

A stylized, dark blue illustration of the Greek god Asclepius, depicted with a beard and curly hair, wearing a draped garment. He holds a staff with a snake coiled around it (the Rod of Asclepius). A snake's head is visible in the background. The illustration is set against a dark blue background with a faint classical column on the right.

Report & accounts

2024

On your side. By your side. Always.

We are a mutual, not-for-profit medical defence organisation: assisting our medical and dental members with a multitude of issues that can arise from their professional practice – from regulatory proceedings to claims of clinical negligence.

The MDU is an organisation that sets the standard, providing members with dedicated medical, dental and legal expertise. In the MDU, members have an unapologetic champion for their interests – enabling them to practise with confidence.

Company information

Registered number
21708

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Independent Auditor
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Report of the Chairman Dr S Watkin

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We have made significant progress in delivering a business strategy that will take us through to 2030.

I am proud to present the 2024 annual report and accounts.

I pen this year's report at a historic milestone for the MDU. In 2025, we will celebrate the MDU's 140th anniversary. The practice of healthcare has changed beyond recognition since the MDU was founded in 1885, but what will never change is our commitment to our members. Through changing times, changing pressures, changing expectations – we are by your side.

For a company to succeed for this long, and indeed to be here for many years to come, we must constantly evolve to improve the support we can offer our members.

This year, led by the chief executive, supported by our superb executive directors, and approved by the board, we have made significant progress in delivering a business strategy that will take us through to 2030. At its centre is a digital transformation programme which will bring you a new website, upgraded member area, and greater self-serve options. I want to offer my thanks to the non-executive directors on the board who have offered their expertise for this programme.

Alongside these future aspirations, the daily task of running the company must continue without loss of focus. For further detail of this, I draw your attention to the Group Strategic Report by the chief executive, Dr Matthew Lee.

You will have noticed that our report looks a little different this year and I am delighted to introduce you to our refreshed MDU branding. It's a brand you know and trust, but we have given it an update for the times. You'll see that Asclepius – the Greek god of healing – remains at the core, reflecting our singular focus on supporting members.

As we continue to look forwards, this year our board signed off on a comprehensive environmental, social and governance (ESG) strategy. From reducing our carbon emissions, to evaluating how suppliers align with our ESG stance, to investing in the staff members who enable us to provide the highest quality service to members, this strategy will help us meet the expectations of our members now and in the future.

Continuing our commitment to do more for members, last year we welcomed Red Whale to the MDU Group. I was very pleased that their chief executive, Dr Caroline Greene, recently visited the board to share the excellent progress that has been made. Joint projects are underway, helping expand and diversify the MDU and Red Whale's respective educational offerings for our members just as we had intended.

Our MDU Insurance Solutions (MDUIS) team continues to grow, offering a range of insurance covers to healthcare businesses through our partnership with Lloyd's of London. MDUIS is carving out a strong presence in this competitive market, combining a leading insurance product (MDUConnect) with access to the MDU's experience in managing risk.

To align our structure with our 2030 business strategy, there have been some organisational changes and new appointments in the past year.

We have brought our membership teams and our business development departments together, and I am pleased to announce that Carl Nightingale has been appointed to lead this as executive director of membership services and development. Carl has extensive experience of providing exceptional support for our members and will continue to ensure we deliver this to both current and future members.

We have also united our marketing department and public affairs and communications department under a new directorate, led by a new executive director of policy and communications. I am pleased to announce that Tom Reynolds, previously head of communications, has been appointed to this role. Tom will continue his work to advocate on behalf of our members to parliamentarians and NHS leaders, while ensuring that the MDU brand and voice remains trusted and respected.

We have also welcomed some new faces. Ian Da Cunha has joined the MDU in a new general counsel role to advise on a range of legal matters. Before joining, Ian spent five years at Ramsay Health Care as senior legal counsel, so he understands the difficulties our members can face in practice.

Martin Ratcliff has joined the MDU as our new head of finance. Martin has also taken a seat on the board of Red Whale (GP Update Limited).

Turning to farewells, this year we said goodbye to Andrew Archibald, who headed up our commercial directorate. I would like to thank Andrew for his hard work and commitment.

At this stage, I turn my focus to people changes on the board from the past year.

This year we said a fond farewell to Dr Hugh Stewart, who retired from the board and as professional services director after more than two decades with the MDU. Hugh was a tireless champion for our members and will be sorely missed by colleagues across the company, who often turned to him for guidance. We wish Hugh all the best and thank him for his commitment.

Hugh has been succeeded by Dr Caroline Fryar, who I am delighted to welcome to the board. Previously director of medical services, in this new role Caroline will lead our professional services teams and continue developing the services we provide to members. Caroline also plays a pivotal role in our people strategy, leading initiatives around staff engagement and wellbeing.

While discussing the board, I would like to record my continued thanks to our vice-chairman, Dr Tom Norfolk. Tom recognises the challenges our members, both medical and dental, face in today's healthcare landscape and strongly advocates on their behalf. It is a pleasure to work together.

This has been a year of great success for the MDU and, as always, I am immensely proud to be the chairman. As we move forwards with plans to grow and develop your company, one thing will always remain: our unwavering commitment to guide, support and defend the interests of our members.



Dr S W Watkin

Chairman of the board of management
and president of the MDU

29 April 2025



Group Strategic Report

Dr M Lee
Chief executive officer

As a member of the MDU, you are a part of the UK's leading medical defence organisation.

2025 marks 140 years since the MDU was founded and is a chance to reflect on a story of progress and evolution. Not just of your organisation, which has grown from supporting a small group of doctors to counting almost a quarter of a million healthcare professionals as members, but across the entire healthcare landscape.

From virtual consultations to robot-assisted surgeries and AI-driven diagnostic tools, today's interactions with patients are a world away from what the founding members of the MDU might recognise.

Despite all these changes, what will never change is the unrelenting commitment from our members to support the health of patients across the UK. And just as you are there for patients in their time of need, the MDU is here for each of you.

In this group strategic report for 2024, I am pleased to say that your company continues to perform strongly. It is fully funded with a growing member base and continues to be served by a workforce that includes medical and dental professionals alongside a team of other dedicated specialists, all of whom are committed to providing members with a world-class service.

In this report, I share more details of how my colleagues across the MDU have supported our members this year.

We are proud to stand shoulder to shoulder with members when they need us. I am pleased to report that we were able to assist well over 99% of the nearly 17,000 members who approached us this year for assistance with a clinical negligence claim, patient complaint, GMC case, police investigation, coroner's inquiry, disciplinary procedure or other medico-legal or dento-legal issue.

With more than 50 doctors and dentists on our staff, when you phone us for advice, turn to us for support or attend a training course, you are speaking to a fellow professional who has walked the same corridors, faced the same dilemmas and dealt with the same pressures as you. As the MDU grows to deliver more services and more choices for our members, we will never lose this personal connection.

Much has changed in the last 140 years, but our core mission endures.

Guide. Support. Defend. This is what we do.

World-class medico-legal and dento-legal services remain at our heart, but we strive to be there for members in all aspects of their professional lives, from developing their career to running their healthcare business.

This includes supporting members with their continuous professional development. And with Red Whale now an established part of the MDU group, we can provide exceptional clinical education to healthcare professionals. We continue to work on opportunities to expand this offering.

Continuing our commitment to support international medical graduates, 2024 saw our inaugural IMG conference, with a programme focused on supporting those new to UK practice and helping them navigate medico-legal issues. IMGs have been part of the NHS since it began, and around half of new doctors have now qualified overseas. We are proud to help this vital group of doctors thrive.

This year brought changes to the political landscape following the election of a new government. As part of our commitment to champion members' interests at the highest levels, we launched our An Agenda for Change policy paper, urging the government to prioritise three policy areas. Reflecting feedback from our members, we are calling for reform of the GMC and GDC to make healthcare professional regulation fit for purpose, action on clinical negligence costs, and support for the health and wellbeing of the NHS workforce. We continue to engage with MPs, peers and healthcare stakeholders to keep these issues firmly on their agenda.

I am hugely proud of everything the MDU has achieved this year and can say with confidence that throughout our efforts to grow and develop your company, our focus is on ensuring it is fit and funded to support our members for another 140 years to come.

In a changing world with ever-increasing pressures, you can always rely on the MDU.

Medical and dental advisory

Whether you are working a shift in a busy emergency department, managing your dental practice, or discussing a patient's care with their next of kin, we know that medico-legal and dento-legal dilemmas can arise at any time. That's why our helpline is here whenever you need it – 24 hours a day, 7 days a week, 365 days a year.

It's staffed by medical and dental professionals, so our advisers have real-life experience of how these issues can affect you, as well as an understanding of the support you need in that moment.

It has been another busy year for our brilliant team of medico-legal and dento-legal advisers, who received more than 21,000 calls on our 24-hour advice lines.

We know that getting the right advice at the right time is vital so you can get back to providing the best possible care for patients. In 2024, 99% of calls to our advice lines were answered within 20 seconds – with the average call answered in just 10 seconds. When you need us, we are there.

Our doctor-for-doctor, dentist-for-dentist ethos runs through everything we do, but especially in the service we provide. That's why feedback like this means so much:

“The colleague I spoke to was honest and clear, but what meant the most to me was that she was human. Her empathy and support is something I will carry with me.”

And

“This complaint has been a source of some stress and upset for me, and I have found the entire DDU team to be very supportive, empathetic and helpful. I am very glad to be a member.”

Legal

When I reflect on the collaboration between our medical and dental teams with our exceptional in-house legal team, it is their commitment to our members that shines through. Supported by UK and Irish panels of specialist law firms, together they provide members with expert advice and an uncompromising defence.

In 2024, of the GMC cases where our in-house team assisted with representations to case examiners, just 9% were referred on to a fitness to practise tribunal run by the Medical Practitioners Tribunal Service (MPTS).

Looking at a five-year period (2019 to 2024), the MPTS average outcomes were that only 29% of cases were concluded with no finding of impairment. I am delighted to report that for the same period, our in-house legal team's outcomes stand at over 52%.

The support and commitment our in-house legal team provide to members is the gold standard. This is reflected in their excellent results above, but more than anything it shows in the feedback they receive from our members:

“I felt really listened to and supported throughout the process. With frequent follow up and detailed steps forward, I couldn't have asked for a better service. Thank you and I appreciate all your help!”

And

“My solicitor's unwavering support gave me the reassurance and confidence needed during this challenging time... he went above and beyond in managing my case and exceeded my expectations with his five-star service.”

I turn now to dental cases, and where our solicitors assisted members with representations to the GDC's case examiners, just 12% were referred to a hearing. This is compared to a standard GDC outcome of 63%.

