

ON YOUR SIDE



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In our actions and words, we work hard so our members feel confident we are on their side.

Professor Iain Cameron
Chair

Chair's welcome

Overview

As a medical and dental defence organisation representing more than 65,000 members, we have a relationship with doctors, dentists and healthcare professionals across the United Kingdom that has endured for more than 120 years.

We play a unique role in supporting the delivery of safe healthcare, standing firmly on the side of our members. Driven by our purpose, we remain focused on protecting and supporting our members' careers as they respond to events that can make the frontline of healthcare a difficult and sometimes challenging place to work.

It has been another demanding year for many with financial pressures, personal and wellbeing challenges, and employment unrest punctuating each month. However, it is also important to emphasise how rewarding a career in healthcare can be and the hugely positive impact doctors and dentists made every day of 2023.

You'll see evidence of this throughout our annual report, which I thank you for reading.

Performance

Maintaining a strong and stable organisation for our members is at the heart of our mutual ethos and our wider strategy to help the maximum number of healthcare professionals through sustained and sustainable growth.

We achieved this in 2023 with our total membership growing by almost 6% to 65,000, making MDDUS the fastest growing medical defence organisation (MDO) over the last decade.

We focused this year on developing a wider array of well-researched and designed products while keeping our prices competitive. For many members, subscriptions were frozen at 2022 levels to provide a buffer from generally rising prices and interest rates.

We provided a personal and expert service to members who needed additional specialist help and support.

And as well as growing our membership with discretionary indemnity, we were also successful in writing more corporate insurance cover through our subsidiary, MDDUS Insurance Ltd. Our hybrid business model, combining insurance alongside our traditional discretionary indemnity, allows us to offer a wider range of solutions to businesses in the UK healthcare sector and the clinicians working in them. The UK Government's long-delayed but very welcome decision to endorse the medical defence organisations' code of practice, announced shortly after the end of this reporting period, will enable us to preserve this variety, rather than forcing all of our members into a single insurance solution.

Purpose and strategy

In our actions and words, we work hard so our members feel confident we are on their side. Our goal is to make sure our members' careers and financial security are closely protected.

This is ever-more important as we see the continuous transformation of the medical and dental professions, changing responsibilities across primary and secondary care, and the ongoing digitalisation of health and the introduction of Artificial Intelligence and machine learning.

As healthcare professionals, each of us takes on personal responsibility and risk when treating patients. In most cases that risk comes with great reward when we see successful outcomes especially in difficult or complex situations.

But not every day or every decision goes according to plan. That's why we strive to address issues our members tell us are important to them when it comes to their wellbeing, careers and quality of practice. We increasingly look to help set the agenda on these issues, rather than just responding to proposals from the UK Government, devolved administrations and regulators.

I was personally very pleased the research we carried out into the experiences of International Medical Graduate (IMG) doctors gained significant national media coverage and provoked a wider debate following its publication. Seeing the lived experience of IMGs laid out alongside responses on the same topic by both UK-educated doctors and the public was truly insightful. We are determined to use our influence to find solutions to these and other issues.

Directors

I thank all my Executive and Non-Executive colleagues on the Board of Directors for their unfailing efforts throughout the year. But a particular word is due to Margaret McPhail, the vice-chair, who will retire at the 2024 Annual General Meeting. Margaret has made an outstanding contribution during her nine-year tenure, including as the chair of the Audit and Risk Committee and a member of the Remuneration and Nominations Committee. Her distinguished career in the financial services sector made Margaret a pivotal and highly respected member of our board. And from a personal perspective, she has been a valued friend and wise counsel since my appointment as chair. We are indebted to Margaret and wish her all the best for the future.



Summary

I am immensely proud of the positive difference colleagues at MDDUS have made for our members and its wider impact on the safe delivery of healthcare.

Looking back at the year, I am confident our customer focus, purpose and strategy will see us provide a sustainable, market-leading service to doctors, dentists and other healthcare professionals as we go into the second half of what's turning out to be a turbulent decade.



Listen to Iain talk about this year's report

Professor Iain Cameron

Chair

5 July 2024



Some of what attracts a doctor to vascular surgery may be the glamour of big aortic reconstructions or the challenge of saving a threatened limb with a fancy arterial bypass operation. However, one of my most grateful patients was a lady with a long-standing venous leg ulcer, which was painful, wet and malodorous, requiring regular dressing changes. The leg pain and ulcer management governed her whole life. I performed a day case radiofrequency ablation of her incompetent long saphenous vein under local anaesthetic - a procedure taking less than an hour. When I reviewed her less than three months later, her ulcer had healed. She was ecstatic, as her quality of life had been transformed. Sometimes the simplest operations have the greatest benefit for patients and give the most satisfaction to them and surgeon alike.

Our purpose defines us

To support and protect healthcare professionals throughout their career

We are

Purpose led Values focused Outcomes driven

<p>Our membership</p> <p>65,000 </p> <p>Growth 5.8% on 2022</p>	<p>We go the extra mile</p> <p>Customer satisfaction with our membership services 94% </p>	<p>We take time to listen</p> <p>1,732 </p> <p>hours advising and supporting our medical members</p> <p>19% increase on 2022</p>
<p>We support you</p> <p>The quality rating for our training courses 4.6 out of 5 </p>	<p>We are quality focused</p> <p>95% </p> <p>of people who attend our courses would recommend them</p>	<p>We value our people</p> <p>Employee engagement index of 78.7 </p> <p>Average EEI in UK 68</p>
<p>Medical cases</p> <p>3,524 </p> <p>hours managing medical members' cases</p> <p>27% increase on 2022</p>	<p>Dental cases</p> <p>3,407 </p> <p>total dental cases handled</p> <p>14.4% increase on 2022</p>	<p>GDC cases</p> <p>1,563 </p> <p>hours managing GDC cases</p> <p>25% increase on 2022</p>

Our values

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 innovate and improve to devise future-proofed solutions that evolve with our members' needs



My ambition in 2024 is to see MDDUS continue to lead our market, offering a wide choice of services and products, advice and support to a broader range of clinicians than ever before.

Chris Kenny
Chief Executive

On your side

Overview

If you believed stories published in the media in 2023, you could be forgiven for thinking healthcare professionals care less about their patients now than in the past. Of course, we know this is wrong. It's also a narrative that badly damages trust in the National Health Service and demoralises clinicians, regardless of the sector they work in.

MDDUS is on our members' side on good days and in tough times.

We are proud to use this year's annual report to seek to change the narrative and appreciate the work they do. Through our mutual relationship with doctors, dentists and their teams, we know the depth of dedication and service they give and the positive impact it has on the lives of patients.

We recognise our members are human. Sometimes things go wrong. When they do, we are always on hand with advice and support. But typically in 2023, our members' achievements – small and large – made a real, tangible difference to people who needed their help.

Celebrate these with us as you read our report for 2023.

Strategy

In 2023 we had space to turn our focus from the operational practicalities of working through pandemic conditions to the delivery of our strategic business reset. At its heart is a plan to develop and grow our organisation for the long-term benefit of all our members.

I am pleased to say we took steps towards this with a 5.8% increase in membership in 2023.

It is not growth for the sake of raising revenue. Our five-year strategy runs out to 2027 and is designed around our desire to give current and potential members of MDDUS peace of mind we will be there for them when they need us.



From left: Sophie Lewis, lawyer; Daryl Tollervey, lawyer; Katy Winskell, lawyer; Kalani Bogahalande, lawyer.

Our strategy is to grow by meeting the needs of our members and responding to what they tell us really matters – and what they need from us:

- expert assistance from in-house advisers with clinical and legal expertise
- systems that make it easy to deal with us at every stage, and
- the knowledge that we will be on your side.

We want to make it as easy and efficient as possible to deal with us and to help the maximum number of people we can through sustained and stable growth. To do this we are making a long-term investment in:

- clinical and legal capacity to ensure swift resolution whenever possible
- IT systems and telephony
- our website and wider digital infrastructure
- ways that make it even easier to contact us, and
- an array of products and services.

To ensure our growth is sustainable, we put a great deal of effort into improving our risk framework to give a clearer focus across operational risk and control. This enables a risk-based and targeted design for our compliance and assurance programme. Constructive, cross-business engagement also ensures that communication between our risk colleagues and the business is very much two-way. This has helped foster a culture of robust risk management and accountability.

We also invested time building on our governance and policies in relation to our capital management, Environmental, Social, and Governance (ESG) strategies and actuarial pricing. The use of external experts to support and inform across these areas brings an industry view to the development of internal process. More broadly, we looked to our membership this year for a clear signal that the direction we are taking is meeting their needs.

Understanding the degree of trust placed in us by measuring how many members recommend us to their peers is a key metric in gauging our success. Our customer service Net Promoter Score (NPS), which can range from minus 100 (least likely) to plus 100 (most likely), was +76 at the end of 2023. Scores of 70 or more are considered 'excellent' for the professional services industry.

Policy

As healthcare professionals worked through systemic challenges and upheaval in the NHS and grappled with regulatory change and personal uncertainty, we made our voice heard in government and with regulators on their behalf.

The UK Government slowly continued the reform of professional healthcare regulation. This is welcome although we maintain a close watching brief on progress - especially as it risks slowing further, not least due to the general election in 2024. Where there were wins - a framework for all future regulatory reform to 'hang' from - there were also losses. We were aghast to see 'health' as a ground removed from the Medical Practitioners Tribunal Service's lexicon in favour of a more generalist 'capability' route.

As these revised regulations are shaped in 2024, we will continue to speak out on this point and look for the health ground to be reinstated. This is not least because it is far better a doctor with health issues can temporarily step back from, rather than step out of, the profession.



Our relationship with the professional healthcare regulators remains that of a constructive, sometimes critical, partner.

We spoke out during a consultation by the General Medical Council (GMC) - now implemented - to include a duty within its Good Medical Practice 'rule book' that doctors should treat patients with kindness. We know that kindness underpins doctors' practice, but this terminology, with such a broad meaning that is open to interpretation by registrants and patients, may yet prove to be problematic. It is another watching brief for us.

