Dentists' Provident

Protecting your lifestyle. Securing your future.

Annual Report | 2014

Dentists' Provident is a leading provider of income protection insurance to dentists in the UK and Ireland. We are a not-for-profit mutual organisation, owned by and managed solely for the benefit of our members.

Contents

Performance summary
Continuing strength

- Net surplus before bonuses of £13.0 million (2013: £23.9 million)
- Total assets of £228.9 million (2013: £212.6 million)
- Interest on members' bonus accounts maintained at 5%
- Dividends for insured members increased to £1.56
- Dividends for retired dentists plan maintained at £1.80 per share
- Terminal bonus maintained at 15%

Financial summary

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Membership premium income	13,802	13,354	13,583	12,975	12,175
Sickness claims paid	(4,556)	(4,493)	(4,211)	(3,404)	(3,193)
Operating expenses	(3,619)	(3,353)	(3,621)	(4,426)	(4,595)
Net surplus before bonuses	13,014	23,870	17,575	13,009	13,640
Bonuses paid to members	(6,969)	(6,764)	(6,632)	(6,122)	(5,943)
Total assets	228,878	212,566	191,381	174,338	167,359
Investment assets	216,656	203,887	172,920	172,164	164,801
Members' bonus accounts	83,377	81,728	80,313	78,366	77,254
Operating ratios					
Operating expenses to premium income ratio	26.2%	25.1%	26.7%	34.1%	37.7%
Benefits paid to premium income ratio	33.0%	33.6%	31.0%	26.2%	26.2%
Core surplus to average assets ratio[1]	9.8%	13.0%	11.7%	7.1%	13.1%

Notes:

1. Core surplus is before bonuses to members and changes to sickness business provision.
   Average assets is the mathematical average of the group's total assets at the current and previous year ends.

Chairman's statement
Building our business

I am delighted to welcome you to this year's annual report.

2014 was an important year for the group as we implemented the strategic initiatives I spoke of in my last report. For the first time in our history, we have extended our reach to dental students. We appreciate the substantial financial investment students and their parents make in their education and our new dental students' plan is designed with exactly this in mind. We have also added a number of new features to our income protection plan, which are available to all our planholders and not just new ones. We believe that this approach is in keeping with what Dentists' Provident is all about, which is quite simply, doing the best for our members.

Building our business

Just because we are leaders today, that does not guarantee our position tomorrow. Developments in technology have transformed our lives and are reshaping the way people do business and interact with providers of products and services. Our 2014 strategic review had a distinctly technological tilt and your board approved a number of new initiatives, which will ensure that we continue to prosper and deliver long term value to our members. I look forward to telling you more about these plans in the not too distant future.

You will have noticed the subtle changes to our brand positioning as we have sought to emphasise our role as a long term partner in our members' health and wellbeing. We have also channelled a lot of energy into continuing to improve our communications with the dental profession as a whole and our members in particular, so that our market has a deeper understanding of our business, principles and what makes us stand out.

We have not forgotten the importance of efficient and effective underwriting and claims management and we have made a number of improvements in these areas to ensure that we continue to produce the right outcomes for our membership as a whole.

Governance and the board

Without good governance, it is not possible to develop and implement a sound long term business strategy. With this in mind, as mentioned in the group's 2013 annual report, we have updated the terms of reference for the board committees. Your board decided to expand the scope of this project into a full scale review of governance arrangements, with reference to our strategic objectives and changes in the regulatory environment. I am pleased to report that the new arrangements were approved by the board in November 2014 and became effective from 1 January 2015. I believe these changes will result in improved accountability across our management structure and will not only improve the speed of our decision making but also the quality of those decisions as well.

In keeping with our commitment to sound corporate governance, your board undertook its triennial, externally facilitated board review this year. I am particularly pleased to report that the overall findings were extremely positive. A big takeaway for me personally was the depth of commitment demonstrated by your board to strong, sensible governance practices and most of all a universal desire to do right by our membership. It was also reassuring to learn that our governance arrangements already compare very favourably to those seen in larger organisations. Not unexpectedly, this review highlighted minor areas for improvement, which were largely of an administrative nature. Steps have already been taken to address these.

Results and bonuses

The sound management of our business means that both our insurance and investment activities performed well in 2014.