Where cases progressed to a hearing before the GDC's professional conduct committee, our legal team have once again secured strong outcomes. The latest GDC figures from 2023 show that the professional conduct committee concluded 19% of hearings with no finding of impairment. Compare this to those cases conducted by our in-house legal department in the same year, where 50% of hearings concluded with no finding of impairment.

We are proud of these results, and even more so of the outcomes they represent for members facing some of the most challenging times in their careers.

Claims

We recognise that facing a clinical negligence claim can be one of the most stressful experiences of any healthcare professional's career, and our experienced claims team are here to support members and help relieve this burden.

The relationship between our claims handlers and members exemplifies the personal connection at the heart of the MDU. Throughout what we know can be a lengthy and complex process, our claims team keep members informed and supported, going above and beyond to deliver an exceptional service.

Feedback like this sums it up better than I could try:

"I wanted once again to thank you not only for your dedication and professionalism, but also for your empathy. You never failed to be extremely kind and professional, and for this I truly thank you."

And

"My claims handler knew every detail and gave sound, sensible advice. All my panic disappeared."

Turning to our results, in 2024 we closed 80% of medical claims without a payment of damages. In dental claims, the figure was 53%. In total, where cases made it to trial and concluded, we had a success rate of 80%.

Clinical negligence costs remain disproportionately high and the MDU continues to call on the UK government to press ahead with long promised reforms.

The introduction of fixed recoverable costs for claims valued up to £25,000 was due to be in place by now, and we are deeply disappointed that this reform seems to have stalled yet again.

In 2025, we hope to finally see the introduction of a package of legal reforms to address the clinical negligence system as a whole.

Business review

In our annual reports, we explain the factors that determine how we build the MDU's long-term strategy.

The medico-legal climate is complex. We continue to make every effort to positively influence the development of policy and procedures through which members are scrutinised and held accountable for their treatment of patients. In this work, we engage with a significant number of medical, dental, legal, regulatory and other stakeholders so we can form the clearest view of the environment that members are working within, including the various economic, societal and other pressures, and the impact all of this can have on the decisions you make – be they personal or professional.

This forms the foundation of our success in meeting the company's objective of supporting members throughout their professional lives.

Key performance indicators

The company is committed to maintaining strong management, organisational effectiveness, tight cost control and appropriate investment in systems and technology to deliver the optimal service to members.

The MDU monitors its business activity by means of several key performance indicators (KPIs), which the board considers on a quarterly basis. These KPIs are designed to track the activity and achievement of the company. They are described below, in conjunction with relevant results, to illustrate the MDU's achievements during 2024.

Membership statistics

The MDU monitors all areas of membership and evaluates any movements in renewals activity, leavers, doctor, graduate and student applications, and recruitment overall.

Quality of service

When a member needs to contact the MDU, we aim to respond to their query as quickly as possible. Over the course of 2024 the membership team had over 250,000 interactions with our members, helping over 1,000 members on average each working day. Of the more than 105,000 calls made to our membership contact centre, 81% were answered within 20 seconds. Looking at the 95,000 emails and letters we received, all were responded to within five working days.

The team in our membership contact centre remains committed to providing an exemplary service to all our members. On the rare occasions when things go wrong, we work hard to get that sorted fully and swiftly. Complaints to the MDU are dealt with courteously, and as a learning organisation we are always looking to identify opportunities to do things better. The number of member contacts with our membership department that resulted in a complaint in 2024 was less than 0.1%.

Our membership department continues to maintain its accreditation under the Customer Service Excellence Standard. The team works hard to retain this prestigious accreditation, which recognises the quality of service we provide to members.

Support for other organisations

As part of our regular programme of work with other organisations and membership bodies across the healthcare community, we also partner with certain charities whose interests align closely with our members.

Foundation Year 1 members (FY1) of the MDU raised over £40,000 for the Royal Medical Benevolent Fund (RMBF) in 2024. This is the fourth consecutive year we have facilitated this partnership. The RMBF provides support for doctors throughout their medical career, from financial assistance in the form of grants and loans to a telephone befriending scheme for those who may feel isolated. The MDU's partnership with the RMBF began in 2021, when the MDU reduced its first-year subscription from £10 to £5 for FY1 members who donated the remaining £5 to the charity.

In 2024 we continued to support the independent charity, Doctors in Distress, which provides MDU members with access to health and wellbeing services to support positive mental health. This year we also collaborated with them to produce a 10-week peer support group for foundation doctors.

Business engagement

This section outlines how directors engaged with stakeholders, how they had regard to the interests of stakeholders and the outcome of that.

We recognise the importance of our stakeholders in delivering our strategy. In addition to MDU members, our stakeholders include employees, suppliers, healthcare and financial regulators, representative bodies, government and legislative bodies.

Members

We engage with members as customers when we provide advice and other benefits of membership, and we conduct member satisfaction surveys and surveys of those who have recently been assisted by us. We invite members to provide suggestions for improvements to our service, which are greatly valued by the MDU.

Press coverage and comments posted on social media are another means of engagement with members and help our awareness of current issues of interest to members.

There is a formal process for investigating complaints and making improvements where required. The KPIs and results we achieve for members referred to in this group strategic report reflect prioritisation of members' interests.

As the directors' report explains, we also engage with members through the annual report and the annual general meeting (AGM). The participation of members on the board is a particular strength in our governance.

Employees

Employees are provided with information about the group's performance, major business decisions, and other matters that affect them at regular staff briefings and more frequently through the group's intranet and senior leadership briefings.

Employees' views are sought when decisions are required that are likely to affect their interests.

We have a dedicated internal communications function to ensure colleagues are kept up to date with business developments and to support their continuous professional development.

Through our Insights programme, colleagues regularly explore a range of issues – from deepening understanding of various faiths, to gaining a broader view of the lived experiences of different communities and groups.

A social committee is run by colleagues who volunteer their spare time to organise events, with the aim of fostering a sense of community and cohesion at the MDU.

There is a comprehensive suite of policies relating to employees' interests, wellbeing and safety. Continuing professional development is encouraged and the MDU's speak up policy provides an opportunity for staff to raise concerns in confidence.

Suppliers

For our suppliers, the MDU has a procurement team and procurement and outsourcing policy relationship managers in relevant departments. Our engagement with suppliers has due regard to risks around bribery and modern slavery.

The MDU publishes its supplier payment performance on www.gov.uk.

Healthcare regulators

The MDU engages constructively with healthcare regulators, government departments and other institutions in relation to regulation or legislation that affects the interests of members. For example, we respond to consultations and contribute to committees and working groups on relevant matters.

The MDU takes its corporate social responsibility seriously, as reflected in its commitment to fair treatment of its members and employees and managing its business with due regard to its impact on the environment.

Principal risks and uncertainties

The MDU has a risk appetite and risk management policy which takes into account the different risks we are exposed to in pursuing the MDU's strategy and objectives.

In undertaking our business, we face different types of risk such as legal and regulatory risks, financial risks, member needs, reliance on third parties and operational risks from our people, IT systems, managing change and operational processes.

Risk management processes, and new and existing risk mitigations, are assessed and regularly reviewed by the audit and risk committee and the board to ensure appropriate and effective procedures and strategies are in place to manage them.

A summary of our principal risks, and mitigating actions, is included here.

Risk type	Description	Mitigation
Financial risk – Claims	A significant increase in claims cost could affect the funding levels of the MDU.	<ul style="list-style-type: none"> Highly trained claims and legal staff who manage claims on behalf of members. Monitoring of claims developments and financial performance. Reinsurance programmes to protect against unexpected changes to claims frequency and inflation. We continue to lobby for reform of the law governing claims.
Market and member needs	Risks of not meeting member needs (services and member benefits) in a changing environment.	<ul style="list-style-type: none"> Quality monitoring system in place with member experience and satisfaction measures collected across our services provided to members. We conduct regular research to understand member products and needs. Member pricing governance processes ensure that benefits and services are regularly reviewed. Our KPIs provide monitoring of member numbers, subscription collection, joiners and lapse rates. We have processes in place to proactively encourage member retention and regularly review their effectiveness.
Change risk	Risks arising from the management and implementation of changes to business – IT systems, people and processes.	<ul style="list-style-type: none"> Change framework in place. Change prioritisation and project planning. Training and communication of our staff on how new procedures and changes impact them. Monitoring by our executive, audit and risk committee and board of our strategic change programmes.
People risk	The risk that the MDU does not attract, retain and develop the right skills to deliver the service to members.	<ul style="list-style-type: none"> People strategy monitored regularly. HR function supporting our staff. HR policies and procedures supporting our staff with their development. Training and development strategy through in-house and external programmes. Employee wellbeing surveys and employee assistance plans. Competitive remuneration packages benchmarked against market.
Cyber risk	The potential risks around a hack or data loss from a cyber attack or data breach on our IT systems.	<ul style="list-style-type: none"> Our cyber security team regularly assesses the risks and threats arising from use of data. We regularly review and report on IT and information management security policies, technical controls and procedures. Staff security awareness training and regular testing on response to phishing attempts. Third parties testing the security of our IT systems. Crisis management and incident response plan.
Legal and regulatory compliance risk	The risk arising from the MDU's implementation of new regulations and non-compliance with existing legislation.	<ul style="list-style-type: none"> We monitor and report on developments in the regulatory environment on a regular basis. All new legislation is implemented through formal projects and plans. We monitor our compliance risks through a compliance monitoring plan and report results to the board.
Financial – Investment risk	Risk arising from the MDU's investment portfolio and financial instruments (e.g. currency, inflation, interest rate, credit to provide longer term funding to support members).	<ul style="list-style-type: none"> Investment strategy and objectives monitored by MDU Investments Limited and assisted by advice from independent investment advisers. Monitoring of investment performance monitored by the MDU's Investment Officer.

Financial performance

Every quarter the board reviews the MDU's overall financial performance including subscription levels, reinsurance premiums, claims payments, legal costs and claims reserves. Details are given in the financial review, but the key figures are as follows:

The MDU's net assets now total £642.7m (2023: £619.8m) after indemnity, insurance and other provisions of £460.4m (2023: £500.7m). This figure does not represent the total potential liability of our members since it excludes 'incurred but not reported' cases (IBNR). As these are notified, they can be picked up by the MDU under the discretionary indemnity provided to members.

Financial review

Subscription income

Total subscriptions recognised for the year ended 31 December 2024 was £129.8m (2023: £127.2m), of which 99% was received from our UK members, the remainder, amounting to £1.3m, being from our members in Ireland.