We likewise maintained similar relationships with the General Dental Council (GDC), on which we elaborate elsewhere in this report. Most recently, we were the only dental defence organisation to call out the GDC's misplaced attempt to fetter the discretion of their fitness to practise panels through misleading guidance, rapidly withdrawn following our intervention.

Trust

We worked throughout the year together with the other two large medical defence organisations to devise a code of practice to make the benefits of the discretionary model more transparent to stakeholders and to expand them. MDDUS' commitment to the highest standards of corporate governance, our high levels of financial transparency and dedication to our members' best interests will enable us to meet the requirements of the new Code, as future annual reports will demonstrate.

The UK Government's endorsement of our work as a major step forward in February 2024 was a much overdue, but very well made, affirmation of the value of this initiative. It has also provided a degree of certainty in our business model offering both insurance and discretionary products which had been lacking since the proposals on compulsory insurance were first produced in December 2018.

Working for you

More widely, our public affairs team worked in successful collaboration with external stakeholders across the health landscape to amplify their research project, known as We Hear You. Their campaigning work shone a light on the challenges facing International Medical Graduates (IMGs) when they arrive from overseas to work in the NHS, and it's a topic we do not intend to let lie.

Similarly, our research findings on the extent of moral distress being experienced by doctors and dentists as they worked through the difficult conditions in 2023, including the ongoing cost of living crisis, raised this critical issue to policy makers through widespread coverage in the press and media.

It is our intention to continue with this strand of work, using our influence where we can, to improve conditions and, in turn, the delivery of safe practice by our members.

Stability

Turning to the health of our organisation, our overall surplus in 2023 was £46.1m; a return to a position more in line with those we enjoyed before the Covid-19 pandemic.

Our investments saw returns of £56.6m and are the driving force behind this year's positive financial results, which was especially gratifying after a difficult year in 2022.

As I hope is clear throughout this year's report, our business never stands still and instead aims to innovate and respond to our market. A key feature of this is our strengthened and broadened hybrid product offer which combines insurance alongside traditional indemnity.

My ambition in 2024 is to see MDDUS continue to lead our market, offering a wide choice of services and products, advice and support to a broader range of clinicians than ever before.



Listen to Chris talk about this year's report

Chris Kenny
Chief Executive
5 July 2024



From left: Harriet Hawksley, lawyer; Jeremy Jukes, lawyer; Emma Parfitt, director; John Holden, chief medical officer; Emily Shepherd, medico-legal adviser

Professional services

We operate a 'one team' approach to delivering professional services for our members. In many ways our medical, dental and legal teams are at the sharp end of work, standing shoulder-to-shoulder with our members in the toughest of times. Their work is supported by the expertise of our Training, CPD and Risk Advisory colleagues.

And while the case scenarios are different in medicine and dentistry, for the members who needed our advice and support in 2023 the cause of their issues was, generally, very similar.

The pressure facing medical and dental professionals in the post-pandemic landscape is as challenging, complex and combative as ever.

Medical team

Doctors have needed more support and someone to hear - and understand and empathise with - their issues. While we saw a slight drop in the number of advice queries by telephone compared with 2022 (-3.1 %), there was an increase in the total number of cases our advisers handled on behalf of members (+5.2%).

Of that number, there was a 5.2% increase in advice cases, which are typically initial queries by telephone, letter or emails from members that develop into more complex issues.

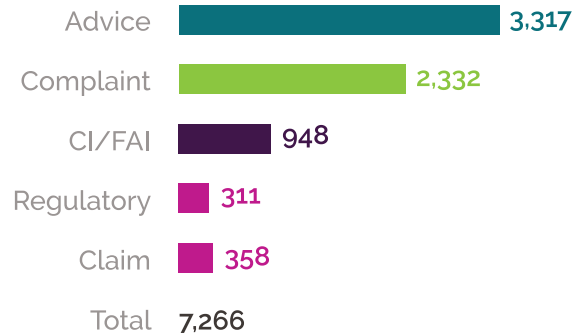
The time taken to manage these cases, including research, desk work and email contacts, rose by 27% compared to 2022.

A substantial number of these new medical cases came in through the online advisory portal outside the normal working day, some in the early hours. While at first glance this is a small observation, it speaks volumes about how busy doctors have been working through the patient backlog and during a time of systemic challenges in the NHS.

Across the board, the complexity of issues our members contacted us about meant that while calls for new advice decreased slightly, the time spent advising and supporting our medical members by telephone increased by 19%.

Post-pandemic, patients' expectations have also increased, sometimes unreasonably so. Letters of complaint are more demanding and broader in their criticisms. More frequently, patients are not satisfied with an initial letter of response and therefore complaint cases need ongoing support with several further letters of response to patients.

Case type Medical cases



Medical data



Advice queries by telephone

2023 - 8538 ↓ -3.1%
2022 - 8810



Total cases

2023 - 7274 ↑ 5.2%
2022 - 6914



Advice cases

2023 - 3317 ↑ 5.2%
2022 - 3152



Time taken to manage cases

2023 - 3524 ↑ 17.20%
2022 - 2770



Time spent advising and supporting members

2023 - 1732 ↑ 19%
2022 - 1455



A patient in their late fifties shared with me how the profound impact of childhood dental experiences had caused their fear of dentistry. So it was heartening to see them leave my clinic with a smile, expressing a wish for me to have been their dental therapist during their formative years. I am deeply committed to creating positive dental memories for young patients, believing that each visit contributes to their lifelong oral health. Grateful for the opportunity to make a difference in people's lives.

Angel Subramaniam, dental therapist, Manchester

Dental team

Dentists have never been under so much professional pressure, making 2023 a truly challenging year for them. We saw a 5% increase in new advice queries by telephone compared to 2022. In turn, there was an increase in the total number of cases we dealt with on behalf of our members (+14.4%).

We assisted dental registrants with an unprecedented number of written cases reflecting the mood in dentistry with registrants reporting high levels of stress in the profession and increasing patient discontent.

Of that number, there was a 10% increase in advice cases, which can be follow up cases or requests for advice sent in either by web portal or email by busy dentists unable to find time in their day to make a telephone call.

Time logged on GDC cases increased by 25% reflecting the rise of 27.5% in GDC cases.

Across the board, an increase in the complexity of issues our members contacted us about meant the time the dental advisory team spent advising and supporting our members by telephone increased by 7%.

It was more important than ever that we continued our engagement work, meeting with the GDC to positively influence and bring change to their processes and to represent the concerns of our members related to the way the GDC regulates the profession.

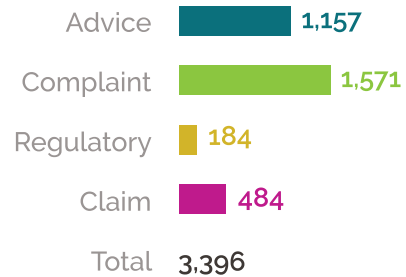
We raised concerns about the registration process and unwise and unfair administrative removal of registrants for CPD errors. We raised urgent concerns regarding the delays experienced by members waiting on cases being assessed by the Case Examiners.

We will continue to advocate on behalf of all members and particularly those impacted by the delays in the GDC fitness to practise process and continue to support them practically and emotionally throughout.

Rachael Bell, Head of Dental, took part in consultations and round table events as part of the GDC reform process of its Standards. We expressed concerns regarding how these might be used and will continue to put forward our concerns for the profession throughout 2024.

The team has grown to meet our members' needs, recruiting a further five dentists to make a 12-strong team to provide our dental members with immediate assistance when it's needed.

Case type Dental cases



Dental data



Advice queries by telephone

2023 - 4299 ↑ 5%
2022 - 4094



Total cases

2023 - 3407 ↑ 14.4%
2022 - 2976



Advice cases

2023 - 1157 ↑ 10%
2022 - 1052



Time logged on GDC cases

2023 - 1563 ↑ 25%
2022 - 1247



Time spent advising and supporting members

2023 - 778 ↑ 7%
2022 - 727



After Covid-19, I treated patients on a weekly basis who seemed to be suffering from mental health issues. I took time to listen and become aware of local organisations to forward them to so they could access relevant help. Many elderly patients were only starting to feel it was safe and secure to access dental care. Again, I took care to welcome them back and to sensitively check their mental health. Time to listen is the most precious thing.

Elaine Anderson, dental hygienist, Ayr

On your side – the impact we made for three of our members this year, in their own words



Rachael Bell

The case could not have been handled better or more efficiently by Rachael Bell and the MDDUS support team. Adviser replies were prompt and the advice given was first class.

I don't think the service that I've received could be improved. I appreciate that there is a large volume of cases at present and as such did not expect a response extremely quickly. I always find the advisers on the phone and via email very kind, empathetic and helpful.



Kalani Bogahalande

Amazing supportive legal team. Kalani (the solicitor) and Anthony (the counsel) are not only well informed about all the minutiae of the case they also appreciated the psychological impact the case might have on me as the defendant and have been supportive and kind in every way.



Dr Myooran Nathan

I consider myself incredibly fortunate to have had Dr Myooran Nathan as my adviser throughout this case. I found his guidance and support to be immensely reassuring. He remained a constant source of support throughout the entire process. His advice proved to be not only pertinent but also instrumental in refining my factual account. I am genuinely delighted with the exceptional service by MDDUS during a highly stressful period.



Taking care of an elderly female patient in A&E during a very busy day within the winter pressures, and then coming across surprise positive feedback from the patient's daughter a few days later.



From left: Olivia Sethi, case assistant; Maissa Dronkers, paralegal; Joana Da Costa, lawyer

Legal team

The legal team works on a collaborative basis with a medic or dentist on every case. We apply this principle not just on claims, but across the full range of regulatory, disciplinary, Coroner's Inquests and Fatal Accident Inquiries and criminal cases our members can find themselves embroiled in.

Our commitment to the highest quality service ensures our members receive expert support at a time it is needed most. In 2023, the legal team retained a record number of cases in-house. We expertly managed issues ranging from dental claims to the most serious regulatory investigations where members faced career-threatening sanctions.

