



Contents

Chair's report	03
Strategic report	07
Medical team report	15
Dental team report	19
Legal team report	21
Training and CPD team report	22
Customer services report	23
People and corporate services report	24
Section 172(1) report	26
Finance Director's report	29
Directors' report	32
Audit and Risk Committee report	46
Independent auditor's report	48
Financial statements for 2022	52
Notes to the accounts	55
MDDUS Board and honorary fellows	72
Our management	73
External professional advisers	74

Comparing the last two years of the pandemic to now, how have things changed forever for healthcare professionals?

Thinking about your job, how would you sum up 2022 in eight words or less?

What does being a healthcare professional mean to you?

We asked a cohort from one of our membership research studies to help us bring to life their experiences of 2022 in our Annual Report.

With their agreement, we've published some of their thoughts written on sticky notes throughout our report.

Each one is an answer given to one of three prompts set by us. These are:

- Comparing the last two years of the pandemic to now, how have things changed forever for healthcare professionals? (Blue coloured notes)
- Thinking about your job, how would you sum up 2022 in eight words or less? (Pink coloured notes)
- What does being a healthcare professional mean to you? (Teal coloured notes)

We are grateful to each one of our members who took the time to think about these questions and answer them.

Their replies capture a unique and personal snapshot of 2022, its challenges, successes and impacts.

Chair's report



I am proud of the way we responded, the proactive steps we took and the care and diligent support we provided when it was really needed.

Professor Iain Cameron
Chair

Chair's report

Overview

Throughout 2022 we continued to provide expert support and advice to our members during a year that, as it unfolded, became professionally and personally challenging and uncertain for many.

The Covid-19 pandemic dropped from the news headlines and political discourse, but its direct and indirect impact remained – and remains – a live and distressing reality for many healthcare professionals.

Beyond this, the entire NHS system continued to struggle as a decade of structural underinvestment was exposed by the difficulties of Covid recovery. And the global events in Ukraine and elsewhere which led to a series of financial shocks, and for many a cost-of-living crisis, created economic conditions not seen in generations.

This led to difficulties for those we seek to serve as well as our colleagues and stakeholders. But the strength of our business allowed us to stand alongside them and help them navigate through such an uncertain year.

I am proud of the way we responded, the proactive steps we took and the care and diligent support we provided when it was really needed.

Our purpose and impact

Despite this turbulence, we designed and have started to deliver a new, purpose-driven five-year strategy that will position us for sustainable success and take us up to, and beyond, our 125th anniversary in 2027.

The strategy is our blueprint for achieving long-term business growth by pursuing our purpose to support and protect healthcare professionals throughout their career. Our purpose isn't a slogan; it's what drives us.

This means not only providing outstanding service to our members, but also offering them a choice across a diverse range of products and services that are recognisably in line with the heritage and value expected from the MDDUS name.

It also means responding positively in the social, environmental and policy areas that will shape the delivery of healthcare in the future.

We began a programme of work to define a realistic, but effective, strategy towards becoming a net zero business. We intend to turn our ambition into action through setting ourselves challenging deadlines not just for the implementation of carbon reduction measures across our sites in London and Glasgow, but also for the full range of activities provided by our suppliers.

We made sure our members' voice was heard as governments in the UK designed and reformed healthcare policy. Our efforts to ensure strong, meaningful relationships with key stakeholder groups paid dividends as crucial changes we called for were delivered in legislation and regulation. And where

change wasn't forthcoming, we keep applying pressure, for example towards the long-overdue reform of the legislation covering the General Dental Council.

We never forget that our members, dedicated professionals delivering essential health services to communities up and down our country, are also individuals who may need our pastoral support in addition to our medico- and dento-legal expertise. In 2022 we continued to offer access to the YourHalo wellbeing service, in conjunction with specialist partners at healthcare rm. The service, which is free and confidential, was expanded to include unlimited care to those who needed it. It is no exaggeration to say that, in some cases, it provided a lifeline to those struggling the most.

Our culture

We strive to support our colleagues to grow and thrive in their roles, and in 2022 invested in this goal through training, mentoring and opportunities across MDDUS. Our colleague-led forums were empowered to set the agenda for a series of events across the year that helped to foster our internal values of integrity, collaboration and excellence. I was delighted to see so many colleagues raise funds in a variety of innovative and enjoyable ways for charities they support, and proud that MDDUS match-funded their efforts up to £100.

Our Board

Chairing the Board of MDDUS is an immense privilege. It is a pleasure to work with such a talented and inclusive non-executive team with its diversity both in terms of gender balance and its experience, expertise and background.

This year saw Jim Black retire from his role as Vice-Chair after 13 years of dedicated service, for which he has my sincere thanks. It was a pleasure to appoint Margaret McPhail as our new Vice-Chair and I look forward to working closely with her. We awarded both Jim and Lady Elish Angiolini, who stepped down from the Board in May of 2022, Honorary Fellowships of MDDUS as a mark of our appreciation for the expertise, insight and direction they brought during their time with us. Finally, I congratulate our former Board member Professor Sir Nairn Wilson and my current colleague Satya Bhattacharya CVO on their awards in The King's Birthday Honours.

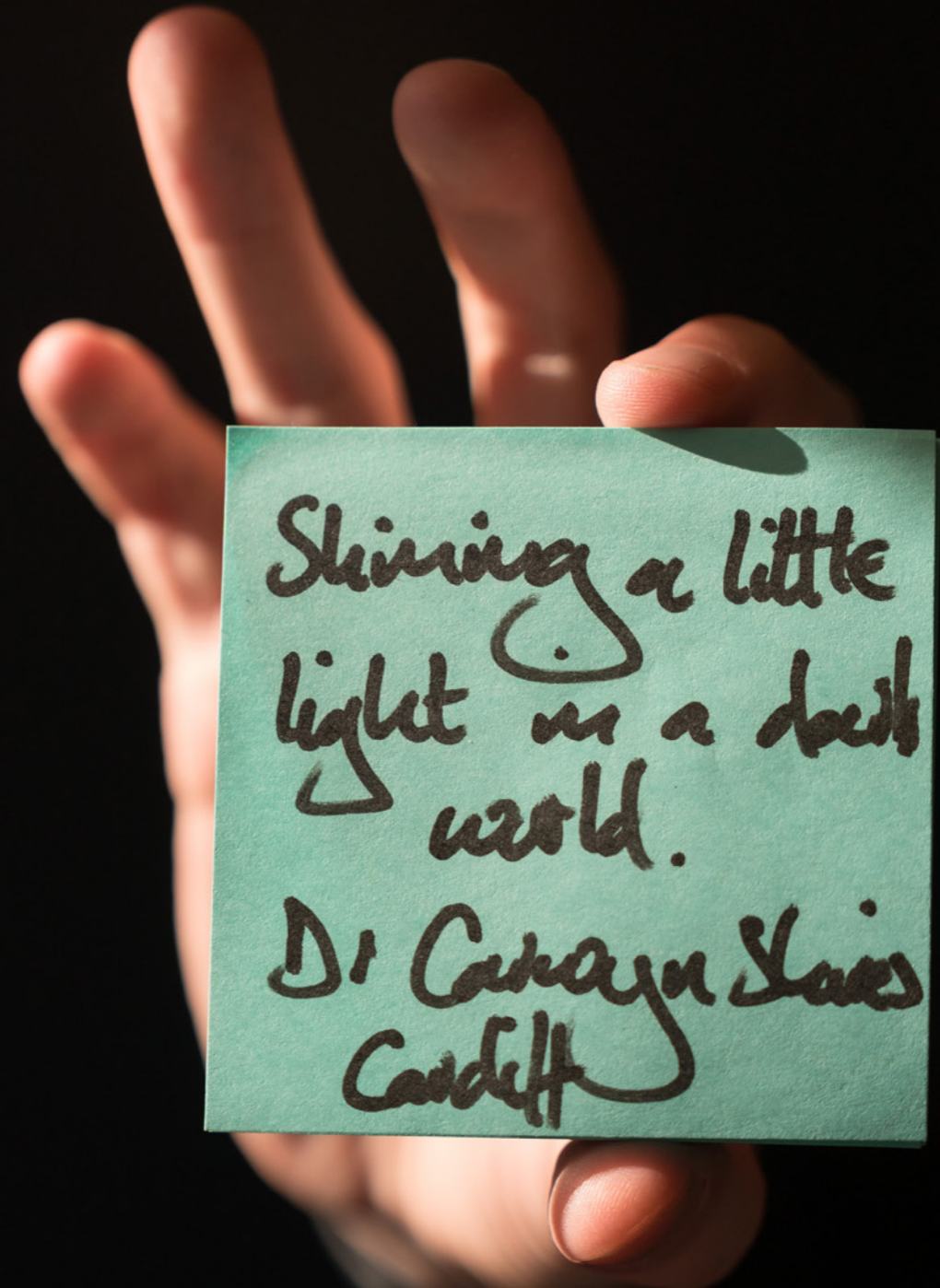
More generally, my thanks goes to all of my MDDUS colleagues for their unstinting support. I also acknowledge you, our members, for the immense contribution that you have made to clinical services during another most challenging year. Thank you. Your protection and support is our priority.



Professor Iain Cameron

Chair

5 July 2023



"Shining a little light in a dark world".

Dr Carwyn Shires

Our purpose

To support and protect healthcare professionals throughout their career



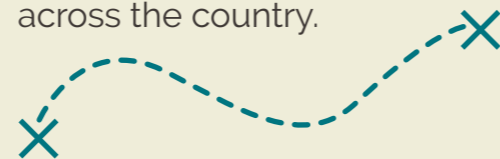
We look after the professional interests of more than **56,000** health professionals.

We're available **365** days a year, **24** hours a day.

Our members practise in the four nations of the United Kingdom.



We are **202** people, working between two offices in London and Glasgow, and from homes across the country.



Our purpose is more than a slogan – it's what drives us

We are the UK-wide medical and dental defence organisation

We are **MDDUS**

Trusted

We are proud to be a mutual and strive to reflect what's most important to our members.

Personal

We care about each of our members, offering tailored services and supportive care to give them confidence in an uncertain future.

Valued

Whenever our members need us, we work hard to achieve the best results for them.

Responsive

We challenge ourselves to innovate and improve, to devise future-proofed solutions that evolve with our members' needs.



The insights we gained by listening to our members directly shaped the way we worked for them in 2022.

Chris Kenny
Chief Executive

Notes on a year 2022

We are proud to be a mutual where our members' priorities are our priorities. And in 2022, we listened to our members in myriad different ways so we could anticipate and respond to their needs.

Understanding what matters personally to doctors and dentists, and what they really want from their medical defence organisation, is how we deliver on our purpose – to support and protect healthcare professionals throughout their career.

From emails and one-to-one telephone calls to wide-ranging opinion surveys and feedback opportunities, the insights we gained by listening to our members directly shaped the way we worked for them in 2022.

Together their views became our "notes on a year", capturing the lived professional experience of doctors and dentists up and down the country. These insights are integral to us delivering effectively for our members and being their unapologetic champion.

I encourage you to read those we've reproduced, with permission, throughout our Annual Report.

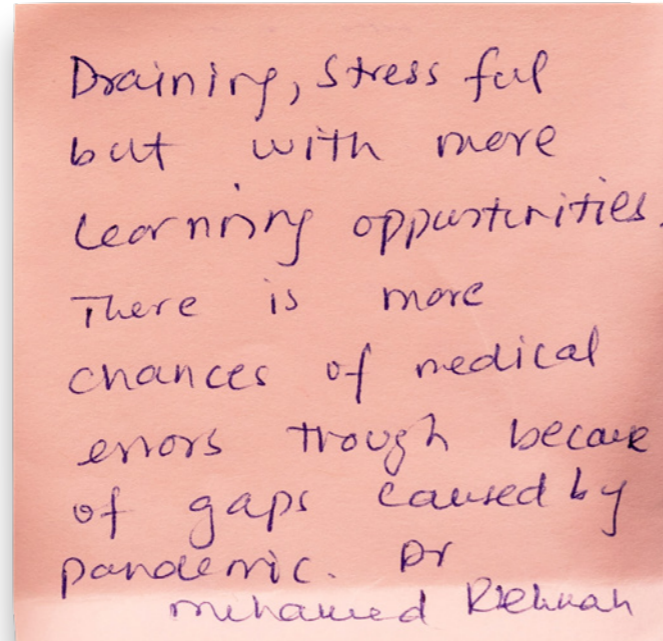
Being a listening, responsive organisation has never been more important for MDDUS, not least as we closed out 2022 with a further yearly increase in our membership – a growth of 3%, with most of those who joined us coming from areas of the UK where our competitors have traditionally enjoyed market dominance.

Challenges

The post-pandemic cost-of-living crisis, exacerbated by the war in Ukraine and the energy price shocks and supply chain issues it provoked, has had a deep impact on our members, our business and our colleagues.

In terms of legislation and reform, health issues fell behind while policy makers in England, Scotland and Northern Ireland were distracted by other issues and priorities.

On the ground, we saw general practice services change rapidly, although more out of necessity than design due to the backlog of patient needs not addressed during the pandemic. Fewer available resources and the exit of many healthcare professionals



left those in the NHS facing increased workloads and long hours. Destabilising increases in anxiety, stress and burnout were all features of the inevitable knock-on effect.

This difficult picture was worsened by scepticism and complaints from patients that healthcare professionals, in particular GPs, were "doing nothing" and had "closed down" when the rest of the United Kingdom was back to "business as usual".

Listening to members who contacted us in distress after experiencing abusive and angry attacks, it was deeply frustrating to observe policy makers doing little to calm the ill-founded anti-doctor sentiment in some quarters of the media.

In the spring we asked members to tell us about working in this febrile atmosphere. The results, when they came in, were stark:

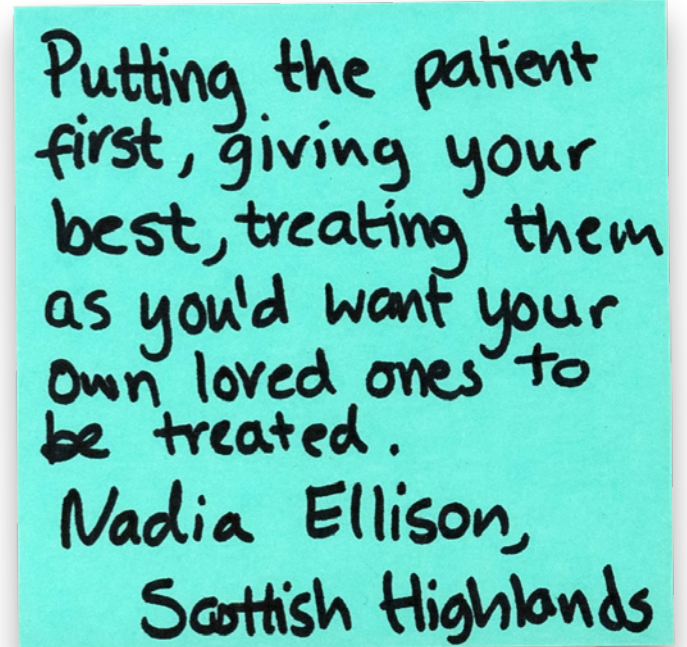
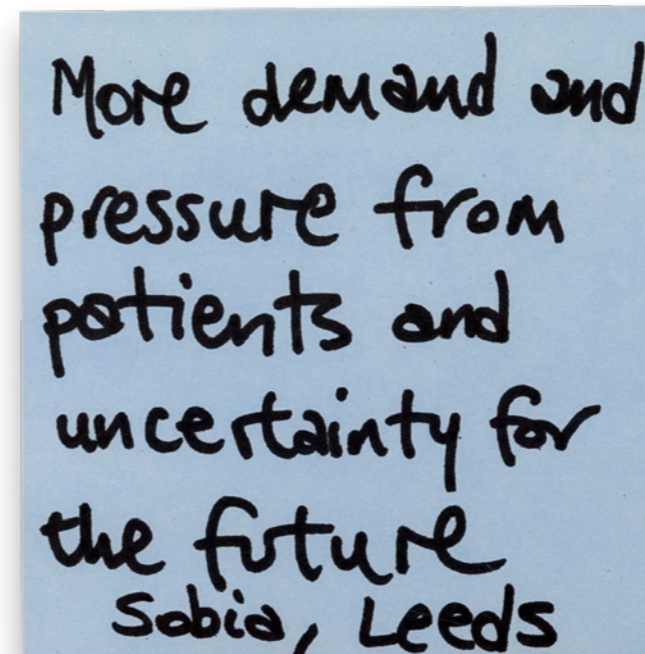
- three-in-four GPs had experienced abuse from their patients
- overall, healthcare professionals were more stressed and anxious than at the height of the pandemic
- across professions, one-third said their mental health and wellbeing is worse in comparison to two years ago.

Later in the year, we sampled the opinion and experience of junior doctors. Their responses painted a concerning picture of a culture where long hours, poor working conditions, racism and verbal abuse had become the accepted norm. More starkly, a high proportion said they worried about how they could work safely – and ensure patient safety – when this was their reality.

Taking a stand

Because we are a mutual, our shared purpose is to create a service that goes above and beyond for our members. Our engagement activity across the year saw us taking a distinct stance on the issues facing our members as the health service began rebuilding for the post-pandemic era. Always following the standards of ethical lobbying, we worked in partnership with key opinion formers in the UK Parliament and devolved administrations to lobby governments to make a clear connection between the provision of adequate funding and support for health professionals, with the capacity to protect patient safety. Separately we achieved clear change in the UK Government's position on nutritious food for on-call medical staff in hospitals – an issue with side-effects such as fatigue and confused thinking which they said put patient safety at risk.

We met many stakeholder organisations to press home points from our campaign activities during the year. These included the General Medical Council (GMC), General Dental Council (GDC) and officials in the Department of Health and Social Care (DHSC) and the



Scottish, Northern Ireland and Guernsey governments. We extended our engagement to elected politicians, reaching MPs and MSPs and seeing a considerable amount of coverage on social media and in regional and national media of our work on behalf of members.

There were some disappointments, however, not least the UK Government's delay to long-overdue reforms of the professional healthcare regulators. As I write, we are still awaiting action that will deliver an up-to-date regulatory system not just for doctors, but also for dentists whose particularly antiquated regulatory framework is now creaking at the seams. Be assured we will not let this issue drop.

Stability

Despite external developments and challenges in a particularly tough year for long-term investors, MDDUS remains a financially secure business able to weather the shocks felt in markets thanks to our long-term prudent approach to investment and growth.

Overall, our operating result was an improved surplus of £35.8m (2021: £31.4m); however, losses on our investment portfolio led to an overall deficit after tax of £48.0m (2021: £32.4m surplus).

Economic factors beyond our control were challenging but I am pleased to be able to report that our solvency remains strong and, overall, we dealt well with the day-to-day challenges thrown at us.

Strategic report

We made good progress on deepening customer relationships as we develop our insurance offer through MDDUS Services and MDDUS Insurance. We genuinely believe that healthcare professionals and their organisations' many different situations and preferences make it sensible to offer a choice of discretionary indemnity and insurance. Our aim therefore is to continually innovate to widen and broaden the range of products we offer and the ease by which our customers can access them. In line with our purpose to protect and support healthcare organisations, as well as individual professionals, we continued to build our business-to-business offer under our MDDUS Solutions brand.

In 2022 we provided insurance and discretionary indemnity arrangements to a range of small and medium-sized providers of medical and dental care, including limited liability partnerships (LLPs), private limited companies and unincorporated associations serving the NHS and private sector.

During 2022 MDDUS embarked on a multi-year transformation programme to deliver modern systems and processes that make life easier for our members and colleagues, deliver value for money and have the flexibility to respond to the rapid pace of change in our business. Over the course of 2023 we will be working on, amongst other things, a new policy administration system (PAS) and improved telephony systems. We will additionally look at how we can enhance our member journey and the use of digitalisation within the business.

We built on our digital capability, enabling more members to access our services online and manage their account via our portal. Our highly regarded training and CPD is now delivered almost completely online or remotely, building on an "anytime, anywhere" strategy to enable members to access and complete CPD at a time and location that suits them. More IT development got underway, designed to further improve how our members contact us in their day-to-day working lives. We recruited experts to support a long-term project to improve our data gathering, member experience and wider digital capabilities.

Our people

Turning to operational matters, as restrictions imposed during the pandemic eased, it was a huge pleasure to see our teams coming back together again. As colleagues returned to our offices in London and Glasgow we invested in their health and wellbeing. Access to free fruit delivered twice a week was well received, but to be honest, not quite as much as the introduction of a range of quality coffee!