Investment result

There were positive changes in the market value of investments in 2024 resulting in an unrealised gain of £8.7m (2023: gain of £55.2m). There was net realised investment income of £43.8m (2023: £33.4m) bringing the total net investment result to a gain of £52.5m (2023: gain of £88.6m).

Expenditure

In 2024 the MDU paid out £116.5m (2023: £102.5m) in discretionary indemnity claims and legal costs, of which £1.0m relates to our Irish members' claims.

Medical and dental advisory costs amounted to £39.9m in 2024 (2023: £36.2m).

Reinsurance premiums in 2024 were £3.3m (2023: £2.8m).

Administrative expenses in 2024 were £31.1m (2023: £27.3m).

Result after tax

The total comprehensive result is a gain of £22.9m (2023: gain £19.0m).

Assets/indemnity provision

The Statement of Financial Position for the MDU shows total assets less current liabilities of £1,096m, compared to £1,114m in 2023.

In assessing the provision for indemnity, the MDU takes account of all reported incidents notified up to the statement of financial position date. This includes all notifications from members, including incidents relating to potential claims, pre-claims where incidents are still being investigated, and actual claims where

there has been a demand for compensation or where legal proceedings have been served. It does not include any case where the board has declined to exercise or to continue to exercise its discretion to assist.

No provision is made in the accounts for potential future discretionary indemnity claims that may arise from incidents occurring before the statement of financial position date but not reported to the MDU at that date, or for defendant legal costs. As these claims are notified, they can be picked up by the MDU under the discretionary indemnity provided to members.

The level of indemnity provision has been estimated on actuarial advice, taking all of the above factors into consideration, and is shown in the accounts at £459.3m (2023: £499.6m).

In summary, the MDU is a not-for-profit mutual owned by its members. We focus on providing the best advisory, risk management and claims handling service to members, while controlling costs and managing funds prudently for members' financial security.



Dr Matthew Lee
Chief executive officer

29 April 2025

For and on behalf of the
Board of Management.



Directors' Report

N J Bowman

The directors present their report and the financial statements for the year ended 31 December 2024

The Medical Defence Union Limited's (MDU) activities include the discretionary provision, in accordance with the memorandum and articles of association, of indemnity and medico-legal and dento-legal services for its members.

The MDU continues to set subscriptions that the directors, on actuarial advice, consider sufficient for overheads and foreseeable discretionary indemnity payments and legal costs.

The MDU represents members' medico-legal interests by informing and thereby influencing the government and other bodies on matters relating to healthcare law and the regulatory environment with a view to ensuring that any changes in these areas are equitable and fair.

MDU Investments Limited (MDUIL), a wholly owned subsidiary of the MDU, manages investments on behalf of the MDU. Funds are invested with third-party investment managers and MDUIL does not undertake any direct investment activity.

Corporate governance

The MDU is a member of the Association of Financial Mutuals (AFM). The board supports the principles expressed in the AFM Corporate Governance Code and has applied them as follows:

Principle one – purpose and leadership

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

The board activities in 2024 included a review of strategy to ensure that it continues to be aligned with the purpose of the MDU.

The MDU continues to develop digital technology and products to support members and their changing needs in professional practice.

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.

The participation of MDU members on the board is a particular feature and strength of the governance arrangements. There are four executive directors including the chief executive officer who is also an MDU member. The board has five non-executive directors who are not members of the MDU and have no financial interest in the MDU other than their fees as board members. There are six non-executives with MDU membership, who receive fees as board members and as expert witnesses. The board does not consider that this compromises their independence as board members. All the non-executive directors are therefore considered to be independent. The non-executive directors are sufficiently strong in numbers and independence to provide a proper balance on the board.

The board has not appointed a senior independent director. While this is not in line with the AFM Code guidance, the board considers that such a role is not a necessary part of the arrangements for effective appraisal of the chair's performance, and that there is no need for an intermediary between the directors and the chair.

All directors must stand for election at the first annual general meeting following their appointment.

The following served as directors in 2024:

Board member	No. of Board meetings attended*
S W Watkin (chairman) ^{1 3 4 5}	7 (7)
C Aghadiuno ^{2 4}	7 (7)
A Archibald ^{4 7}	3 (3)
S E Beaumont ^{2 4}	7 (7)
P I Clark ¹	5 (7)
C Fryar ^{4 6}	6 (6)
A Handa	6 (7)
L R Hykin	6 (7)
M T Lee ^{3 4 5}	7 (7)
G McAusland ^{1 2 3 4 5}	7 (7)
K Miller ⁴	7 (7)
T J Norfolk ^{1 2 3 4 5}	7 (7)
J H Riley ^{2 4}	7 (7)
H Sandhu	5 (7)
H Stewart ^{4 8}	1 (1)
E C J Wells ^{1 4 5}	7 (7)
A R Wright ^{4 5}	7 (7)

¹ Members of the Remuneration Committee

² Members of the Audit & Risk Committee

³ Members of the Nomination Committee

⁴ Directors of MDU Services Limited

⁵ Members of the Investments Committee of MDU Investments Limited

⁶ Appointed on 1 April 2024

⁷ Resigned on 23 July 2024

⁸ Retired on 31 March 2024

* 7 meetings were held in the year. The number of meetings the director was eligible to attend is in brackets.

In accordance with the articles of association, the following directors are due to retire by rotation and, being eligible, offer themselves for re-election at the next annual general meeting:

S Beaumont

P I Clark

L Hykin

E C J Wells

M T Lee

C Fryar was appointed by the board during the year and was elected at the annual general meeting in accordance with Article 54.

H H A Stewart retired on 31 March 2024 and A Archibald resigned on 23 July 2024.

Nomination committee

Membership of the nomination committee comprises the chair and vice-chair of the board, the chair of the audit and risk committee and the chief executive officer. Other board members may be co-opted by the committee according to the nature of the vacancy under consideration. The committee prepares a description of the role and capabilities required for a particular appointment. It selects a shortlist of candidates for consideration by the board, on merit and against objective criteria and with due regard to the benefits of diversity.

The nomination committee is chaired by the chair of the board. While this is a departure from the AFM Code guidance, the board considers it appropriate as the chair is responsible for the effectiveness of the board.

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 posts of chair and chief executive officer are separate. This distinguishes the running of the board from executive responsibility for the business. The roles of chair and chief executive officer are defined in writing. The chair's responsibilities include leadership of the board and facilitating the effective contribution of non-executive directors.

There is an induction process for new directors. This is tailored to meet the needs of individuals. It is designed to give new directors knowledge of the business and of their role in it as directors. Directors are encouraged to undertake continuing professional development.

The board undertakes an annual evaluation of its performance by questionnaire, including self-assessment of non-executive directors. The chair reports back to the board on the results of the evaluation.

All board members are subject to election by MDU members at the first annual general meeting after their appointment. All, including the executive directors, are also subject to retirement by rotation and re-election at least every three years.

The board met seven times in the year. The attendance record of the directors at the board meetings is set out on page 18. The board has a schedule of matters reserved to it for decision, including the following:

- approval of commercial strategy;
- changes to corporate structure;
- internal control arrangements;
- board and committee appointments; and
- contracts not in the ordinary course of business.

The board has a procedure for directors to obtain independent advice. All board members have access to the advice and services of the company secretary.

The MDU's articles of association give members of the board an indemnity (including qualifying third-party indemnity provisions within the meaning of section 234 Companies Act 2006, which were in force during the year ended 31 December 2024 and remain in force) against liabilities incurred in relation to the affairs of the MDU. The group also purchases directors' and officers' liability insurance which gives appropriate cover for legal action brought against directors of group companies.

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 group strategic report provides a review of the business and how it has performed, and of the principal risks and how they are managed.

Audit and risk committee

The board has an audit and risk committee, which meets as often as necessary. The committee is chaired by Mr Graeme McAusland, a non-executive director without MDU membership. Mr McAusland is an actuary. The committee includes four other non-executive members of the board.

The committee meets with the internal and external auditors. The committee reviews risk management and internal control arrangements, and their effectiveness. It guides the activities and reviews the results of internal audit. The committee also reviews the scope and results of the external audit, and reviews the annual financial statements and other information in the annual report before publication, including the indemnity provision.

The audit and risk committee has a written policy, approved by the board, dealing with any recommendation to the board concerning the appointment of the external auditors, and with their independence and remuneration.

Internal control

The board is ultimately responsible for the risk management and internal control management of the MDU and for the effectiveness of these systems. The audit and risk committee has authority to advise the board on these matters. Management is responsible for identifying, assessing, managing and monitoring risk, and for developing, operating and monitoring the system of internal control. Control is exercised through an organisational structure with clearly defined levels of responsibility and authority and reporting lines. Information is regularly provided at all levels and compared with budgeted targets which are reviewed on a quarterly basis.

The board considers regular reports on the risks in the business. The principal risks are identified in the group strategic report on page 13.

The internal control and risk management systems cannot eliminate risks to the business, but they are designed to manage them. Internal controls can provide only reasonable and not absolute assurance against material misstatement or loss. The board, with advice from the audit and risk committee, reviews the effectiveness of the risk management and internal control of the group.

Going concern

The financial statements are prepared on a going concern basis. In deciding to adopt the going concern basis the directors have reviewed the group's business plans and budgets and taken account of the discretionary nature of the company's indemnity obligations and other risk factors (discussed on page 13).

Principle five – remuneration

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

Remuneration committee

The committee makes recommendations on the remuneration of the executive directors, non-executive directors and members of the council and of committees. In addition to the chair, the committee comprises two non-executive directors who are MDU members and two non-executive directors without MDU membership. The remuneration committee works on the basis that remuneration should be sufficient to attract, retain and motivate individuals of the quality required but without paying more than is necessary, and that remuneration should be aligned to the long-term success of the company.

The remuneration committee is chaired by the chair of the board. While this is a departure from the AFM Code guidance, the board considers it appropriate as the chair is responsible for taking a lead in setting and embedding the company's values. The chair takes no part in discussion of the chair's own remuneration.

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.

The MDU uses a variety of routes to communicate with members including the opportunity to participate at the AGM. It highly values communications with members, and encourages members to participate in the annual general meeting, either in person or by proxy. The executive and members of the audit and risk, remuneration and nomination committees always remain available to respond to any questions. The notice for the AGM is sent to members at least 14 days before the meeting.

Employees are provided with information about the group's performance at regular staff forums and through the group's intranet. Employees' views are sought when decisions are required which are likely to affect their interests.

Information required by the Companies (Miscellaneous Reporting) Regulations 2018 is included in the group strategic report.

The MDU group gives full and fair consideration to applications for employment from disabled people where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the MDU's policy wherever practicable to provide continuing employment under normal terms and conditions.