We are committed to continuous staff development and our internal route to qualification will result in two newly qualified and highly-specialised solicitors in the team in 2024.

We stand by members who are facing an increasingly hostile work environment. We work tirelessly to take as much stress as possible away from members facing clinical negligence investigations and to ensure the right result is achieved. The whole team is driven to vigorously defend cases where our members are facing allegations, whether those arise from malice, misunderstanding or genuine honest mistake.

The legal team also spent much of 2023 horizon scanning as part of its preparation to ensure we can support members through expected changes to the new fixed costs regimes. These are due to come into force for low value claims in 2024.

In short, through the outcomes of our work we showed members they can rely on us to be on their side throughout the most difficult and stressful times in their career. This is a service that's demonstrably appreciated by the feedback we received.



From start to finish I have been very impressed with the support I have received to defend a claim made against me. You were efficient and kind throughout the whole process keeping me well informed at every stage. You understood how stressful such proceedings can be particularly when my focus has always been to deliver the highest quality of patient care over my 33 years of practice. I was very pleased that MDDUS chose to defend me rather than making an early settlement. The case was of a relatively low value but defended the important principle of antibiotic stewardship and MDDUS was prepared to take this to trial should that be the end point.

Due to the high quality of the expert witness and the logical and well-prepared approach of counsel I am delighted to say the claimant has finally dropped the case. This has most satisfactorily concluded four years of worry and ultimately has made me feel that justice has been done. I cannot recommend MDDUS more highly.

MDDUS member, 2023

Membership

Our members are busy people, and our aim is always to give them an efficient, personalised service that's easy to work with, and friendly and effective.

We worked hard to make our service fast and responsive, with a focus on getting members who call us speaking to a customer service adviser within a very quick timescale. Our team's focus is on getting it right first time, so our members' enquiries are resolved during that initial interaction.

We're making it simple and easy for members to manage their indemnity needs. To achieve this, we have an active 'Voice of the Customer' forum to develop our service with our members' needs at the heart of all our planning.

This has empowered us to make positive changes in creating a stronger experience based on our member feedback including:

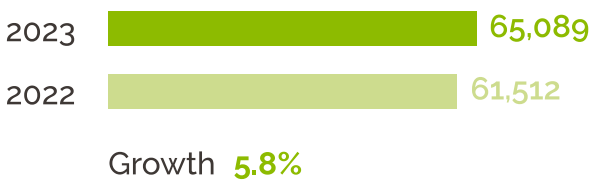
- enhancements to our online member portal, making access to documentation more visible and user friendly
- the introduction of an internal mailbox for underwriting decisions, allowing us to prioritise interactions between Customer Service and Underwriting and speed up our response times
- improving how we capture feedback from our members, simplifying the question set and introducing more methods and at different parts of the service to allow us a much broader scope of feedback with a higher volume of responses.



I've been a member for more years than I care to remember and thankfully I've not really needed to make much use of your services. However, it's been reassuring to have you in the background, and I've always been dealt with efficiently and courteously when I've contacted you.

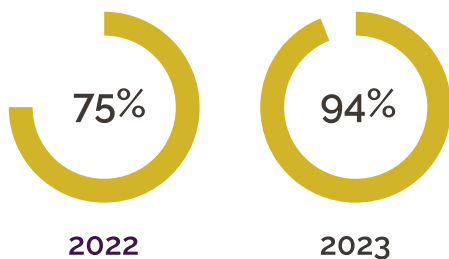
MDDUS member, 2023

Membership figures



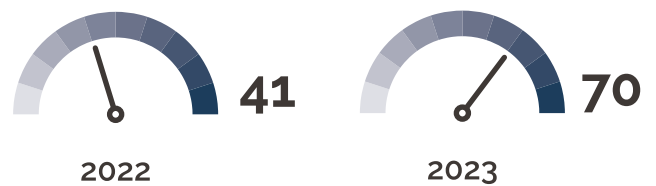
Customer Satisfaction Score (CSAT)

Satisfaction with membership services



Net Promoter Score (NPS)

For customer services



Thank you for your help and advice throughout my work journey in Scotland. You will always be my number one choice.

MDDUS member

CPD and training

Our ethos is to support our members with a range of highly relevant and expert led CPD opportunities. In 2023, our offer extended across the evolving range of medicolegal and professional topics.

We operate an inclusive approach via our 'Learn Anywhere' digital platform. We provide CPD in a range of ways including live and on-demand, and through a variety of channels. We do this to accommodate as many different learning styles and needs as possible. In 2023, we saw some members even join when on holiday or visiting family in locations across the world.

We're cost conscious and by continually improving how we offer remote access to CPD opportunities, we were able to keep the cost of delivery minimal and, in turn, support our sustainability targets by travelling less.

We maintain our expert credentials by keeping our own professional skills up to date, and by working closely

with our broader professional colleagues – medical, dental and legal – to understand what is concerning members across the range of different specialities, areas of practice and at different levels of seniority and stages in their careers. This enabled us to further broaden and deepen our programme of available CPD across a range of ethical and legal topics.

To deepen our regulatory-related programmes further we launched several new courses in 2023 – including Probity for Dentists, Professional Boundaries and Risks and Safety in Prescribing. The content within these is timely and uses case-based discussion across the common pitfalls members face, with it shaped specifically to assist members who are required to demonstrate remediation across these areas of practice. Reflections arising from our CPD continue to support members in difficulty with their sector regulator.

When we asked delegates to evaluate our open courses, 98% of those who responded in 2023 told us that the course was relevant to their needs.

CPD and training data

Open courses



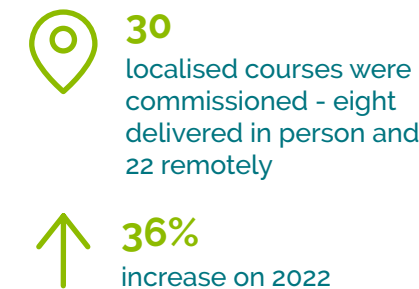
Webinars



Online courses



Tailored training



NPS for training



CPD delivered



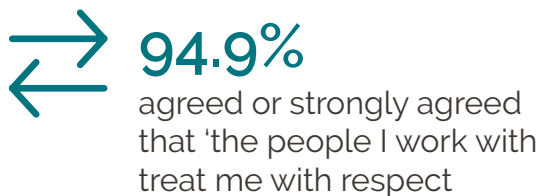
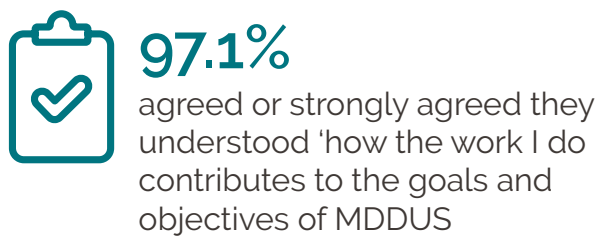


When working abroad as a volunteer it was a great pleasure to work as a member of a team of national medical staff and volunteers. Everyone was thoroughly involved in the medical work and there was a huge amount of interaction, mutual support and friendship.

Dr Maris Buchanan, retired GP and volunteer doctor, Salen, Lochaber

People and Corporate Services

We are 230 colleagues, working across two sites in Glasgow and London and from homes across the country all in support of our members. In 2023 we conducted our biennial colleague survey and were delighted to see an 83 per cent response rate. That, and the other positive results it returned, illustrates MDDUS is genuinely a great place to work:



These results don't happen by accident. We remain committed to supporting and developing our colleagues. Our ethos is that a great colleague experience at work supports the delivery of an excellent service for our members. From joining and the 'first day experience', to building competence in the role and giving back to our communities, we support our colleagues to deliver on our strategic purpose.

Our colleague value proposition is built on an array of benefits that span a career at MDDUS. This was developed further in 2023 by adding additional voluntary benefits, improving maternity and paternity policies, providing health and wellbeing support and increasing learning and development opportunities. In our internal staff forums, we enable and encourage open communication and feedback that's acted on by our Executive Committee.

As well as focusing on our colleagues, our corporate social responsibility (CSR) framework reflects our dedication to maximise the creation of shared value for our stakeholders including our customers, as well as reducing our harmful impact on the climate, while doing what we can to improve conditions for those in the communities in which we operate.

Promoting and celebrating equality, diversity and inclusion, both internally and externally, was a highlight in 2023. Our diversity and inclusion group provided educational content to celebrate events throughout the year, including LGBTQ+ Pride, Shrove Tuesday, Eid, Diwali and Christmas. These, and other events, included activities that allowed colleagues to raise money for charities.

The company decarbonisation plan was developed and agreed by the Board in 2023 and guided our actions through the year as we take steps to meet our Net Zero targets (more details are available in our Directors' Report).



MDDUS has a culture of identifying and supporting skills and experience, recognising the benefits of diversity. Being part of the LGBTQ+ community, I have felt safe and supported to be myself here.

Dr Gordon McDavid
Medico-Legal Adviser



Across the company, colleagues raised a total of **£27,653** for charities with many generously opting into our payroll giving scheme.

Section 172(1)

Stakeholder group	Why they matter to us	How we engage
Members	We are on our members' side. Their needs and concerns are of paramount importance to us. Understanding these is what enables us to deliver on our strategy to help and support as many healthcare professionals as possible.	Relevant information can be found on pages 8, 9, 10, 12, 14, 18, 19 and 20.
Colleagues	We mean it when we say our colleagues are our greatest asset. We support them through our colleague value proposition – the choice of benefits we offer each member of the team. Our colleague experience is important to us as we believe it underpins a great member and customer experience with MDDUS.	Relevant information can be found on page 22.
Partners and suppliers	Working with professional partners (e.g. specialist legal practitioners, professional associations) is part of our strategy to deliver core services to our members. We require the relationships with these partners and suppliers to be strong, effective and efficient to create value for money to our total membership and customer base.	Relevant information can be found on pages 9, 10, 22, 34 and 35.
Society	For us, society is the combination of the communities we represent and engage with, and the places we work in and call home. Our corporate social responsibility (CSR) work takes a prominent place in our overall strategy and is important to us to maintain our relevancy in our market and as part of our commitment to business transparency and ethical practice.	Relevant information can be found on pages 8, 9, 10 and 22.
Regulators Policy makers Governments	Policies and regulatory changes introduced by governments may pose a challenge or threat to our members and our business. By working closely with government, regulators and other policy makers we are able to influence the development of their thinking. It further enables us to make sure our products reflect evolving policy and offer support where it is needed to our members so they are able to respond. Relationships with other bodies, such as Royal Colleges, are also important.	Relevant information can be found on pages 8, 9, 10, 12, 14, 18, 20 and 35.