We empowered colleagues with our true commitment to a hybrid working model. We invested in modernising our technology estate and digital upskilling to enable

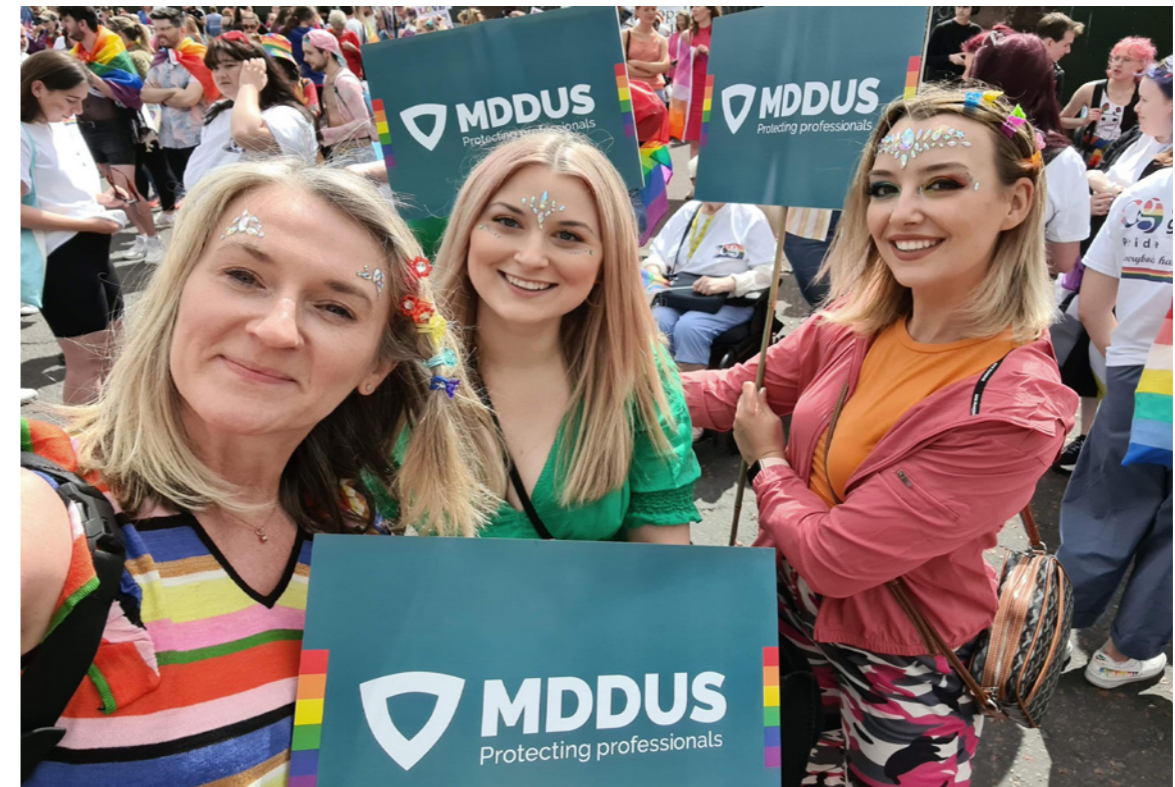
*Relentlessly busy
with understaffed
and underfunded
services.
Dr Christianne Guilloffe,
London*

*Covid has taken
a back seat compared
to during the peak
of the pandemic
~ Mahir Karimjee
London*

collaboration wherever our people were working from. Embracing flexibility meant we could tap into a UK-wide skills base. It also enabled us to deliver on our diversity objectives and widen access through our recruitment policies – including employing our first modern apprentice, who has impressed us all with her work ethic and confidence – and the inclusive workplace culture we embrace.

And, in line with our ethos of listening to our members, we also prioritised giving a voice to all our colleagues.

Strategic report



Left: Colleagues supporting our LGBTQ+ members and colleagues during Pride month.

That's brought to life by our Employee Forum, whose purpose is to reflect the priorities of our colleagues and come up with ways to share these across the business. Their efforts during the year not only made coming to work more enjoyable, they also played an important role in how we engage with the communities we work in.

In total, MDDUS and colleagues together gave £30,200 to charities ranging from supporting a local youth football team in Renfrewshire to supporting Water Aid efforts to provide sanitation in hospitals in Malawi.

Two years ago, we launched our equal opportunities strategy as part of our drive towards becoming a truly inclusive employer. As a result of suggestions from our Employee Forum I was proud to support the introduction of a new menopause policy. We also made period products freely available to anyone who needs them in both our offices. We regularly acknowledge and support International Women's Day, and for us that means doing more than issuing warm words and social media posts.

I was also delighted to see colleagues take an active and visible role in marking Pride month as, in a similar vein, we illustrated we know there is more to supporting our LGBTQ+ members and colleagues than just turning our brand to rainbow colours in June.

Outlook

In the current uncertain economic times, I am clear our purpose-led strategy is more relevant than ever as we seek to deliver value to our members throughout their career. And our experience in this past year reinforces our belief that to be successful in doing that, while also creating a sustainable, mutual future for our members, means that we will continue to be the medical defence organisation that truly listens to its members and their priorities.

Chris Kenny

Chief Executive
5 July 2023

Climate change report

To truly deliver on our purpose, we know we need to make a firm commitment to build a sustainable business and play our own part in the global effort to reduce carbon emissions.

Two years ago, we began to work towards having a better understanding of the impact of our business on the climate. With that information in hand, we made substantial progress in articulating our strategy of becoming a more sustainable, climate-conscious business.

Our vision is to be ambitious and do more than the minimum. We are more proactive and challenging in our approach to tackling climate change, both for our own emissions and in our role as long-term investors.

But we know, too, that to make a positive impact we need the support of all our colleagues. We are enabling incremental behaviour changes in our offices and when colleagues work from home. Together, these will help us make a positive impact towards securing our sustainability goals.

We commissioned work to establish our carbon footprint baseline and develop our understanding of the impact we have on the environment. This included:

- understanding our current greenhouse gas (GHG) emissions – emissions from our investment activity were considered separately as part of an investment policy statement review (see our ESG report on page 42)

- modelling scenarios to help us determine realistic carbon reduction targets
- developing an array of opportunities to reduce emissions and identifying our emissions 'hotspots' to focus our decarbonisation activity in the right areas.

From this we set clear, science-based targets to reduce our GHG emissions.

By 2028:

- reduce scope 1 and 2 emissions by 70%. Scope 1 are direct emissions, for example leakage of gases from air conditioning. Scope 2 are indirect emissions, for example from the consumption of purchased electricity.
- set a net zero target date across all our business activity (scopes 1-3). Scope 3 are indirect emissions covering a broader range of sources than in scope 1 and 2.

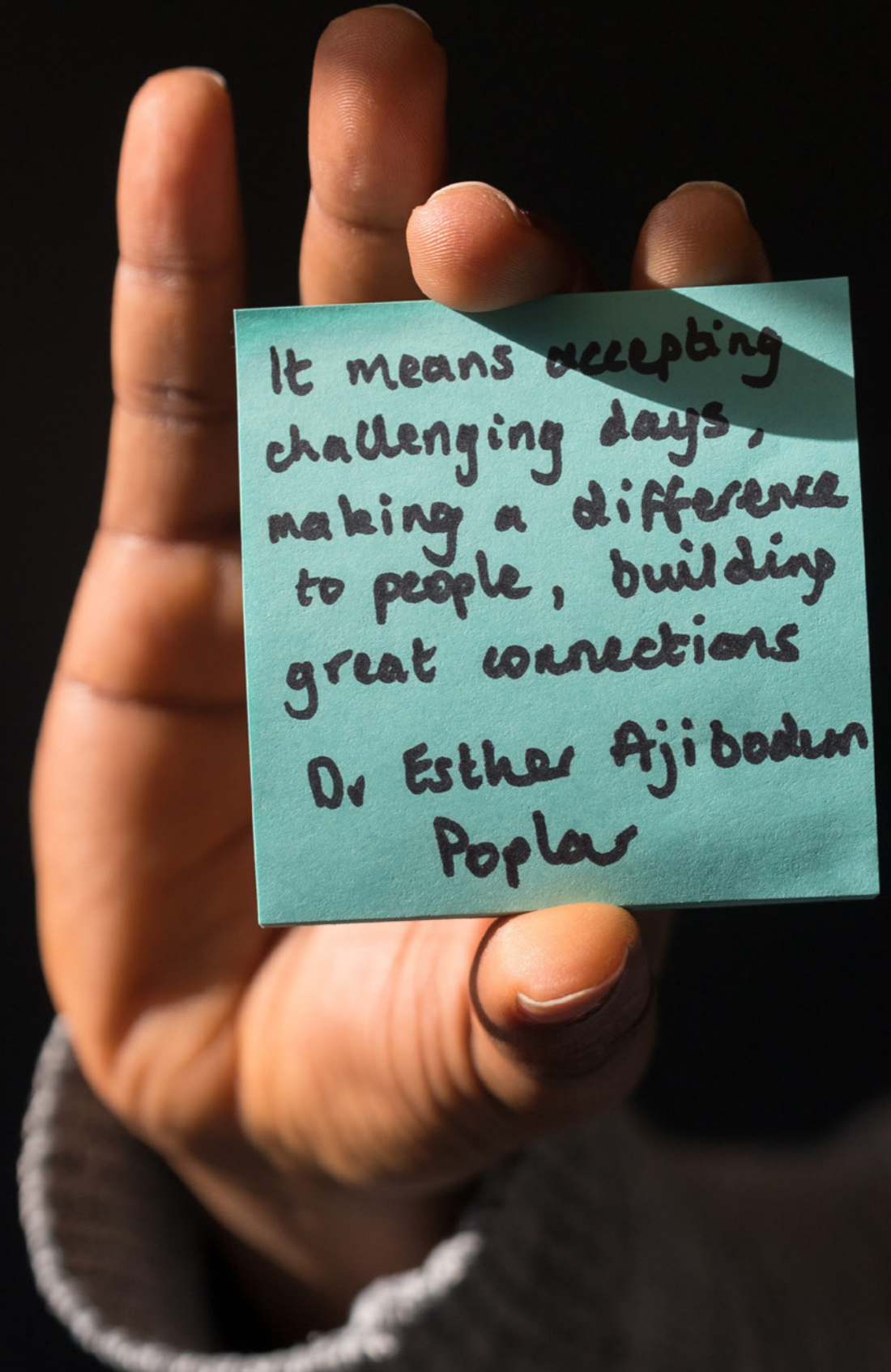
By 2035:

- achieve net zero across our scope 1 and 2 emissions.

These emission reduction opportunities will form part of a detailed decarbonisation action plan outlining what is required to achieve our targets.

We continue to make changes to underpin our headline goals. These include how we manage and operate our offices, including:

- selling our former premises in Glasgow and moving to a more modern, energy-efficient office space
- commissioning a sustainability audit of our office in London, and incorporating energy reduction activities into our building maintenance programmes
- dimming the passive infrared (PIR) lights in our Glasgow office to use less energy and introducing a timer system for non-PIR lights
- introducing refuse collection points so colleagues can separate recyclable waste from general waste
- removing all single use plastic cups from our offices, and introducing heatless hot water by installing Zip hot water taps in our Glasgow office
- reducing the use of paper, printing ink and postage
- a project to systematically reduce our legacy stock of printed records and files, including securely shredding and recycling those that are scanned and closed.



It means accepting
challenging days,
making a difference
to people, building
great connections
Dr Esther Ajibodun
Poplar



"It means accepting
challenging days,
making a difference to
people, building great
connections".

Dr Esther Ajibodun



We know from research that our members place a high value on being able to access direct advice from our teams of legal, medical and dental experts. They also tell us that the support we are able to give them if they need to respond to a contact from their regulator or the coroner is highly valued, too. This year we invested in these services in response to what our members told us. Across our advisory services, we strive to continually improve how we deliver for our members and in 2022 we made progress in developing a set of enhanced KPIs designed to deliver an even faster and direct-access service.

Medical team report

The medical advisory team comprises medico-legal advisors and medical practice advisers who joined us from various fields including hospital medicine and general practice. Throughout the year we felt the impact of the post-pandemic crisis in healthcare through the intensity as well as volume of requests for advice and support we received. It was simply impossible to ignore how stressed and emotionally exhausted so many doctors have felt during the last 12 months.

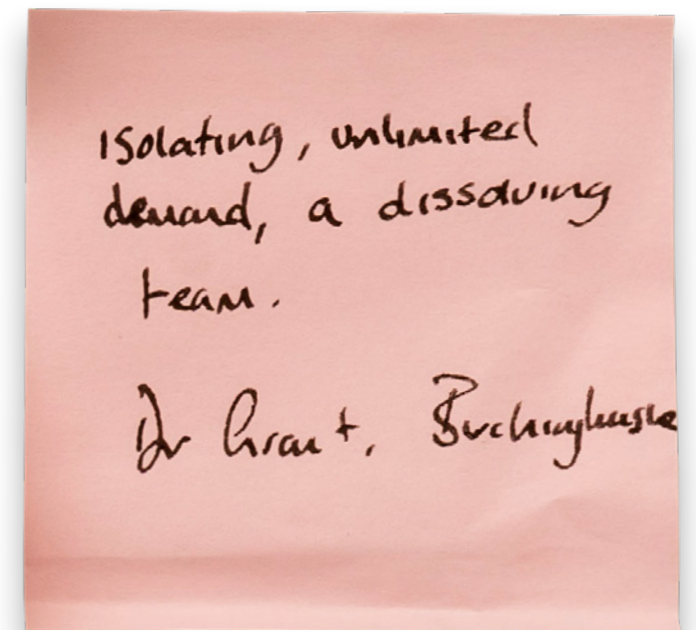
Having access to a trusted, experienced medical adviser, a fellow doctor or health professional who personally understands your concerns, is a central benefit of being a member of MDDUS. We invested further in this service, increasing direct telephone access to our advisers to reinforce our genuine doctor-to-doctor advice service.

Over the year, we saw a significant increase in the volume of contacts coming into the team. Many of these were complex in nature and involved significant discussion and lengthy meetings. It gives no pleasure to report this was not unexpected as patient expectations of the health service were greatly influenced by a negative – sometimes toxic – anti-doctor media agenda.

The aggression and anger many doctors and their staff, in both hospitals and primary care, faced across the year felt, as many remarked to us, as far as one could imagine from the days people stood on their doorstep to applaud the National Health Service in 2020. Sadly, this is a feature across all our jurisdictions.

We made a structured and significant response to this pressure, increasing both our team resource and the breadth of expertise available in the team. We published a range of member-only medical advisory guides to provide members with content they can read in their own time. These cover various topics including advice on dealing with complaints and also on how to respond to a GMC investigation. They are designed to support advice given during phone discussions or in addition to written advice and, so far, have been well received.

While being a sounding board and source of expert advice for a doctor in crisis is our mission, we recognised it is also sometimes an emotional task. That's why building colleague resilience has been important for us this year.



Looking back across the year, the volume of calls between us and members that lasted longer than one hour has rarely been higher. It is an important illustration of the pressure our members are under and that the need for intelligent, expert advice has never been greater.

As ever, the team was available to our membership 24 hours a day, seven days a week. This wraparound service also included access to the free wellbeing service known as YourHalo, provided to our members by our independent partners at healthcare rm.








I would like to send you my heartfelt thanks for your support and advice. I'm very thankful for having a defence organisation that has always been very understanding and supportive.

MDDUS member

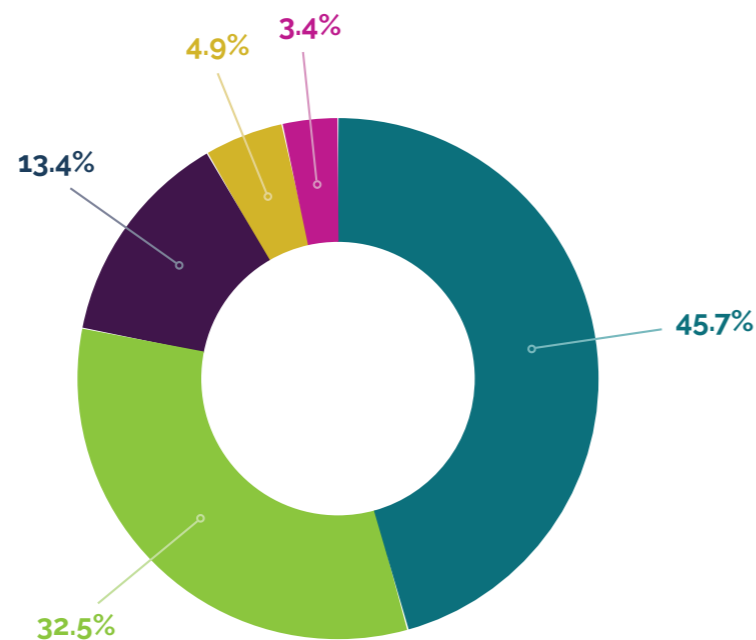
Lancashire, August 2022

Medical team report

2022		
 Total of 8776 calls, of which 8443 (96%) were answered directly by medical team. In 2021, 89% were answered directly by medical team.	 Hours spent delivering advice on telephone: 2182 hours. This was a 15% increase on 2021, when 1892 hours of telephone advice were given.	
 Total number of cases: 6915 GMC cases: 184	 Coroner's Inquests/ Fatal Accident Inquiries: 927 (20.5% increase on 2021)	 Advice cases: 3153

Medical cases intimated 2022

Case type	Cases
Advice	3,153
Complaint	2,239
CI/FAI	927
Regulatory	341
Claim	236
Total	6,896



Medical case study

Name: Dr Kerry Cattanach

Age: 33

Role: GP

Place of work: NHS Grampian - Maryhill Group Practice, Elgin

Years in membership: 11

"I was notified that a fatal accident inquiry was happening regarding a patient I had cared for, and I needed representation for it.

"I felt devastated, anxious and worried. It was an unknown formal legal process I had never been through before, so it was a very anxiety-provoking time.

"I emailed MDDUS for advice. A senior adviser got in touch within 24 hours. They talked me through the process, telling me what to expect and reassuring me that I wouldn't be struck off. It gave me as much peace of mind that you can have in that situation.

"I was impressed with the quick response and for having someone with the appropriate experience and knowledge supporting me. They were excellent. They had a human touch - an understanding of the situation and how I would feel.

"My MDDUS adviser was really supportive through the lead-up to the day in court. He warned me that there could be a photographer from the media there and what to expect. It meant a lot that he met me at the door and even walked me to my car, so I didn't need to do it alone. I was even offered the option of having someone come to meetings as pastoral support. I decided I did not need this, but I appreciated the offer.

"The fatal accident inquiry went through the court system, and at the end, it was found that nothing could have been done differently - the care that was given was found to be appropriate. I was so relieved that it was all over. I guess one positive to come out of it was that it was an educational experience to go through one.

"I advise anyone in a similar position to get in touch with MDDUS as soon as possible. It's important to get the right legal advice and the support you need to get through a difficult time."

What does being a healthcare professional mean to you?

"Being a GP is a vocation rather than a standard job. We go into it because we want the best possible care for our patients and the communities that we live in. It's a privilege to look after people from cradle to grave."

Comparing the last two years in the pandemic until now - how have things changed forever for healthcare professionals?

"The changes are huge. The workload has gone up astronomically. People in society have changed. There is now an 'Amazon culture' where people want something and aren't prepared to wait. We see quite a lot of lower-level conditions coming through. We have also seen an increase in mental health issues following lockdown.

"There is more remote consulting. Fifty per cent of our appointments are now carried out via telephone consulting. This carries a higher degree of risk for patient safety in some situations, but many patients prefer it as they can take a call while at work.

"There is also an issue with secondary care not able to meet the rising demands. This means, as GPs, we are seeing patients for longer than usual.

"GPs will refer to secondary care when we have reached the ceiling of our competency, but if someone has been waiting for a hip operation for over a year, we need to help them in the meantime. So, we are practising medicine that we wouldn't have needed to do before.

"There is a patient safety risk and also a quality of life issue. Often, once someone eventually gets their operation, their problem has usually advanced, making things more difficult to treat."

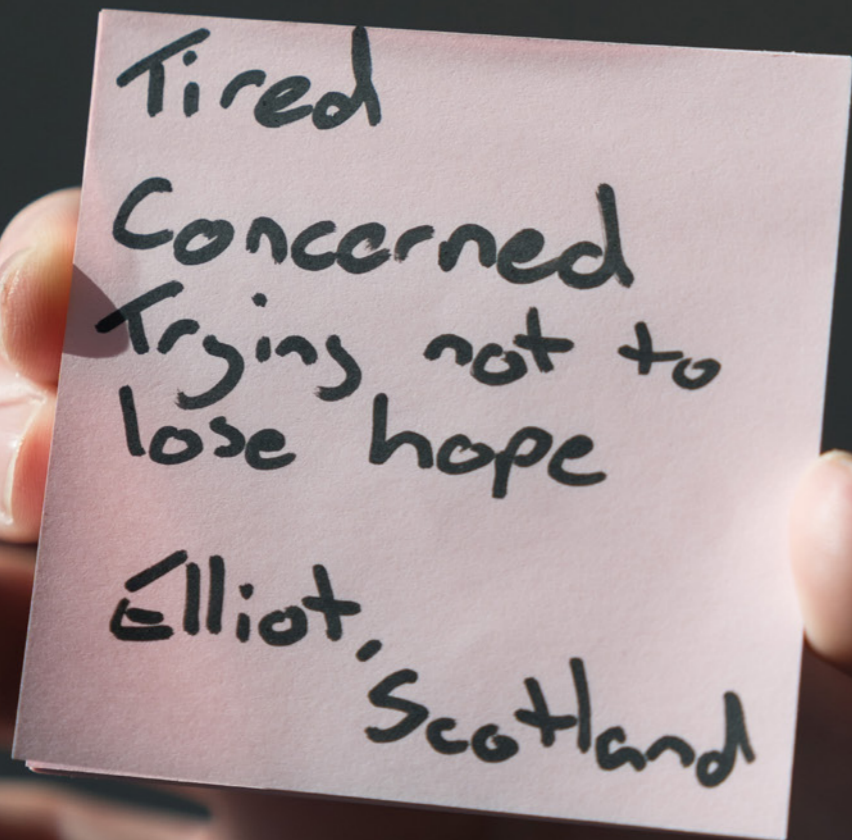
How would you sum up 2022 in eight words or less?

"Busy! The new normal."



"Tired. Concerned.
Trying not to lose hope".