In light of another successful year, I am delighted to confirm that your board has recommended an increased dividend for our insured members of £1.56, up from £1.44 in 2013. The dividend rate for our retired dentists planholders remains at £1.80 and the interest and terminal bonus rates are unchanged at 5% and 15%, respectively.

Succession

I am delighted to inform you of Simon Elliott's appointment as group deputy chief executive. Simon has been a key member of the team since 2007 and this appointment recognises the tremendous contribution he has made to the group.

I am also very pleased to welcome Huw Winstone to the Board. Huw joined the society in August and his experience and insight will further strengthen the knowledge and expertise of your board. I would also like to, once again, thank Trevor King, who retired in May, for his dedication and commitment to the society over his many years of service.

Kathryn Woolass
Chairman
20 March 2015

The case for Dentists' Provident
We are different

1. Unparalleled flexibility
We offer the widest range of deferred periods in the market and individually selectable options, designed to cater to the diverse range of professional circumstances of our members. We also offer a simple and easy option to derisk existing arrangements as our members' circumstances change. All our benefits are offered under a single membership, making it extremely convenient for our members to manage their arrangements.

2. Underwriting excellence
Our underwriting culture is based on the expertise of our people, who have built up their knowledge and experience over many years. The pragmatism of our underwriters, framed within a robust control environment, provides a genuine source of competitive advantage.

3. Value for money proposition
We offer exceptional value for money to our members. Over the last five years, our benefit payments and bonuses to members have consistently ranged between 73–84% of our premium income.

4. Deep industry knowledge
Our business is supported by a team of experienced professionals, with deep knowledge of the dental industry, insurance, investments, actuarial, risk management and finance.

5. Doing the right thing
We believe that being ethical, honest and fair is a source of long term competitive advantage. We are not a sales led organisation. We believe that the route to building a sustainable and lasting business is in reflecting our core principles in our everyday dealings with our members.

6. Strong balance sheet
Our strong capital position enables us to attract high calibre talent, support innovation and sustainable growth and invest to provide our members with best of breed solutions and leading long term returns.

7. Active risk management
We have a disciplined and proactive approach to managing risks. Our risk management approach allows us to ensure that we use our resources efficiently and effectively. The consistency of our performance is a testament to the effectiveness of our processes and controls.

8. Strong brand supported by excellent service
Our highly respected brand is based on our ability to deliver consistently positive outcomes for our members. Our technical expertise is backed by a highly responsive and professional service.

9. Unique proposition for students
Our brand new student product is a unique proposition for those studying dentistry at degree level. For only a few pounds a month, students can safeguard their investment in their education, should they suffer an illness or injury that will prevent them from finishing their degree.

Our business model
Focus on our members

Who we are
We are a Holloway income protection insurance specialist, distributing directly and through intermediaries within the UK and Irish dental markets. Our objective is to provide our members with comprehensive, tailored solutions, which will meet their needs throughout their lives. We believe that our product provides a compelling alternative to the homogenised, high volume, low cost options offered more generally. Forming partnerships with our members spanning decades, based on flexibility and choice, backed by exceptional service levels, has allowed us to deliver value and sustainable returns over the long term.

Our strategy
Our business model is centred on our members. We give our members the choice to create a highly customised product, which offers the flexibility to remain fit for purpose over a career that may last 50 years. From the moment dentists choose to become a member, through to claiming and beyond, we treat each step as an opportunity to offer them extraordinary service and ethical, honest and fair outcomes.

Distribution
Our flexible offering is supported by a multi-channel distribution system, to make it easier for dentists to purchase our offering and to engage with us. Our offering is accessible through the web, telephone and also through independent intermediaries.

Our people
Our people are key to ensuring the successful delivery of our core objectives. Each employee fulfils a vital role in ensuring that we successfully meet our members' needs, which ultimately helps drive our long term performance and success.

Underwriting
Over the last 107 years we have built up an unparalleled insight into our core market. This has given us the knowledge and skill to price and manage risks intelligently and creatively. Our underwriters are given significant latitude within a robust control framework, so that we can provide our members with the optimal terms wherever possible.