A memorable moment from 2023 was when I was treating a patient who is a mum of twins, just like me. She was struggling with moderate anxiety and I followed her up with regular check ins by telephone and video, using a coaching approach to help her use her own strengths and skills. I was delighted when after a few months she said: 'thank you that's been so helpful, I'll call you when I need you'. I haven't spoken to her for a few months now. It reminded me of the importance of continuity, connection and just listening without needing to do lots of investigations or referrals.

Dr Rini Paul, GP, London

Finance Director's report 2023

After the pandemic in 2020 and 2021, followed by geopolitical and economic turmoil in 2022, 2023 saw us return to a somewhat more stable financial environment. Our financial results saw a marked improvement in the year, with a stronger investment performance combining with continued good growth in revenue and membership to deliver a surplus after tax of £46.1m (2022: £48.0m deficit).

Subscriptions and other income

As a mutual, our financial priority is maintaining a secure financial platform, enabling the delivery of our strategy to help the maximum number of healthcare professionals through sustained and sustainable growth. We achieved this objective in 2023 with member subscriptions and other income growing by 6.2% to £75.4m (2022: £71m). Our revenue is now back above pre-pandemic levels (after allowing for the introduction of state-backed indemnity in 2019) and we achieved this whilst also deliberately suppressing price increases to help some of our members at a time of high inflation. As well as growing our discretionary membership, we were successful in writing more corporate insurance cover which allows us to offer a wider range of solutions for the UK healthcare sector.

Claims cost

Claims costs in 2023 were £60.7m, an increase on 2022 (£11.3m), driven primarily by a combination of additional reserves for a small number of unusually large claims and reductions in the interest rate assumptions we use to value our liabilities. Our medico-legal and dento-legal teams continue to deliver good outcomes for our members, handling an increasing proportion of cases in-house, rather than using external legal support, which ensures consistency without compromising high standards or incurring unnecessary costs. Our advisory and professional support costs were £7m for the year, broadly in line with 2022 (£6.8m).

Provision for liabilities and charges

As well as the costs of claims and professional support activity incurred during the year, MDDUS must make provision for the expected future costs of those claims and professional support cases that have been reported to us but which have not yet concluded. This provision was £150.1m as at 31 December 2023, a £35.6m increase compared to 2022 (£114.8m).

We also keep track of the total projected cost of claims and professional support cases which relate to incidents that arose during a prior period for which we provided membership, but have not yet been reported to us, so-called "Incurred But Not Reported" items ("IBNR"). Our actuaries, taking account of past experience and expected future trends, estimated the appropriate value of the IBNR at the end of 2023 as £196m (2022: £178.6m). IBNR is not a liability on our balance sheet – it is recognised as a liability when individual cases have been reported to us and we have exercised our discretion to pay them.

Our provisions increased in part due to falling bond yields and in part due to the larger claims mentioned above, both factors requiring us to put aside more money now to cover possible claim payments in the future. The bond yield movement was mitigated by gains on assets in our "matching fund" as explained below.

Investments

The nature of our business means that claims and professional support costs for any given period of membership will take some time to emerge. On average, we currently see cases closed approximately six to seven years after the incident to which they relate, though in some cases there can be much longer periods involved. This means MDDUS must put aside a significant sum of money that we need to manage over a prolonged period.

We apportion this money into two funds: a "matching fund" and a "growth fund". Our matching fund invests in high quality 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 bond yields fall, and fall in value as bond yields 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 some cash needed for day-to-day liquidity, are invested in our growth fund. This comprises assets such as equities, bonds and property. In addition, following a review of our asset allocation in the year, we invested a portion of our growth fund into multi-asset credit and private debt to further diversify the mix of investments in this portfolio.

Financial markets are by their nature volatile, with recent years providing ample evidence of the range of possible returns that can be experienced. It is therefore pleasing after a difficult 2022 to report good performance for both funds, with total investment returns of £56.6m in 2023 compared to a loss of £87.9m in 2022.

Taxation

Our activities have resulted in a tax charge for 2023 of £1.3m (2022: credit £4.1m). After adjusting for our 2023 results we have £35.6m of unrelieved tax loss credits carried forward in 2024 to be set against surpluses in future years.

Net financial position

As at 31 December 2023, MDDUS had net assets of £542.7m, an increase of just over £46m on 2022 (£496.7). Our financial position allows us to continue to grow our business, help more healthcare professionals and deliver an excellent service to our members.



James Parker

Finance Director
5 July 2024



I heard that an asylum seeker and her family for whom I wrote a medico-legal report was granted asylum. So nice to think that I contributed to changing the life of the lady, her husband and their two children, relieving them of the fear that they could be returned to torture or killed in their own country.

Dr Louise Golightly, Newcastle-upon-Tyne

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 six 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 Directors' report considers each principle in turn, before moving to other matters relevant to the governance of MDDUS.

The Board is satisfied that the overall Annual Report is fair, balanced and understandable and provides the information necessary for members to assess our position and performance, business model and strategy in 2023.

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.

Purpose and values

MDDUS is a 'mutual' defence organisation – it is owned by, and operates for, its members. Our purpose is to support and protect healthcare professionals throughout their career.

This was re-affirmed by the Board at the end of 2022, alongside a supporting strategy of priorities to deliver in 2023-27. This followed research, workshops and meetings, involving members, colleagues and directors. The Board agreed also an annual business plan, which was used to inform and monitor performance against the strategy in 2023. These were reviewed and updated regularly, including at an annual strategy 'away day' in September 2023, to respond to developments in our operating environment.

The delivery of our purpose, strategy and business plan is enabled by the ethos and culture shared by our colleagues, including our external and internal values and behaviours. These are used also to evaluate colleagues' performance in regular personal development reviews.

Fair treatment policy 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 learn lessons to improve our services. The Board considered an annual report about member feedback in June 2023.

Our Fair Treatment Policy Statement is available on our website.

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. Our rules – the Articles of Association – allow non-executive directors to serve up to 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. 66) and biographies are available on our website. At the Annual General Meeting (AGM) in September 2023 and the year-end, there were nine non-executive directors and three executive directors: the Chief Executive, the Finance Director, and the Director of Professional Services and General Counsel. The Board included experience from diverse backgrounds and the fields of acute and primary care, dentistry, business development, financial services, actuarial science and corporate law. All non-executive directors were 'independent', having served nine years or less since their first appointment to the Board.

The Remuneration and Nominations Committee regularly reviews the Board succession plan and the related director experience and knowledge matrix. There were no new appointments to the Board in 2023, however, following consideration by the Committee and the Board, the re-appointments of Joanna Bayley, Iain Cameron, Jason Leitch and Victoria Macleod for two or three-year terms were agreed unanimously at the AGM.

The Committee also instructed executive search firm, Odgers Berndtson, to identify candidates with experience of, respectively, the customer journey and financial services / asset management. Included in the search criteria was a commitment to increase diversity on the Board, defined in its widest sense (p. 31), to reflect the membership of MDDUS. Two panels of directors considered applications from 48 candidates, prior to short-listing and interview. Two candidates from

strong fields were identified and appointed in February 2024. The Board plans to recommend Ian Craig and Andrew McKee's re-appointment to the Board, for three-year terms, to the AGM in September 2024. The Board plans also to recommend Satya Bhattacharya, Marian Glen and Rebecca Sadler's re-appointment to the Board, for three-year terms, to the AGM. Margaret McPhail will stand down as Vice-Chair of the Board and, after nine years' service, as a director at the AGM.

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, including, for example, presentations and sessions about our operating market, telemedicine, Artificial Intelligence, climate change, and investment products and risk. Directors have the opportunity to participate in regular webinars facilitated by the AFM and other bodies, such as the Medical Professional Liability Association. Non-executive directors may also 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. The role of the Senior Independent Director includes acting as a sounding board for the Chair and Chief Executive, working with the other non-executive directors to appraise the Chair, and acting, if required, as an intermediary between the Board and members. Professor Cameron and Dr Bayley were re-appointed as, respectively, Chair and Senior Independent Director in 2023. Ms McPhail was appointed as Vice-Chair in 2022 and her successor will be appointed in 2024. All were independent on appointment and will be for their terms of office.

The directors had, and have, no external commitments or interests that might detract from their ability to act effectively and objectively. This is reviewed regularly, including through use of a register of directors' interests and, as required, disclosures at meetings.



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 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, policy and significant operational matters, performance against the strategy and 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 five meetings of the Board in 2023, in addition to the strategy 'away day', 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 2023

Director	Meetings attended*
Bayley, J	4 (5)
Bhattacharya, S	5 (5)
Cameron, I **	5 (5)
Glen, M	5 (5)
Kenny, C	5 (5)
Leitch, J	4 (5)
Macleod, V	4 (5)
McPhail, M	5 (5)
Parfitt, E	5 (5)
Parker, J	5 (5)
Sadler, R	5 (5)
Taylor, J	5 (5)

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

** Chair

The Board

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

The membership of these committees is set out later in this report (p. 66). 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. 41-42). There were four meetings of the Committee in 2023, with an average attendance rate of 90%. The attendance rates of individual directors are detailed in Table 2.

Table 2 Director attendance at Audit and Risk Committee meetings in 2023

Director	Meetings attended*
Bhattacharya, S	3 (4)
Glen, M	4 (4)
Macleod, V	3 (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 responsible for recommending to the Board the Investment Policy Statement and appointing and overseeing the performance of the investment managers. There were three meetings of the Committee in 2023, with an attendance rate of 100%. The attendance rates of individual directors are detailed in Table 3.