Training, career development and promotion are provided to disabled employees where possible.

Greenhouse gas and carbon reporting

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the MDU is required to report on its total energy consumption and greenhouse gas emissions (Streamlined Energy & Carbon Report (SECR)).

Energy consumption has been measured in kilowatt-hours (kWh), and greenhouse gas emissions have been measured in metric tonnes of carbon dioxide equivalent (tCO₂e).

Summary

In summary, the MDU's emissions (combustion of transportation fuels, such as company vehicles and employee-owned vehicles used for business travel) for the year were 53.96 tCO₂e (2023: 58.60tCO₂e), resulting from the combustion of 246,001 kWh of fuel (2023: 259,588 kWh).

For both 2024 and 2023 the MDU purchased 100% renewable energy for the full reporting periods, with evidence of green certificates, resulting in nil tCO₂e consumption. For full disclosure, if this electricity were purchased from the national grid, consumption in day-to-day business operations would be 401,612 kWh (2023: 601,676 kWh).

The increase in gaseous and other fuels consumption in 2024 reflects a full year of GP Update's operations within the MDU Group, vs. two months post-acquisition operations in 2023.

The intensity metrics were calculated by dividing the 2024 reportable figure for tCO₂e (53.96) by the average number of full-time equivalents (478 FTE). The MDU's operations had an intensity metric of 0.11 tCO₂e per FTE, a decrease compared with the previous year's figure of 0.14 tCO₂e per FTE.

Consumption (kWh) and greenhouse gas emissions (tCO₂e) totals

The MDU's total consumption and greenhouse gas emissions is set out below:

Total consumption (kWh) figures for energy supplies:

Utility and scope	2024 consumption (kWh)*	2023 consumption (kWh)*
Gaseous and other fuels (Direct consumption)	20,322	3,592
Transportation (Direct consumption)	132,093	199,471
Grid supplied electricity (Indirect consumption)	401,612	601,676
Renewable electricity (100%)	(401,612)	(601,676)
Transportation (Indirect consumption)	93,586	56,525
	246,001	259,588

Total emission (tCO₂e) figures for energy supplies:

Utility and Scope	2024 consumption (tCO ₂ e)*	2023 consumption (tCO ₂ e)*
Gaseous and other fuels (Direct consumption)	3.86	0.66
Transportation (Direct consumption)	29.60	45.28
Grid supplied electricity (Indirect consumption)	83.15	124.59
Renewable electricity (100%)	(83.15)	(124.59)
Transportation (Indirect consumption)	20.5	12.66
	53.96	58.60
Operations intensity metric (tCO ₂ e/FTE)	0.11	0.14

* Consumption and emissions data was calculated in line with the Emission Factor Database 2024, Version 1.0 and is consistent with the 2019 UK Government environmental reporting guidance.

All consumption data for the MDU was complete for the reporting year, and data quality checks were carried out for data completeness and accuracy. 100% data coverage was achieved, consisting of 98.43% verifiable data coverage with 1.57% of consumption data estimated to achieve the results.

Energy efficiency review and improvements

In 2024 several operational energy efficiency measures were undertaken, including:

- surrendering the lease of Level 33 of One Canada Square on 30 June 2024;
- reducing staff core office hours by one hour, in addition to a similar cut made in 2023;
- reviewing evening cleaning activities, ceasing cleaning after midnight and saving approximately 4-6 hours of lighting per week; and
- replacing the two monitors at each workstation with one larger monitor.

A register of energy efficiency measures has been established to facilitate improvements over the next five years, including the replacement of laptops and the removal of docking stations at 1CS.

Statement of directors' responsibilities

The directors are responsible for preparing the group strategic report, the director's report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that they comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Provision of information to auditor

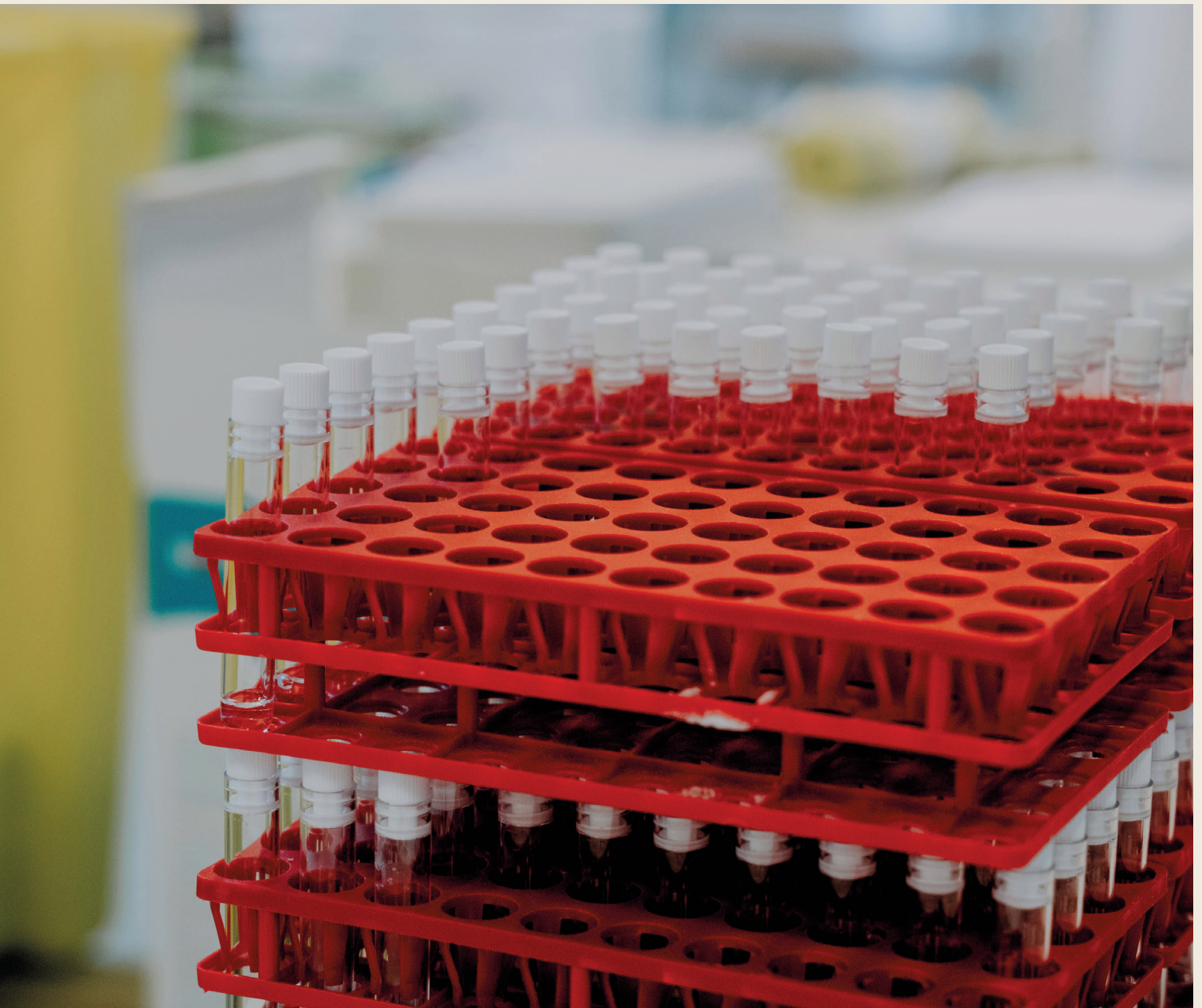
Each of the persons who are directors at the time when the directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

N J Bowman
Company secretary

29 April 2025



Independent Auditor's Report

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 2024 and of the Group's result 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 Defence Union Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2024, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statements of Financial Position, Company statement of financial position, Consolidated Statement of Changes in Equity, Company statement of changes in equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and the 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.

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 an understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Correspondence with the regulatory body (Financial Conduct Authority) obtained from the entity.

We considered the significant laws and regulations to be United Kingdom generally accepted accounting practice and the UK Companies Act 2006.

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 employment law and taxation legislation.

Our procedures in respect of the above included:

- Review of minutes of meetings 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 and;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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 meetings 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.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of indemnity provision.

Our procedures in respect of the above included:

- 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 in connection with the valuation of the Indemnity provision; and
- Reviewing the minutes of Board meetings held throughout the year for any instances of non-compliance with laws and regulations and fraud.

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.

Rupert Livingstone

Senior Statutory Auditor
For and on behalf of BDO LLP

Statutory Auditor

London, United Kingdom

30 April 2025

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



Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Members' subscriptions		129,801	127,160
Other income		3,022	678
Medical and dental advisory services		(39,856)	(36,167)
Administrative expenses		(31,088)	(27,305)
Indemnity, legal and reinsurance costs	6	(59,518)	(93,571)
Finance cost – indemnity/pension provision	7	(17,340)	(17,500)
Operating surplus		(14,979)	(46,705)
Changes in fair value of investments	3	8,700	55,165
Net investment income	4	43,820	33,432
Interest payable	5	(12)	(61)
Result before taxation		37,529	41,831
Taxation	10	(14,325)	(18,859)
Result after taxation		23,204	22,972
Actuarial (loss) on defined benefit schemes	22	(300)	(4,000)
		(300)	(4,000)
Total comprehensive income for the year		22,904	18,972

Consolidated Statement of Financial Position

For the year ended 31 December 2024

			2024	2023
	Note		£000	£000
Fixed assets				
Tangible Fixed Assets	12		6,575	7,920
Fixed Asset Investments	14		1,114,599	1,140,972
Goodwill	13		6,354	6,108
			1,127,528	1,155,000
Current assets				
Debtors: amounts falling due after more than one year	16	8,277		10,064
Debtors: amounts falling due within one year	16	15,763		13,075
Cash at bank and in hand		25,609		29,599
		49,649		52,738
Creditors: amounts falling due within one year	18	(80,683)		(93,426)
Net current liabilities			(31,034)	(40,688)
Total assets less current liabilities			1,096,494	1,114,312
Creditors: amounts falling due after more than one year	17		(2,833)	(3,009)
Provisions for liabilities				
Indemnity provision	20		(459,304)	(499,593)
Other provisions	20		(1,054)	(1,105)
Net assets excluding pension asset			633,303	610,605
Pension asset	22		9,354	9,154
Net assets			642,657	619,759
Capital and reserves				
Revaluation reserve			149,426	137,812
Retained earnings			493,231	481,947
			642,657	619,759

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2025.