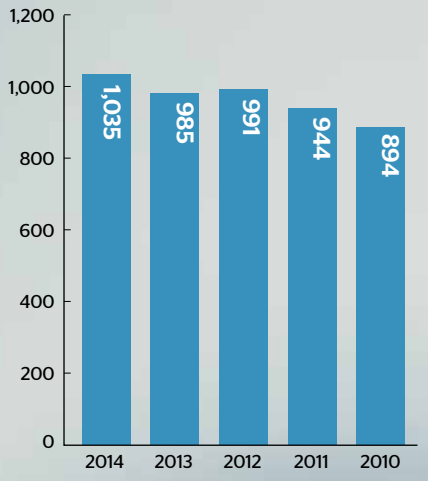
Claims
We do not compete within our market on price. The true value of our proposition lies in our ability to deliver the right outcomes for our members when it matters most. Nowhere is this more apparent than on a claim. We understand the emotional and financial strain of illness or injury and we engage actively with our members in an open, honest and empathetic manner and seek to settle claims quickly and without undue fuss.

Long term investment
In addition to providing income protection insurance, the other strand of our business is the long term returns we provide our members. We manage our finances prudently and efficiently, to maximise the long term returns, whilst maintaining risks within acceptable limits.

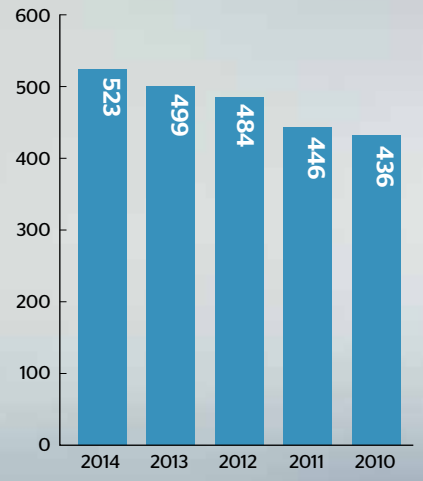
This means we ensure that we exercise budgetary control over our expenditure and manage our investments in a way that produces attractive but sustainable long term returns. We also actively seek to protect our members' capital by holding assets in excess of our liabilities, to absorb the effects of any adverse experiences.

Key performance indicators
Consistency of performance

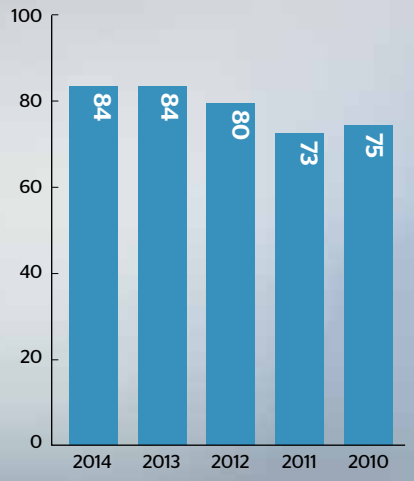
Average premium per member (£)



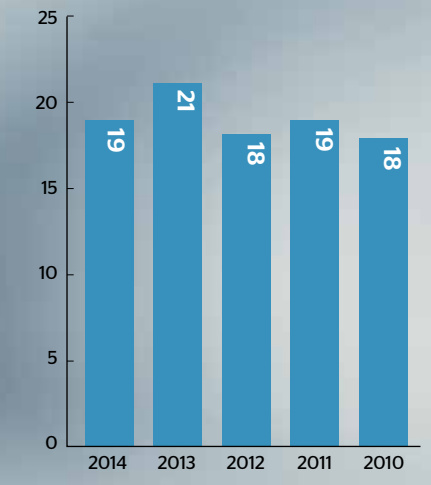
Average bonus per member (£)



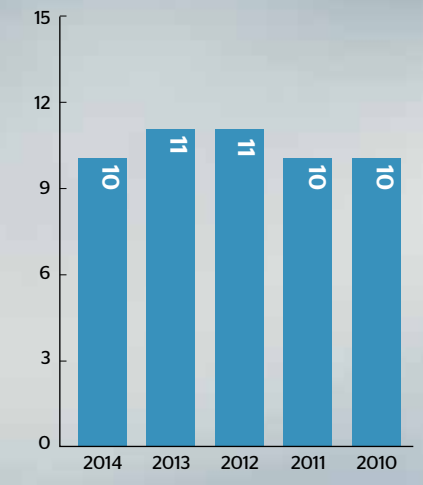
Bonuses and benefits to premium income ratio (%)