Elliot, Scotland



Dental team report

The dental profession returned to a kind of normality in 2022 after two years working under Covid-19 conditions. The pandemic has left its legacy however, with some long-term changes that will potentially have a lasting impact on members' ability to deliver care in the way that patients want and expect.

Most of our dental members work in primary care, either in privately owned or corporate dental practices. The recovery from the strict guidelines and requirements put in place in response to Covid-19 has been quicker in some parts of the United Kingdom than others, although all practices have shared similar challenges. Partly this is because patients have found it difficult to access NHS dental care, and where they can access care, there are significant delays because appointments still take longer than before the pandemic. This means fewer appointments are available. The pressure this caused was exacerbated for many dentists who felt aggrieved by the NHS dental contracts, and challenges with staff recruitment and retention.

Our team's experience is that complaints made to dental practices have become more unpleasant and take considerably longer to resolve. In the face of this perception of antagonism, dental teams are feeling under significant strain, balancing patient needs and expectations against pressures to deliver certain targets. We have noted an increase in calls for assistance where the practitioner or practice want to part ways with the patient concerned. We published advice designed to support and assist members to manage the ending of a professional relationship, which is not without risk to the member and their practice if mishandled.

The GDC necessarily slowed down its investigations during the pandemic, however last year the progress made in processing its cases slowed. MDDUS members experienced an increase in the number of GDC cases opened in 2022, almost one-third more compared to 2021.



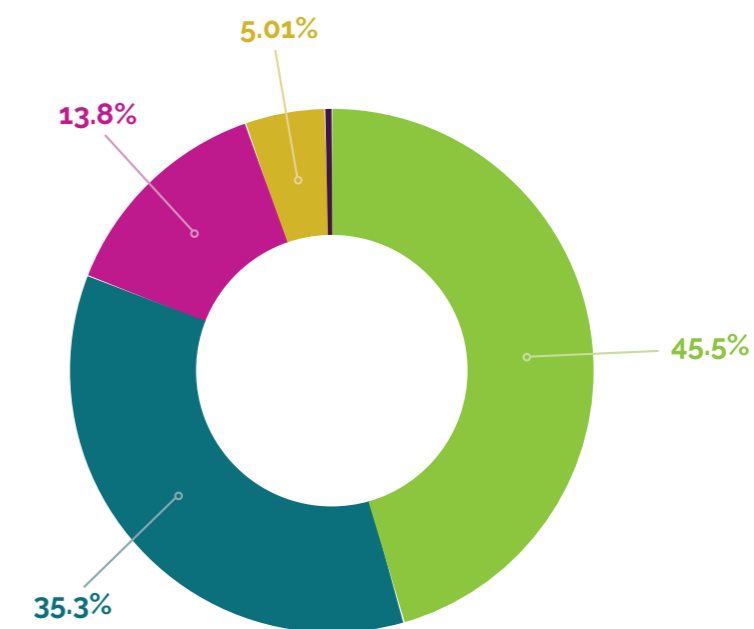
Many, many thanks for such a swift response and such brilliantly clear advice.

MDDUS member

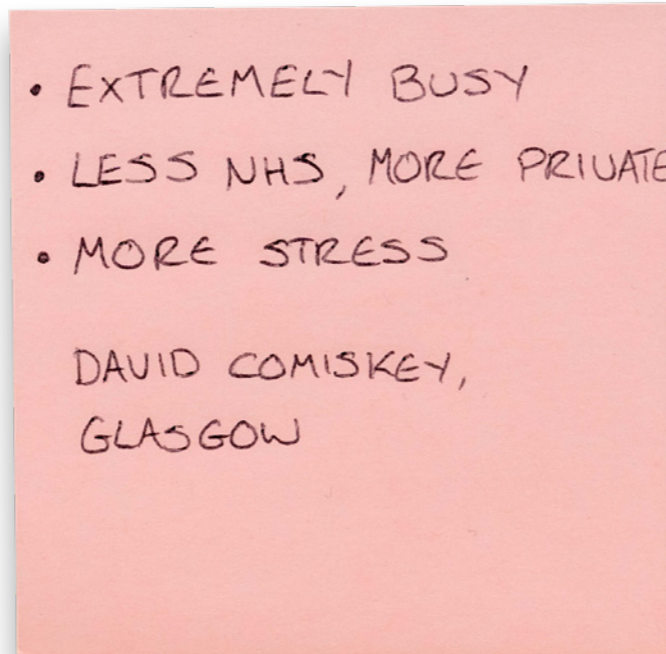
Blairgowrie, July 2022

Dental cases intimated 2022

Case type	Cases
Advice	1,052
Complaint	1,356
CI/FAI	9
Regulatory	149
Claim	411
Total	2,977



Dental case study



Name: David Comiskey
Age: 33
Role: Dentist
Place of work: Allander Dental Care, Milngavie
Years in membership: more than 10

"I've been an MDDUS member for more than 10 years - since I was a student. I've had to use MDDUS for dento-legal advice on several occasions over the years.

"On one occasion it was a drawn-out complaint I felt was totally unfounded. After being off for a week on holiday, I arrived back to a solicitor's letter on behalf of a patient. The tone felt attacking and for a moment it made me feel like I wanted to quit my job.

"Receiving the claim in negligence was so demotivating - basically I didn't want to come to work anymore. I went over it so many times in my head, asking myself what I could have done differently. But it was just an unfortunate thing that could not have been prevented.

"Straight away I called MDDUS and spoke to a senior adviser on the phone. He was very reassuring and once I explained the situation, he agreed there was nothing that I could have done differently.

"I had lots of interactions with MDDUS over the course of about two years dealing with the claim. It was a real low at first, but it was more positive when I had MDDUS fighting my corner - and the team were absolutely brilliant.

"Although the claim itself was a source of stress, dealing with MDDUS was a positive experience despite the circumstances. They put me first and made sure they were going down the route I wanted to take - whether it was to fight the case or settle.

"I was confident that I had done the right thing, so I didn't want to settle. MDDUS was able to robustly defend it and in the end, the claim was withdrawn and the whole thing disappeared.

"Once it was resolved I just felt total relief. I had never expected it to just go away but I was so glad when it did."

How would you sum up 2022 in eight words or less?

"Extremely busy, less NHS, more private, more stress."

Legal team report

Our team of experienced lawyers is based in London and Glasgow. We work closely throughout the year with the medical and dental advisory teams to provide a high-quality, dual-handed approach to claims and non-claims matters. The majority of legal matters are retained in-house allowing us to deliver an expert approach to legal cases and, most importantly, continuity of representation for our members who may face cases involving multiple jeopardy.

Of the regulatory cases closed in 2022, only two complex and significant cases resulted in erasure for the clinicians concerned. Our in-house team regularly attend Medical Practitioners Tribunal Service (MPTS) user group meetings to provide feedback to the hearings arm of the GMC process, offering feedback to improve operational efficiency which has been welcomed by Dame Caroline Swift, the departing chair of the MPTS.

Number of regulatory cases closed in 2022	Cases resulting in erasure
115	2
Number of claims cases	Percentage litigated
485	12%

We know that when a member faces a claim it inevitably brings stress and worry. Our aim is to reduce this to the minimum, whilst maintaining a robust defensive approach where possible. Across all jurisdictions and claim types, only 12% of cases in 2022 were litigated, ending up in formal court proceedings. We meet regularly with NHS Resolution to continue the efficient handover of historical GP claims cases which are now dealt with under the state-backed indemnity CNSGP/ELS schemes. We also discuss cooperative working practices in cases involving MDDUS members and defendants indemnified by government-backed schemes.

We regularly contribute to parliamentary, regulatory and stakeholder consultations. We use our expertise to provide meaningful contributions to ensure that our members' voice is represented. We are also actively involved in representing members in high-profile matters such as the Covid-19 public inquiries and inquests, some of which attract high levels of press interest.

We met regularly with both the GMC and GDC fitness to practise teams to discuss operational issues and, if necessary, to talk directly to their legal teams if we had concerns on cases that needed escalation. Thanks to these strong relationships, our feedback on their processes helps to influence and improve their systems. It also gives us access to senior figures to ensure that cases that have experienced delays or errors are picked up and dealt with efficiently.

Following the reports for the GMC by Sarndrah Horsfall, Professor Michael West and Dame Denise Coia, plus the review by Professor Louis Appleby and our own extensive experience of dealing with members undergoing stressful investigations, we have developed, in conjunction with our advisory teams, a Vulnerable Members Protocol. The protocol assists colleagues and members to navigate the most stressful parts of investigations. It was developed by us with the assistance of the regulators and involved specialist training from Samaritans. The protocol aims to reduce risk where possible and sets out best practice for long-term case management as well as guidance for dealing with immediate crisis scenarios.



Thank you so much for all your help. I've been so impressed with how much you and everyone else have helped and my first experience with medical defence has been very positive despite the difficult circumstances!

MDDUS member

Manchester, September 2022

Training and CPD team report

We want to make access to learning about the latest thinking in risk management topics as easy as we can for our members. To do this we worked hard to provide a broad range of flexible learning options for our members on topics that suit them, when it suits them and where it suits them.

To support this aim, we delivered increasing amounts of both live and on-demand training throughout 2022, offering planned and responsive risk management topics to support different needs and learning preferences.

Most of our products providing CPD were offered without charge to our members, including live and on-demand webinars across a range of known and emerging risks.

Continuing to provide remote learning was particularly helpful for our members whose study leave had to be cancelled at the last minute to cover colleagues in stretched services.

Supporting members in difficulty

Analysis of regulatory cases across the year showed that the most common areas where our members are required to demonstrate remediation are in the areas of:

- professionalism
- probity
- maintenance of professional boundaries
- record keeping
- failures to refer
- prescribing.

Our priority was to broaden and deepen our support for members in difficulty, enabling them to reflect in safe - but also challenging - interactive learning environments.

Lasting effects of the pandemic

It was a challenging year for our members, with most medical and dental practices experiencing the lasting after-effects of the pandemic. These included increased incidences of aggression and violence from patients.

We developed a range of free webinars and courses focussing on managing patient complaints, dealing with challenging patient contacts and managing conflict with patients in these environments. Together, these were the most attended topics in 2022.

A further area of emerging risk was the knock-on effects of new processes, developed at speed, during the pandemic. The need to properly risk assess and make safe these processes became a priority in 2022, as many use new technologies that will ultimately change how patient care is delivered.

The adoption of new technologies by practices sat alongside increased patient use of technology following a rapid growth in wearable devices to help manage health. Together these have the potential to improve accessibility and quality of care, while at the same time contribute to some new risk management challenges for our members.

Our new *Patient and practice use of technology* course was launched to highlight the regulatory, legal and NHS guidance in this area. It allows practice leads to explore the risk management principles and good practice in a workshop, case-based learning environment which can be applied to adoption of new systems and technology to support safe practice.

Supporting inclusive practice

The increasing evidence of inequity in healthcare, including significantly higher rates of disciplinary and regulatory complaints about doctors who are international medical graduates (IMGs) and from ethnic minority groups, prompted us to develop our *Creating safe and inclusive environments* course.

It aims to support our members in leadership roles to understand the barriers to creating inclusive workplaces, including their own bias, and explores how systems and key leadership behaviours can be developed to improve individual experiences.

Training and CPD data



Customer services report

We are always looking at how we can make our services better, to earn and retain the loyalty of our members. And in 2022 we invested heavily in our membership team, including recruiting additional colleagues to help us provide a quicker, more efficient response to our members.

That means we are constantly tracking email response times, average speed to answer phone calls and phone call abandonment rate, and we audit the quality of individual phone calls. At the heart of this effort is a dedicated team who provide our members with a personal, helpful service and a professional approach on each and every call they handle.

New ways of doing things were introduced alongside best practice from other customer-facing sectors. We increased the time colleagues could spend in training

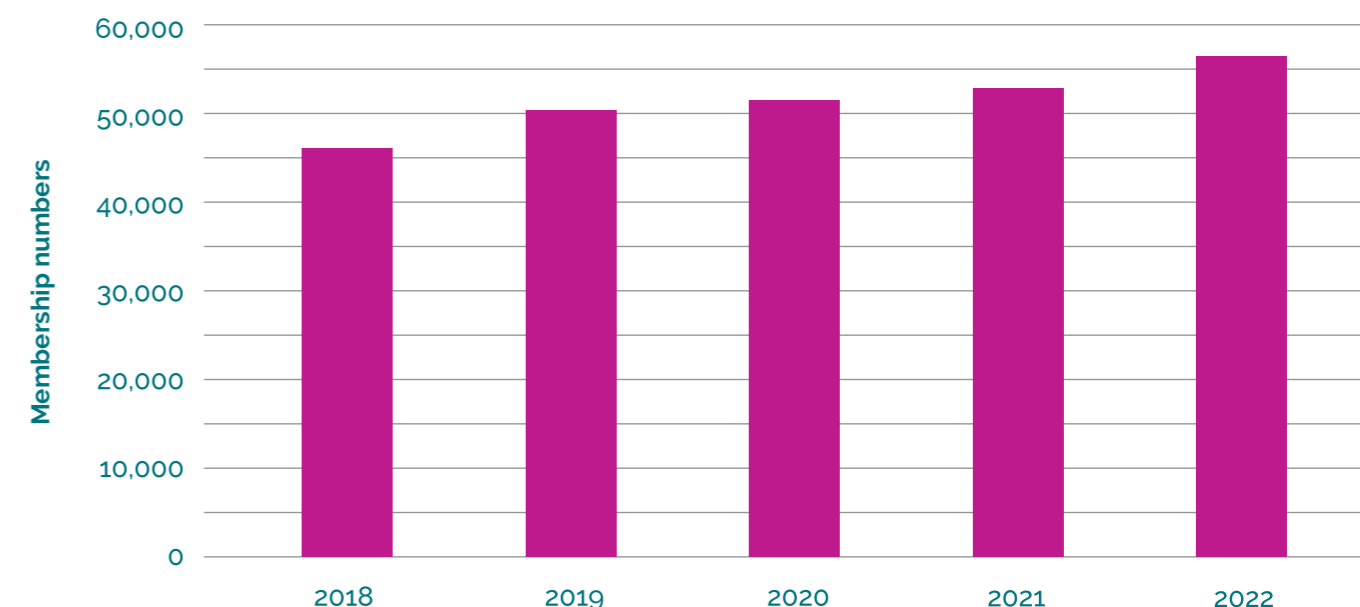


I'm happy with the price and have had colleagues that have had to use the services and [they've] highly recommended them to me.

MDDUS member

England

Data for membership



Overall growth - 21%

and in developing their own careers, including through focussed coaching sessions and by creating centralised knowledge hubs to promote and share great ideas.

We focussed on improving the way we handle complaints and managing vulnerability to ensure our service to members remains personalised and to a high standard. It is a testament to the team's hard work and commitment that our customer satisfaction score increased again in 2022.

As well as capturing member feedback through our "voice of the customer" programme to help inform our decision-making, we also spent time listening to our members' priorities through a series of customer research exercises.

We built further on our capabilities to serve members based on their individual circumstances, bringing a wider range of products and services and ensuring that we can provide insured indemnity where required.

To further enhance the breadth of support that MDDUS can offer our members, we worked with mutual insurance companies who share our values and have track records in healthcare to deliver the following:

- An MDDUS-branded income protection product, provided by specialist mutual insurer PG Mutual, for members of MDDUS and their families.
- "Surgery", an insurance product aimed at practice owners. This includes buildings, employer and public liability cover and is underwritten by NPAI, an insurance company wholly owned by the not-for-profit National Pharmacy Association.

We want to make sure MDDUS is a great place to work.

It's our aim to make our offices places where people feel safe and empowered to be their own, authentic selves. Being able to bring people back together in offices, and to actively support hybrid working has enabled us to take further steps to embed inclusivity and embrace diversity into everything we do.

We are active in the mutual diversity alliance of the Association of Financial Mutuals, and in 2022 we established our own Diversity and Inclusion Forum. This colleague-led network, which has executive-level sponsorship, underpins our equal opportunities strategy. It's made up of colleagues from across the business and is a big part of our desire to support and enable equality of representation in our business.

Events for 2022 included colleagues attending the Glasgow Pride event, and the group launched a calendar of events for 2023 that are open to all our colleagues to celebrate and learn from.

We launched our apprenticeship programme, partnering with our external provider, QA, to invest in the future of five existing colleagues and one newly-recruited apprentice by providing additional education and support aligned with their role in the Company.

As the return to pre-pandemic conditions evolved throughout the year, we continued to support the wellbeing of our colleagues and listened to feedback from our Employee Forum to help shape the support on offer.

We were more than aware of the cost-of-living crisis and its impact on many of our colleagues. We sought to mitigate hardship by awarding an additional one-off payment of £1,000 to those who earn less than £40,000 a year.

We're really proud to have seven trained mental health first aiders across the business. They're on hand to provide confidential and non-judgemental assistance, as well as raising awareness on mental health and wellbeing activities.

Additionally, colleagues can rely on our employee assistance programme to provide a range of practical and emotional support, including bereavement, finances, family and relationship issues. The 'help@hand app' was launched this year, providing free access to a range of health and wellbeing services including mental health support.

We created a new intranet site to widen access to internal communications, information and resources.

Elsewhere, our corporate services colleagues undertook a full review of our business continuity framework to ensure we remain resilient with robust plans in place to respond to unexpected challenges.

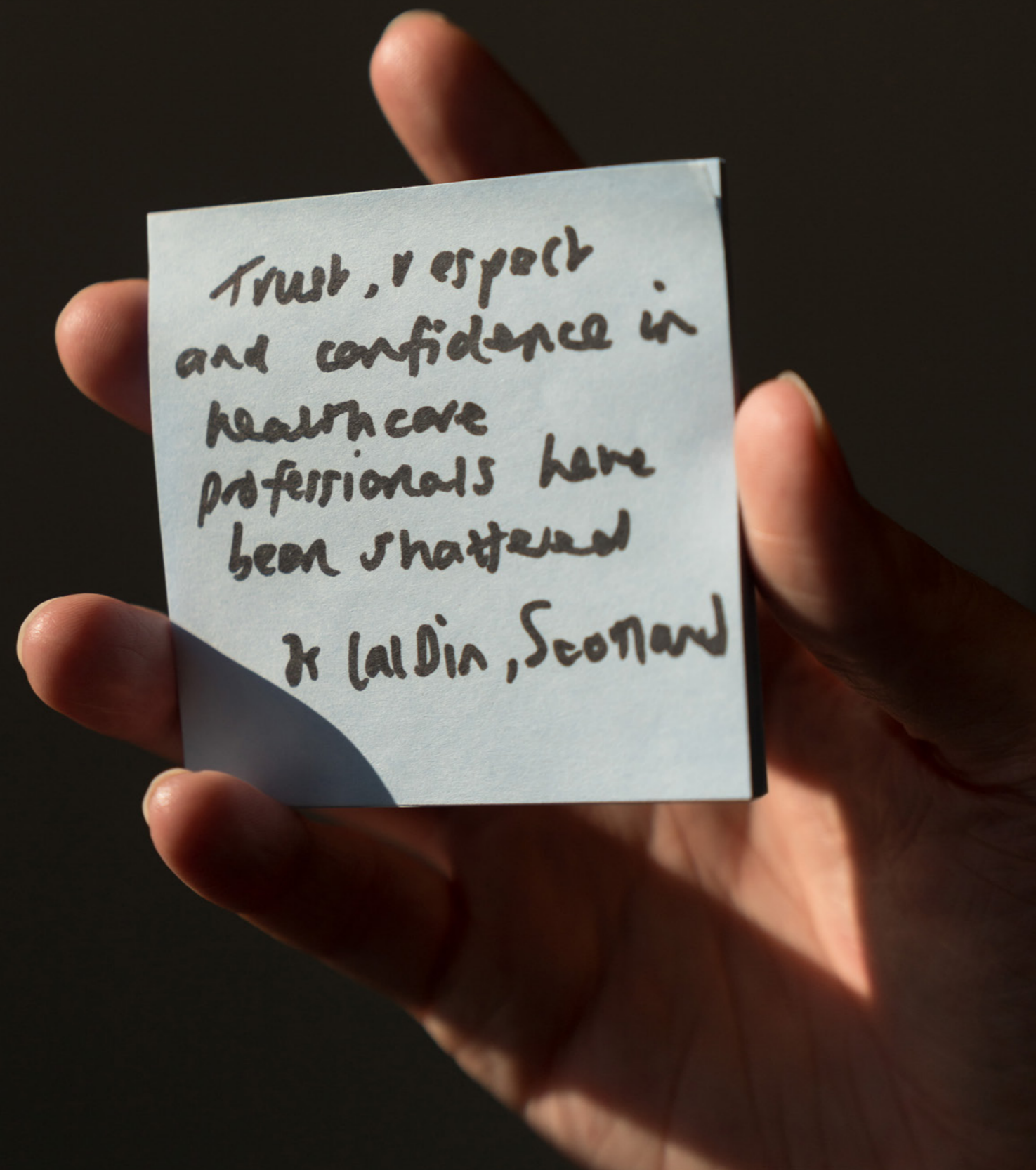
We continue to invest in learning and development. Our leadership development programme had the final and evaluation sessions at the beginning of 2022 where people managers came together with members of our Executive Committee to share their learnings. Supporting colleagues' performance and development has been a focus for 2022 with managers receiving training and guidance to embed learning and competence in their teams.

We worked towards the goals of our climate strategy, developing our understanding of the impact MDDUS has on our environment and determining a carbon footprint baseline from which we aim to reduce our greenhouse gas emissions. This covers emissions directly controlled by MDDUS as well as scope 3 emissions which come from our external suppliers but predominantly from our investments portfolio.



