 20 December 2011)
Mr J P Small served as Secretary from 1 January 2011 – 20 December 2011 (resigned 20 December 2011)

The company has arranged indemnity insurance on behalf of the Directors and Officers

REGISTERED OFFICE

Hambleton House
Waterloo Court
Andover
Hampshire
SP10 1LQ

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and
- Each of the Directors has taken all the steps that he or she ought to have taken as a director to make themselves 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

AUDITOR

Deloitte LLP was appointed on the 19th December 2011 and has expressed their willingness to continue in office as the company's auditor. A resolution to re-appoint them will be proposed at the forth coming Annual General Meeting

Approved by the board of directors and signed on behalf of the board



Romana Abdin
Director
6 August 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 the 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). 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 Group and of the profit or loss of the Company and Group for that period. In preparing the 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 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENPLAN LIMITED

We have audited the financial statements of Denplan Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Elanor Gill (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

10 August 2012

Denplan Limited

PROFIT AND LOSS ACCOUNT Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover		39,303	35,402
Administrative expenses		(24,029)	(23,769)
Exceptional charge on settlement of final pension liability	2	(4,800)	-
Total administrative expenses		<u>(28,829)</u>	<u>(23,769)</u>
Operating profit		10,474	11,633
Interest receivable and similar income	4	<u>541</u>	<u>214</u>
Profit on ordinary activities before taxation	1	11,015	11,847
Tax on profit on ordinary activities	5	<u>(4,210)</u>	<u>(3,550)</u>
Profit for the financial year after exceptional item	14	<u>6,805</u>	<u>8,297</u>

The accounting policies on pages 9-10 and the notes on pages 11-19 form an integral part of these financial statements
All of the above relate to continuing operations

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

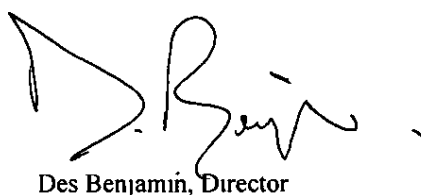
Denplan Limited

BALANCE SHEET 31 December 2011

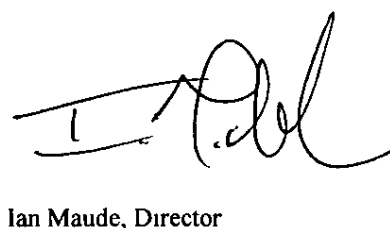
	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	<u>886</u>	<u>1,032</u>
		886	1,032
CURRENT ASSETS			
Debtors	9	7,121	12,933
Cash at bank and in hand	11	<u>10,882</u>	<u>33,419</u>
		18,003	46,352
CREDITORS: Amounts falling due within one year	12	<u>(17,625)</u>	<u>(30,934)</u>
NET CURRENT ASSETS		378	15,418
TOTAL ASSETS LESS CURRENT LIABILITIES		1,264	16,450
CREDITORS: Amounts falling due more than 1 year	13	(873)	-
NET ASSETS		<u>391</u>	<u>16,450</u>
CAPITAL AND RESERVES			
Called up share capital	14	3,568	68
Share premium account	14	550	550
Capital redemption reserve	14	250	250
Profit and loss account	14	<u>(3,977)</u>	<u>15,582</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u>391</u>	<u>16,450</u>

These financial statements of Denplan Ltd (registered no 01981238) were approved by the board of directors on 6th August 2012

Signed on behalf of the board of directors



Des Benjamin, Director



Ian Maude, Director

Denplan Limited

STATEMENT OF ACCOUNTING POLICIES

Year ended 31st December 2011

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The accounting policies adopted have been used consistently in both the current and preceding year with the exception of third party funds, as described in Note 11.

Introduction

The financial statements conform to applicable standards and have been prepared under the historical cost convention, on the going concern basis, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

Goodwill

Goodwill is calculated as being the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. The directors review the goodwill for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill at the end of 2010 had been fully amortised.

Third Party Funds

Third party funds are held in separate trust bank accounts. The company follows generally accepted industry practice by showing third party funds within cash and creditors.

Cash and cash equivalents

Cash and cash equivalents are defined as cash at bank and in hand. These include funds held on behalf of third parties that are not available for use by the Company or the Simplyhealth Group. The offsetting liability is included in 'Creditors: Amounts falling due within one year' in note 12.

Pension costs

The Company was included in AXA's defined benefit and defined contribution schemes. Contributions were charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The defined benefit scheme was accounted for as though it were a defined contribution scheme. The ability for Denplan employees to contribute towards the defined benefits scheme was closed on 20 December 2011.