Table 3 Director attendance at Investment Committee meetings in 2023

Director	Meetings attended*
Bayley, J	3 (3)
Cameron, I	3 (3)
Leitch, J	3 (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 responsible for determining and keeping under review the remuneration and terms and conditions of service of 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. We aim to have a gender-balanced Board. However, 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. 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.

The Committee is also responsible for determining, and reviewing the results of, the processes to evaluate the contribution and effectiveness 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 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 and actuarial, management and strategic processes. The majority of actions were completed by the year-end. The process for an evaluation of all non-executive directors in the Group, including the board chairs, was agreed for roll-out in early 2024.

A statement about our remuneration (pay and reward) practices is provided later in this report (p. 34).

The Board Chair, Vice-Chair and Senior Independent Director are members of the Committee. There were two meetings of the Committee in 2023, with an average attendance rate of 90%. The attendance rates of individual directors are detailed in Table 4.



Table 4 Director attendance at Remuneration and Nominations Committee meetings in 2023

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

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

** Chair

The **Actuarial Reserving and Pricing Committee** was responsible for reviewing and challenging the actuarial reserving and pricing processes, methodologies and assumptions used in setting the year-end actuarial reserves and pricing; and providing assurance that these had been properly reviewed internally and by external peer-reviewers, who regularly attended the meetings. In addition, the Committee reviewed and challenged 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 as a basis to assess our financial position and to give assurance about our solvency to the Board. This specific assessment is subject to independent peer review. There was one meeting of the Committee in 2023. Following the MDDUS Board evaluation, revised governance arrangements for our reserving, pricing and capital processes were agreed and the Committee was disbanded. Its review and assurance functions transferred, respectively, to the senior executive and the Audit and Risk Committee.

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 seven meetings of the MIL Board in 2023 and an additional strategy session.

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 2023 and an additional strategy session.

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 2023.

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 2023.

The financial statements of the subsidiary companies are incorporated in this Annual 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 robust assessments 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 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 strategy and business plans.

The Board informs and provides oversight of the principal risks facing the Group through the consideration of our risk framework and risk registers during the year and by adopting voluntarily the Own Risk and Solvency Assessment (ORSA) process. Work continues to refine the framework and process and to embed further the disciplines described in our annual 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. There were challenges across the economic and social environments of the UK with wide-ranging impacts on industry, the NHS, the wider healthcare sector and our members. Heightened cyber risk threats and the sustained inflationary and economic pressures continue to impact industry and the country as a whole.

Our markets are becoming increasingly competitive. We continue to develop our understanding of the changing needs of our members and other customers, innovating and refining products to deliver the best service we can. The issues facing the NHS present significant challenges for our members and make our role as a trusted advisor even more necessary. We work with the UK Government and other defence organisations to devise the best route forward for the discretionary indemnity market and maintain our position that any changes should enable choice for individual clinicians, from a variety of providers.

We continue to build our internal capability and capacity to best meet the needs of our members. Through our FCA regulated intermediary, MSL, we are able to respond to demands for insurance products from our subsidiary, MIL, or 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. We mitigate this risk in three ways. First, by having strong initial and renewal underwriting processes, rules and guidelines to assess and manage the level of risk posed by members, policyholders and those who apply for our products. Second, through robust case management at the level of both individual cases and the business as a whole. We have stringent protocols to determine accurate case valuations, costs and claim settlements. Third, by developing and applying robust actuarial pricing and reserving methodologies, we ensure that our pricing is as accurate and reliable as possible. As noted above, our pricing and reserving work is peer reviewed by external actuaries.

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 external events. This includes managing operational, IT and continuity risks. At a more systemic level, it could refer to failure to adapt technology and working practices in light of experience and pressures.

Operational risk was a significant area for focus in 2023 with the recruitment of an Operational Risk Manager. We continue to build and refine our capabilities to provide oversight and data to monitor and respond to the operational risk environment.

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 considered biannually by the relevant board. The Audit and Risk Committee completes a detailed review of the MDDUS registers before they are presented to the Board; it also receives, and has an opportunity to comment on, the subsidiary registers.

The ongoing risk of malware and ransomware attacks means that information governance and security are areas of particular focus for the Committee and the Board. The cyber environment grows ever more challenging, and we continue to work to ensure that our systems are robust and secure through awareness raising and user education, including ongoing training, testing and reporting.

The 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 matters reserved to the Board, its committees and the senior executive. There is regular reporting of management information, and in particular financial information, at all levels within the organisation, including the production of monthly departmental spend against budget and management accounts. This is aimed at ensuring adherence to agreed budgets and strategic and departmental plans. The Board also receives reports and management information about large claims activity. In addition, the Committee agrees annual internal audit and compliance monitoring 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 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 the processes for 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 environmental, social and governance (ESG) considerations into our investment management processes. The Investment Committee receives regular updates from our investment managers and separate, independent assessments about their performance from our investment advisors.

Public policy risk

This is the risk of the UK Government, the devolved administrations and/or 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 on a wide range of issues to improve understanding about the sector. This informs our open and frank discussions with governments across the UK and Channel Islands. We also ensure that our commercial approach is sufficiently robust to respond effectively to the widest range of possible outcomes.

We continue to look for opportunities to support our members in response to the ongoing challenges in the economic environment, including inflation and the cost-of-living crisis. We aim to respond to these challenges proactively and pragmatically, ensuring that members' needs are at the centre of our strategic and operational decision-making. We understand the high-pressure working environment of our members, and the unique challenges of working within healthcare. We continue to promote services for members who need additional support with stress and mental health concerns.

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 the pay and reward of the majority of colleagues. In 2023, the RRG adopted an approach designed to ensure consistency across roles and to remain competitive with the external market. This approach was used also in 2024.

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 required number of employees, we remain committed to promoting equality, diversity and inclusion. Our pay gap based on net pay at the beginning of 2024 was 24.6% (2023: 29%).

Our colleague value proposition is important to us and an integral part of this is our benefits. Our voluntary benefits include the cycle to work scheme, buying / selling holidays, and dental and medical cash plans. These were all well received in 2023.

The Remuneration and Nominations Committee considers an annual report about colleague remuneration and benefits. The Committee also determines and keeps 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 at the beginning of 2024 was 96% (2023: 97%). The Chief Executive to median colleague pay ratio was 11.2:1 (2023: 11.5:1).

PwC continued to provide advisory services to the executive and the Committee in 2023. These services included providing benchmark remuneration details for:

- the senior executive, based on a review of comparator groups of 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 consider the external environment and, in particular, the types of roles and organisations we should be benchmarking ourselves against, whilst noting the specific features of our working environment.

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 is a mutual defence organisation, owned on a not-for-profit basis by, and for, its members. Our stakeholders include our colleagues, suppliers, the community and environment, and, of course, our mutual owners / members and other customers. An [s172] report is included earlier in this report (p. 23).

Colleagues

We want our colleagues to develop with us. We believe that the best colleague experience supports the best member journey. From joining on the first day, to building competence in the role, and giving back to our communities, MDDUS supports colleagues to deliver our purpose to support and protect healthcare professionals throughout their career.

The wellbeing of our people is of the utmost importance. In 2023, we further promoted our employee assistance programme. This gives all colleagues access to digital GP services as well as mental health support, some physiotherapy and life, money and wellbeing support.

More information about our colleagues, including our colleague value proposition, is provided earlier in this report (p. 22).

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 2023 and January 2024.

We also publish an annual Modern Slavery Statement (p. 36).

Community and environment

We engaged with a range of stakeholders during the year, always ensuring that our meetings had a purpose geared towards influencing positive change to the benefit of our members. Amongst others, we had regular meetings with the Royal College of General Practitioners, both our sector regulators (the General Dental and Medical Councils), and organisations and academic practitioners representing ethnic minority and overseas-trained clinicians. We engaged with politicians at Westminster and in the devolved administrations, highlighting issues of importance to our members and responding to consultations where changes may impact clinicians.

As part of our corporate social responsibility framework, we continued to promote our charitable giving and community work. This is covered in more detail earlier in this report (p. 22).

In line with the goals of our climate change strategy, we continue to focus on understanding better our carbon footprint. We have worked closely with sustainability consultants to measure our greenhouse gas (GHG) 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.

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 our decarbonisation plan will 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. 36).

Mutual owners / members and other customers

Our Fair Treatment Policy Statement is covered earlier in this report (p. 28).

In addition, a principal aim of this Annual Report is to demonstrate the delivery of our purpose, values and business plan to our members during 2023, 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. 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 2023 was agreed in February 2024 and is available on our website.

Streamlined Energy and Carbon Reporting (SECR) disclosure

This statement and Table 5 is our Streamlined Energy and Carbon Reporting (SECR) disclosure, as required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Methodology

Our sustainability consultants calculated the Greenhouse Gas (GHG) emissions detailed below as the material sources of emissions for which our parent company, MDDUS, is responsible. Our subsidiaries do not meet the criteria for SECR and have 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 are included.

This calculation covers all MDDUS' operations consolidated in the financial statements and the sites used to conduct these operations. Raw data for electricity, gas consumption, and business travel in personal vehicles, in the form of invoice spreadsheets, data collection spreadsheets and meter readings, has been collected. We sold our office buildings in Glasgow in April 2022 and now operate from offices free of gas consumption. 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 2023.

Energy efficiency actions

We made efforts to improve energy efficiency across our portfolio during 2023. For example, we:

- obtained Board approval of our decarbonisation plan, which outlines our approach and the actions required to reduce GHG emissions arising from the Group's activities and to move towards Net Zero emissions
- procured 100% renewable energy across almost all sites as energy contracts expired
- completed an energy audit across our operations in preparation for complying with the Energy Savings Opportunity Scheme in 2024
- encouraged colleagues to switch-off computer monitors when not in use, using our desktop screen savers
- completed improvements to our offices in Pemberton Row, London, including:
 - installing LED lighting as part of building refurbishment works
 - renewing boiler pipework insulation
 - upgrading end-of-journey facilities to encourage 'greener' commuting.