"Trust, respect and confidence in healthcare professionals have been shattered".

Dr LalDin, Scotland



Section 172(1) report

As a member of the Association of Financial Mutuals (AFM), we are obliged to report against Section 172(1) of the Companies Act. It states that:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to: (a) the likely consequences of any decision in the long term; (b) the interests of the company's **employees**; (c) the need to foster the company's business relationships with **suppliers, customers** and others; (d) the impact of the company's operations on the **community and the environment**; (e) the desirability of the company maintaining a reputation for **high standards of business conduct**; and (f) the need to act fairly between members of the company.

Our purpose is to support and protect our members throughout their whole career. We do that by creating value through a strategic plan that focusses on the priorities of our whole membership. Our efforts are informed by our open and transparent engagement with our stakeholders, and that in turn shapes our decision making and outcomes in several important areas. Illustrations of how s172(1) factors have been applied in the reporting year can be found throughout our Strategic report, Directors' report and Finance Director's report, and are cross referenced here.

Our members



Members are our stakeholders who use our products and seek our advice and support to protect their professional reputation. This service is available to them 24/7 365 days a year. Ultimately, they are the owners of the Company to whom the Board is accountable.

We seek to understand and listen to their concerns, priorities and needs. We did this in 2022 through a comprehensive research project, conducted by independent analysts. Our aim was to review our product range to ensure it covered the range of risks and jeopardies our members can face. We sought to understand how our members and prospective members thought about us, and how they considered our place in the market. We took the feedback we received and are applying it to our programme of continuous improvement.

We foster our relationship with our members through a variety of engagement activities. These include our CPD and risk management training, which was updated to include items to help members respond to changes in policy and process introduced by governments as well as developments in healthcare and practice more widely. Training is delivered on an "anytime, anywhere" basis.

We have developed an improvement process within our membership services team that is built on a listening ethos, known as Voice of the Customer. Our telephone and digital processes are all improved, and from a member-facing point of view this has speeded up our response times and ability to provide advice in a timely manner.

In 2022 we responded to the pressure many members experienced as the health services attempted to respond to the post-pandemic increase in demand from patients while also under pressure to clear the treatment backlog that developed during Covid-19. The Vulnerable Member Protocol (VMP) we developed gave our advisers a clear pathway to support members struggling under stress and pressure. The VMP was presented to our Executive Committee, enabling senior colleagues to take an active part in the introduction of this important policy.

Further information about how we manage relationships with our members can be found in our Directors' report on pages 32 - 44.

Our suppliers



Our supplier relationships need to be strong, offer value for money and be efficient so we can deliver an excellent service to our members. We strengthened our processes for engaging with third-party suppliers with a new procurement policy that sees further commonality in appointing suppliers being applied across our business. The policy has a clear focus on value and sustainability, while also ensuring we apply important principles including our Modern Slavery Statement to all decisions.

Throughout the year, we tracked progress against our main business enablers - projects that are important to the future of our business. Many of these strands of work involved engaging external suppliers and our regular tracking of our work with them helped us to give this stakeholder group clear feedback on what we needed from

them and how their services might need to adapt to meet our expectations as projects matured.

Generally our engagement with suppliers happens at manager level, which we find a more effective and efficient approach especially as outcomes are reported upwards through our enablers tracking process.

Working with suppliers has also given us an opportunity to increase our business capabilities and to diversify our offer to our members, including being able to offer access to new types of cover outside of the classic indemnity we are known for.

Further information about the way we manage our supplier relationships can be found in our Directors' report on pages 32 - 44. See our Modern Slavery Statement at <https://www.mddus.com/about-us/corporate-governance/mddus-policies/modern-slavery-statement>

Our colleagues



Our colleagues embody our internal values of integrity, collaboration and excellence. They support all our efforts on behalf of our members. Our ability to be connected with one another between our offices in London and Glasgow was improved by the introduction of MS Teams during the pandemic when we had to work remotely. We've continued to build this into our culture, supported by the roll out of new laptops, noise-cancelling headphones and ensuring our offices are fit for a more agile form of working.

We stepped up our commitment to promoting and enabling diversity and

Section 172(1) report

inclusion at work with a Diversity and Inclusion Forum for colleagues. Together with the Employee Forum they're shaping our programme of events to help grow understanding and respect for the array of cultures, points of view and faiths represented across our organisation.

Our colleagues receive regular updates on activities, changes and priorities from across our business through a variety of internal communications. We developed a new intranet with the aim to create an active and informative hub to empower and inform our people. This is a work in progress, and we are grateful to our colleagues who help to create the intranet infrastructure in-house. We also are committed to keeping colleagues updated on Board decisions, hosting regular all-staff events alongside blogs and email updates. To support resilience and mental health initiatives we continued to promote and develop our accredited mental health first aiders and the benefits of our Employee Assistance Programme.

The launch of a modern apprenticeship programme has also had a positive impact on our internal culture. We welcomed in our youngest member of staff - still in her teens - and supported the development of five other colleagues through this initiative.

We acknowledge that our colleagues' communities and the charities they support are as important to us as they are to them. We are delighted to match the fundraising of many of our colleagues, donating up to £100 whenever they reached this sum through their own endeavours.

Further information about these activities and other ways we engage our colleagues can be found in the Directors' report at pages 32 to 44.

Society



For us, society is the combination of the communities we represent and engage with, and the places we work in and call home.

We continue to develop and nurture relationships with organisations and interest groups with connections to our members and influence on the healthcare landscape, and the physical environment.

We organise meetings with ministers, government officials, regulatory board members and officials and related stakeholder bodies such as the British Medical Association (BMA). We take advice

on how to shape our environmental, social and governance (ESG) activities from trusted experts. We discuss our priorities in these areas with our Board, reporting back in regular updates delivered by our Chief Executive.

With the requirement to work from home now eased, we are again engaging in person both with face-to-face meetings and at conferences. We participate in working groups and meetings run by our stakeholders, including the BMA, the GMC and GDC. We also respond to relevant consultations and meet with elected representatives across the UK on myriad topics of relevance to our membership. Our work across this area is designed to ensure our corporate messages are heard across the spectrum of our stakeholders and, where possible and appropriate, influence policy and process to the benefit of our members.

In 2022, we spoke at various events including the Westminster Healthcare Forum, online debates and at our own member training events. More generally, we engaged with the full spectrum of our stakeholders through a blend of direct and general communications and improved our own publication - *Insight* - moving it to our website with the aim of making it more responsive to events as they happen.

We invested time in developing our environment strategy, working with advisers on how to bring it to life and shape our response to the net zero challenge. We placed greater importance on our ESG policies, including in our investment strategies.

Our investment managers report to us on a range of ESG matters and we are currently undertaking a review of how we can best ensure we continue to drive higher ESG standards across our portfolio in the years ahead.

Further information can be found in the Directors' Report on pages 32 to 44, in our Finance Director's report on pages 29 and 30, and in our Strategic report on pages 07 to 12.

Regulators/ policy makers/ government



We conduct extensive engagement with regulators, officials and elected representatives both through our programme of ethical lobbying and in working groups. We report to our Board on

these activities through regular updates delivered by our Chief Executive.

The core purpose of our engagement strategy is to maintain open and transparent relationships with groups and organisations that contribute to the safe and effective management of healthcare. We maintained existing relationships and made our voice heard on numerous issues including reform of guidance by the GMC, the development of a new Health and Social Care Act for England and on issues we campaigned on as a membership organisation. Our dental team also maintains a close engagement with the GDC and was active on several issues, particularly regulatory reform which remains outstanding, and we continue to press ministers not to lose sight of this important piece of legislative work.

Our discussions with parliamentarians, regulators and associations included:

- The ongoing and pressing need to reform professional healthcare regulation in the UK.
- The issues around the mental health and wellbeing of clinicians. The UK Government's position on taking legal steps to ensure the provision of food to on-call doctors changed as ministers responded to lobbying we undertook on behalf of our members and with the support of Daisy Cooper MP.
- The revision of the *Good medical practice* guidelines from the GMC.
- The introduction of a Fixed Recoverable Costs Scheme for the way claimants' costs are charged in litigation.
- The development of a new Health Services Safety Investigations Body, and our concerns about how 'safe space' provisions could be developed to enable information to be shared without placing a further jeopardy on clinicians under investigation.
- The development of choice for clinicians between traditional indemnity products and insurance. We took the important issue of how our market is allowed to sustainably develop in support of doctors and dentists (and their patients) to the highest levels of government.

Further information can be found about our engagement programme in the Strategic report on pages 07 to 12.



"More sustained pressure on the system. Patients facing longer waits. Significantly worse than pre-pandemic".

Dr Rebecca Wood, Bristol

More Sustained Pressure on the System. Patients facing longer waits. Significantly worse than pre pandemic
Dr Rebecca Wood
Bristol

Finance Director's report

As MDDUS emerged both financially secure and operationally resilient from the pandemic-related challenges of 2020 and 2021, we were optimistic that 2022 would be a year of relative stability. Sadly, the war in Ukraine, along with some home-grown politically inspired market instability and the return of inflation levels last seen a generation ago, meant 2022 turned out to deliver an even more volatile macro-economic environment.

Financially the results for the year for MDDUS were dominated by investment returns, which showed losses resulting from falls in both equity and bond prices in the year. These losses masked what was a successful and resilient operating performance. Close management of our claims and expense costs and continued growth in both revenue and membership combined to generate a welcome operating surplus. In some ways our experiences in 2022 will be familiar to most if not all of our members – we were challenged by economic factors beyond our control but dealt well with the day-to-day challenges thrown at us. Most importantly however we remained in sound financial shape as the year ended. That means we can be confident in our ability to deliver the support and advice our members rely on us for in the years ahead, as we have throughout the turbulence of recent times.

Financial performance

Overall, for 2022 we recorded a deficit after tax of £48.0m (2021: £32.4m surplus). Our operating result was a surplus of £35.8m (2021: £31.4m); however, losses on our investment portfolio led to an overall deficit.

Subscriptions and other income

Member subscriptions and other income totalled £71.0m in 2022, an increase of 1.6% (2021: £69.9m). The recovery from the impact of Covid-19 on activity in private healthcare and dentistry continued, but activity remained below 2019 levels especially in private healthcare which meant subscriptions grew slowly. Our membership overall grew by 3% which shows the resilience of our brand and our enduring appeal, coupled with the impact of investment and innovation in our sales and marketing capabilities which we plan to continue into 2023. This membership growth will help drive revenue in future years, not least as we expect a degree of switching from members on lower

subscription NHS work to higher subscription private work as non-NHS funded work in the private sector increases and clinicians increasingly move to a more diverse pattern of practice.

Claims cost

Claims costs in 2022 were £12.2m, which, as in 2021 (£26.8m), remained below the level we expected. Our medico-legal and dento-legal teams continue to deliver good outcomes for our members whilst ensuring patients are fairly and promptly compensated when appropriate.

In recent years we have handled an increasing proportion of cases in-house rather than sending them for external legal support. This has helped keep costs down and ensured consistency without compromising high standards, whilst ensuring that strong relationships remain in place for benchmarking and management of conflict purposes. Our advisory and non-claims legal costs were a charge of £6.8m for the year, a more normal result after the credit we saw in 2021 following assumption changes (2021 credit: £2.5m).

Provision for liabilities and charges

As well as the costs of claims and non-claims activity incurred during the year, MDDUS must also make provision for the expected future costs of those claims and non-claims cases that have been reported to us but which have not yet concluded. This provision was £114.4m as at 31 December 2022, a £16.1m decrease compared to 2021 (£130.5m).

MDDUS also continues to take the view that to fully understand our financial position our current and potential members should also be aware of the total projected cost of claims and non-claims cases which have not yet been reported to us but which relate to incidents that arose during a prior period for which we provided membership. Without this projected cost information, known as the cost of "incurred but not reported" (IBNR) items, MDDUS feels members cannot make reliable and well-informed judgements about the solvency and financial resilience of the Company. Our actuaries calculate the appropriate value of the IBNR at the end of 2022 as £178.6m (2021: £181.9m) based on past experience and allowing for expected future trends. IBNR is not a liability on our balance sheet as MDDUS has not yet exercised its discretion over these matters by the period end, given that they have by their nature not been reported. It is worth noting however that, as in previous years, our net assets of £496.7m (2021: £544.6m), which take account of provision for notified claims and non-claims, remain significantly higher than IBNR.

Finance Director's report

Investments

As will be evident from the description of IBNR above, the nature of MDDUS business means that claims and non-claims costs for any given period of membership will take some time to emerge. Depending on the precise nature of the case involved, this time can range from a few months to many years. On average, we currently see cases closed approximately six years after the incident to which they relate, though in some cases there can be very much longer periods involved. This means MDDUS must ensure we have enough put aside to cover these future costs which in turn means we have a significant sum of money that we need to manage over a prolonged period. We invest this money carefully in a balanced portfolio that takes account of risk, inflation, return and financial security.

Our portfolio is apportioned into two funds: a "matching fund" and a "growth fund". Our matching fund invests in high-quality government and corporate bonds and we allocate sufficient assets to this to cover our known provisions and liabilities plus the expected cost of our IBNR. This portfolio will generally grow in value as interest rates fall, and fall in value as interest rates rise, mitigating the effect of interest rate changes on our claims provisions which will broadly move in the same way.

The remaining assets, other than cash for our day-to-day operations, are invested in our growth fund. Given the uncertainty surrounding provision and IBNR estimates, as well as the capricious nature of the financial markets, the growth fund provides a safety buffer over and above our best estimate of future claims and non-claims. The growth fund includes assets such as equities and property that we expect to provide higher levels of return than bonds over the medium to long term. During the year we took advantage of an attractive offer and sold our Cannon Street property in London for £30m, a gain on sale of £5.6m. A good example of how our growth fund can generate returns to help mitigate the long-term effects of inflation on the ultimate cost of our claims and non-claims.

Members will be aware of the volatile nature of financial markets, and this was certainly the case in 2022. Rising interest rates, inflation and fears of recession conspired to bring down bond and equity prices alike. Whilst falls in our matching fund were in large part offset by reductions in our actuarial liabilities, vindicating our investment strategy, losses due to credit spread

widening and falls in equities caused further reductions in our asset values. We ended the year with investment losses of £87.9m. Fortunately, MDDUS is a long-term investor and we expect to (and do) see ups and downs in our returns; members will recall we saw gains of £14.1m in 2021 and £50.7m in 2020 and we are confident that in the medium to long term our investments will earn a suitable return.

Taxation

MDDUS is and always has been a mutual by virtue of its ownership structure. Mutuality can lead to a mutual trading tax exemption whereby tax is due only on non-trading surpluses such as investment income and property rental profits. MDDUS applied this exemption in our financial statements up to and including 2019. As disclosed in the 2020 Annual Report and Accounts, in 2019 HMRC raised an assessment for tax on prior MDDUS trading surpluses. This was based on the assertion that Article 4 in our governing document, the MDDUS Articles of Association, did not technically satisfy the conditions needed to qualify for the mutual trading tax exemption.

Whilst discussions regarding the precise tax due are ongoing, as we do not accept the arguments that HMRC has put forward, we have, as in 2021 and 2020, deemed it prudent to prepare the financial statements on the basis that the mutual trading tax exemption does not apply. It is in any event our intention to actively engage with the Law Commission's projected work on the legal framework for financial mutuals to press for early and appropriate legal change.

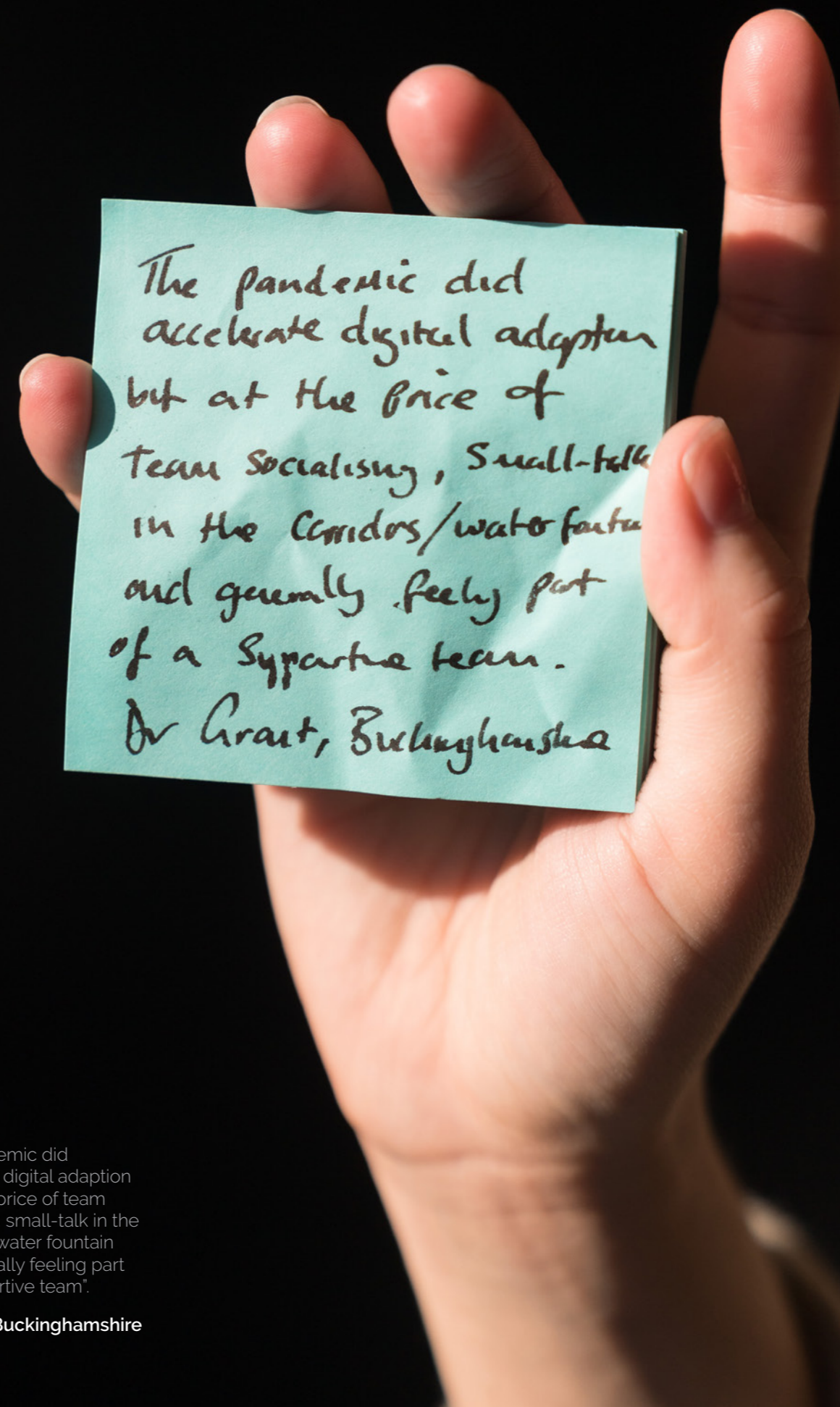
The tax treatment proposed by HMRC results in a tax credit for 2022 of £4.1m (2021: charge £11m). We also have £47.7m of unrelieved losses carried forward into 2022 – these relate to taxable losses incurred in the previous years which we can use to reduce future years' tax charges.

Net financial position

As at 31 December 2022, MDDUS had net assets of £496.7m, a decrease of £47.9m on 2021 (£544.6m). This is after taking account of notified claims and non-claims and remains well in excess of our IBNR. Members can be reassured that MDDUS has the financial strength to withstand difficult and volatile years like 2022 as it has done in the past and no doubt will face many times in the future.

James Parker

Finance Director
5 July 2023



The pandemic did accelerate digital adaption but at the price of Team Socialising, Small-talk in the Corridors/water fountain and generally feeling part of a Supportive team.
Dr Grant, Buckinghamshire



"The pandemic did accelerate digital adaption but at the price of team socialising, small-talk in the corridors/water fountain and generally feeling part of a supportive team".

Dr Grant, Buckinghamshire

Directors' report

Overview

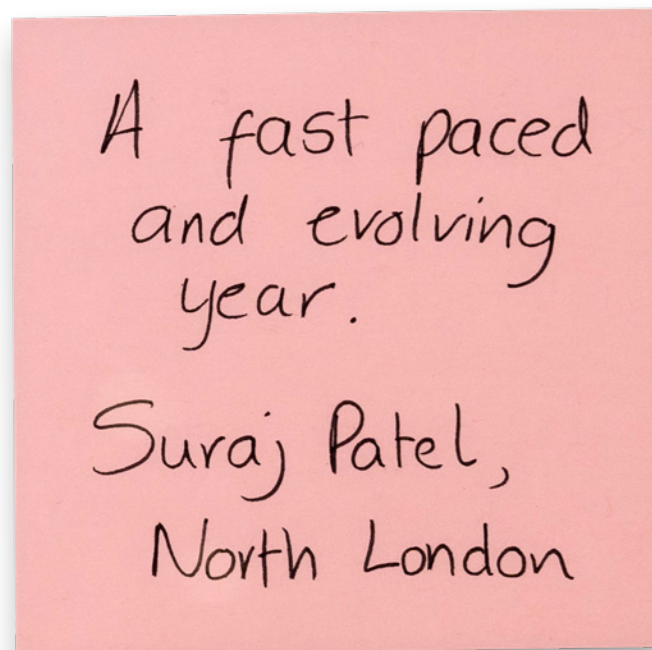
The Board of directors is committed to leading, controlling and directing MDDUS in accordance with a recognised corporate governance framework.