Segmental Analysis

In the opinion of the Directors, the company has only one material class of business, the provision of Dental products and services, which is materially within the United Kingdom.

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 rate and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Denplan Limited

STATEMENT OF ACCOUNTING POLICIES (continued) **Year ended 31st December 2011**

Tangible fixed assets and depreciation (continued)

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	Short leasehold property was depreciated over remaining life of lease
Improvement to leasehold properties	Over remaining life of lease

Expenditure on software under £1.5m is not capitalised

Carrying values of fixed assets are reviewed for impairment on an annual basis. Provision for diminution in value is made if events or changes in circumstances indicate the carrying value may not be recoverable.

Leases

Rental costs under operating leases are charged to the profit and loss account as incurred on a straight line basis 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.

Consolidated accounts

The Company is a wholly owned subsidiary of Simplyhealth Group Limited, 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 400 of the Companies Act 2006.

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.

Turnover has been generated wholly from the UK.

Denplan Limited

NOTES TO THE ACCOUNTS

Year ended 31 December 2011

1. NET OPERATING EXPENSES, AND OTHER CHARGES

Profit on ordinary activities before tax is after charging

	2011 £'000	2010 £'000
Amortisation of goodwill	-	130
Depreciation	309	325
Operating lease rentals		
Plant and Machinery	401	401
Other	395	395
Auditors' remuneration		
Audit services – Deloitte LLP	59	-
Audit services – Pricewaterhouse Coopers LLP	-	28

2. EXCEPTIONAL ITEM

On 20th December 2011, Denplan ceased to be part of the scheme apportionment arrangement agreement with AXA UK Pension Trustees Corporation. All future liabilities relating to Denplan members within the AXA pension schemes are now paid in full. The exceptional item relates to Denplan's payment of £4.8m as full and final payment of this liability.

	2011 £'000	2010 £'000
Pension payment	4,800	-
UK corporation tax charge	1,191	-
Paid to AXA Group	(318)	-
	873	-
Related deferred tax credit (Exceptional item note 10)	(873)	-
	-	-

3. STAFF COSTS

Staff costs comprise the following

	2011 £'000	2010 £'000
Wages and salaries	11,391	10,392
Social security costs	1,217	1,082
Other pension costs	834	800
Training, recruitment and other staff costs	599	439
Total Staff costs	14,041	12,713

Other pension costs exclude the exceptional item relating to a pension deficit paid to the AXA Group, (note 2) on the purchase of Denplan Limited by Simplyhealth Group.

Denplan Limited

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2011

3. STAFF COSTS (continued)

	2011	2010
	No.	No.
The average number of employees during the year was as follows		
Administration	201	202
Selling and marketing	71	67
Management	46	46
	<u>318</u>	<u>315</u>

Director's remuneration

The previous directors were employed and paid by companies in the AXA UK group and their directorships were 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 UK group in respect of services to the Company.

	2011 £'000	2010 £'000
Aggregate emoluments	550	522

Amounts attributable to highest paid director

	2011 £'000	2010 £'000
Aggregate emoluments	232	221
Defined benefit scheme		
Accrued pension at end of year	-	14

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 previous directors exercised any share options or employee sharesave options in AXA UK plc during the year.

Until the acquisition by Simplyhealth Group on 20 December 2011, K G Gibbs, N Bell, D P Clarke, F A Craig and S J Harland were employed by and received emoluments from AXA PPP Limited. During the period to 20 December 2011, these Directors considered that their services to the Company were incidental to their other duties and accordingly no remuneration, fees or other benefits were paid to these Directors by the company.

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 UK group as a whole, are disclosed in the financial statements of that company.

Denplan Limited

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2011

3. STAFF COSTS (continued)

D Benjamin and I M Maude were also directors and R Abdin was also the Secretary of Simplyhealth Group Limited during the year. Their emoluments, which relate to their services to the Simplyhealth Group as a whole, are disclosed in the financial statements of that company.