Table 5 Streamlined Energy and Carbon Reporting disclosure

Reporting year	Current reporting year: 1 January 2023 – 31 December 2023	Previous reporting year: 1 January 2022 – 31 December 2022
Location	UK	UK
Emissions from the combustion of fuel and operation of facilities (scope 1) (tCO ₂ e)	0	16
Emissions from purchase of electricity (scope 2, location-based) (tCO ₂ e)	25	27
Emissions from business travel in employee-owned vehicles where MDDUS is responsible for purchasing the fuel (scope 3) (tCO ₂ e)	11	6
Total gross emissions based on the above (tCO ₂ e)	36	49
Energy consumption used to calculate scope 1 emissions (kWh)	0	86,902
Energy consumption used to calculate scope 2 emissions (kWh)	120,488	141,065
Energy consumption used to calculate scope 3 emissions (kWh)	45,474	22,469
Total energy consumption based on above (kWh)	165,962	250,436
Intensity ratio: tCO ₂ e (gross scope 1, 2 + 3) per FTE	0.18	0.24

Viability statement 2023

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; its position in relation to Solvency II measures (p. 32); 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 2026. 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.

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 as well as geopolitical events.

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 2024. The Board also considered the impact of these scenarios on the financial position of MDDUS over the period to 31 December 2025 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 2024



While on call, I encountered a patient with severe bleeding from the major vessels in the pelvis. I rushed them to theatre with the help of the surgical and anaesthesia team. Blood transfusion given and vascular surgeon attended, too. It was life-saving urgent surgery to control the bleeding. Thankfully, the patient recovered well following the operation. I felt proud of my job and the teamwork which saved patient's life. This feeling is the best reward ever for the hard work you do in your job.

Dr Zaid Al-Hamid, Blackpool



For me it is the small moments that matter, not the one-in-a-million rare diagnosis, but the everyday acts. In 2023 we celebrated the opening of our new surgery. The whole practice staff including our patient services team, GPs, trainees, nurses, secretaries, cleaning staff, health care assistants, pharmacists and technicians pitched in to make bunting and cakes, donate raffle prizes, and show our patients around the new modernised premises. I felt so proud to be part of such a wonderful team.

Dr Charlotte Evans, GP, Leicestershire

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's responsibilities are set out in the MDDUS Governance Handbook, an extract of which is available on our website. These relate to:

- the governance framework of the Group and any developments in governance 'good practice'
- financial and other internal controls and accounting policies and frameworks
- 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
- the processes, controls and results in relation to the work by the executive to calculate: the actuarial provisions; the capital requirements and solvency positions of the Group's entities; and the technical pricing elements of subscription rates and insurance policy premiums
- the Risk management policy, including the risk appetite statements and the risk registers
- the annual ORSA process and report, and the equivalent process for MIL
- regulatory policies arising from MSL's authorisation by the FCA
- the arrangements by which colleagues may, in confidence, raise concerns about possible improprieties in financial or other matters
- the effectiveness, independence and objectivity of the external auditor, recommending their (re-)appointment, and approving their terms of engagement and remuneration
- the effectiveness and independence of the internal auditor, actuarial peer review firm/s and the internal risk and compliance function
- the activity of the external and internal auditors, actuarial peer review firms and the internal risk and compliance function, and reviewing the executive's response to actions identified
- the approach for procuring value for money external professional advisors and services
- the annual Professional Services teams' audits

- the processes and controls for ensuring value for money of the Group's activities.

The Committee highlights, in particular, its work during 2023 in relation to:

- the review of the Annual Report and financial statements for the year ending 31 December 2022
- the review of the ORSA report for the year ending 31 December 2022
- the oversight and monitoring of our risk culture, generally and in light of the recommendations emerging from internal audits and compliance reviews
- issues including HMRC's challenge of our mutual tax exemption, the governance of our actuarial arrangements, business continuity planning, complaints management, investment and key person risks, and the review of 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 2023

The lead partner from BDO LLP attended the majority of Committee meetings in 2023; 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 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 2023 were considered by the Committee in May 2024 and recommended to the Board meeting in June 2024.

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.

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.

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 limited responses received to the tender, the Committee agreed to postpone the review to 2024.

Internal audit for the year ending 31 December 2023

Deloitte LLP provided a programme of risk-based audits spanning the work of MDDUS, which was 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 2023

The Committee also agreed a programme of in-house assurance reviews of activities, processes and policies. 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 the Group are constantly updated and remain a top priority. As noted earlier in this report, the strategic, financial and operational risk registers were reviewed regularly by the executive and considered biannually by the relevant board. The Committee completed a detailed review of the MDDUS registers before they were presented to the Board; it also received, and had an opportunity to comment on, the subsidiary registers. The Committee also recommended updates to the risk management policy and the risk appetite statement. These were agreed at the Board meeting in December 2023.

Margaret McPhail
Chair, Audit and Risk Committee
5 July 2024



It might seem a small thing, but I was proud to prescribe penicillin for a child with scarlet fever. It felt good to use my skills to make the diagnosis, explain the prognosis, and treat (after allergy check!). I have professional experience with a patient who needed transplant after post-streptococcal glomerulo-nephritis, so I know that even one course of penicillin can be life-saving - and life-saving is still our core business.

Dr Mark Loveland, GP, Sheffield

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 2023 and of the Group's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 2023 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 twelve months from when the financial statements are authorised for issue.

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

Other information

The 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be 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) and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Companies Act 2006 and the rules of the Financial Conduct Authority (the FCA).

Independent auditor's report

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of actuarial specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Review of correspondence with the FCA.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the provision for future claims, property valuation, recognition of members' subscription income and posting of manual journal entries to override controls.

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias and involving specialists and experts, particularly regarding the provision for future claims and the valuation of investment property; and investment property; and
- Detailed testing of members' subscriptions with a particular focus on the accuracy and completeness of deferred income.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

8 July 2024

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

Financial statements for 2023

Consolidated statement of income and retained earnings

For the period from 1 January 2023 to 31 December 2023

	Notes	2023	2022
		£'000	£'000
Income			
Members' subscriptions and other income	1(c)	75,432	70,998
Expenditure			
Claims costs and associated legal costs	16	60,694	11,289
Reinsurance recoveries		(2,177)	-
Reinsurance premium	1(n)	983	878
Professional support costs	16	7,043	6,793
Administration costs		18,103	16,235
		84,646	35,195
(Deficit)/Surplus of income over expenditure			
Realised (losses) on disposal of fixed assets and investments	3	(9,214)	35,803
	6	(6,113)	(30,269)
Changes in fair value of investments	10 & 12	39,168	(60,815)
FX gains/(losses)	12	4,129	(8,389)
Release of lease incentive asset on disposal of investment property		-	(186)
Investment income	1(g) & 7	18,085	11,790
Interest receivable/(payable)	8	1,363	(20)
Surplus/(Deficit) on ordinary activities before taxation		47,418	(52,086)
Taxation			
	1(i) & 8	1,342	(4,130)
Net and total comprehensive result available for transfer to reserves		46,076	(47,956)
Accumulated fund brought forward		496,659	544,615
Accumulated fund carried forward		542,735	496,659

All amounts relate to continuing operations.

Consolidated and company balance sheets

As at 31 December 2023

Company Number SC005093

	Notes	Group 2023	Group 2022	Company 2023	Company 2022
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	3,213	140	3,213	140
Tangible assets	10	21,426	25,572	926	1,216
Investments	12	620,216	547,721	631,013	564,240
		644,855	573,433	635,152	565,596
Current assets					
Debtors and payments in advance	13	29,239	27,027	27,622	25,918
Reinsurance assets	14	2,177	-	2,177	-
Cash at bank, in hand and on deposit		41,415	31,862	30,511	21,390
Corporation tax debtor		13,229	15,271	12,414	14,786
		86,060	74,160	72,724	62,094
Creditors: amounts falling due within one year					
Sundry creditors and accrued charges	15	38,115	36,168	36,012	35,469
		38,115	36,168	36,012	35,469
Net current assets		47,945	37,992	36,712	26,625
Total assets less current liabilities		692,800	611,425	671,864	592,221
Provision for liabilities and charges		16	150,065	114,766	147,300
Total net assets		542,735	496,659	524,564	478,121
Reserves					
Accumulated fund	18	542,735	496,659	524,565	478,121
		542,735	496,659	524,564	478,121

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 surplus for the year of the parent company MDDUS is £46.4m (2022: deficit of £46.4m). These financial statements were approved by the Board of directors on 5 July 2024.

Iain Cameron
Chair

Chris Kenny
Chief Executive

Consolidated statement of cash flows

For the year ended 31 December 2023

	2023	2022
	£'000	£'000
Cash flow from operating activities		
Surplus/(Deficit) for the financial year	46,076	(47,956)
Adjustments for:		
Depreciation of fixed assets	408	415
Losses on sale of fixed assets and investments	6,113	30,269
Net fair value (gains)/losses recognised in statement of income and retained earnings	(39,168)	60,815
Net interest receivable	(14,927)	(8,838)
Dividend income from fixed and current asset investments	(3,158)	(2,952)
Change in investments unrealised foreign exchange losses/(gains)	(4,129)	8,389
Taxation charge/(credit)	1,342	(4,130)
(Increase)/Decrease in trade and other debtors	(1,498)	28
(Increase)/Decrease in reinsurance asset	(2,177)	-
(Decrease)/Increase in creditors	1,947	757
Increase/(Decrease) in provisions	35,617	(16,056)
Income taxes paid	382	(1,635)
Cash from/(used in) operations	26,828	19,106
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	2	31,035
Purchases of tangible fixed assets	(1,973)	(295)
Purchases of intangible fixed assets	(3,073)	(140)
Purchases of investments	(115,064)	(318,734)
Proceeds from sale of investments	101,233	268,634
Interest received	1,574	7,901
Dividends received on fixed and current asset investments	26	2,952
Net cash from/(used in) investing activities	(17,275)	(8,647)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	9,553	10,459
Cash and cash equivalents at the beginning of year	31,862	21,403
Cash and cash equivalents at end of year	41,415	31,862
Cash and cash equivalents at end of year comprise:		
Cash at bank, in hand and on deposit	41,415	31,862
	41,415	31,862

Notes to the accounts

For the year ended 31 December 2023

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 2023. 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 surplus for the period included a company surplus after tax of £46.4m (2022: deficit £46.4m) 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 3rd 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) 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. Impairment assessments are carried out to ensure that the company will derive economic benefit from the asset, with any write down being immediately charged through the statement of income and retained earnings.