As a member of the Association of Financial Mutuals (AFM), the Board applies the principles of the AFM Corporate Governance Code ('the Code'). In doing so, it has regard to:

- the guidance provided in the Code
- our business model, management and mutual ownership status
- the overriding statutory and fiduciary duties of a director.

This report considers each of these principles in turn, before moving to other matters relevant to the corporate governance of MDDUS.

The Board is satisfied that this Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess our position and performance, business model and strategy in 2022.



Principle one – Purpose and leadership

An effective Board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.

Strategic statement and values

The Board agreed previously a strategic statement for the period 2020-22. This was used to inform and monitor performance against the annual business plan for 2022, which itself was reviewed regularly to respond to developments in our operating environment.

The focus of the plan, and the underlying actions, was to deliver against our mission statement – to protect, support and advise healthcare professionals and organisations through our advisory, legal, financial, practice management and risk education services.

The Board has agreed a new strategic statement, or purpose, for the period 2023-27 – to support and protect healthcare professionals throughout their career. This followed research, workshops and meetings during 2022, involving members, staff colleagues and the Board. The actions for the business plan for 2023 were agreed by the Board in December 2022.

The delivery of the strategy and business plans is supported by our external and internal values and behaviours, which are also used to evaluate colleagues' performance in personal development reviews.

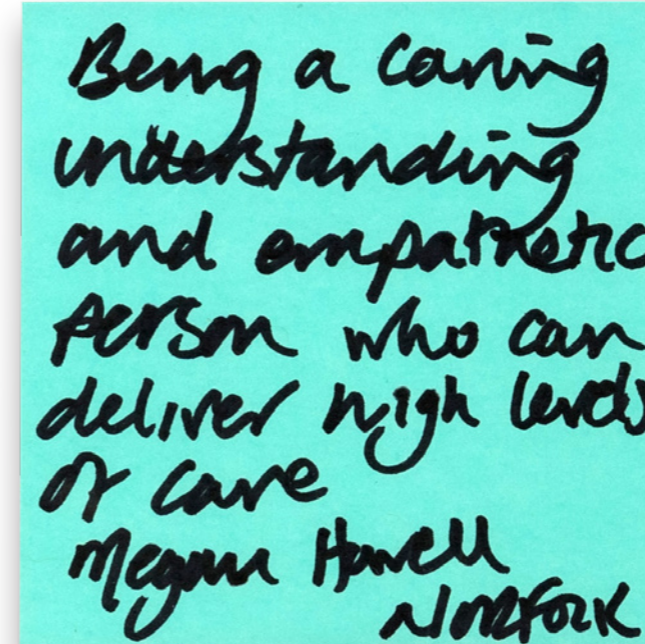
Fair treatment statement

We treat all members fairly, delivering a high-quality service that meets their reasonable expectations throughout their relationship with us and beyond.

We treat all complaints fairly, reasonably and promptly, and seek to identify root causes and apply lessons learned. The Board received an annual report about our work in this area in June 2022.

Our Fair Treatment Policy Statement is available on our website.

Directors' report



Principle two – Board composition

Effective Board composition requires an effective Chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the organisation.

Any voting member of MDDUS can stand for appointment to the Board. In accordance with our governing rules, the Articles of Association, non-executive directors can generally serve not more than three terms of up to three years in office, subject to the succession planning needs of the Board.

The membership of the Board is set out later in this report (p. 72) and biographies are available on our website. At the Annual General Meeting (AGM) in September 2022, there were 13 directors, comprising 10 non-executive directors and three executive directors: the Chief Executive, the Finance Director, and the Director of Professional Services and General Counsel. At the year-end, there were 12 directors, comprising nine non-executive directors and three executive directors, collectively bringing experience from the fields of acute and primary care, dentistry, business development, financial services, actuarial science and corporate law. All non-executive directors at the year-end were 'independent', having served nine years or less since their first appointment to the Board.

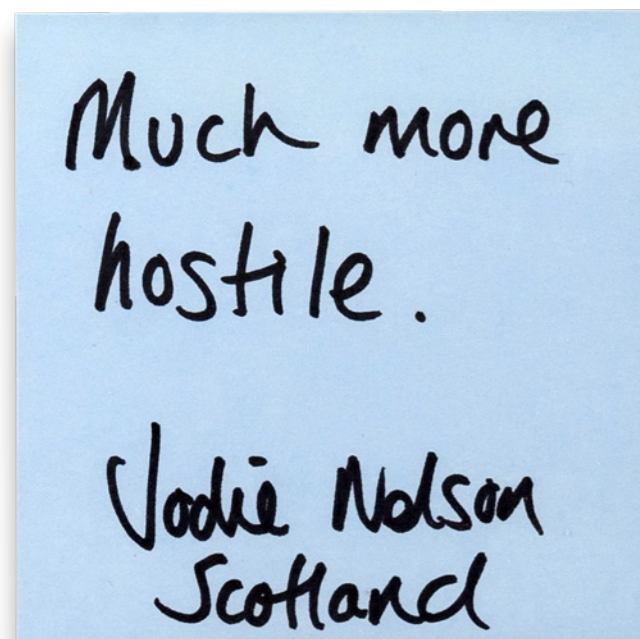
As advised in our last report, John Taylor was appointed to the Board in November 2021, following a search to identify a candidate with experience in actuarial, risk and investment matters. His recommended re-appointment to the Board, for a three-year term, was agreed at the AGM in September 2022. The re-appointment of Margaret McPhail, for a two-year term, was also agreed at the AGM. Our succession plan and experience and knowledge matrix indicate that no new appointments to the Board will be necessary in 2023, however, we will start the process to identify a successor to Ms McPhail, who concludes her nine years' service on the Board in September 2024.

Non-executive directors are required to sign contracts for service, which include the time they are expected to devote to their role. These require new directors to participate in an induction programme, which includes meetings with the Chair, the executive directors, other senior executive colleagues, and a 'mentor' from the Board (generally the Senior Independent Director). We also provide recent Board and committee papers, the strategic and business plans and relevant policies and guidance about the role of directors and 'good governance'. In addition, we aim to meet the individual and collective training needs of directors, which included, in 2022, a workshop to consider environmental, social and governance (ESG) matters related to investments; a discussion about the potential impact of high inflation on our services, and those of our members; and pre-Board meeting presentations from non-executive directors on clinician-focused matters relevant to our operating environment. Directors are also invited to participate in regular webinars facilitated by the AFM and other relevant bodies, such as the Medical Professional Liability Association. The contracts for service (and committees' terms of reference) enable non-executive directors to instruct independent professional advice that is necessary to discharge their responsibilities to MDDUS. Directors' and officers' liability insurance is reviewed and renewed annually.

In addition to agreeing pre-AGM appointments of non-executive directors, the Board appoints directors to the positions of Chair, Vice-Chair and Senior Independent Director. The role of Chair is separate to that of Chief Executive, and the role profile for the former distinguishes clearly between leading the Board and the executive responsibility for running the business. Iain Cameron and Jo Bayley were appointed, respectively, Chair and Senior Independent Director in 2021 and Ms McPhail was appointed Vice-Chair in 2022. All three were independent on appointment and will be for their terms of office.

The directors had, and have, no external commitments that might detract from their ability to discharge the duties of their roles.

Directors' report



Principle three – Director responsibilities

The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.

The Board

The MDDUS Governance Handbook sets out, amongst other things, board and committee terms of reference, a schedule of matters reserved to the Board and role profiles for non-executive directors. This is reviewed against governance 'good practice' annually by the Company Secretary, the senior executive and the Audit and Risk Committee, before being updated, as required, by the Board. An extract of the handbook is available on our website.

The Board has a forward business programme, which helps the Chair, the Chief Executive and the Company Secretary to shape the agenda for each meeting. A typical meeting will consider emerging strategic and policy matters and, during 2022, work to inform the development of our strategy for the period 2023-27. The Board also receives regular reports about progress against the business plan, a management information pack and minutes and verbal updates from meetings of its committees and subsidiary boards. The substantive papers presented to the Board are considered in draft by a Pre-Board Group of the senior executive. All papers report on how they help to deliver against the business plan and the overriding statutory duties of a director.

There were six meetings of the Board in 2022, with an average attendance rate of 95%. The attendance rates of individual directors are detailed in Table 1.

Table 1 Director attendance at Board meetings in 2022

Director	Meetings attended*
Angiolini, E	2 (2)
Bayley, J	6 (6)
Bhattacharya, S	5 (6)
Black, J	3 (3)
Cameron, I**	6 (6)
Glen, M	6 (6)
Kenny, C	6 (6)
Leitch, J	5 (6)
Macleod, V	5 (6)
McPhail, M	6 (6)
Parfitt, E	6 (6)
Parker, J	6 (6)
Sadler, R	5 (6)
Taylor, J	6 (6)

* The number of meetings the director was eligible to attend is in brackets

** Chair

Directors' report

Board committees and groups

There are three committees supporting the work of the Board: Audit and Risk, Investment, and Remuneration and Nominations. In addition, directors are appointed to the Actuarial Reserving and Pricing Committee.

The membership of these committees is set out later in this report (p. 72). All non-executive directors serve on at least one committee. Executive directors and the Company Secretary attend or are members of each committee.

A report from the **Audit and Risk Committee** is provided later in this report (p. 46). There were four meetings of the Committee in 2022, with an attendance rate of 100%. The attendance rates of individual directors are detailed in Table 2.

Table 2 Director attendance at Audit and Risk Committee meetings in 2022

Director	Meetings attended*
Bhattacharya, S	4 (4)
Glen, M	4 (4)
Macleod, V	4 (4)
McPhail, M**	4 (4)
Sadler, R	4 (4)

* The number of meetings the director was eligible to attend is in brackets

** Chair

The **Investment Committee** is charged with, amongst other things, recommending to the Board the Investment Strategy and overseeing the performance of the investment managers. Dr Taylor was appointed Chair of the Committee in November 2022. There were three meetings of the Committee in 2022, with an average attendance rate of 94%. The attendance rates of individual directors are detailed in Table 3.

Table 3 Director attendance at Investment Committee meetings in 2022

Director	Meetings attended*
Bayley, J	3 (3)
Black, J**	2 (2)
Cameron, I	3 (3)
Leitch, J	2 (3)
Parker, J	3 (3)
Taylor, J**	3 (3)

* The number of meetings the director was eligible to attend is in brackets

** Chair

The **Remuneration and Nominations Committee** is charged with, amongst other things, determining and keeping under review the remuneration and terms and conditions of service of non-executive and executive directors; being consulted about the Group remuneration strategy; and leading an open and transparent process to identify and nominate candidates to fill vacancies on the Board, its committees and subsidiaries.

When nominating suitable candidates, the Committee takes into account the composition and size of the Board (including the skills, knowledge, experience and diversity of directors), the Group's governance framework and the current and potential needs of MDDUS. Diversity enables more effective discussions and better decision making, so it is defined by the Committee in its widest sense, to include gender, social and ethnic background, and cognitive and personal strengths. We aim to maintain at least 50% female directors. The Committee aims to long list candidates in light of the succession planning needs of the Board, and to develop the diversity of the Board across all areas. All nominations are based on merit.

There is a regularly reviewed role profile for non-executive directors (and each of the Board's office holders) and an induction programme for new directors.

Directors' report

The Committee is also responsible for determining, and reviewing the results of, the processes to evaluate the performance of the Board, its committees and subsidiaries, and individual non-executive directors. External evaluations of the MDDUS and MDDUS Services boards reported at the end of 2022 and action plans to implement their recommendations were agreed at relevant Board meetings in early 2023. The evaluations highlighted that the Boards perform well, with good cultures, relationships and diversity of experience, but identified opportunities to further improve information flows, management and strategic processes and the governance of actuarial and related matters. A non-executive director evaluation, including that of the Chair, is planned for the second half of 2023.

A statement about our remuneration (pay and reward) practices is provided later in this report (p. 39).

The Board Chair, Vice-Chair and Senior Independent Director are members of the Committee. Marian Glen was appointed Chair of the Committee in May 2022. There were two meetings of the Committee in 2022, with an attendance rate of 100%. The attendance rates of individual directors are detailed in Table 4.

The **Actuarial Reserving and Pricing Committee** is charged with, amongst other things, reviewing and challenging the actuarial reserving and pricing

Table 4 Director attendance at Remuneration and Nominations Committee meetings in 2022

Director	Meetings attended*
Angiolini, E**	1 (1)
Bayley, J	2 (2)
Black, J	1 (1)
Cameron, I	2 (2)
Glen, M**	1 (1)
McPhail, M	2 (2)

* The number of meetings the director was eligible to attend is in brackets

** Chair

processes, methodologies and assumptions used in setting the year-end actuarial reserves and pricing; and providing assurance that these have been properly reviewed internally and by external peer-reviewers, who regularly attend the meetings. In addition, the Committee reviews and challenges the capital management work of our in-house actuaries. MDDUS is not subject to the Solvency II requirements applicable to insurance companies, however, we use these to assess our financial position and to give assurance to the Board about our solvency. This specific assessment is subject to independent peer review. The Chief Executive is the Chair of the Committee. There were four meetings of the Committee in 2022. Our governance arrangements in this area are likely to evolve in 2023, including in light of the outcome of the MDDUS Board evaluation.

Subsidiary companies

There is a board for each of the Group's four subsidiary companies.

The Board of **MDDUS Insurance Limited** (MIL) oversees our commercial insurance company, which is licensed by the Guernsey Financial Services Commission. There were four meetings of the MIL Board in 2022.

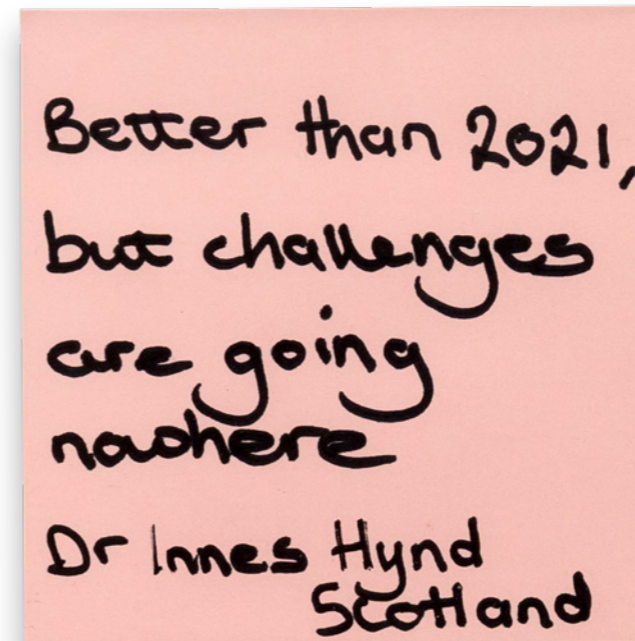
The Board of **MDDUS Services Limited** (MSL) oversees our UK-based intermediary, which is authorised by the Financial Conduct Authority (FCA). There were four meetings of the MSL Board in 2022.

The Board of **MDDUS Property Limited** oversees the performance and management of the Group's investment property portfolio and includes an independent director with extensive experience in the commercial property sector. There were three meetings of the Board in 2022.

The Board of **MDDUS Education Limited** oversees the financial impact of a small number of revenue raising educational and training activities. There was one meeting of the Board in 2022.

The financial statements of the subsidiary companies are incorporated in this Annual Report.

Directors' report



Principle four – Opportunity and risk

A Board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

The Board carries out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Principally through the Audit and Risk Committee, but also through regular discussions, the Board identifies new opportunities for value creation and innovation by setting the business strategy and risk appetites, following a thorough assessment of the organisation and its strategic and operating environments. Management is responsible for: the identification, assessment, management and monitoring of risk; devising, operating and monitoring the system of internal controls; and the progression and management of the business strategy and plans.

The Board continued to inform and provide oversight of the principal risks facing the organisation through the Own Risk and Solvency Assessment (ORSA) process and the consideration of the risk framework and risk registers throughout the year. Work continues to refine the design and practical operation of the risk framework and ORSA processes and to embed further the disciplines described in the ORSA report.

The principal risks facing MDDUS are as follows:

Strategic risk

Our strategic risk environment continues to be influenced by political and regulatory developments and competitive markets. The year 2022 also saw significant challenges in the economic and social conditions of the UK with wide-ranging impacts across industry, the NHS and our members. As the Covid-19 pandemic abated, the Russia-Ukraine war heightened the threat within our cyber risk environments and the subsequent inflationary and economic developments continue to impact industry and the country as a whole.

As our markets become increasingly competitive, and the needs of our members and customers change, we continue to focus on innovation, the development of new products and services, and the forging of industry partnerships. We continue to work with the UK Government and other defence organisations to devise the best route forward for the discretionary indemnity market and our members following the Paterson Inquiry. We maintain our position that any changes to the market should enable choice for individual clinicians and organisations between discretionary indemnity and insurance from a variety of providers.

We continue to build internal capability and capacity to remain in the best position possible to meet members' needs. Through our FCA regulated intermediary, MSL, we are able to respond to demands for insurance products via our subsidiary, MIL, and through partnerships with other providers.

Underwriting and pricing risk

This is the risk of loss due to claims and non-claims experience being higher than expected in our pricing assumptions for our indemnity business. We mitigate this risk in three ways. First, by having suitable underwriting processes, rules and guidelines to assess and manage the level of risk posed by individual and corporate members, policyholders and applicants who apply for our indemnity products. Second, by ensuring through robust case management at the level of both individual cases and the business as a whole, that we have stringent protocols in place to determine accurate case valuations. Third, and building from the previous point, by developing and applying robust actuarial pricing and reserving methodologies to ensure that our pricing is as accurate and reliable as possible. As noted above, the pricing and reserving work carried out by our actuarial team is peer reviewed by external actuaries and considered by our external auditors.

Operational risk

This is the risk of reputational and financial loss and service degradation arising from inadequate or failed internal processes, personnel or systems, or from

Directors' report

external events. This includes managing operational and IT risks and continuity arrangements resulting from factors such as the pandemic and changes in the current geopolitical and economic situation. At a more systemic level, it could refer to failure to adapt technology and working practices in light of experience and pressures.

Operational risk will continue to be a significant area for focus in 2023. In 2022, we developed our governance, risk and compliance software solution, leading to the strengthening of our risk and compliance management and reporting. We continue to build and refine our operational risk capabilities and will recruit resource in 2023 to provide oversight and data to monitor and respond to the operational risk environment.

We also focused on our operational resilience capabilities in 2022 and worked with an external consultancy to develop our business continuity framework. Our new policy and processes in this area were tested and we will work to further refine and improve our resilience to ensure that we are always able to meet our commitments to colleagues and members.

The risk registers for the Group, including specific registers for the subsidiaries, are maintained throughout the business cycle. These include descriptions of key strategic, financial and operational risks, an assessment of their likelihood and impact and the management actions to control the risks. The registers are reviewed regularly by the executive and biannually by the Audit and Risk Committee and the Board.

The ongoing risk of malware and ransomware attacks means that information governance and security continue to be areas of particular focus for the Audit and Risk Committee and the Board. The cyber environment grows ever more challenging, exacerbated by the Russia-Ukraine war, and we continue to work to ensure that our systems are robust and secure. Our focus in 2022 was user education and awareness building, with the introduction of a new training, testing and reporting service, as colleagues continued to be exposed to sophisticated phishing and ransomware attacks.

The Audit and Risk Committee is responsible for reviewing our internal and financial controls and reporting to the Board. The system of control stems from the clear definition of powers reserved to the Board, its committees and the senior executive. There is regular reporting of management, and in particular financial, information at all levels within the organisation, including the production of departmental monthly spend against budgeted spend and monthly management accounts. This is aimed at ensuring compliance with agreed budgets and with strategic and departmental plans. The Board also receives reports and management information about large claims activity. In addition, the Audit and Risk Committee

agrees annual internal audit and compliance function plans through which it gains assurance about the design and effectiveness of internal controls across the organisation.

Investment risk

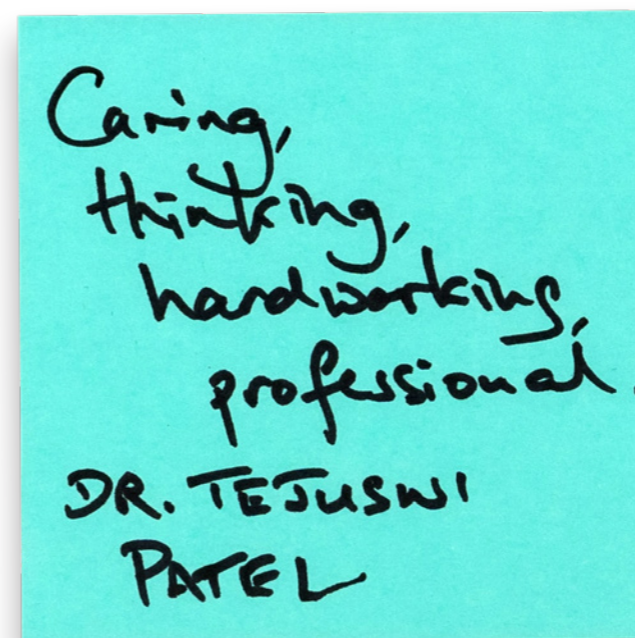
This is the risk of loss or adverse change to our financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of our assets, liabilities and financial instruments. To mitigate this risk, we have an investment policy setting out our investment strategy and objectives and our processes on the management, monitoring and reporting of our investments. Our policy is to match our actuarial liabilities with suitable assets and to invest the remaining assets to achieve a higher return in line with the Board's risk appetite. We recognise our responsibility as an investor to contribute to a more sustainable, greener and fairer society and work closely with our investment managers to incorporate ESG considerations into our investment management processes. The Investment Committee receives regular updates from our investment managers and separate, independent assessments about their performance.