4. INCOME FROM OTHER INVESTMENTS

	2011 £'000	2010 £'000
Bank and other interest	<u>541</u>	<u>214</u>

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
United Kingdom Corporation tax at 26.5% (2010: 28%)	5,107	3,492
Adjustment in respect of prior year	7	13
Total current taxation	<u>5,114</u>	<u>3,505</u>
Current year deferred taxation	(1,110)	25
Prior year deferred taxation	82	20
Effect of change of tax rates	124	-
Tax charge on profit on ordinary activities	<u>4,210</u>	<u>3,550</u>
Profit before taxation and exceptional items	<u>11,015</u>	<u>11,847</u>
Tax charge on profit at UK rate of 26.5% (2010: 28%)	2,919	3,316
Expenses not deductible for tax purposes	154	201
Capital allowances in excess of depreciation	(32)	(26)
Other timing differences	1,141	1
Adjustment in respect of prior year	7	13
Group relief paid for at less than the main rate of corporation tax	924	-
Total current taxation charge	<u>5,113</u>	<u>3,505</u>

Denplan Limited

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2011

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

The rate of corporation tax has been reduced from 28% to 26% effective 1 April 2011 and, as a result, a composite rate of 26.5% has been used

6. DIVIDENDS

	2011 £'000	2010 £'000
Interim dividend paid/declared on ordinary shares		
Authorised 28 09 2011 (£336.24 per share)	22,864	-
Authorised 15 12 2011 (£51.47 per share)	3,500	-
Authorised 20 12 2010 (£88.68 per share)	-	6,000
	<u>26,364</u>	<u>6,000</u>

7. INTANGIBLE ASSETS

	2011 £'000	2010 £'000
Goodwill		
Cost		
At 1 January and 31 December	<u>-</u>	<u>1,297</u>
Aggregate amortisation		
At 1 January	-	1,167
Charge in the year	-	130
At 31 December	<u>-</u>	<u>1,297</u>
Net Book Value		
At 31 December	<u>-</u>	<u>-</u>

The goodwill that has arisen on the acquisition of BUPA DentalCover Limited was amortised on a straight line basis over 10 years. This period represented the time over which the directors estimated that the value of the underlying business acquired was expected to exceed the value of the underlying assets. At the end of 2010, goodwill was fully amortised. There was no goodwill brought forward.

Bupa Dental Cover Limited is a dormant company.

Denplan Limited

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2011

8. TANGIBLE FIXED ASSETS

	Short Leasehold property £'000	Office equipment fixtures & fittings £'000	Computer hardware £'000	Total £'000
Cost				
At 1 January 2011	1,183	264	1,162	2,609
Additions	-	-	163	163
Disposals	-	-	(2)	(2)
At 31 December 2011	<u>1,183</u>	<u>264</u>	<u>1,323</u>	<u>2,770</u>
Accumulated depreciation				
At 1 January 2011	441	229	907	1,577
Charge in for year	94	22	193	309
Disposals	-	-	(2)	(2)
At 31 December 2011	<u>535</u>	<u>251</u>	<u>1,098</u>	<u>1,884</u>
Net book value				
At 31 December 2011	<u>648</u>	<u>13</u>	<u>225</u>	<u>886</u>
At 31 December 2010	<u>742</u>	<u>35</u>	<u>255</u>	<u>1,032</u>

9. DEBTORS

	2011 £'000	2010 £'000
Trade debtors	1,296	954
Other debtors	627	1,082
Amounts due from group undertakings (see note 14)	3,500	10,133
Prepayments and accrued income	253	223
Deferred tax asset (see note 10)	1,445	541
	<u>7,121</u>	<u>12,933</u>

Amounts due from group undertakings are interest free,
unsecured and repayable on demand

10. DEFERRED TAX

	2011 Provided £'000	2010 Provided £'000
At 1 January	541	586
Movement in provision during the year	31	(45)
Deferred tax exceptional item (Note 2)	873	-
Deferred tax as at 31 December	<u>1,445</u>	<u>541</u>

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

Denplan Limited

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2011

11. 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. 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 31st December 2011 amounted to £5,953,394 (2010 £5,390,023) were included at the cash at bank and in hand on the Company's balance sheet. In prior years these accounts were held off balance sheet, however as the accounts are held in Denplan Limited's name it is considered more appropriate to recognise them in the Company's cash. Cash amounts in 2010 have been restated by £5,390,023 to include trust monies as these funds are held in Denplan's name as at year end and the offsetting liability is included in note 12.

The cash at bank and in hand balance below includes £290,642 (2010 £708,312) of negative amounts which are set off from the total cash balance.

	2011 £'000	2010 restated £'000
Cash at bank and in hand	4,928	28,029
Held in trust accounts	5,954	5,390
	<u>10,882</u>	<u>33,419</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN 1 YEAR

	2011 £'000	2010 restated £'000
Trade creditors	68	144
Taxation and social security	744	15,521
Amounts due to group undertakings	1,800	-
Accruals and deferred income	14,933	15,189
Other creditors	80	80
Amounts falling due within one year	<u>17,625</u>	<u>30,934</u>

Taxation and social security includes an amount of £nil (2010 £3,499,233) in respect of mainstream corporation tax.