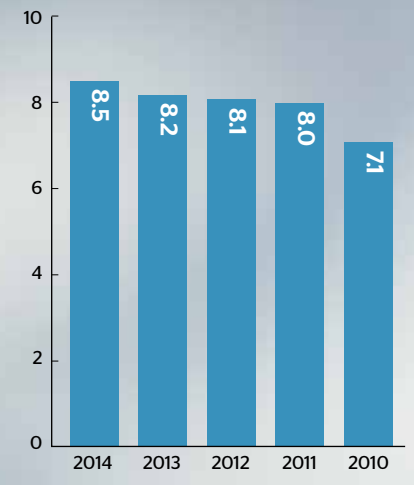
Average duration of short-term claims (days)



Insured members who claimed (%)



Annualised returns to members over ten years (%)



Chief executive's report
Continued success

Performance

The UK's economic recovery remains fragile despite it being one of the fastest growing G8 economies. In particular, real wages have remained under pressure.

I am pleased that despite the challenging conditions, 2014 was another successful year for the group. Our new business volume held up well and, in particular, increases in cover by existing members. Although stable, our surrenders once again remained higher than trend rates. This is partly due to our decision in the 1980s to reduce the maturity date of our income protection offering from 65 to 60 which has led to a clustering of maturities within the two cohorts. However, we expect this effect to pass within the next few years.

Although the global financial markets continued their upward trend, the rate of growth was tempered by falling oil prices and weakness in Europe and in emerging markets. At 7.9%, our overall investment returns easily exceeded our benchmark performance target of 4.8%. Our strategic exposure to the US dollar made a notable contribution to the results for the year.

I am especially pleased with the performance of 1908 Property Holdings Limited, which has made a solid risk adjusted return in the year.

Outlook

Financial markets have made a strong start to 2015. A number of uncertainties, including deflationary pressures, the strength of the US Dollar, the potential for a renewed Greek crisis and further deterioration in Ukraine, are the most immediate threats to global economic stability. The UK elections in May and the political uncertainties surrounding this are a further risk, which could lead to increased volatility as we approach polling day.

On a positive note, it appears that we are getting closer to the date when monetary policy in the UK and USA will start normalising. Within the dental profession, earnings appear to be stabilising, although they remain far below the highs seen in 2009.

There will always be short term uncertainties that could affect our performance. However the prudent management of our business and considered distribution strategy give us the ability to withstand these challenges and continue to focus on the long term. We have the knowledge, skills and experience to deliver for our members and I am very optimistic about our future.

Finally, Solvency II will come into force on 1 January 2016, which will bring consistency to the way in which insurers in Europe manage capital and risk. We continue to work on enhancing our controls, risk framework and processes to ensure that our business is ready for those changes.

Strategy

I am delighted that in November 2014, your board approved our strategic proposals for further enhancements to our infrastructure and product offering. These plans build on the changes we introduced in August 2014.

During 2015, we will be working to get the appropriate processes and structures in place. Kathryn and I will be writing to you over the next 12 to 18 months with more information.

I am confident that once implemented, our proposals will reinforce our position as a clear leader in our market.

Employees

Our leading market position is made possible by the continued dedication and commitment from each and every one of our employees. They are the living embodiment of the strong ethics and values that we so wholly promote as an organisation. Without their efforts, we would not be able to deliver the high standards of service our members expect and deserve, and for this, I am incredibly grateful.

I would also like to extend my sincere gratitude to Kathryn and my fellow directors, for their trust, support and guidance during the year. Finally, I would like to end my report by congratulating Simon Elliott on his appointment as group deputy chief executive. I hope he finds this role as rewarding and fulfilling as I did.

Farrukh Mirza
Chief executive
20 March 2015

Financial review
Working hard for our members

Financial management framework

Our financial management framework seeks to maximise the value we deliver to our members whilst minimising the volatility of their return. We seek to supplement our core premium income with high grade and diversified streams of other income.

We add value by managing our expense base, so that the benefits of mutuality are not lost to inefficient business practices.

Financial performance

Our premium income increased modestly to £13.8 million on the back of a stabilising operating environment, whilst sickness benefit claims were broadly in line with the amounts paid in 2013.

Total investment income, excluding unrealised gains on the group's directly held properties was £16.2 million compared to £18.1 million in 2013.

The sickness business provision increased £8.8 million due to a combination of new claims, higher average levels of cover held by members and yield compression on high quality sovereign and corporate bonds.

Our total assets increased 7.7% to £228.9 million, reflecting the strength of our performance in 2014.