M T W Lee
Chief Executive Officer

S W Watkin
Chairman

Company Statement of Financial Position

For the year ended 31 December 2024

			2024	2023
	Note		£000	£000
Fixed assets				
Fixed Asset Investments	14		32,887	31,906
			32,887	31,906
Current assets				
Debtors: amounts falling due after more than one year	16	8,277		10,064
Debtors: amounts falling due within one year	16	815,113		886,611
Cash at bank and in hand		2,571		4,556
		825,961		901,231
Creditors: amounts falling due within one year	18	(65,145)		(70,005)
Net current assets			760,816	831,226
Total assets less current liabilities			793,703	863,132
Provisions for liabilities				
Indemnity provision	20	(459,304)		(499,593)
			(459,304)	(499,593)
Net assets excluding pension asset			334,399	363,539
Pension asset	22		9,354	9,154
Net assets			343,753	372,693
Capital and reserves				
Retained earnings			343,753	372,693
			343,753	372,693

The Statement of Comprehensive Income for the year ended 31 December 2024 for the parent company only was a loss of **£28.6m (2023: loss of £56.8m)**.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2025.

M T W Lee
Chief Executive Officer

S W Watkin
Chairman

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2024	137,812	481,947	619,759
Result after taxation	-	23,204	23,204
Prior year adj	-	(6)	(6)
Actuarial loss on pension scheme	-	(300)	(300)
Fair value adjustments from revaluation reserve	-	(2,914)	(2,914)
Fair value adjustments to retained earnings	2,914	-	2,914
Transfer to/from retained earnings	8,700	(8,700)	-
At 31 December 2024	149,426	493,231	642,657

For the year ended 31 December 2023

	Revaluation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2023	81,223	519,564	600,787
Result after taxation	-	22,972	22,972
Actuarial loss on pension scheme	-	(4,000)	(4,000)
Fair value adjustments from revaluation reserve	-	(1,424)	(1,424)
Fair value adjustments to retained earnings	1,424	-	1,424
Transfer to/from retained earnings	55,165	(55,165)	-
At 31 December 2023	137,812	481,947	619,759

Company Statement of Changes in Equity

For the year ended 31 December 2024

	Retained earnings £000	Total equity £000
At 1 January 2024	372,693	372,693
Result after taxation	(28,640)	(28,640)
Actuarial losses on pension scheme	(300)	(300)
At 31 December 2024	343,753	343,753

For the year ended 31 December 2023

	Retained earnings £000	Total equity £000
At 1 January 2023	433,534	433,534
Result after taxation	(56,841)	(56,841)
Actuarial losses on pension scheme	(4,000)	(4,000)
At 31 December 2023	372,693	372,693

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Result after taxation		23,204	22,972
Adjustments for:			
Amortisation of goodwill	13	735	104
Depreciation of tangible assets	12	2,765	3,135
Foreign exchange differences	4	605	442
Net changes in fair value of investments	3	(8,700)	(55,165)
(Decrease)/increase in indemnity and other provisions	20	(40,340)	4,776
(Profit) on disposal of investments	4	(19,653)	(266)
Non cash investment expense	14	4,065	4,868
Finance credit on pension scheme	22	(500)	(600)
Movement in deferred taxation		(4,996)	1,074
Decrease/(increase) in debtors		6,046	(620)
Increase in creditors		819	3,178
Corporation tax charge		19,294	17,835
Corporation tax paid		(34,983)	(7,063)
Net cash from operating activities		(51,639)	(5,330)
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(1,420)	(1,752)
Purchase of investments	14	(215,000)	(115,000)
Sale of investments	14	294,176	140,070
Movement in other liquid resources	14	(29,120)	(33,758)
Net cashflow from Red Whale acquisition		(981)	(5,236)
Prior year retained earnings adj		(6)	-
Net cash from investing activities		47,649	(15,676)
Net (decrease) in cash and cash equivalents		(3,990)	(21,006)
Cash and cash equivalents at beginning of year		29,599	50,605
Cash and cash equivalents at the end of year		25,609	29,599

Company Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Result after taxation		(28,640)	(56,841)
Adjustments for:			
(Increase)/Decrease in debtors (excl. amounts owed by subsidiaries)	16	(649)	4,839
Increase in creditors (excl. corporation tax)	18	270	2,232
Decrease in amounts receivable from subsidiary undertakings	16	73,935	37,043
(Decrease)/increase in indemnity provision		(40,289)	4,712
Finance credit on pension scheme	22	(500)	(600)
Corporation tax paid		(16,121)	(1,420)
Corporation tax charge		10,991	7,228
Net cashflow from Red Whale acquisition		(981)	(6,760)
Net cash generated from operating activities		(1,984)	(9,567)
Net (decrease) in cash and cash equivalents		(1,985)	(9,567)
Cash and cash equivalents at beginning of year		4,556	14,123
Cash and cash equivalents at the end of year		2,571	4,556

Notes to the Financial Statements

For the year ended 31 December 2024

1. Accounting policies

1.1 Basis of preparation of financial statements

These financial statements comply with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments, derivative assets and certain financial liabilities included within creditors and in accordance with Financial Reporting Standard FRS 102 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. In preparing these financial statements, the directors consider the significant judgements and key estimates to be the indemnity provision. Further details are provided in note 1.7.

In preparing the financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented where equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The group Statement of Comprehensive Income and Financial Position consolidate the financial results of the company and its subsidiary undertakings for the year ended 31 December 2024. No Statement of Comprehensive Income is presented for the Medical Defence Union Limited as permitted by section 408 of the Companies Act 2006.

1.3 Members' subscription

Members' subscriptions consist of subscriptions for members' services. Subscriptions are accounted for on an accruals basis and apportioned to accounting periods based upon the membership inception date.

1.4 Insurance premiums payable

Historic insurance arrangements provide for an adjustment in premiums if the actual claims experience is better than envisaged at the time the premium is initially established. Such amounts are brought into the accounts as debtors (premium element adjustment) when they can be reliably measured and are re-assessed each year.

1.5 Indemnity, legal and reinsurance costs

The charge for indemnity costs includes indemnity payments, the movement on the indemnity provision, legal charges covering the aggregate of all indemnity payments and legal services provided for members, together with the cost of reinsurance premiums paid/payable. These include claimants' costs, payments on account, legal costs, representation at hospital enquiries and at the General Medical and Dental Councils, and legal assistance to members.

1.6 Indemnity provision

Provision is made for the estimated future cost of settlement, including related claimants costs of claims against members which have been notified at the date of the Statement of Financial Position and in respect of which the company has exercised its discretion to provide indemnity. The gross provision is calculated by the MDU's actuarial team.

No provision is made for claims that may arise from incidents occurring before the Statement of Financial Position date but not reported to the group at that date, nor for defendant legal costs, nor for claims where The Medical Defence Union Limited has not exercised its discretion to assist.

The estimated value of this provision is stated before estimated recoveries from insurers, which are disclosed separately as debtors and calculated by the MDU's actuarial team. The provision will be paid over an extended period and subject to agreement by all parties. The provision is discounted to reflect the time value of money. The movement on the provision separately identifies the unwinding of the discount which is disclosed as a finance cost in the Consolidated Statement of Comprehensive Income.

1.7 Other provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Unless these conditions are met, no provision is recognised.

Subsequently, provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

1.8 Tangible fixed assets

The cost of tangible fixed assets is written off evenly over their useful economic lives. Reviews are made periodically of the estimated remaining lives of individual assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful economic life ranges are as follows:

Long-term leasehold property	11-20 years
Furniture and office equipment	3-5 years
Computer equipment and software	2-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

1.9 Goodwill

On the 31st October 2023 the MDU group completed the acquisition of Red Whale (GP Update Limited), a wholly owned subsidiary.

Goodwill arising on a business combination represents the difference between the cost of acquisition and the Company's consolidated interest in the fair value of the identifiable assets and liabilities of the subsidiary at the acquisition date. Directly attributable costs (e.g. legal and advisory fees) in relation to the business combination are capitalised and included in the cost of acquisition.

Goodwill is being amortised over 10 years.

1.10 Foreign currencies

Transactions in foreign currencies are translated at a budgeted exchange rate, which applies for the entirety of the year. The budgeted exchange rate is a proxy for the transaction date rate. Monetary assets and liabilities denominated in foreign currencies are recorded at the prevailing rate of exchange at each month end. All foreign exchange differences are taken to the Consolidated Statement of Comprehensive Income. The consolidated financial statements are presented in sterling, which is the company's functional and the group's presentation currency.

1.11 Taxation

Provision is made in the financial statements for tax on investment and trading income received and receivable in the year and revaluation gains and losses realised on investments disposed of in the year.

Deferred taxation is provided using the full provision method. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date. Deferred tax assets and liabilities are calculated at the tax rate expected to be effective at the time that the timing differences are expected to reverse, and are not discounted. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered.

Where gains and losses are recognised in the Consolidated Statement of Comprehensive Income, the related taxation is also taken directly to the Consolidated Statement of Comprehensive Income.

1.12 Investments

(i) Recognition

Initial recognition of investment financial assets occurs when the entity becomes party to the contractual provisions of the instrument. The investment financial asset/liability is recognised initially at the transaction price (including transaction costs).

Investments in subsidiaries are included at cost less any necessary provision for impairment.

(ii) Subsequent Measurement

Investment financial assets at the Statement of Financial Position date are subsequently measured at market value or amortised cost.

Financial assets at fair value:

Financial assets measured at fair value include: gilts, bonds, equities, pooled funds, short sold government bonds and derivative contracts. Subsequently, movements on revaluation are accounted for through the Consolidated Statement of Comprehensive Income. These revaluation movements are gross of investment management fees. At the year end, changes in gross fair value

recognised through the Consolidated Statement of Comprehensive Income are transferred to the revaluation reserve. These are netted down by transferring investment management fees back to retained earnings from the revaluation reserve.

(iii) Derecognition

A financial asset is derecognised when: the contractual rights to cash flows expire or are settled, substantially all the risks and rewards of ownership are transferred to another party, or some of the risks and rewards are transferred to another party, or control of the asset is transferred to that party such that the other party will be able to sell the whole asset externally without any restrictions.

(iv) Derivatives

Derivative financial instruments ("derivatives") are held and traded in conjunction with the group's risk management objectives. Derivatives are defined as a financial instrument that derives its value from the price or rate of some underlying item. Derivatives are carried on the Statement of Financial Position at market value ("marked to market"). Changes in that value are recognised in the Consolidated Statement of Comprehensive Income. This method is used for all derivatives which are held for trading purposes.

1.13 Investment income

Investment income includes; interest, dividends, coupons, foreign exchange gains/(losses) and swap settlements. Investment income is accounted for on an accruals basis.