As described in note 11, an amendment has been made to 2010 presentation for third party cash held in trust accounts. These are included in accruals and deferred income.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR

	2011 £'000	2010 £'000
Tax payments due to AXA	<u>873</u>	<u>-</u>
These payments relate to the unwinding of the deferred tax asset over 2012-2015		

Denplan Limited

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2011

14. CAPITAL AND RESERVES

	2011	2010
Share Capital	Allotted & Fully Paid £	Allotted & Fully Paid £
Issued:		
3,567,659 (2010 67,659) ordinary shares of £1 each	<u>3,567,659</u>	<u>67,659</u>

During the year the Company allotted 3,500,000 ordinary shares with a nominal value of £1 in connection with the purchase of Denplan Limited by Simplyhealth Group. These have not yet been fully paid. This is currently shown on the intercompany balance on note 9.

Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	550	250	15,582	16,382
Retained loss for the year	-	-	(19,559)	(19,559)
At 31 December 2011	<u>550</u>	<u>250</u>	<u>(3,977)</u>	<u>(3,177)</u>

Reconciliation of movements in equity shareholders funds

	2011 £'000	2010 £'000
Profit for the financial year	6,805	8,297
Dividends (note 6)	(26,364)	(6,000)
Retained loss for the financial year	(19,559)	2,297
Issue of 3,500,000 £1 ordinary shares	3,500	-
Opening shareholder's funds	16,450	14,153
Closing shareholder's funds	<u>391</u>	<u>16,450</u>

Denplan Limited

NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2011

15. FINANCIAL COMMITMENTS

(a) Capital Commitments

At 31 December 2011, the Company had capital commitments contracted for but not provided for of £54,303 (2010 £39,560)

(b) Leasing

At 31st December the group had annual commitments under non cancellable operating leases for which no provision has been made in the financial statements as follows expiring

	2011 £'000	2010 £'000
Within one year		
-other assets	193	355
-land and buildings	-	-
Between two and five years		
-other assets	90	164
-land and buildings	-	-
Over five years		
- land and buildings	395	395

16. RELATED PARTY TRANSACTIONS

On 20 December 2011, the total issued share capital of Denplan Limited was acquired by the Simplyhealth Group

As the Company was a wholly owned subsidiary of the AXA Group, for the period 1 January 2011 to 19 December 2011 (and 12 months to 31 December 2010) it has taken advantage of the exemption granted under paragraph 3(c) Financial Reporting Standard 8 Related Party Transactions where subsidiary undertakings do not have to disclose transactions with group companies qualifying as related parties, provided that consolidated financial statements are publicly available

For the period 20 December 2011 to 31 December 2011 the value of business transacted between Denplan Limited and the AXA Group was £721,177, this relates to underwriting business and administration fees. During this period, Denplan Limited was a wholly owned subsidiary of Simplyhealth Group and hence it has taken advantage of the FRS8 exemption under Simplyhealth Group

17. CASH FLOW STATEMENT

The Company has taken advantage of the exemption by Financial Reporting Standard 1, "Cashflow Statements", not to prepare a cashflow statement as it is consolidated in the financial statements of its ultimate parent company

Denplan Limited

NOTES TO THE ACCOUNTS (continued) **Year ended 31 December 2011**

18. STAFF PENSION COSTS

Staff engaged in the Company's activities were members of the AXA UK Pension Scheme which embraced a number of companies in the AXA UK Group. The ability for Denplan employees to contribute towards the defined benefit Scheme was closed on 20 December 2011. The Scheme had both defined benefit and defined contribution sections but the Company was 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 it were a defined contribution arrangement.

An independent actuarial review by Towers Watson of the defined benefit scheme revealed an FRS 17 deficit of £691m as at 31 December 2010 before taking account of any tax relief. This represented a snapshot of the present cost of meeting pension obligations that will crystallise over a period of many years. The Scheme invested in a wide range of assets, including equities, which over the long term, were expected by the Directors to produce higher returns than those underlying the assessment of the deficit as at 31 December 2010. The AXA UK Group made additional contributions totalling £65m 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 £833,543 (2010 £799,520). The outstanding contribution as at 31 December 2011 is £56,758 (2010 £97,357). There was a further £4.8m paid in 2011 to AXA for final settlement of liabilities on staff pension schemes (see exceptional item note 2). Staff have since been offered membership of the Simplyhealth Limited Pension Scheme.

19. ULTIMATE PARENT AND CONTROLLING PARTY

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

Simplyhealth Group 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, Mandy, Cardiff, CF14 3UZ.

On 20th December 2011, all of the issued above capital of Denplan Limited was acquired by Simplyhealth Group from AXA Group.