Public policy risk (see also Strategic risk)

This is the risk of the UK Government and/or the devolved administrations and other statutory bodies intervening in the sector without a proper assessment of the impact on our members or failing to intervene where there is a clear case for action. We seek to mitigate this risk by undertaking relevant thought leadership work, ensuring open and frank discussions on a wide range of issues to improve understanding about the sector with the UK Government, the devolved administrations and dependent territory governments. We also ensure that our commercial approach is sufficiently robust to respond effectively to the widest range of possible outcomes.

The pandemic presented a separate and wholly unique risk both to our business and the wider sector with some areas of medical and dental practice still to resume 'business as usual' in comparison to pre-pandemic levels. Investment markets were volatile during the pandemic and remain so due to the ongoing challenges in the economic environment, including inflation and the cost-of-living crisis. We continue to respond to these challenges proactively and pragmatically, ensuring that members' needs are at the centre of our strategic and operational decisions. In 2022, we initiated a project to understand the potential impacts of inflation and the cost-of-living crisis on the Group, our members and our colleagues. We are now implementing an action plan to mitigate and manage the areas identified as vulnerable to the impacts of the current economic environment.

Directors' report



Principle five – Remuneration

A Board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.

The executive Remuneration Review Group (RRG) sets the strategy and practice for remunerating the majority of colleagues. In 2022, the RRG adopted an approach designed to reduce variances in pay across the organisation and the gender pay gap. This approach was used also in 2023.

Overall remuneration for colleagues is reviewed on an annual basis and we ensure that we exceed the living wage at the lower end of salaries. Although we are not required to report our gender pay gap, as we do not meet the threshold number of employees, we remain committed to promoting equality, diversity and inclusion. Our pay gap based on net pay at the beginning of 2023 was 29% (2022: 31%), with the variances between male and female colleagues in each pay gap quartile other than the upper quartile, much lower than the overall figure. This reduction reflects the development of colleagues internally, as well as careful consideration of recruitment at the correct pay levels for current market conditions.

We held fairs during the year to promote voluntary benefits to colleagues, with providers attending to give additional information. The benefits included buying/selling annual leave, critical illness cover, dental and

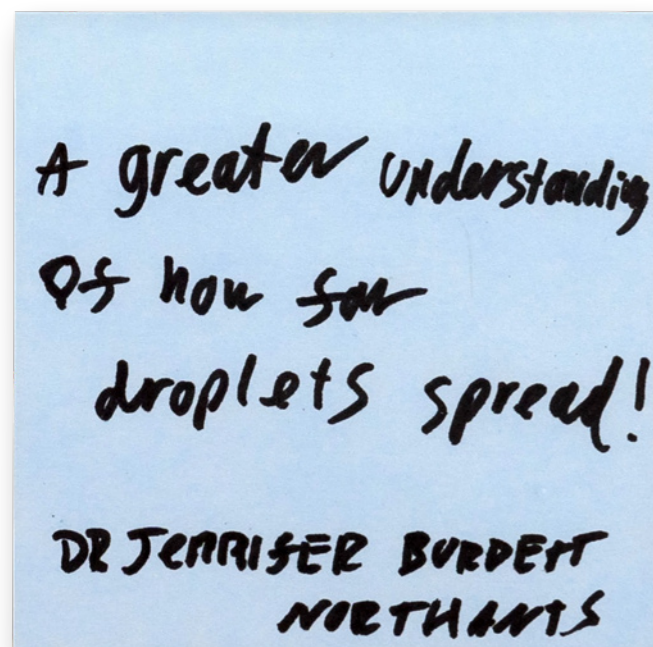
health plans, and the cycle to work scheme. We launched a check4cancer plan and Help@hand GP service in 2022.

The Remuneration and Nominations Committee considered an annual report about colleague remuneration and benefits. The Committee also determined and kept under review the remuneration and terms and conditions of service for non-executive directors and the members of the RRG – the Chief Executive, the Finance Director, the Director of People and Corporate Services, the Director of Professional Services and General Counsel, and the Group Director of Governance. The members of the RRG do not participate in the Committee's discussions about their own pay. The gap between the Chief Executive's salary and the lowest paid salary is 97%. The Chief Executive to median colleague pay ratio is 11.5:1 (2022: 12.4:1).

PwC continued to provide advisory services to the executive and the Committee in 2022. These services included providing benchmark remuneration details for:

- members of the RRG, based on a review of comparator groups of other financial service mutual organisations and private and listed companies of comparable complexity and revenue to MDDUS
- roles across the organisation and insights into the wider reward and remuneration packages.

These services support and challenge our approach to rewarding colleagues. To retain and attract key talent we have regard to the external environment and, in particular, the types of roles and organisations we should be benchmarking ourselves against, whilst noting the somewhat unique features of our working environment. This includes ensuring we are offering competitive reward and remuneration compared to other financial services and some comparable legal services companies.



Principle six – Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

MDDUS stakeholders include our colleagues, suppliers, the community and environment, and, of course, our mutual owners/members.

For more information, please see the Section 172(1) report on page 26.

Colleagues

We remain committed to supporting, developing and enabling our colleagues to deliver their roles through our people strategy, which is designed to embed our internal behaviours and values of integrity, excellence and collaboration.

We have ensured that a hybrid working approach can be adopted by relevant colleagues and teams across the Company, depending on what is most suitable for their role and development or, indeed, the task at hand. A lot of work was completed by our Corporate Services team to ensure that colleagues have the right equipment and support for their working environment.

Communication is key in a hybrid working environment. In addition to regular 'blog' updates to colleagues, two-

way communication was encouraged and embedded through our employee, diversity and inclusion, and management forums. The Chief Executive and senior executive colleagues continued their 'open door' approach and all-colleague sessions were held each quarter in both offices. These sessions brought together colleagues for business updates and further opportunities to ask questions or make suggestions. This could also be done by way of a dedicated email address. In 2022, we launched our new intranet as a key source of colleague communications and information. This improved site is helping to share and embed our new strategy and ways of working.

We take wellbeing extremely seriously. As well as promoting the support available to colleagues, we encouraged our people to be open and honest about how they are feeling. Our mental health first aiders continued to promote our employee assistance programme and wellbeing initiatives, often linked to events such as Mental Health Awareness Week. The fairs hosted in both offices highlighted the additional health and wellbeing voluntary benefits we offer. The health and wellbeing of our colleagues remains at the forefront of our people strategy, as well as our service offering to our members and our campaigning activity with governments and the devolved assemblies.

Our investment in colleague training and development continued and we encouraged managers and teams to review their development needs at performance and development reviews throughout the year. Our leaders are key to embedding our strategy and supporting our colleagues to deliver for our members. Our first leadership development programme concluded in early 2022 with evaluation, feedback and 'next steps' sessions including members of the Executive Committee. The training budget was also used to enhance our performance and development support for managers and extensive role-specific training and upskilling for colleagues. This complements the 'on the job' training and development opportunities made available to colleagues.

We also introduced a sponsored apprenticeship programme in our IT and customer service areas in 2022.

Our Equality, Diversity and Inclusion Statement, which is available on our website, shows our commitment to making a difference over time for colleagues and members. Our Diversity and Inclusion Forum provided an opportunity for colleagues from across the Company to come together to discuss areas of importance and develop a calendar of events and communications around areas of diversity to increase awareness and involvement. We continued to engage with externally led initiatives in 2022, including the Mutual Diversity Alliance supported by the AFM.

Suppliers

MDDUS is required by the Reporting on Payment Practices and Performance Regulations 2017 to submit payment practice reports every six months. These were completed in July 2022 and January 2023.

We also publish an annual Modern Slavery Statement (p. 42).

Community and environment

We continued to engage with our stakeholders through a blend of direct and general communications, both face-to-face and across online platforms. We consolidated relationships with political and government stakeholders in each of our jurisdictions, retained our membership of the health professionals public affairs network in Scotland, and continued our formal and informal engagement with regulators and a wide range of healthcare bodies.

Our work in this area was designed to ensure our corporate messages were heard across our spectrum of stakeholders and, where appropriate, to influence policy and processes to the benefit of our members. In particular, we sought again, with some success, to focus the attention of the media, politicians and regulators on ongoing consequences and wellbeing issues facing our members following the pandemic and during the recovery period. Similarly, we emphasised the need to find mechanisms to recognise the issues presented by the pandemic in future regulatory action, criminal proceedings and litigation. We conducted more detailed research with our membership to understand the impact of coping with the post-pandemic backlog of patients awaiting treatment. We also sought to understand how the systemic issues affecting the health services nationally may impact our members' practice. In light of these circumstances, we extended access to YourHalo. This is a specialist, independent wellbeing service offered by our partners at healthcare rm and is a benefit of membership to those who need expert advice and wellbeing support.

As part of our corporate social responsibility aims, we continued to promote our charitable giving and community work. The number of colleagues using the payroll giving function increased following initiatives to increase awareness of this service. MDDUS continued to match up to £100 for charitable fundraising activities and, in 2022, funds were raised for the Red Cross Ukraine appeal, Macmillan, Cancer Research and Starter Packs Glasgow, amongst other individual colleague local fundraising initiatives. At Christmas, MDDUS donated £500 to each of Great Ormond Street Hospital in London and Glasgow Spirit of Christmas,

alongside gifts colleagues donated for children. Our charitable donations in 2022 from MDDUS and colleagues totalled £30,200.

In line with the goals of our Climate Change Strategy, we focused during the year on our commitment to understand better our own carbon footprint. We have worked closely with sustainability consultants to measure our greenhouse gas emissions and establish our baseline carbon footprint, ensuring that we take a science-based approach to setting ambitious but achievable targets. This will be an ongoing piece of work to ensure that reducing emissions remains central to our business plan.

As a result of this work, the Board has agreed targets to reduce our scope 1 (direct) and scope 2 (indirect) emissions by 70% by 2028 and to reach net zero by 2035. There is a further commitment to set a Group-wide net zero target date by 2028, which will encompass reducing emissions across all our business activity, including indirect emissions attributed to our value chain. We have identified opportunities to reduce our emissions and a decarbonisation plan is being developed to enable us to meet our targets. Our colleagues will be key to supporting these initiatives.

A statement is provided in support of our Streamlined Energy and Carbon Disclosure (SECR) (p. 42).

Mutual owners/members

A principal aim of this Annual Report is to demonstrate the delivery of our mission statement/purpose, values and objectives to our members during 2022, having regard to our other stakeholders. This is subject to the overriding statutory duty of our directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (section 172, Companies Act 2006).

Members are encouraged to support the 'good governance' of MDDUS, for example, by standing for appointment to the Board and/or attending the AGM to receive the Annual Report, to appoint non-executive directors and the external auditor, and to consider other resolutions. The Notice of the AGM and related papers are published at the earliest opportunity, whilst ensuring compliance with the non-executive director appointment process. Members are advised that a vote withheld at the AGM is not a vote in law. There is also an email address for all stakeholders to raise questions about the governance of MDDUS:

secretary@mddus.com.

Modern slavery

The Board has a zero-tolerance approach towards slavery, servitude, forced or compulsory labour, human trafficking or exploitation.

The Board agreed its first modern slavery statement in 2017. Since then, the Group has developed and implemented actions to enable it to demonstrate compliance with the Modern Slavery Act 2015. The Board statement for the financial year ending 31 December 2022 was agreed in February 2023 and is available on our website.

Streamlined Energy and Carbon Reporting (SECR) disclosure

Table 5 and the supporting narrative summarise our Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a 'large' unquoted company, as required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Streamlined Energy and Carbon Reporting (SECR) disclosure

Methodology

Our sustainability consultants calculated the above greenhouse gas (GHG) emissions to cover all material sources of emissions for which the MDDUS, as the Parent Company, is responsible. Our subsidiaries do not meet the qualification criteria for SECR and have, therefore, been excluded from this disclosure. The methodology used was that of the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (revised edition, 2015). Responsibility for emissions' sources was determined using the operational control approach. All emissions' sources required under the regulations above are included.

These calculations cover all of MDDUS' operations that are consolidated in the financial statements and the sites used to conduct these operations. Raw data for electricity consumption, gas consumption and business travel in personal vehicles in the form of invoice spreadsheets, data collection spreadsheets and meter readings were provided to our sustainability consultants. Business travel mileage was split into diesel and petrol vehicles, calculated using average vehicle emissions. We do not own any fleet vehicles.

Energy was converted to GHG emissions using the UK Government's GHG Conversion Factors for Company Reporting 2022.

Energy efficiency actions

We made efforts to improve energy efficiency across our portfolio during 2022, including:

- selling our Glasgow office buildings (Mackintosh House and 167 Bath Street) in April 2022 and occupying a much smaller floor plate – we are pleased to report this has resulted in a reduction in scope 1 and 2 emissions when compared to 2021
- upgrading the lighting system at our new Glasgow office, 206 St Vincent Street, including dimming our passive infrared (PIR) lights to use less energy and introducing a timer system for non-PIR lights
- committing to switching off all non-essential plug sockets for World Environment Day as part of an initiative led by our Glasgow building managers – this was also used to raise awareness of energy usage in the buildings and to promote more widespread uptake of switching off sockets when not in use
- purchasing 100% renewable energy for the site at our London office, 1-3 Pemberton Row
- enhancing our video conference capabilities in our London office to improve the quality of virtual meetings and to reduce the need for business travel
- calculating our scope 1, 2 and 3 carbon footprint and identifying energy saving opportunities that will be rolled out in our decarbonisation plan.

Viability statement 2022

The directors' view of the viability of MDDUS, both as the Group and as the Parent Company, is supported by its strong net assets position; its matching of notified liabilities, as well as potential incurred but not reported (IBNR) exposures, with cash and bonds; and a strong internal risk management function. A comparison of notified and IBNR exposure with the available net assets has also been carried out with no issues noted. Loss ratios and combined operating ratios are monitored carefully.

Against that background, the directors confirm that they have a reasonable expectation that MDDUS will continue to operate and meet its liabilities, as they fall due, over the three years to 31 December 2025. The directors' assessment has been made with reference to MDDUS' current financial position and future prospects, its strategy, the market outlook and its principal risks and management thereof.

A period of three years was chosen as this falls within our five-year strategic planning period and ensures consideration of how MDDUS and its operating environment will develop in the medium term, rather than merely how it is placed to respond to more immediate challenges.

Table 5 Streamlined Energy and Carbon Reporting disclosure

Reporting year	Current reporting year: 1 January 2022 – 31 December 2022	Previous reporting year: 1 January 2021 – 31 December 2021
Location	UK	UK
Emissions from the combustion of fuel and operation of facilities (scope 1) (tCO ₂ e)	16	45
Emissions from purchase of electricity (scope 2, location-based) (tCO ₂ e)	27	44
Emissions from business travel in employee-owned vehicles where MDDUS is responsible for purchasing the fuel (scope 3) (tCO ₂ e)	6	2
Total gross emissions based on the above (tCO ₂ e)	49	91
Energy consumption used to calculate scope 1 emissions (kWh)	86,902	243,347
Energy consumption used to calculate scope 2 emissions (kWh)	141,065	206,037
Energy consumption used to calculate scope 3 emissions (kWh)	22,469	7,177
Total energy consumption based on above (kWh)	250,436	456,561
Intensity ratio: tCO ₂ e (gross scope 1, 2 + 3) per FTE	0.24	0.56

Directors' report

In making their assessment, the directors have considered information provided to them, including current balance sheets and investment portfolios, financial projections, the underwriting strategy and risk registers. The financial projections are prepared allowing for the impact of the key risks faced by MDDUS, including changes in subscription income, falls in asset values, increases in claims inflation and regulatory changes.

The directors have given due consideration to the impact on MDDUS of the current economic landscape and investment market volatility, for example, following the Russian invasion of Ukraine. In addition, the possibility of the indemnity industry becoming subject to regulation has been considered within the financial models.

Going concern

The financial statements are prepared on the going concern basis. In adopting the going concern basis, the directors consider that MDDUS, both as the Group and as the Parent Company, has sufficient assets to continue in operation for a period of at least 12 months from the approval of the financial statements.

The current economic landscape and investment market volatility were explicitly considered by the Board in coming to this conclusion and in making the preceding viability statement. The Board considered the potential impact of a range of scenarios and the effect on MDDUS' solvency and liquidity of lower revenue, investment losses and increased outgoings during 2023. The Board also considered the impact of these scenarios on the financial position of MDDUS over the period to 31 December 2024 and the output of a reverse stress test to determine the conditions that would cause MDDUS to become insolvent.

Statement of directors' responsibilities

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 Group and Company financial statements in accordance with the 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 Group and Company and of the profit or loss of the Group 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
- 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 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.

Matters covered in the Strategic report

In accordance with section 414C(11) of the Companies Act 2006, certain matters required to be detailed in the Directors' report are detailed in the Strategic report where the directors consider them to be of strategic importance to the Company.

Statement as to disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information of which MDDUS' auditor is unaware, and each director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

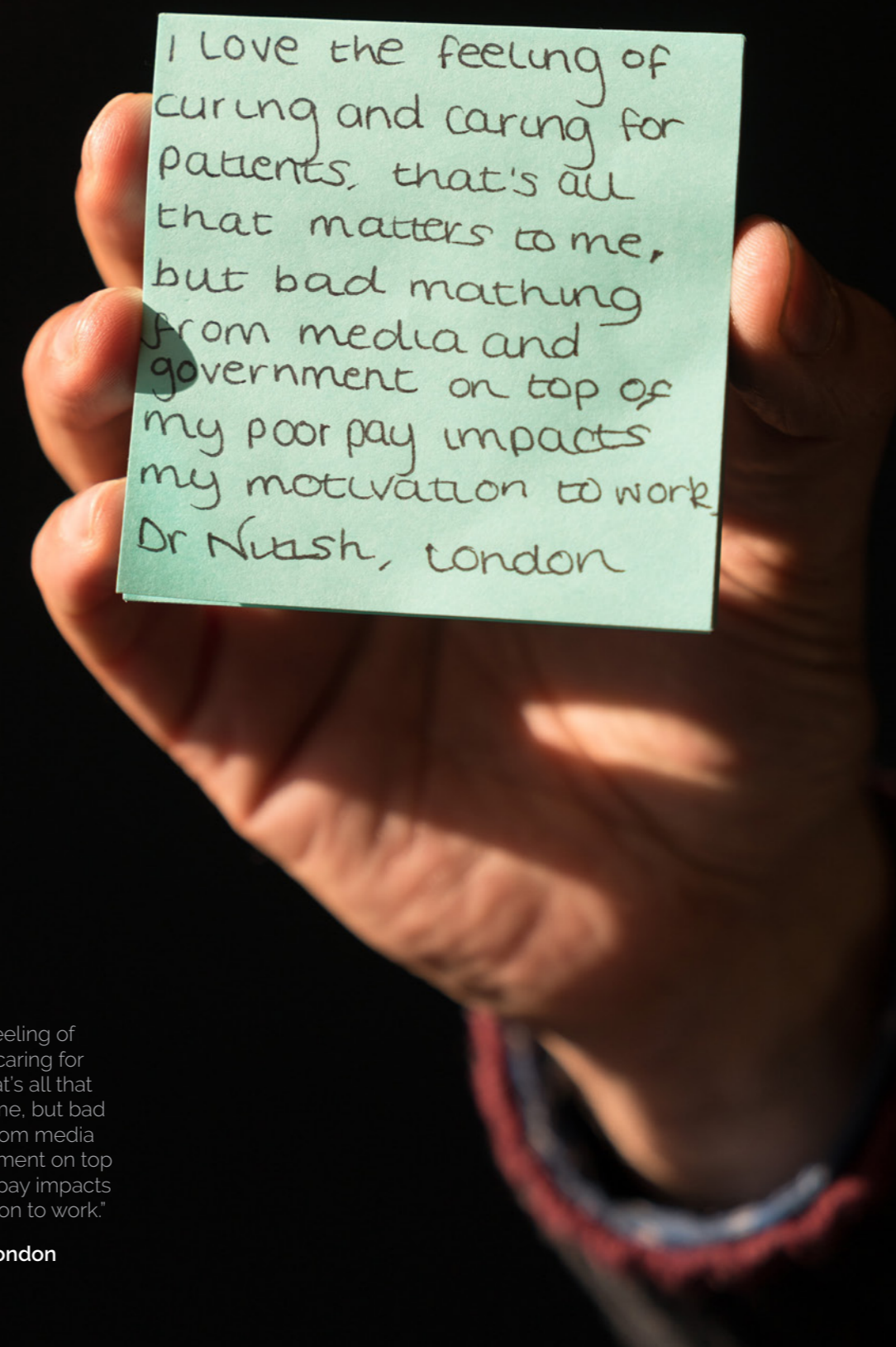
The auditor, BDO LLP, offer themselves for reappointment at the forthcoming AGM.

On behalf of the Board

Chris Kenny

Chief Executive

5 July 2023



I love the feeling of curing and caring for patients, that's all that matters to me, but bad mouthing from media and government on top of my poor pay impacts my motivation to work.
Dr Nitish, London



"I love the feeling of curing and caring for patients, that's all that matters to me, but bad mouthing from media and government on top of my poor pay impacts my motivation to work."

Dr Nitish, London

Audit and Risk Committee report

Overview

The Board is satisfied that the Audit and Risk Committee's membership had, and has, a recent and relevant range of financial, risk, control and commercial expertise to discharge its responsibilities and to provide effective challenge to the executive.