1.14 Operating lease

Operating lease rentals are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Lease incentives

(i) Landlord contributions are initially recognised as a deferred income liability on the Statement of Financial Position. These contributions are then released to administrative expenses over the length of the lease.

(ii) During a rent-free period, a liability is built up on the Statement of Financial Position which is then charged to the Consolidated Statement

of Comprehensive Income over the life of the lease. The liability in respect of rent free periods are not discounted.

1.15 Pension costs

The group operates two pension schemes: a defined benefit pension scheme and a defined contribution pension scheme.

Contributions to the defined contribution pension scheme are charged to the Consolidated Statement of Comprehensive Income in the year to which they relate.

Under the terms of the arrangements between the company and MDU Services Limited the company is responsible for any deficit, or can recover any surplus, of the defined benefit pension scheme for which MDU Services Limited is the principal employer.

The assets of the defined benefit pension scheme are measured at their market value at the Statement of Financial Position date and the liabilities of the scheme are measured using the projected unit method. The discount rate at 31 December 2024 is based on the annualised yield on the AON GBP single agency AA (corporates) curve. A single equivalent discount rate is then calculated, which produces the same value of plan liabilities as applying each spot yield to that future year's projected benefit cashflow.

The extent to which the scheme's assets exceed/fall short of their liabilities is shown as a surplus/deficit in the Statement of Financial Position to the extent that a surplus is recoverable by the company or that a deficit represents an obligation of the company. The following are charged to the Consolidated Statement of Comprehensive Income:

- the increase in the present value of pension scheme liabilities as a result of benefit improvements over the period during which such improvements vest;
- gains and losses arising on settlements/curtailments;
- a credit in respect of the expected return on the scheme's assets; and
- a charge in respect of the increase during the period in the present value of the scheme's liabilities because the benefits are one period closer to settlement.

Actuarial gains and losses are recognised in other comprehensive income.

1.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured and the undisclosed salary cost of the future holiday entitlement so accrued at the balance sheet date.

1.17 General information

The Medical Defence Union Limited is a private company limited by guarantee without share capital incorporated in England and Wales (registered number: 21708) with registered office One Canada Square, Canary Wharf, London, E14 5GS.

2. Employee information

	2024	2023
	£000	£000
Salaries	34,952	31,526
Social security costs	4,255	3,790
Pension costs – defined contribution scheme	2,974	2,693
Other staff costs	1,521	1,334
	43,702	39,343
Average number of employees (FTE) in the year	478	433

There are no staff employed by the parent company.

3. Changes in fair value of investments

	2024	2023
	£000	£000
Changes in fair value	8,700	55,165
	8,700	55,165

4. Net investment income

	2024	2023
	£000	£000
Bond and interest income	5,160	3,363
Difference on exchange	(605)	(442)
Other investment income	23,794	35,723
Profit on disposal of investments	19,653	266
Investment management fees and related costs	(4,182)	(5,478)
	43,820	33,432

Investment income from listed investments in the year was **£15.8m (2023: £16.4m)**.

5. Interest payable

	2024	2023
	£000	£000
Bank interest payable	12	61
	12	61

6. Indemnity, legal and reinsurance costs

	2024	2023
	£000	£000
Reinsurance premiums	3,266	2,772
Increase in incurred costs (see note 20)	37,023	66,299
Premium element adjustment (see note 1.4)	-	(2,357)
Legal costs	21,323	22,763
Reinsurance recoveries (including the movement in reinsurance provision)	(2,094)	4,094
	59,518	93,571

7. Finance cost – indemnity/pension provision

	2024	2023
	£000	£000
Finance cost relating to indemnity provision (see note 20)	17,840	18,100
Finance income relating to pension provision (see note 22)	(500)	(600)
	17,340	17,500

8. Result before taxation

	2024	2023
	£000	£000
The result before taxation has been arrived at after charging the following:		
Depreciation of tangible fixed assets	2,765	3,135
Amortisation of Goodwill (see note 13)	736	104
Operating lease rentals – land and buildings	589	603
Operating lease rentals – motor vehicles	229	159
Defined contribution pension cost	2,974	2,693

9. Directors' remuneration

	2024	2023
	£000	£000
Fees	579	554
Directors' emoluments	1,543	1,680
Amounts due and receivable under long-term incentive plans	416	182
	2,538	2,416

	2024	2023
	£000	£000
The highest paid director in the year earned:		
Emoluments (including short-term incentive plans (STIP) and benefits under the long-term incentive plan (LTIP))	702	597

There are no retirement benefits accruing to directors under a defined benefit scheme (2023: nil).

The fees disclosed above in respect of services to the company represent the remuneration of the non-executive directors of The Medical Defence Union Limited. In addition one (2023:five) of the non-executive directors received fees totalling £6,486 (2023: £15,928) for acting as expert witnesses on behalf of members.

	Fee/Salary £000	Benefits [i] £000	STIP/LTIP [ii] £000	Cash alternative [iii] £000	Pension [v] £000	2024 £000	2023 £000
Executive Directors							
M T Lee	372	1	305	23	-	702	597
A R Wright	237	20	168	23	-	447	411
A R Archibald	100	-	-	-	10	110	232
K Miller	170	1	120	-	20	312	284
H H A Stewart	62	-	94	5	-	162	337
C E Fryar	161	1	48	-	16	226	-
	1,102	23	735	51	46	1,959	1,861

	Fee/Salary £000	Other [iv] £000	2024 £000	2023 £000
Non-executive directors				
E Wells	45	3	48	46
S W Watkin	97	12	109	108
J H Riley	53	2	55	52
C Aghadiuno	45	1	46	44
S Beaumont	45	1	46	44
P Goldsmith	-	-	-	12
S Shaunak	-	-	-	22
T J Norfolk	53	33	86	79
P I Clark	13	24	37	36
G S McAusland	53	5	58	55
L R Hykin	13	10	23	23
A I Handa	17	11	28	5
H Sandhu	30	13	43	28
	464	115	579	554

[i] Benefits include car allowances, medical and other benefits in kind or their equivalent monetary value.

[ii] STIP represents those amounts accrued in respect of the year to 31 December 2024, and over/under accruals for 2023. The STIP is determined by comparing actual performance against set targets for the key performance indicators over the year. LTIP represents those amounts accrued in respect of the year to 31 December 2024, and over/under accruals for 2023. The LTIP is determined by comparing actual performance against set targets over a three year period, and relates primarily to the overall financial position of the company and its key membership statistics.

[iii] Payments made as cash alternative to company contributions to defined contribution pension scheme.

[iv] "Other" represents expenses paid to board members and any fees and expenses for attendance at council and committee meetings other than MDU board and its related committees.

[v] Pension costs represents company contributions to defined contribution pension scheme.

10. Taxation

	2024	2023
	£000	£000
Corporation tax		
Current tax on result for the year	16,892	17,613
Adjustments in respect of prior periods	2,412	172
Total current tax	19,304	17,785
Deferred tax		
Timing differences	(3,364)	2,729
Adjustments in respect of prior periods	(1,615)	(1,826)
Effect of tax rate change	-	171
Total deferred tax	(4,979)	1,074
Taxation	14,325	18,859

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2023 – higher than) the standard rate of corporation tax in the UK of 25% (2023 – 23.52%). Reconciling items are explained below:

	2024	2023
	£000	£000
Profit on ordinary activities before tax	37,529	41,831
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 – 23.52%)	9,382	9,839
Effects of:		
Net mutual income not subject to corporation tax	(33,236)	(30,364)
Expenses not deductible for tax	36,837	41,409
Adjustments in respect of prior periods	797	(1,654)
Difference in tax rate on deferred tax movement	-	171
Allocation from transparent funds	(723)	(542)
Gains/rollover relief	1,268	-
Total tax charge for the year	14,325	18,859

11. Auditor's remuneration

	2024	2023
	£000	£000
Fees payable to the Group's auditor and its associates	287	245

Fees payable to the Group's auditor and its associates:

– for the audit of the group's annual accounts	256	222
– in respect of the audit of the MDU Services Limited pension scheme	31	23

12. Tangible fixed assets

Group	Long-term leasehold property £000	Furniture and office equipment £000	Computer equipment and software £000	Total £000
Cost or valuation				
At 1 January 2024	11,568	863	18,841	31,272
Additions	-	-	1,420	1,420
Disposals	(5,364)	-	(480)	(5,844)
Transfers between classes	-	(283)	283	-
At 31 December 2024	6,204	580	20,064	26,848
Depreciation				
At 1 January 2024	7,702	489	15,161	23,352
Charge for the year on owned assets	827	35	1,903	2,765
Disposals	(5,364)	-	(480)	(5,844)
Transfers between classes	-	(43)	43	-
At 31 December 2024	3,165	481	16,627	20,273
Net book value				
At 31 December 2024	3,039	99	3,437	6,575
At 31 December 2023	3,866	374	3,680	7,920

13. Goodwill

Group	Goodwill £000
Cost	
At 1 January 2024	6,212
B/fwd cost adjustment	981
At 31 December 2024	7,193
Amortisation	
At 1 January 2024	104
Charge for the year on owned assets	719
B/fwd depreciation adjustment	16
At 31 December 2024	839
Net book value	
At 31 December 2024	6,354
At 31 December 2023	6,108

On 31st October 2023, the Group acquired 100% of the issued share capital of Red Whale (GP Update Limited). Red Whale was founded in 2010, is a leading provider of education services, operating mainly in United Kingdom.

14. Fixed asset investments

Group	Investments in cash & cash equivalents £000	Funds held by Investment Managers £000	Total £000
Cost or valuation			
At 1 January 2024	59,562	1,081,410	1,140,972
Additions	-	215,000	215,000
Disposals	-	(294,176)	(294,176)
Foreign exchange movement	-	(605)	(605)
Revaluation of investments	-	8,700	8,700
Net movement of cash & accrued income	29,120	(4,065)	25,055
Profit on disposal	-	19,653	19,653
At 31 December 2024	88,682	1,025,917	1,114,599

Company	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2024	31,906
B/fwd cost adjustment	981
At 31 December 2024	32,887

The company, The Medical Defence Union Limited (reg number: 21708) either directly or indirectly, holds the entire issued ordinary share capital of the following subsidiaries which principally affect the figures shown in the company's financial statements: directly MDU Services Limited (reg number: 3957086), MDU Investments Limited (reg number: 3291117) and GP Update Limited (reg number: 07135974)

all incorporated in England and Wales (registered offices: One Canada Square, London, E14 5GS) and indirectly MDU Reinsurance Limited, an insurance company, incorporated in Guernsey (registered office: PO Box 34, St. Martins House, Le Bordage, St. Peter Port, Guernsey, GY1 4AU).