Investment properties, including the freehold element of mixed use 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.

Costs associated with improvements to the investment properties that increase the future economic benefit of the asset will be capitalised, with the change in fair value recognised in the statement of income and retained earnings.

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 2023

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 professional support notified to MDDUS as at 31 December 2023. The provision is the discounted value of the expected future settlement and handling costs. The provision relates to all incidents notified at 31 December 2023.

g) Dividends and interest

Dividends are shown net of the tax credit, where applicable. Interest on investments and short term deposits is shown gross. Accrued interest on short term deposits and loan relationship investment income has been provided in the year.

h) Investments

Listed investments held at 31 December 2023 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 multi-asset credit funds are valued at the net asset value provided by the fund managers. The funds contain a variety of assets that are measured at fair value through net contribution to funds. The fair value of the underlying financial instruments is based on their quoted mid-market prices at the reporting date. If a quoted market price is not available on a recognised stock exchange, or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, pricing models, or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Unlisted private credit is valued at a fair value of par value including any deferred interest which has been capitalised up to the valuation date. Where the fair value is less than the underlying net debt position, the investment is written down to the fair value. Other 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% prior to 1 April 2023 and 25% thereafter (2022: 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% (2022: 25%). 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 professional support, during 2024. The Board assessed the impact of these scenarios on the financial position of MDDUS over the period to December 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 their 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.

Notes to the accounts

For the year ended 31 December 2023

m) Financial instruments

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

Multi-asset credit funds are initially recognised at net contributions to the fund. These funds are subsequently measured at net asset value with resultant gains or losses being recognised through the income and expenditure account.

Private credit is initially measured at par value. This is subsequently measured to include any deferred interest with resultant gains or losses 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.

o) Terminology change

To more accurately reflect the nature of the transactions the term "professional support" is used in place of "non-claims" used in prior years.

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

Unlisted multi asset credit and private credit investments (See note 12)

The valuations policies and controls the investment managers have in place for the unlisted investments are considered sufficient to be able to use the valuations provided for the investments at fair value.

Provision for liabilities and charges (see note 16)

The provision for liabilities and charges represents the directors' best estimate of the timing and value of future claims and professional support settlements. The ultimate anticipated claims and professional support settlements 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 professional support 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 2023

3. (Deficit)/Surplus of income over expenditure

	2023	2022
	£'000	£'000
This is stated after charging:		
Emoluments of directors (excluding benefits in kind)	1,676	1,630
Auditor's remuneration	275	207
Pension costs	1,730	1,435
Depreciation on owned assets	408	415
Auditor's remuneration consists of:		
Group auditor's - audit	159	144
Group auditor's - taxation advisory	91	38
Group auditor's - taxation compliance	25	25
	275	207
Company only auditor's remuneration	98	89

4. Emoluments of directors

	2023	2022
	£'000	£'000
The detail of directors' emoluments (including executive directors) was as follows:		
Emoluments (including benefits in kind)	1,659	1,638
Pension costs	26	10
	1,685	1,648
The detail of the highest paid director's emoluments was as follows:		
Emoluments (including benefits in kind)	571	553
Pension entitlement taken as salary	85	82
	656	635
	Number	Number
Number of directors to whom retirement benefits are accruing under money purchase pension schemes	2	1

Notes to the accounts

For the year ended 31 December 2023

5. Employees' remuneration

	2023	2022
	£'000	£'000
Salaries (including non executive directors)	12,693	11,371
Social security costs	1,505	1,395
Pension costs	1,730	1,435
	15,928	14,201
Group		
Average number of employees in the year	Number	Number
Non-executive directors and administrative	226	201
	226	201
Company		
Average number of employees in the year	Number	Number
Non-executive directors and administrative	222	197
	222	197

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

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Listed Investments	(6,113)	(36,192)	(3,712)	(34,540)
Property	-	5,923	-	247
	(6,113)	(30,269)	(3,712)	(34,293)

7. Investment income

	2023	2022
	£'000	£'000
Dividends		
Franked	3,158	2,720
Unfranked	-	232
Interest		
	14,927	8,838
	18,085	11,790

Notes to the accounts

For the year ended 31 December 2023

8. Taxation

	2023	2022
	£'000	£'000
Corporation tax		
Corporation tax charge for the year	1,667	40
Corporation tax (credit) for prior years	(7)	(716)
Total current tax charge/(credit)	1,660	(676)
Deferred tax		
Timing differences, origination and reversal	(318)	(3,548)
Change in tax rate	-	94
Total deferred tax charge/(credit)	(318)	(3,454)
Total tax charge/(credit) through statement of income and retained earnings	1,342	(4,130)

Factors affecting the tax charge/(credit)

The tax assessed for the year is lower (2022: higher) than the standard rate of corporation tax in the UK. The difference is explained below.

	2023	2022
	£'000	£'000
Surplus/(Deficit) on ordinary activities before tax	47,418	(52,086)
Surplus/(Deficit) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19%/25% (2022:19%):	11,142	(9,896)
Effects of:		
Non-taxable franked investment income of Group	(742)	(517)
Unfranked & interest income of Guernsey subsidiary not taxed	(348)	220
Chargeable gains/(losses) in current year	2,797	(9,890)
Deferred tax movement in year	(318)	(3,454)
Accounting (gains)/losses in relation to investments & assets	(7,767)	17,310
Adjustment in respect of prior periods	(7)	(716)
Losses brought forward utilised	(2,842)	-
Current year unutilised tax losses carried forward	140	3,069
Other	(713)	(256)
Current tax charge/(credit) through statement of income and retained earnings	1,342	(4,130)

Notes to the accounts

For the year ended 31 December 2023

8. Taxation (continued)

In 2019 HMRC raised an enquiry, which is nearing conclusion. Whilst a variety of possible outcomes remain, the most likely outcome is an increase in the tax charge in respect of 2015 and 2017 and tax refunds in respect of 2016, 2018 and 2019. Accordingly a payment of £19.8m was made in 2021 in respect of 2015 and 2017 and we carry a debtor of £12.9m within the financial statements in respect of 2016, 2018 and 2019. In addition, this outcome would create tax losses carried forward, some of which have been utilised to cover part of the tax liability for 2020, 2021 and 2023. In line with the most likely outcome the interest estimate has been adjusted from £2.1m in 2022 to £0.7m in 2023 resulting in a £1.4m credit to the statement of income and retained earnings. The group has unutilised losses carried forward of £36.8m (2022 £48.2m). Following from the losses generated from the revaluation of investments property 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.

9. Intangible fixed assets

	Group	Company
Cost/Valuation	£'000	£'000
At 1 January 2023	140	140
Additions	3,073	3,073
Disposals	-	-
Revaluation	-	-
At 31 December 2023	3,213	3,213
Depreciation		
At 1 January 2023	-	-
Provided during year	-	-
On disposals	-	-
Revaluation	-	-
At 31 December 2023	-	-
Net book value		
At 31 December 2023	3,213	3,213
At 31 December 2022	140	140

Notes to the accounts

For the year ended 31 December 2023

9. Intangible fixed assets (continued)

Group and Company

	Group	Company
	£'000	£'000
Group		
Carrying value based on historical cost	3,213	3,213
Accumulated depreciation based on historical cost	-	-

Intangible asset relates to costs incurred in relation to the software development of a policy administration system. Whilst the work commenced in late 2022, due to the complex nature of the system and to ensure the correct member experience this is a multi year project.

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 2023	4,870	19,485	1,730	912	26,997
Additions	-	1,853	87	33	1,973
Disposals	-	-	(12)	-	(12)
Revaluation	(807)	(4,901)	-	-	(5,708)
At 31 December 2023	4,063	16,437	1,805	945	23,250
Depreciation					
At 1 January 2023	-	-	1,185	240	1,425
Provided during year	-	-	221	187	408
On disposals	-	-	(9)	-	(9)
At 31 December 2023	-	-	1,397	427	1,824
Net book value					
At 31 December 2023	4,063	16,437	408	518	21,426
At 31 December 2022	4,870	19,485	545	672	25,572

Notes to the accounts

For the year ended 31 December 2023

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 2023	-	-	1,728	912	2,640
Additions	-	-	87	34	121
Disposals	-	-	(11)	-	(11)
At 31 December 2023	-	-	1,804	946	2,750
Depreciation					
At 1 January 2023	-	-	1,184	240	1,424
Provided during year	-	-	221	187	408
On disposals	-	-	(8)	-	(8)
At 31 December 2023	-	-	1,397	427	1,824
Net book value					
At 31 December 2023	-	-	407	519	926
At 31 December 2022	-	-	544	672	1,216

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	2,984	18,469	657	518	22,628
Accumulated depreciation based on historical cost	797	377	1,716	427	3,317
Company					
Carrying value based on historical cost	-	-	657	518	1,175
Accumulated depreciation based on historical cost	-	-	1,716	427	2,143

Notes to the accounts

For the year ended 31 December 2023

10. Tangible fixed assets (continued)

The investment property portfolio was valued on 31st December 2023 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.

Properties were refurbished during 2023 with Pemberton Row completed at the valuation date and Red Lion Court completed in April 2024. To arrive at the December valuation Avison Young subtracted costs which had yet to be incurred to bring the buildings to the expected condition. These costs were approximately £70k for Pemberton Row and £1m for Red Lion Court.