The Committee is charged with, amongst other things:

- reviewing and endorsing the governance framework of the Group and any developments in governance 'good practice'
- monitoring financial and other internal controls and accounting policies
- reviewing and endorsing the Annual Report and financial statements, having considered: the consolidated statements of income and retained earnings, balance sheets, and cash flows; the assumptions and methodologies used in calculating the actuarial provisions; the requirements of the Code; and the external auditor's report
- reviewing and endorsing the Risk Management Policy, risk registers and regulatory policies
- reviewing and endorsing the annual ORSA report
- monitoring the effectiveness, independence and objectivity of the external auditor, endorsing their (re-)appointment, and approving their terms of engagement and remuneration
- monitoring the purchase of non-audit services from contractors who provide audit services
- monitoring the effectiveness and independence of the internal auditor and the risk and internal compliance function
- determining the planned activity of, and reviewing the reports from, the internal auditors, and reviewing the executive's response to actions identified
- determining the planned activity of, and reviewing the reports from, the internal compliance function, and reviewing the executive's response to actions identified
- reviewing the reports from the annual Professional Services teams' audits.

The Committee highlights, in particular, its work during 2022 in relation to:

- the review of the Annual Report and financial statements for the year ending 31 December 2021
- the review of the ORSA report for the year ending 31 December 2021
- the oversight and monitoring of our risk culture, generally and in light of the recommendations emerging from internal audits and compliance reviews
- the consideration of HMRC's challenge of our mutual tax exemption
- the consideration of the potential impact of high inflation on our services, and those of our members
- the initial review of proposed revisions to the Articles of Association for MDDUS.

The minutes of each Committee meeting, supported by verbal updates as appropriate, are presented to the Board.

External audit for the year ending 31 December 2022

The lead partner from BDO LLP attended the majority of Committee meetings in 2022; his colleague attended one meeting, in his absence. He also had the opportunity to meet the Committee, in the absence of the executive, at each meeting.

The key accounting and audit risks were similar to those in previous years, including revenue recognition, valuation of provisions and valuation of investment properties. The risk around investment valuations has been replaced with a funds movement risk. The Committee was satisfied that these risks had been carefully and adequately addressed. The independence of BDO LLP was fully discussed.

The Annual Report and financial statements for the year ending 31 December 2022 were considered by the Committee in (May and June) 2023 and recommended to the Board meeting in (June) 2023.

Non-audit work carried out by BDO LLP was fully reported, discussed and agreed to be appropriately independent and proportionate. This work focused primarily on tax advisory matters, particularly in relation to HMRC's challenge of our mutual tax exemption.

On the basis of our annual evaluation process, the Committee remained satisfied that BDO LLP continued to provide the necessary degree of objectivity and scrutiny on behalf of members.

Audit and Risk Committee report

BDO LLP was appointed as external auditor to MDDUS in 2007 and the current lead partner was engaged in 2015. The Committee considered proposals to re-tender the external audit at its meeting in October 2020 and agreed to proceed with a review in 2021. In light of the very limited responses received to the tender, the Committee agreed to postpone the review to 2024.

Internal audit for the year ending 31 December 2022

Deloitte LLP provided a programme of risk-based audits spanning the work of the organisation agreed by the Committee.

The Committee received regular internal audit reports, reviewed outcomes, discussed potential actions required with the executive directors and monitored the implementation of agreed actions. The annual report from Deloitte LLP confirmed that it had, through its work, obtained assurance that the governance, risk and control framework within MDDUS was operating effectively in the areas audited.

On the basis of our annual evaluation process, the Committee agreed that Deloitte LLP continued to provide the level of service required and value for money for our members.

Compliance assurance reviews for the year ending 31 December 2022

The Committee also agreed a programme of in-house assurance reviews of activities and processes. The Committee received regular reports, reviewed outcomes, discussed potential actions required with the executive directors and monitored the implementation of agreed actions.

Risk registers

Effective and pre-emptive risk management, over both the short and the long term, is essential to the continued success of MDDUS and its subsidiaries.

The framework and processes used to manage, assess and address risk for MDDUS are constantly updated and remain a top priority. The strategic, financial and operational risk registers were fully discussed by the Committee biannually before being recommended to the Board. The Committee also recommended updates to the risk management policy. The registers and policy were agreed at the Board meeting in December 2022.

Margaret McPhail

Chair, Audit and Risk Committee
5 July 2023

Independent auditor's report

Independent auditor's report to the members of The Medical and Dental Defence Union of Scotland

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's deficit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Medical and Dental Defence Union of Scotland ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent 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.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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

As explained more fully in the Statement of Directors Responsibilities, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatements due to fraud. Areas of identified risk were then tested substantively;
- reading minutes of meetings of those charged with governance to identify indications of non-compliance with laws and regulations;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our testing;
- assessing the operating effectiveness of controls over the IT Systems relevant to financial reporting;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with 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);

Independent auditor's report

- identifying whether there are instances of potential bias in areas with significant degrees of judgement and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- challenging management's experts on areas of significant estimation or judgement such as the provision for future claims and investment property valuation and consulting with our own experts;
- addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2022; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

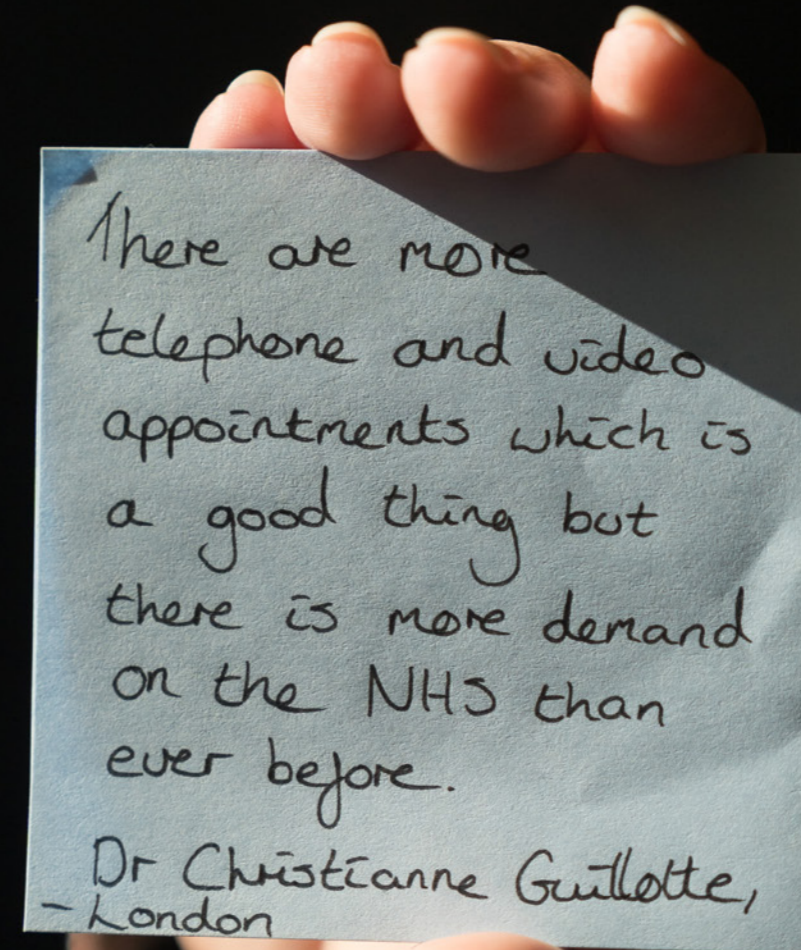
This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Gill (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Glasgow, UK

11 July 2023

BDO LLP is a limited liability partnership
registered in England and Wales
(with registered number OC305127).



"There are more telephone and video appointments which is a good thing but there is more demand on the NHS than ever before".

Dr Christianne Guilloite

Consolidated statement of income and retained earnings

For the period from 1 January 2022 to 31 December 2022

	Notes	2022	2021
		£'000	£'000
Income			
Members' subscriptions and other income	1(c)	70,998	69,944
Expenditure			
Claims costs and associated legal costs	15	11,289	26,057
Reinsurance premium	1(n)	878	792
Advisory and non-claims legal costs	15	6,793	(2,520)
Administration costs		16,235	14,184
		35,195	38,513
Surplus of income over expenditure			
Realised (losses)/gains on disposal of fixed assets and investments	3	35,803	31,431
Changes in fair value of investments	6	(30,269)	5,738
FX (losses)/gains	10 & 12	(60,815)	(4,531)
Release of lease incentive asset on disposal of investment property	12	(8,389)	4,105
Investment income		(186)	-
Interest payable	1(g) & 7	11,790	8,797
		(20)	(2,126)
(Deficit)/Surplus on ordinary activities before taxation		(52,086)	43,414
Taxation	1(i) & 8	(4,130)	11,001
Net and total comprehensive result available for transfer to reserves		(47,956)	32,413
Accumulated fund brought forward		544,615	512,202
Accumulated fund carried forward		496,659	544,615

All amounts relate to continuing operations.

Consolidated and Company balance sheets

As at 31 December 2022

Company Number SC005093

	Notes	Group 2022	Group 2021	Company 2022	Company 2021
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	140	-	140	-
Tangible assets	10	25,572	52,747	1,216	2,757
Investments	12	547,721	601,074	564,240	638,097
		573,433	653,821	565,596	640,854
Current assets					
Debtors and payments in advance	13	27,027	26,118	25,918	24,086
Cash at bank, in hand and on deposit		31,862	21,403	21,390	14,622
Corporation tax debtor		15,271	12,960	14,786	12,535
		74,160	60,481	62,094	51,243
Creditors: amounts falling due within one year					
Sundry creditors and accrued charges	14	36,168	35,411	35,469	34,031
		36,168	35,411	35,469	34,031
Net current assets		37,992	25,070	26,625	17,212
Total assets less current liabilities		611,425	678,891	592,221	658,066
Provision for liabilities and charges	15	114,766	134,276	114,100	133,498
Total net assets		496,659	544,615	478,121	524,568
Reserves					
Accumulated fund	17	496,659	544,615	478,121	524,568
		496,659	544,615	478,121	524,568

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in these financial statements. The deficit for the year of the Parent Company, MDDUS, is £46.4m (2021: surplus of £39.8m). These financial statements were approved by the Board of directors on 5 July 2023.

Iain Cameron | Chris Kenny
Chair | Chief Executive

Consolidated statement of cash flows

For the year ended 31 December 2022

	2022	2021
	£'000	£'000
Cash flow from operating activities		
(Deficit)/Surplus for the financial year	(47,956)	32,413
Adjustments for:		
Depreciation of fixed assets	415	312
Losses/(gains) on sale of fixed assets and investments	30,269	(5,738)
Net fair value losses recognised in statement of income and retained earnings	60,815	4,531
Net interest receivable	(8,838)	(816)
Dividend income from fixed and current asset investments	(2,952)	(7,981)
Change in investments unrealised foreign exchange losses/(gains)	8,389	(4,105)
Taxation (credit)/charge	(4,130)	11,001
Decrease in trade and other debtors	28	3,025
Increase in creditors	757	3,073
(Decrease) in provisions	(16,056)	(13,748)
Income taxes paid	(1,635)	(25,290)
Cash from/(used in) operations	19,106	(3,323)
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	31,035	10
Purchases of tangible fixed assets	(295)	(1,607)
Purchases of intangible fixed assets	(140)	-
Purchases of investments	(318,734)	(306,017)
Cash movement in investments	-	-
Proceeds from sale of investments	268,634	286,894
Interest received	7,901	816
Dividends received on fixed and current asset investments	2,952	5,222
Movement on cash equivalents	-	(807)
Net cash from/(used in) investing activities	(8,647)	(15,489)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	10,459	(18,812)
Cash and cash equivalents at the beginning of year	21,403	40,215
Cash and cash equivalents at end of year	31,862	21,403
Cash and cash equivalents at end of year comprise:		
Cash at bank, in hand and on deposit	31,862	21,403
	31,862	21,403

Notes to the accounts

For the year ended 31 December 2022

1. Accounting policies

a) Accounting convention

MDDUS is a company incorporated in Scotland under the Companies Act and limited by guarantee. The address of the registered office is 206 St Vincent Street, Glasgow, G2 5SG and the nature of the Company's operations and its principal activity are set out in the Strategic report. The company registration number is SC005093.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

b) Basis of consolidation

The consolidated statement of income and retained earnings and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2022. No income and expenditure account is presented for the Medical and Dental Defence Union of Scotland as permitted by section 408 of the Companies Act 2006. The Group deficit for the period included a company deficit after tax of £46.4m (2021: surplus £39.8m) which is dealt with in the financial statements of the Parent Company.

c) Members' subscriptions and other income

Subscription income comprises amounts receivable during the period, apportioned to accounting periods on a time basis. Subscription income is generated within the UK.

Other income is derived from MDDUS Education Limited, MDDUS Property Limited, MDDUS Insurance Limited and MDDUS Services Limited.

MDDUS Education Limited's income represents the invoiced sales for the period net of value added tax and trade discounts. Income is recognised in the period in which the goods or services are supplied.

MDDUS Property Limited's turnover consists of rental income and service charge income net of value added tax. Income is recognised on an accruals basis in the period to which the rental relates. All income arises in the UK.

MDDUS Insurance Limited's income consists of investment income and insurance income in the year. Insurance income is apportioned to accounting periods on a time basis. Insurance income is generated in Guernsey.

MDDUS Services Limited income represents the brokerage fees for the introduction of members to MDDUS, MDDUS Insurance Limited and third-party providers.

d) Fixed assets

The tangible assets are stated at cost or revalued amount which is considered to be its fair value. Depreciation is provided on bases which will write off the assets to an estimate of their residual value over their expected lives.

Depreciation on fixed assets has been provided as follows:

- i) Computer equipment has been depreciated on the straight line basis at the rate of 25% per annum.
- ii) Furniture, fittings, office equipment have been depreciated on the straight line basis at the rate of 25% per annum.
- iii) Freehold property has been depreciated on the straight line basis over a period of 50 years.
- iv) The freehold element of mixed use property has been depreciated on the straight line basis over a period of 50 years.
- v) Leasehold improvements have been depreciated on a straight line basis at the rate of 20% per annum.

The intangible assets are stated at cost. Amortisation will be provided on a straight line basis on the cost of the intangible asset at the rate of 25% per annum so as to write them down to nil value over their expected useful lives. Amortisation will not be provided for until the intangible assets are in a usable condition.

Investment properties are revalued annually to open market value which the directors consider to be their fair value in accordance with FRS 102. No depreciation is provided. The Directors consider that this accounting policy results in the financial statements giving a true and fair view.

The aggregate surplus or deficit arising on revaluation is recognised in the income and expenditure account.

e) Operating leases

Rentals in respect of leasing agreements are charged to the statement of income and retained earnings on a straight line basis over the term of the lease. The lease for MDDUS' head office is directly held by a subsidiary. The subsidiary is considered to be an agent to this agreement by virtue of the sub-lease arrangement in place between the Parent Company and its subsidiary. The Parent Company has accounted for all transactions related to the lease as the principal.

Notes to the accounts

For the year ended 31 December 2022

1. Accounting policies (continued)

f) Provision for liabilities and charges

Full provision has been made in the financial statements for the estimated settlement and handling costs for all claims and non-claims notified to MDDUS as at 31 December 2022. The provision is the discounted value of the expected future settlement and handling costs. The provision relates to all incidents notified at 31 December 2022.

g) Dividends and interest

Dividends are shown net of the tax credit, where applicable. Interest on investments and short-term deposits has been shown gross. Accrued interest on short-term deposits and unfranked investment income dividends have been provided in the year. In addition only franked investment income dividends received in the period to 31 December 2022 have been included.

h) Investments

Listed investments held at 31 December 2022 are stated at the bid or single price valuation on that date which the directors consider to be its fair value under FRS 102. Derivative investments are initially recognised at fair value at the date the derivative contract is entered into and subsequently revalued at the end of each reporting period with the gains and losses accounted through income and expenditure account. The Company uses derivative instruments to protect against currency, interest and market volatility. Unlisted investments have been valued at the lower of cost and net asset value which the directors consider to be its fair value under FRS 102. Movements on revaluation are accounted for through the income and expenditure account.

In the Company financial statements investments in subsidiary undertakings are carried at the lower of cost and net asset value which is reviewed at 31 December each year.

i) Taxation

Corporation tax has been provided using the rate of 19% (2021: 19%).

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax is calculated 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 differences. The rate used is 25% (2021: 19% for all items expected to materialise prior to 1 April 2023 and

25% thereafter). Deferred tax balances are not discounted.

Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future profits.

Deferred tax liabilities are presented within provisions for liabilities.

j) Pension costs

Defined contribution pension arrangements are made for certain employees to which contributions are made by the Company. Amounts due to pension providers in respect of these arrangements are charged to the statement of income and retained earnings in the year to which they relate. The assets of pension schemes are held separately from those of the Company in independently administered funds.

k) Going concern

The financial statements are prepared on the going concern basis. In adopting the going concern basis, the directors consider that MDDUS, both as the Group and as the Parent Company, has sufficient assets to continue in operation for a period of at least 12 months from the approval of the financial statements.

The current and potential impact of the current economic climate was explicitly considered by the Board in coming to this conclusion. The Board considered the potential impact of a range of potential scenarios and the effect on MDDUS's solvency and liquidity of lower revenue, investment losses and increased outgoings, including claims and non-claims, during 2022. The Board assessed the impact of these scenarios on the financial position of MDDUS over the period to 2025 and the output of a reverse stress test to determine the conditions that would prevent MDDUS from being able to continue as a going concern. The Group's and the Parent Company's strong cash reserves mean that they will continue to be able to pay its liabilities as they fall due.

l) Functional and presentation currency

The Group's functional and presentational currency is GBP and is rounded to the nearest thousand pounds.

m) Financial instruments

Basic financial instruments including debtors, creditors, cash and cash equivalents and investments are initially recognised at transaction price. Such assets are

Notes to the accounts

For the year ended 31 December 2022

subsequently measured at amortised cost. The listed investments are carried at fair value through surplus or deficit.

Derivative financial instruments including forwards, swaps and options are initially recognised at fair value and subsequently remeasured to their fair value at each reporting date with the resultant gain or loss being recognised through the income and expenditure account.

n) Reinsurance

Reinsurance premiums paid are accounted for proportional to the exposure period to which they relate on an earned basis. Reinsurance recoveries are accounted for in the same accounting period as the claims to which they relate. Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities in addition to an estimate of future recoveries on notified claims. Amounts recoverable from reinsurers are estimated in a consistent manner with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

Where appropriate a reinsurance bad debt provision is assessed and recognised in respect of reinsurance debtors, to allow for the risk that the reinsurance asset may not be collected or where the reinsurer's credit rating has been downgraded significantly and this is taken as an indication of a reinsurer's difficulty in meeting its obligations under the reinsurance contracts. This also includes an assessment in respect of the ceded part of the claims provisions to reflect the counterparty default risk exposure to long-term reinsurance assets. Increases in this provision affect the Group by reducing the carrying value of the asset and the impairment loss is recognised in the income statement.

2. Judgements in applying policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determined whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

Tangible fixed assets (see Note 10)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually.

Investment properties are professionally valued annually at market value.

Market value is defined as being the "estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". There is an inevitable degree of judgment involved in that each property is unique and value can only be ultimately be reliably tested in the market itself.

Provision for liabilities and charges (see note 15)

The provision for liabilities and charges represents the directors' best estimate of the timing and value of future claims and non-claims settlements. The ultimate anticipated claims and non-claims have been calculated by our in-house actuaries using their extensive experience and knowledge of malpractice claims and peer reviewed by an independent firm of actuaries. Calculations include expected settlement frequency and amounts including claimant and defence legal costs. Actual claims and non-claims may differ from the pattern on which the estimate is made and the cost of settling claims may exceed that assumed.

Notes to the accounts

For the year ended 31 December 2022

3. Surplus of income over expenditure

	2022	2021
	£'000	£'000
This is stated after charging:		
Emoluments of directors (excluding benefits in kind)	1,630	1,619
Auditor's remuneration	207	151
Pension costs	1,435	1,311
Depreciation on owned assets	415	312
Auditor's remuneration consists of:		
Group auditor's - audit	144	112
Group auditor's - taxation advisory	63	39
	207	151
Company only auditor's remuneration	89	71

4. Emoluments of directors

	2022	2021
	£'000	£'000
The detail of directors' emoluments (including executive directors) was as follows:		
Emoluments (including benefits in kind)	1,638	1,624
Pension costs	10	10
	1,648	1,634
The detail of the highest paid director's emoluments was as follows:		
Emoluments (including benefits in kind)	553	535
Pension entitlement taken as salary	82	80
	635	615
	Number	Number
Number of directors to whom retirement benefits are accruing under money purchase pension schemes	1	1

Notes to the accounts

For the year ended 31 December 2022

5. Employees' remuneration

	2022	2021
	£'000	£'000
Salaries (including non executive directors)	11,371	10,785
Social security costs	1,395	1,187
Pension costs	1,435	1,311
	14,201	13,283
Group		
Average number of employees in the year	Number	Number
Non-executive directors and administrative	201	182
	201	182
Company		
Average number of employees in the year	Number	Number
Non-executive directors and administrative	197	178
	197	178

6. Realised (losses)/gains on disposal of fixed assets and investments

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Listed Investments	(36,192)	5,738	(34,540)	5,738
Property	5,923	-	247	-
	(30,269)	5,738	(34,293)	5,738

7. Investment income

	2022	2021
	£'000	£'000
Dividends		
Franked	2,720	1,477
Unfranked	232	6,504
Interest	8,838	816
	11,790	8,797

Notes to the accounts

For the year ended 31 December 2022

8. Taxation

	2022	2021
	£'000	£'000
Corporation tax		
Corporation tax charge for the year	40	4,356
Corporation tax (credit)/charge for prior years	(716)	208
Total current tax (credit)/charge	(676)	4,564
Deferred tax		
Timing differences, origination and reversal	(3,548)	6,726
Change in tax rate	94	(289)
Total deferred tax (credit)/charge	(3,454)	6,437
Total tax (credit)/charge through statement of income and retained earnings	(4,130)	11,001

Factors affecting the tax (credit)/charge

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK. The difference is explained below.