Dormant companies are disclosed in note 27.

15. Analysis of funds held by investment managers

	2024 %	2024 £000	2023 %	2023 £000
Pooled funds [i]	95.7	982,429	95.9	1,036,543
Private credit [ii]	4.3	43,488	4.1	44,867
	100	1,025,917	100	1,081,410

Valuation basis of investments

	2024 £000	2023 £000
Fair value	1,025,917	1,081,410
	1,025,917	1,081,410

[i] Pooled funds represent investments in funds that hold short term debt and similar instruments; medium to long term debt; and diversified assets that aim to balance equity, interest rate and inflation risks.

[ii] Private credit represents investments in funds in order to access private secure income assets.

16. Debtors

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Due after more than one year				
Reinsurance recoveries	8,277	10,064	8,277	10,064
	8,277	10,064	8,277	10,064

Due within one year				
Reinsurance recoveries	3,273	1,158	3,273	1,158
Amounts owed by subsidiary undertakings	-	-	810,887	884,822
Other debtors	2,186	7,461	-	-
Prepayments and accrued income	3,357	4,456	953	631
Corporation tax	5,521	-	-	-
Deferred taxation (see note 21)	1,426	-	-	-
	15,763	13,075	815,113	886,611

17. Creditors: Amounts falling due after more than one year

	Group 2024 £000	Group 2023 £000
Deferred income	366	409
Other creditors and accruals	2,467	2,600
	2,833	3,009

All creditors falling due after more than one year are held at amortised cost.

18. Creditors: Amounts falling due within one year

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Corporation tax	677	10,845	677	5,808
Taxation and social security	1,249	1,278	35	34
Deferred taxation (see note 21)	-	3,570	-	-
Deferred subscription income	64,063	62,909	63,930	62,891
Accruals and deferred income	14,694	14,824	503	1,272
	80,683	93,426	65,145	70,005

All creditors falling due after more than one year are held at amortised cost.

19. Net funds held by investment managers

	2024 £000	2023 £000
Financial assets: investments (see note 14)	1,025,917	1,081,410
	1,025,917	1,081,410

The historic cost of net funds held by investment managers is £1,000.7m (2023: £943.6m).

The fair value of listed investments was £939.6m (2023: £851.7m).

(a). Fair value hierarchy

Of the investments held, £1,026m were held at fair value (note 14), the following fair value hierarchy was used to estimate the value of these investments:

	2024 £000	2023 £000
Quoted prices – Level 1	-	-
Recent quoted prices – Level 2	1,025,917	1,081,410
Valuation technique (Unobservable inputs) – Level 3	-	-
	1,025,917	1,081,410

Total net assets

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

- Level 1** Valued using quoted prices in active markets for identical assets.
- Level 2** Valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.
- Level 3** Valued by reference to valuation techniques using inputs that are not based on observable market data.

20. Provisions – indemnity

	2024 £000	2023 £000
Group and company		
At 1 January	499,593	494,881
Finance costs	17,840	18,100
Indemnity and insurance paid	(95,152)	(79,687)
Increase in incurred costs (see note 6)	37,023	66,299
At 31 December	459,304	499,593

The principal financial assumption used in the calculation of the finance cost is that the rate used to unwind the discount is 3.81% (2023: 3.74%) per annum.

The principal financial assumptions used in the actuary's calculation of the gross indemnity provision for the company are that medium/large claims inflation will be 8% per annum (2023: 8% per annum) over the period of settlement and that a net discount rate of 4.13% per annum (2023: 3.49%) is used to discount the claims payments to the Statement of Financial Position date.

Provisions – other		
	2024 £000	2023 £000
Group		
At 1 January	1,105	1,041
(Decrease)/increase in the year	(51)	64
Payments	-	-
At 31 December*	1,054	1,105

*Building dilapidations are recognised on one (2023: one) building.

21. Deferred taxation

	2024 £000	2023 £000
Group		
At 1 January	3,570	2,444
(Credit)/charge to profit or loss	(4,996)	1,126
At 31 December	(1,426)	3,570

The deferred tax liability is made up as follows:

	Group 2024 £000	Group 2023 £000
Fixed asset timing differences	256	3,633
Capital (losses)	(1,682)	(63)
	(1,426)	3,570

The deferred tax liability is largely attributable to the unrealised gains on capital assets. The effective rate applied was 25% (2023: 25%) which is the corporation tax rate applicable for periods after 1 April 2023.

22. Pension costs

As explained in accounting policy note 1.15 the Group operates two pension schemes; a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit pension scheme provides defined benefits for employees who accepted employment before 1 January 2003. The company also manages the defined contributions for employees who accepted employment after 31 December 2002, and, after 31 December 2019, for employees who accepted employment before 1 January 2003. The assets of both pension schemes are held under trust separately from those of MDU Services Limited. The funding of the defined benefit pension scheme is based on regular triennial actuarial valuations. The last full actuarial valuation of the scheme was carried out as at 1 April 2024 and has been updated to 31 December 2024 by qualified independent actuaries for the purpose of reporting pension costs.

The funded status as at 31 December 2024 reflects the status of the defined benefit section of the scheme only.

The major assumptions made by the actuary were:

	2024	2023	2022	2021
Rate of increase in salaries	3.4%	3.4%	3.6%	3.5%
Rate of increase in pension pre 16 February 2009 retirees	3.0%	2.9%	3.1%	3.1%
Rate of increase in pensions post 16 February	2.7%	2.7%	2.7%	2.6%
Discount rate	5.5%	4.5%	4.8%	2.0%
RPI inflation assumption	3.2%	3.1%	3.3%	3.3%
CPI inflation assumption	2.8%	2.7%	2.8%	2.7%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22.7 years if they are male and a further 24.3 years if they are female. Members currently aged 45 are expected to live for a further 24.2 years from age 65 if they are male and for a further 26.0 years from age 65 if they are female.

Fair value of scheme assets:

	2024 £000	2023 £000	2022 £000	2021 £000
Equities	12,000	10,700	5,300	18,400
Property	-	-	-	20,600
Government bonds	79,300	96,200	64,300	82,100
Corporate bonds	-	-	21,000	34,000
Other	6,200	1,700	18,200	25,100
	97,500	108,600	108,800	180,200

The approximate fair value of assets and liabilities of the scheme were:

	2024 £000	2023 £000	2022 £000	2021 £000
Total market value of assets	97,500	108,600	108,800	180,200
Present value of scheme liabilities	(88,100)	(99,400)	(96,200)	(153,600)
Pension asset	9,400	9,200	12,600	26,600

	2024	2023	2022	2021
Assets as a percentage of liabilities	110.7%	109.3%	113.1%	117.3%

Movement in the fair value of the scheme liabilities during the year:

	2024 £000	2023 £000
Opening defined benefit obligations	99,400	96,200
Interest cost	4,300	4,500
Actuarial (gain)/loss on the scheme liabilities	(10,100)	3,200
Net benefits paid out	(6,200)	(5,400)
Past service cost (incl. curtailments)	700	900
Closing defined benefit obligations	88,100	99,400

Movement in the fair value of the scheme assets during the year:

	2024 £000	2023 £000
Opening fair value of scheme assets	108,600	108,800
Expected return on scheme assets	4,800	5,100
Actuarial (loss) on scheme assets	(10,400)	(800)
Contributions by employer	700	900
Net benefits paid out	(6,200)	(5,400)
Closing fair value of scheme assets	97,500	108,600

The total estimated pension expense in 2024 is £nil (2023: £nil). This is because the DB pension scheme closed with effect from 1 January 2020.

The assets of both pension schemes do not include any of the group's own financial instruments or any property occupied by the Medical Defence Union Limited or its subsidiary undertakings. A building block approach is employed in determining the long-term rate of return on the defined benefit pension scheme's assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Analysis of the amount credited to other finance credits

	2024 £000	2023 £000
Expected return on scheme assets	(4,800)	(5,100)
Interest on scheme liabilities	4,300	4,500
Net return	(500)	(600)

Analysis of amounts recognised in other comprehensive income:

	2024 £000	2023 £000
Actuarial (losses) on scheme assets	(10,400)	(800)
Actuarial gains/(losses) on scheme liabilities	10,100	(3,200)
Actuarial (losses)/gains recognised in other comprehensive income	(300)	(4,000)

23. Members liability

The Medical Defence Union Limited is a company limited by guarantee not exceeding £1 per member.

24. Related party transactions

The group has taken advantage of the exemptions available in respect of its wholly-owned subsidiary undertakings and the disclosure of related party transactions within the group and balances eliminated on consolidation.

25. Commitments under operating leases

The group and company had minimum lease payments under non-cancellable operating leases as set out below:

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Not later than 1 year	802	766	-	-
Later than 1 year and not later than 5 years	2,512	2,491	-	-
Later than 5 years	2,598	3,175	-	-
	5,912	6,432	-	-

26. Potential cost of future claims

As a not-for-profit, mutual organisation, the MDU exists exclusively for the benefit of its members. The company holds a mutual fund and manages it on members' behalf. This fund ensures that we are able to meet the costs of cases where the board has exercised its discretion to assist, and that we are also able to consider requests for assistance which may be made in the future, whether from current or previous members.

The costs of these potential future claims are not recognised as a liability until the board exercises its discretion to assist. However, the MDU still considers the value of these potential future claims to assess the strength of its funding position. The cost is evaluated by the MDU's actuarial team and is periodically subject to independent actuarial analysis.

In determining the potential cost of future claims, we factor in the historic level of acceptance of requests and make an estimate for the future on that basis. The estimate below is presented in today's terms. It is an estimate of the funds that would be required at the end of December 2024 to settle the damages and claimant legal costs of future claims that could not be defended. The figure is adjusted for both expected future inflation, and investment return over the period between the accounting date and the date of payment. The investment return is estimated by reference to UK risk free rates published by the European Insurance and Occupational Pensions Authority (EIOPA).

As of 31st December 2024, the board has estimated that this potential future cost, were it to grant assistance, would be £232m (2023: £278m). The underlying assumptions used to estimate the potential cost of future claims include:

- Discounting benefit of £119m (2023: £129m), based upon a risk free discount rate.
- Medium/large claims inflation of 8% per annum (2023: 8%).
- Reinsurance recoveries of £nil (2023: £nil)

The above figure does not include an estimate of the legal costs that the MDU will likely incur instructing lawyers and experts to help defend the cases, or the MDU's in-house costs of handling claims. These defence legal costs are currently estimated to be in the region of £39m (2023: £51m). The equivalent defence legal costs for the indemnity provision (note 20) are £41m (2023: £48m). The MDU's internal claims handling costs in relation to known and potential future claims are projected at £39m (2023: £44m).