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 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Not later than one year	696	600	-	-
After one year but not more than five years	1,415	1,945	-	-
After five years	860	1,026	-	-
	2,971	3,571	-	-

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

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Not later than one year	374	374	374	374
After one year but not more than five years	467	841	467	841
After five years	-	-	-	-
	841	1,215	841	1,215

Notes to the accounts

For the year ended 31 December 2023

12. Investments

	Group 2023	Group 2022	Company 2023	Company 2022
Valuation	£'000	£'000	£'000	£'000
Market value at 1 January 2023	547,721	601,074	564,240	638,097
Additions	304,204	318,734	282,277	302,637
Disposals	(280,714)	(304,826)	(258,676)	(285,584)
Movement in unrealised currency (losses)/gains	4,129	(8,389)	4,096	(8,209)
Impairment of subsidiaries	-	-	(582)	(675)
Capital reduction in subsidiary	-	-	-	(29,900)
Changes in fair value of investments	44,876	(58,872)	39,658	(52,126)
Market value at 31 December 2023	620,216	547,721	631,013	564,240
Listed investments	553,473	549,740	509,933	509,928
Multi-asset credit	56,959	-	56,959	-
Private Credit	3,194	-	3,194	-
Unlisted investments	-	-	55,096	55,679
Derivative asset investments	14,898	10,282	13,163	7,313
Derivative liability investments	(8,308)	(12,301)	(7,332)	(8,680)
	620,216	547,721	631,013	564,240
Historical cost	624,736	607,465	635,879	618,497

Unlisted investments at 31 December 2023 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 2023

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	(1,903)	14,647	3,130	(1,936)
Aggregate of share capital and reserves	2,097	44,647	26,130	(236)
(Loss)/Profit for the year	(582)	3,945	(4,396)	(117)

13. Debtors and payments in advance

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Trade debtors	22,429	21,408	21,982	20,697
Other debtors	5,453	4,693	4,529	4,027
Payments in advance	1,302	776	841	710
Other taxes and social security costs	55	150	-	-
Amounts owed by subsidiary undertakings	-	-	270	484
	29,239	27,027	27,622	25,918

14. Reinsurance asset

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Reinsurance asset	2,177	-	2,177	-

This represents amounts due from external reinsurance companies, based on actuarial estimates. In 2022 the reinsurance assets was considered within debtors and payments in advance (2022 reinsurance asset was £269k for company and £269k for the group).

Notes to the accounts

For the year ended 31 December 2023

15. Sundry creditors and accrued charges due within one year

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Deferred income	33,457	31,470	32,815	31,028
Other taxes and social security costs	1,424	2,734	1,394	2,704
Sundry creditors and accruals	3,234	1,964	1,550	1,737
Amounts owed to subsidiary undertakings	-	-	253	-
	38,115	36,168	36,012	35,469

16. Provision for liabilities and charges

	Deferred Taxation	Claims	Professional Support	Total
Group	£'000	£'000	£'000	£'000
At 1 January 2023	318	94,548	19,900	114,766
(Credited)/Charged to income and expenditure account in period	(318)	60,694	7,043	67,419
Paid in year	-	(23,877)	(8,243)	(32,120)
At 31 December 2023	-	131,365	18,700	150,065
At 1 January 2022	3,772	109,404	21,100	134,276
Charged/(Credited) 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

	Deferred Taxation	Claims	Professional Support	Total
Company	£'000	£'000	£'000	£'000
At 1 January 2023	-	94,200	19,900	114,100
(Credited)/Charged to income and expenditure account in period	-	58,007	7,043	65,050
Paid in year	-	(23,607)	(8,243)	(31,850)
At 31 December 2023	-	128,600	18,700	147,300
At 1 January 2022	2,998	109,400	21,100	133,498
Charged/(Credited) 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

Notes to the accounts

For the year ended 31 December 2023

16. Provision for liabilities and charges (continued)

The provision represents the discounted value of expected settlement and handling costs for all claims and professional support notified to MDDUS as at 31 December 2023.

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 2023 but have not yet been reported – the "incurred but not reported" (IBNR) claims and professional support. 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 professional support to be £175.1m (2022: £156.1m) and £20.9m (2022: £22.5m) respectively. This has been subject to peer review. IBNR related to insurance policies of £41k (2022: £325k) is included in the group balance sheet.

17. Deferred taxation

Deferred taxation provided for at 25% (2022: 25%) in the financial statements is set out below:

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Capital gains/(losses)	3,918	(368)	3,918	(368)
(Losses)/Gains and other deductions	(3,918)	369	(3,918)	368
Timing differences on property	-	317	-	-
At 31 December 2023	-	318	-	-

18. Reserves

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Accumulated fund				
At 1 January 2023	496,659	544,615	478,121	524,568
Transferred from income and expenditure account	46,076	(47,956)	46,443	(46,447)
At 31 December 2023	542,735	496,659	524,564	478,121

Notes to the accounts

For the year ended 31 December 2023

19. Reconciliation of movement in funds

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Total recognised (losses)/gains in the year	46,076	(47,956)	46,443	(46,447)
Opening funds available to meet future liabilities	496,659	544,615	478,121	524,568
Closing funds available to meet future liabilities	542,735	496,659	524,564	478,121

20. 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 unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Category (b)** Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Category (c)** Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

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	553,473	-	-	553,473
Unlisted investments	-	56,959	3,194	60,153
Derivatives	2,057	4,533	-	6,590
At 31 December 2023	555,530	61,492	3,194	620,216
Listed investments	549,740	-	-	549,740
Unlisted investments	-	-	-	-
Derivatives	67	(2,086)	-	(2,019)
At 31 December 2022	549,807	(2,086)	-	547,721

Notes to the accounts

For the year ended 31 December 2023

20. Investments fair value determination (continued)

Company

	Category (a)	Category (b)	Category (c)	Total
	£'000	£'000	£'000	£'000
Listed investments	509,933	-	-	509,933
Unlisted investments	-	56,959	3,194	60,153
Derivatives	1,741	4,090	-	5,831
At 31 December 2023	511,674	61,049	3,194	575,917
Listed investments	509,928	-	-	509,928
Unlisted investments	-	-	-	-
Derivatives	107	(1,474)	-	(1,367)
At 31 December 2022	510,035	(1,474)	-	508,561

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 £0.9m (2022: £2.2m) to protect against short term currency volatility of the non-Sterling investments, interest rate swaps £3.6m (2022: £4.4m) to protect against longer duration exposures to interest rate changes, futures £2.1m (2022: £0.1m) and options nil (2022: £0.1m) to protect against market volatility.

21. Financial instruments

The group's and company's financial instruments may be analysed as follows

	Group 2023	Group 2022	Company 2023	Company 2022
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at fair value through surplus or deficit	628,524	560,022	583,248	517,241
Financial liabilities				
Financial liabilities measured at fair value through surplus or deficit	(8,308)	(12,301)	(7,331)	(8,680)
	620,216	547,721	575,917	508,561

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

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

Notes to the accounts

For the year ended 31 December 2023

22. Pension commitments

Group and Company

	2023	2022
	£'000	£'000
Charge through the statement of income and retained earnings in the year	1,730	1,435
Balance outstanding at the year end	-	-

23. Capital Commitments

Capital expenditure approved and contracted for as at 31 December 2023 amounted to £1m in relation to property improvements (2022:£0.2m); £0.5m in relation to software development (2022: nil) and £27.1m in relation to investments in private credit (2022: nil)

24. Member's guarantee

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

25. 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.

26. Related party transactions

The company made no settlements in 2023 to related parties that are not subsidiaries (2022: £1,850 to Fresh Dental Healthcare Ltd, a company in which Dr R Sadler is a director). There are no amounts outstanding to or from such related parties at the period end (2022: nil). As noted in the Directors Report 5 (2022: 5) Non-Executive directors have a personal or corporate membership of MDDUS, which is purchased on a basis consistent with that of other members.

27. Subsequent events

On 21 May 2024 the share capital of the MDDUS Property Ltd was increased by £7m, through issuance of 35,000,000 shares of £0.20 each. These funds were used predominantly for purchase of a building at 206 St Vincent Street, Glasgow for £3.9m+VAT and transaction fees on 28 May 2024.

MDDUS Board and honorary fellows

Chair

****Iain T Cameron^{2,3,5}**
BSc MA MD FRCPG FRCP (Edin)

Vice-Chair

****Margaret A McPhail^{1,3,7}**
Dip Man MloD

Senior Independent Director

***Joanna L Bayley^{2,3,7}**
MBChB MA MRCEM MRCPG

Chief Executive

***Chris Kenny^{4,6}**
MA FRSA

Other directors

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

****Ian Craig^{1,7}**
(Appointed 9 February 2024)

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

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

****Vikki Macleod^{1,7}**

****Andrew McKee^{2,5}**
(Appointed 9 February 2024)
BA(Hons) ACII

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

***James Parker^{2,4,5,6}**
ACMA BSc

****Rebecca Sadler^{1,7}**
BDS (Hons)

****John Taylor^{1,2}**
BSc (Hons) PhD FFA

Honorary fellows

The Rt Hon. Lady Elish Angiolini
LT DBE PC KC

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

Judith M Chapman
MA MB BChir FRCGP DRCOG

John K Davidson
OBE MD FRCP (Edin & Glasg) FRCR 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

Key

1 Member of the Audit and Risk Committee

2 Member of the Investment Committee

3 Member of the Remuneration and Nominations Committee

4 Director of MDDUS Education Ltd

5 Director of MDDUS Insurance Ltd (three MIL directors are not on the MDDUS Board)

6 Director of MDDUS Property Ltd (two MPL directors are not on the MDDUS Board)

7 Director of MDDUS Services Ltd (one MSL director is not on the MDDUS Board)

* Executive director

**Independent non-executive director

Accurate as at 21 June 2024

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

Head of Dental

Rachael Bell

BDS MPhil PGCert MFGDP MJDF FCGDent

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

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

MChB BSc (Hons) MRCP LLB (Hons)

* Executive director

Accurate as at 21 June 2024

External professional advisers

Auditor

BDO LLP

Chartered Accountants and Registered Auditors

2 Atlantic Square

31 York Street

Glasgow G2 8NJ



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