	2022	2021
	£'000	£'000
(Deficit)/surplus on ordinary activities before tax	(52,086)	43,414
(Deficit)/surplus on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021:19%):	(9,896)	8,249
Effects of:		
Non-taxable franked investment income of Group	(517)	(281)
Unfranked and interest income of Guernsey subsidiary not taxed	220	(157)
Chargeable (losses)/gains in current year	(9,890)	1,498
Deferred tax movement in year	(3,454)	6,437
Accounting losses/(gains) in relation to investments & assets	17,310	861
Adjustment in respect of prior periods	(716)	208
Losses brought forward utilised	-	(5,408)
Current year unutilised tax losses carried forward	3,069	-
Other	(256)	(406)
Current tax (credit)/charge through statement of income and retained earnings	(4,130)	11,001

Notes to the accounts

For the year ended 31 December 2022

8. Taxation (continued)

In 2019 HMRC raised an enquiry. The enquiry is still progressing and a variety of possible outcomes remain, including a refund due to MDDUS, no further impact at all, or a payment due to HMRC. However the directors believe the most likely outcome will be a payment due to HMRC. Accordingly a payment of £19.8m was made in 2021 in respect of 2015 and 2017. However, the change of approach to taxation if applied in the same manner to 2016, 2018 and 2019 would also generate tax refunds of approximately £12.8m which is included as a debtor in these financial statements. In addition, this outcome would create tax losses carried forward, part of which has been utilised to cover part of the tax liability for 2020 and 2021. In line with the most likely outcome, £2.1m of interest has been recognised through the statement of income and retained earnings in 2021.

9. Intangible fixed assets

	Group	Company
	£'000	£'000
Cost/Valuation		
At 1 January 2022	-	-
Additions	140	140
Disposals	-	-
Revaluation	-	-
At 31 December 2022	140	140
Depreciation		
At 1 January 2022	-	-
Provided during year	-	-
On disposals	-	-
Revaluation	-	-
At 31 December 2022	-	-
Net book value		
At 31 December 2022	140	140
At 31 December 2021	-	-

Notes to the accounts

For the year ended 31 December 2022

9. Intangible fixed assets (continued)

Group and Company

	Group	Company
	£'000	£'000
Group		
Carrying value based on historical cost	140	140
Accumulated depreciation based on historical cost	-	-

Intangible asset relates to costs incurred in relation to software development.

10. Tangible fixed assets

Group

	Freehold property	Investment property	Furniture fittings & office equipment	Leasehold improvements	Total
Cost/Valuation	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	6,653	44,749	1,960	904	54,266
Additions	-	118	169	8	295
Disposals	(1,412)	(23,809)	(399)	-	(25,620)
Revaluation	(371)	(1,573)	-	-	(1,944)
At 31 December 2022	4,870	19,485	1,730	912	26,997
Depreciation					
At 1 January 2022	111	-	1,350	58	1,519
Provided during year	7	-	225	182	414
On disposals	(118)	-	(390)	-	(508)
At 31 December 2022	-	-	1,185	240	1,425
Net book value					
At 31 December 2022	4,870	19,485	545	672	25,572
At 31 December 2021	6,542	44,749	610	846	52,747

Notes to the accounts

For the year ended 31 December 2022

10. Tangible fixed assets (continued)

Company

	Freehold property	Investment property	Furniture fittings & office equipment	Leasehold improvements	Total
Cost/Valuation	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	1,412	-	1,959	904	4,275
Additions	-	-	169	8	177
Disposals	(1,412)	-	(400)	-	(1,812)
Revaluation	-	-	-	-	-
At 31 December 2022	-	-	1,728	912	2,640
Depreciation					
At 1 January 2022	111	-	1,349	58	1,518
Provided during year	7	-	226	182	415
On disposals	(118)	-	(391)	-	(509)
At 31 December 2022	-	-	1,184	240	1,424
Net book value					
At 31 December 2022	-	-	544	672	1,216
At 31 December 2021	1,301	-	610	846	2,757

Group and Company

	Freehold property	Investment property	Furniture fittings & office equipment	Leasehold improvements	Total
Group	£'000	£'000	£'000	£'000	£'000
Carrying value based on historical cost	3084	16,929	789	672	21,474
Accumulated depreciation based on historical cost	722	345	1,507	240	2,814
Company					
Carrying value based on historical cost	-	-	789	672	1,461
Accumulated depreciation based on historical cost	-	-	1,507	240	1,747

Notes to the accounts

For the year ended 31 December 2022

10. Tangible fixed assets (continued)

The investment property portfolio was valued on 31st December 2022 by an external valuer, Avison Young (UK) Limited. The valuation was prepared in accordance with the RICS Valuation - Global Standards effective 31st January 2022 (the 'Red Book'). The valuer's opinion of Fair Value was primarily derived using comparable recent market transactions on arm's length terms.

In April 2022 the Cannon Street investment property was sold for the total consideration of £30m resulting in a gain on sale of £6.1m less transaction costs of £0.5m. As part of the transaction the Company also passed to the buyer capital allowances valued at £0.5m at the current tax rates.

The freehold property of the Company was disposed of in 2022. This was previously valued by Ryden at the market value of the outright ownership interest, subject to vacant possession, at 31 December 2017 at a value of £1.3m.

Capital commitments and subsequent events

Capital expenditure approved and contracted for amounted to £154k in relation to property improvements (2021:£Nil).

11. Operating leases

MDDUS holds investment properties which are let to third parties. These non-cancellable leases have remaining terms of between 1 years and 5 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Not later than one year	600	1,652	-	-
After one year but not more than five years	1,945	3,910	-	-
After five years	1,026	-	-	-
	3,571	5,562	-	-

Future minimum rental payable under non-cancellable operating leases are as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Not later than one year	374	293	374	589
After one year but not more than five years	841	1,215	841	2,206
After five years	-	-	-	-
	1,215	1,508	1,215	2,795

Notes to the accounts

For the year ended 31 December 2022

12. Investments

	Group 2022	Group 2021	Company 2022	Company 2021
Valuation	£'000	£'000	£'000	£'000
Market value at 1 January 2022	601,074	575,536	638,097	611,538
Additions	318,734	306,824	302,637	305,042
Disposals	(304,826)	(281,156)	(285,584)	(281,156)
Movement in cash	-	(807)	-	-
Movement in unrealised currency (losses)/gains	(8,389)	4,105	(8,209)	4,105
Impairment of subsidiaries	-	-	(675)	(398)
Capital reduction in subsidiary	-	-	(29,900)	-
Changes in fair value of investments	(58,872)	(3,428)	(52,126)	(1,034)
Market value at 31 December 2022	547,721	601,074	564,240	638,097
Listed investments	549,740	601,611	509,928	554,530
Unlisted investments	-	-	55,679	84,254
Derivative asset investments	10,282	3,540	7,313	2,894
Derivative liability investments	(12,301)	(4,077)	(8,680)	(3,581)
	547,721	601,074	564,240	638,097
Historical cost	607,465	573,069	618,497	611,102

Unlisted investments at 31 December 2022 relate to the Company's holding of the entire issued share capital of 1,700,000 ordinary £1 shares of MDDUS Education Limited, a risk assessment and training company, incorporated in Great Britain, registered in Scotland, the entire issued share capital of 30,000,000 ordinary £1 shares of MDDUS Insurance Limited, an insurance company incorporated and registered in Guernsey the entire issued share capital of 115,000,000 ordinary £0.20 shares of MDDUS Property Limited, a property company incorporated in Great Britain, registered in Scotland and the entire issued share capital of 4,000,001 ordinary £1 share of MDDUS Services Limited, a service company incorporated in Great Britain, registered in Scotland.

Notes to the accounts

For the year ended 31 December 2022

12. Investments (continued)

Subsidiary share capital and reserves:

	MDDUS Services Limited	MDDUS Insurance Limited	MDDUS Property Limited	MDDUS Education Limited
	£'000	£'000	£'000	£'000
Called up share capital	4,000	30,000	23,000	1,700
Profit and loss account	(1,321)	10,689	7,526	(1,819)
Aggregate of share capital and reserves	2,679	40,689	30,526	(119)
(Loss)/Profit for the year	(675)	(8,266)	4,523	(95)

13. Debtors and payments in advance

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Trade debtors	21,408	21,255	20,697	20,301
Other debtors	4,693	4,337	4,027	3,005
Payments in advance	776	503	710	496
Other taxes and social security costs	150	23	-	-
Amounts owed by subsidiary undertakings	-	-	484	284
	27,027	26,118	25,918	24,086

14. Sundry creditors and accrued charges due within one year

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Deferred income	31,470	30,804	31,028	29,989
Other taxes and social security costs	2,734	2,782	2,704	2,515
Sundry creditors and accruals	1,964	1,825	1,737	1,232
Amounts owed to subsidiary undertakings	-	-	-	295
	36,168	35,411	35,469	34,031

Notes to the accounts

For the year ended 31 December 2022

15. Provision for liabilities and charges

	Deferred Taxation	Claims	Non- Claims	Total
Group	£'000	£'000	£'000	£'000
At 1 January 2022	3,772	109,404	21,100	134,276
(Credited)/Charged to income and expenditure account in period	(3,454)	11,289	6,793	14,628
Paid in year	-	(26,145)	(7,993)	(34,138)
At 31 December 2022	318	94,548	19,900	114,766
At 1 January 2021	(2,665)	112,763	31,489	141,587
Charged/(Credited) to income and expenditure account in period	6,437	26,057	(2,520)	29,974
Paid in year	-	(29,416)	(7,869)	(37,285)
At 31 December 2021	3,772	109,404	21,100	134,276

	Deferred Taxation	Claims	Non- Claims	Total
Company	£'000	£'000	£'000	£'000
At 1 January 2022	2,998	109,400	21,100	133,498
(Credited)/Charged to income and expenditure account in period	(2,998)	10,945	6,793	14,740
Paid in year	-	(26,145)	(7,993)	(34,138)
At 31 December 2022	-	94,200	19,900	114,100
At 1 January 2021	(2,724)	112,763	31,489	141,528
Charged / (Credited) to income and expenditure account in period	5,722	26,053	(2,520)	29,255
Paid in year	-	(29,416)	(7,869)	(37,285)
At 31 December 2021	2,998	109,400	21,100	133,498

The provision represents the discounted value of expected settlement and handling costs for all claims and non-claims notified to MDDUS as at 31 December 2022.

In respect of discretionary indemnity, in addition to events reported at the end of the accounting period and included in the balance sheet, MDDUS must also be aware of the potential costs of those events that occurred before the end of December 2022 but have not yet been reported – the "incurred but not reported" (IBNR) claims and non-claims. As MDDUS has not yet exercised its discretion over these matters by the period end (as they have by their nature not been reported) they are not considered to be a liability and are not therefore incorporated into the balance sheet. The Company's actuaries have however

estimated the value of these IBNR claims and non-claims to be £156.1m (2021: £157.2m) and £22.5m (2021: £24.7m) respectively. This has been subject to peer review. IBNR related to insurance policies of £352k (2021: £8k) is included in the Group balance sheet.

The Company has tax losses carried forward of £47.7m (2021: £26.6m), however given the uncertain nature in the investments markets, which have generated the increase in the carried forward losses, no deferred tax asset has been recognised as we cannot determine with any probability that there will be sufficient future tax liabilities to offset these against.

Notes to the accounts

For the year ended 31 December 2022

16. Deferred taxation

Deferred taxation provided for at 25% (2021: 19% for all items expected to materialise prior to 1 April 2023 and 25% thereafter) in the financial statements is set out below:

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Capital (losses)/gains	(368)	7,649	(368)	7,649
Gains/(Losses) and other deductions	369	(4,651)	368	(4,651)
Timing differences on property	317	774	-	-
At 31 December 2022	318	3,772	-	2,998

17. Reserves

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Accumulated fund				
At 1 January 2022	544,615	512,202	524,568	484,746
Transferred from income and expenditure account	(47,956)	32,413	(46,447)	39,822
At 31 December 2022	496,659	544,615	478,121	524,568

18. Reconciliation of movement in funds

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Total recognised (losses)/gains in the year	(47,956)	32,413	(46,447)	39,822
Opening funds available to meet future liabilities	544,615	512,202	524,568	484,746
Closing funds available to meet future liabilities	496,659	544,615	478,121	524,568

Notes to the accounts

For the year ended 31 December 2022

19. Investments fair value determination

The Group and Company classifies financial instruments measured at fair value within investments using the following fair value hierarchy:

- Category (a)** The quoted price for an identical asset in an active market at the reporting date.
- Category (b)** When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.
- Category (c)** Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique.

The investment assets have been fair valued using the above hierarchy categories as follows:

Group

	Category (a)	Category (b)	Category (c)	Total
	£'000	£'000	£'000	£'000
Listed investments	549,740	-	-	549,740
Derivatives	67	(2,086)	-	(2,019)
At 31 December 2022	549,807	(2,086)	-	547,721
Listed investments	601,611	-	-	601,611
Derivatives	(45)	(492)	-	(537)
At 31 December 2021	601,566	(492)	-	601,074

Company

	Category (a)	Category (b)	Category (c)	Total
	£'000	£'000	£'000	£'000
Listed investments	509,928	-	-	509,928
Derivatives	107	(1,474)	-	(1,367)
At 31 December 2022	510,035	(1,474)	-	508,561
Listed investments	554,530	-	-	554,530
Derivatives	(42)	(645)	-	(687)
At 31 December 2021	554,488	(645)	-	553,843

Notes to the accounts

For the year ended 31 December 2022

19. Investments fair value determination (continued)

The MDDUS Investments committee set out and review the Company's investment strategy. In doing so they consider the estimated provision for future claims payments and consider how they are affected by market, interest rate and currency risks. MDDUS is investing in derivative instruments to protect its capital and hedge against sizable movements in foreign exchange rates, interest rates and market volatility exposures.

These derivatives include FX Forwards £2.2m (2021: £0.4m) to protect against short-term currency volatility of the non-sterling investments, interest rate swaps (£4.4m) (2021: £0.9m) to protect against longer duration exposures to interest rate changes, futures £0.1m (2021: £0.1m) and options £0.1m (2021: £0.1m) to protect against market volatility.

20. Financial instruments

The Group's and Company's financial instruments may be analysed as follows

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at fair value through surplus or deficit	560,022	605,151	517,241	557,424
Financial liabilities				
Financial liabilities measured at fair value through surplus or deficit	(12,301)	(4,077)	(8,680)	(3,581)
	547,721	601,074	508,561	553,843

Financial assets measured at fair value through surplus or deficit comprises fixed asset listed investments and derivative instruments.

Information regarding the Group's exposure to and management of risk is included in the strategic report.

21. Pension commitments

Group and Company

	2022	2021
	£'000	£'000
Charge through the statement of income and retained earnings in the year	1,435	1,311
Balance outstanding at the year end	-	-

Notes to the accounts

For the year ended 31 December 2022

22. Member's guarantee

The Medical and Dental Defence Union of Scotland is a company limited by guarantee of up to £1 per member.

23. Related party disclosures

The Company has taken advantage of the exemption conferred by s33.1A of FRS102 not to disclose transactions with its wholly owned subsidiaries. The directors do not consider there to be any one single controlling party of the Company. Key management personnel are considered to be the directors.

24. Related party transactions

During the year, the Company made settlements amounting to £1,850 (2021: £932) to Fresh Dental Healthcare Ltd, a company in which Dr R Sadler is a director. There are no amounts outstanding to or from the Company at the period end (2021: nil). As noted in the Directors Report 5 (2021: 5) Non-Executive directors have a personal or corporate membership of MDDUS, which is purchased on a basis consistent with that of other members.

MDDUS Board and honorary fellows

Chair

****Iain T Cameron^{2,3,4}**
BSc MA MD FRCOG FRCP (Edin)

Vice-Chair

****Margaret A McPhail^{1,3,4}**
Dip Man MloD

Senior Independent Director

****Joanna L Bayley^{2,3}**
MBChB MA MRCEM MRCP

Chief Executive

***Chris Kenny⁴**
MA FRSA

Other directors

****Satyajit Bhattacharya¹**
CVO MB MS MPhil FRCS

****Marian Glen^{1,3,4}**
MA (Hons) LLB

****Jason Leitch^{2,3}**
CBE BDS DDS FDS RCS (Eng) FDSRCS (Edin)
FDSRCP (Glas) FRCS (Edin) MPH (Harvard)

****Vikki Macleod^{1,4}**

***Emma Parfitt**
LLB (Hons) French Diploma of Law

***James Parker^{2,4}**
ACMA BSc

****Rebecca Sadler¹**
BDS (Hons)

****John Taylor^{2,4}**
BSc (Hons), PhD, FFA

Honorary fellows

****The Rt Hon. Lady Elish Angiolini**
LT DBE PC KC
(Appointed 28 April 2023)

Alistair D Beattie
MD FRCP (Glasg, Lond & Edin) FFPM

J Douglas Bell
MBChB FRCP (Edin) FFOM DIH

Jonathan P Berry
MBChB MBA MA

James Black
FFA
(Appointed 28 April 2023)

Judith M Chapman
MA MB BChir FRCGP DRCOG

John K Davidson
OBE MD FRCP (Edin & Glasg) FRCP FACR (Hon)
FRANZCR (Hon)

Gordon C A Dickson
MLitt PhD FCII FIRM

Peter Edmond
CBE TD MBChB FRCS (Ed & Glasg) FRCP (Edin)

John Garner
MBChB FRCGP FRCPEd DCH DRCOG

Douglas G Garvie
OBE FRCGP

James Graham
MBChB FRCS (Ed & Glasg)

John R Griffiths
BA (Oxon) LLB WS

Brendan Sweeney
MBE MA MBChB DRCOG FRCGP

Our management

Chief Executive

***Chris Kenny**
MA FRSA

Director of Professional Services and General Counsel

***Emma Parfitt**
LLB (Hons) French Diploma of Law

Finance Director

***James Parker**
ACMA BSc

Customer and Development Director Managing Director, MDDUS Services Limited

Chris Godeseth
BMedSci (Hons) BM BS MRCS (Ed)

Director of People and Corporate Services

Kimberly Johnstone
BA MSc Assoc CIPD

Group Director of Governance

Dawn Reid
LLB (Hons)

IT Director

Elaine Whitefoot

Joint Head of Legal

James Doake
BSc (Hons)

Joint Head of Legal

Sara Foster
BA (Hons) Dip Law

Company Actuary

Dermot Grenham
FIA DPhil MSc

Head of Dental

Stephen Henderson
BDS LLM FFGDP (Hon)

Company Secretary

Bryan A. Hislop
LLB (Hons) ACIS

Chief Medical Officer

John Holden
MB BS MPhil MRCP FFFLM DCH DRCOG

Head of Medical

Naeem Nazem
MBCLB BSc (Hons) MRCP LLB (Hons)

Key

1 Member of the Audit and Risk Committee

2 Member of the Investment Committee

3 Member of the Remuneration and Nominations Committee

4 Member of the Actuarial Reserving and Pricing Committee

* Executive director

**Independent non-executive director

Accurate as at 13 June 2023

* Executive director

Accurate as at 13 June 2023

External professional advisers

Auditor

BDO LLP

Chartered Accountants and Registered Auditors
2 Atlantic Square
31 York Street
Glasgow G2 8NJ

Bankers

Bank of Scotland

54-62 Sauchiehall Street
Glasgow G2 3AH

Barclays Corporate Banking

1 Churchill Place
Canary Wharf
London E14 5HP

Internal auditor

Deloitte LLP

110 Queen Street
Glasgow G1 3BX

Investment consultant

Mercer Limited

Tower Place
London EC3R 5BU

Investment managers

Amundi (UK) Limited

41 Lothbury
London EC2R 7HF

Baillie Gifford & Co Ltd

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1 Greenside Row
Edinburgh EH1 3AN

BlackRock Investment Managers (UK) Limited

12 Throgmorton Avenue
Drapers Gardens
London EC2N 2DL

Goldman Sachs Asset Management

International
Plumtree Court
25 Shoe Lane
London EC4A 4AU

Investment Custodian

Northern Trust

50 Bank Street
Canary Wharf
London E14 5NT

Actuaries

Milliman LLP Consultants & Actuaries

11 Old Jewry
London EC2R 8DU

Insurance adviser

Aon Risk Solutions UK

Capella Building 9th Floor
60 York Street
Glasgow G2 8JX

Insurance company manager

Aon Insurance Managers (Guernsey) Limited

PO Box 33 Dorey Court, Admiral Park
St Peter Port
Guernsey GY1 4AT

Solicitors

Clyde & Co

The St Botolph Building
138 Houndsditch
London EC3A 7AR

Ernst & Young LLP

1 More London Riverside
London SE1 2AF

Shepherd and Wedderburn LLP

9 Haymarket Square
Edinburgh EH3 8FY

Accurate as at 13 June 2023



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The MDDUS is not an insurance company. All the benefits of membership
of MDDUS are discretionary as set out in the Articles of Association.