The MDU recognises the uncertainty inherent in the amount and timing of claims payments to be made, and the performance of the investment fund between the present time and the time of payment. Given the long-tail nature of clinical negligence liabilities and the nature of associated claims, the ultimate cost of claims (both those notified and those yet to be notified) could end up differing considerably from that which was initially estimated.

For that reason, the MDU's investment strategy seeks to preserve a long-term surplus. This is achieved by investing in a diverse set of assets, seeking a reasonable rate of return while controlling the overall level of risk. The surplus of assets over known liabilities also provides funds to meet the cost of potential future claims against members for incidents that have already occurred but are not yet reported to the MDU, and on which the board may exercise its discretion to assist.

27. Dormant companies

The MDU group had the following dormant companies as at 31 December 2024:

Dental Defence Union Limited	Just for Doctors Limited	MDU Risk Management Limited
Doctors and Dentists Bank Limited	MDU Healthcare Limited	Medical Liability Services Limited
Healthcare Risk Management Limited	MDU Healthcare Risk Management Limited	The Doctors Bank Limited
		The Dentists Bank Limited

All of the above are wholly owned subsidiaries of the Medical Defence Union Limited, incorporated in England and Wales and included in the consolidation. The companies are exempt from an audit.

28. Parental Guarantee

GP Update Limited (reg number 07135974) is a wholly owned subsidiary of The Medical Defence Union Limited (reg number 21708). The accounts of GP Update Limited are incorporated from the date of acquisition (31st October 2023) in the Group consolidated financial statements. The parent company is claiming exemption from audit under section 479A of the Companies Act 2006. The parent company guarantees all outstanding liabilities to which the subsidiary company is subject at the end of its financial period. The guarantee is enforceable against the parent company to whom the subsidiary is liable in respect of those liabilities.

Notice of Annual General Meeting 2025

Notice is hereby given that the annual general meeting of The Medical Defence Union Limited (a company limited by guarantee) will be held at One Canada Square London E14 5GS on Tuesday, 16 September 2025 at 2.00pm for the following purposes:

Resolution 1

To receive reports of the board of management and the auditor and the financial statements for the year ended 31 December 2024.

To re-elect the following members of the board of management who are retiring by rotation under article 49:

Resolution 2

S Beaumont

Resolution 3

P I Clark

Resolution 4

L Hykin

Resolution 5

M T Lee

Resolution 6

E C J Wells

Resolution 7

To invite the board of management to appoint as members of the council of the MDU for 2025 – 2026 the following:

M Aye

MB BS FRCP FRCPEdin
Hull

K A V Cartwright

MA BM FRCP FRCPath FFPH
Gloucester

C A F Cassie

BDS LLM MJDF
Edinburgh

S Chadwick

MBBS DCH DRCOG MRCGP FRCGP
Bristol

Ms B Chana

Dip Dental Hygiene
Dip Dental Therapy
London

A Chandrapal

BDS MFGDP (UK) DPDS MCLinDent (Pros)
London

P I Clark

MA MD FRCP
Liverpool

Dr J Firth

DM FRCP
Cambridge

L J Freeman

MB ChB FRCB FESC FHEA
Norwich

T E E Goodacre

MB MS LRCP FRCS
Oxford

R H Hammond

MB ChB FRCS(Ed) FRCOG
Nottingham

A I Handa

MBBS FRCS FRCS(Ed)
Oxford

S C Harvey

MA (Law) BDS DDMFR RCR MFDS RCS
London

N R Howes

MBChB(Hons) MD FRCS (Gen)
Cheshire

L R Hykin

MBBS BSc MRCP FRCGP
Cornwall

A J Ireland

PhD MSc BDS FDS MOrth RCS (Eng)
Bath

P R Kay

MB ChB BA (Maths) FRCS(G) FRCS
Lancashire

N Lord

MBChB FRCGP MEWI PGCert in GPED
Cheshire

K W Murphy

MD FRCOG FRCPI DCH
London

N Ninis

MBBS MSc MRCP MD (Res)
London

T J Norfolk

BDS MFGDP LLM
Suffolk

C E Offiah

BSc (Hons) MB ChB FRCS (Ed) FRCR
London

D Paviour

PhD MBBS FRCP
London

H S Sandhu

MB ChB DRCOG MRCGP
Cheshire

K G Smith

BDS FDSRCS PhD
Sheffield

L Turner-Stokes

MA MB BS DM FRCP ARCM
Middlesex

S W Watkin

BSc MB ChB MD FRCP(UK) FRCP(Edin)
Roxburghshire

R J S Webber

MD FRCSEd(Urol)
Dunfermline

A Whaley

MA (Cantab) MB BS MRCP FRCA
FFICM FCICM (Aust)
Bristol

P Whitfield

BM PhD FRCS (Eng) FRCS (SN)
FHEA FAcadMed
Plymouth

J S Wyatt

FRCP FRCPCH
London

Resolution 8

To appoint BDO LLP as auditor and
to authorise the board of management to
determine the remuneration of the auditor.

By order of the board of management

N J Bowman

Company secretary
29 April 2025

Registered office

One Canada Square
London E14 5GS

Notes

Every member is entitled to attend and vote, or may appoint a proxy who need not be a member of the MDU. The proxy form is enclosed with this annual report. To be effective it must be signed and deposited at the registered office not later than 2.00pm on 14 September 2025.

Any corporate member can appoint a corporate representative who may exercise on its behalf all of its powers as a member.

Board member re-elections

Resolution 2 Ms S Beaumont

Ms S E Beaumont joined the MDU Board as a non-executive director and member of the audit and risk committee in September 2017. Following an executive career in the media sector, most of it spent at Guardian News & Media, Stella now works as a non-executive director and trustee, undertakes strategy consulting assignments and continues to pursue her academic interest in the history of art. At Guardian News & Media, Stella held executive board positions as strategy director, general manager of The Observer, and international and business development director – gaining experience of working in the UK, South Africa and the United States through a period of disruptive change and opportunity across the sector.

Resolution 3 Professor P I Clark

Professor P I Clark is a consultant medical oncologist and practiced in Liverpool for over 28 years. His roles have included being medical director of his trust (1993-2000), director of the Mersey & Cheshire Cancer Research Network (2001-2008), leading his specialty of medical oncology nationally (2000-2006), serving on the NICE Technology Appraisal Committee (2002-2009) and then chairing it (2009-2013) and then joining NHS England Specialised Commissioning in 2013 as chair of the Chemotherapy Clinical Reference Group (2013-2019) and national clinical lead for the Cancer Drugs Fund (2013-to date). His current role is focused on working with NHS England,

NICE, the pharmaceutical companies, clinicians and patients to maximise and accelerate access in England to cancer drugs which are both clinically and cost effective. He joined the MDU council in November 2007 and has chaired the MDU claims management committee since 2018.

Resolution 4 Dr L Hykin

Dr L Hykin MBBS BSc MRCP FRCGP CME has been a GP for over 25 years. She joined the MDU council in 2016 and joined the MDU Board as a non-executive director in September 2022.

Resolution 5 Dr M T Lee

Dr M T Lee is currently the chief executive officer at the Medical Defence Union (MDU) – a mutual provider of professional indemnity and legal services to its 200,000 individual and corporate members (who are healthcare providers in the UK and Ireland). Prior to his appointment as group CEO in September 2021 he was the professional services director with responsibility for claims handling, underwriting, the legal department and the medical and dental legal services provided to members. He is a registered doctor and joined the MDU from a background in anaesthetics and paediatric intensive care in Southampton, having trained in both anaesthetics and paediatric medicine.

Resolution 6 Mr E C J Wells

Mr E C J Wells BA Solicitor served as a non-executive director of Solicitors Indemnity Mutual Insurance Association from 1999 until 2020. He was general counsel and company secretary, subsequently special counsel, at Pool Reinsurance Company Limited from 2012 until 2021. From 1986 until 2012 he was a partner in the insurance and reinsurance team at Hogan Lovells and predecessor firms, working for a number of mutual insurance associations. He is currently a consultant to three “not-for-profit” organisations in the insurance industry, two of which are mutuals.

The Medical Defence Union Limited

Chairman of the board and president of council

Dr S W Watkin
BSc MB ChB MD FRCP(UK)
FRCP(Edin)

Vice-chairman of the board and vice-president of council

Dr T J Norfolk
BDS MFGDP LLM

Board of management

Ms C Aghadiuno
BSc FIA

Ms S Beaumont
BA (Hons)

Prof P I Clark
MA MD FRCP

Dr C Fryar
MB ChB MRCGP LLM MBA

Prof A I Handa
MBBS FRCS FRCS(Ed)

Dr L R Hykin
MBBS BSc MRCP FRCGP CME

Dr M T Lee
BM MBA FRCP FFFLM MRCPCH

Mr G S McAusland
BSc (Hons) FFA

Mr K Miller
BSc (Hons) ACMA CGMA

Mr J H Riley
BSc (Econ) CII

Dr H S Sandhu
MB ChB DRCOG MRCGP

Mr E C J Wells
BA (Hons) Solicitor

Mr A R Wright
BA DPhil FIA

Company secretary

Mr N J Bowman
BSc(Econ)(Hons) ACIS

Council

Dr M Aye
MB BS FRCP FRCPEdin
Hull

Prof K A V Cartwright
MA BM FRCP FRCPath FFPH
Gloucester

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BDS LLM MJDF
Edinburgh

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FRCGP
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Dip Dental Therapy
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MClinDent(Pros)
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Somerset

Dr J Firth
DM FRCP
Cambridge

Dr L J Freeman
MB ChB FRCB FESC FHEA
Norwich

Mr T E E Goodacre
MB MS LRCP FRCS
Oxford

Mr R H Hammond
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Dr P Whitfield

BM PhD FRCS (Eng) FRCS (SN)
FHEA FAcadMED
Plymouth

Prof J S Wyatt

FRCP FRCPCH
London

The Dental Defence Union

The specialist dental
division of the MDU

**Dental advisory
committee**

Dr C A F Cassie

BDS LLM MJDF
Edinburgh

Ms B Chana

Dip Dental Hygiene
Dip Dental Therapy
London

Mr A Chandrapal

BDS MFGDP(UK) DPDS
MClinDent(Pros)
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RCS(Eng)
Bath

Dr T J Norfolk

BDS MFGDP LLM
Suffolk

Dr K G Smith

BDS FDSRCS PhD
Sheffield

Auditor

BDO LLP



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MDU