Capital position

The group actively manages its capital to ensure it is used effectively and maximises the benefits accruing to our members. Following on from the lessons learnt from the 2008 financial crisis, the group has bolstered its capital base to cope with any unanticipated shocks. A summary of the group's capital position is as follows:

Group capital resources

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Available capital resources	95,943	89,921	72,982	62,243	55,532
Capital resource requirements	(10,327)	(9,570)	(9,712)	(12,917)	(14,379)
Surplus capital	85,616	80,351	63,270	49,326	41,153

Asset allocation

Our investment management approach is driven by the profile of our liabilities and our investment risk appetite, which in turn is shaped by our views on the future performance of our insurance book and our view of the economic outlook. The group does not have a precise investment return target, instead we focus on opportunities, which, in our view, represent attractive risk-adjusted propositions, whilst:

- maintaining an acceptable overall level of risk (having regard to the currency, nature and duration of the liabilities)
- maintaining an appropriate and broad mix of suitable investments
- protecting adequately the interests of the members

Our investment strategy permits the use of any investment instrument approved by the board. The investment committee oversees the investment policy and strategy, which is implemented using investment mandates. The investment mandates include:

- details of the approved investments
- defined performance benchmarks
- benchmarks for asset allocation by asset type and market
- capitalisation and geographical spread
- counterparty and credit limits
- benchmarks for duration of the fixed interest portfolio

Group asset allocation

	2014 %	2013 %	2012 %	2011 %	2010 %
Equities	47	47	46	55	48
Fixed Interest securities	20	20	21	23	24
Alternative assets and cash	33	33	33	22	28

Group investment performance

	2014 %	2013 %	2012 %	2011 %	2010 %
Group	7.9	12.0	10.4	3.6	12.2
Benchmark portfolio[1]	4.8	11.4	8.4	2.9	10.9

Note:
1. Benchmark based on a portfolio comprising 60% UK equities, 30% Gilts and 10% cash.

Sickness business provision

Estimation of the sickness business provision is critical to the group, as it affects the assets we hold to match our liabilities and the overall surplus available for distribution to our members.

Our income protection business is subject to considerable uncertainty in terms of the timing, level and duration of claims. This makes estimating the sickness business provision subject to a number of assumptions. However, we have always adopted a conservative approach to estimating our sickness business provision. As at 31 December 2014, the sickness business provision stood at £45.9 million (2013: £37.2 million). This amount is significantly in excess of the provision calculated under individual capital assessment methodology.

Underwriting and claims review
Supporting our members

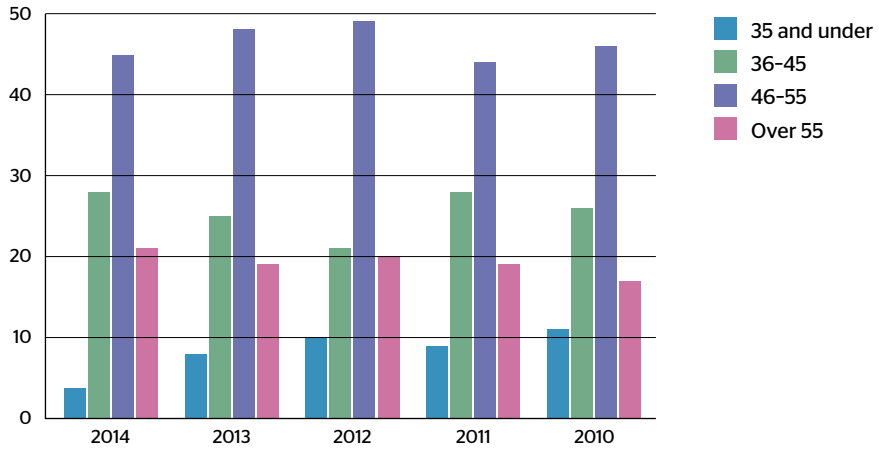
We believe that the long term success of the society and the competitiveness of our proposition depends crucially on how effectively we underwrite new risks and the diligence with which we manage claims.

We have a strong system of internal controls in place, to ensure that the decisions we make are consistent with internal and market practice and produce the fairest outcome for the individuals and the membership as a whole. Each underwriting and claims decision is fully evaluated in light of available information and any adverse decisions are subject to an additional review process, to ensure that an individual member's interests are protected.

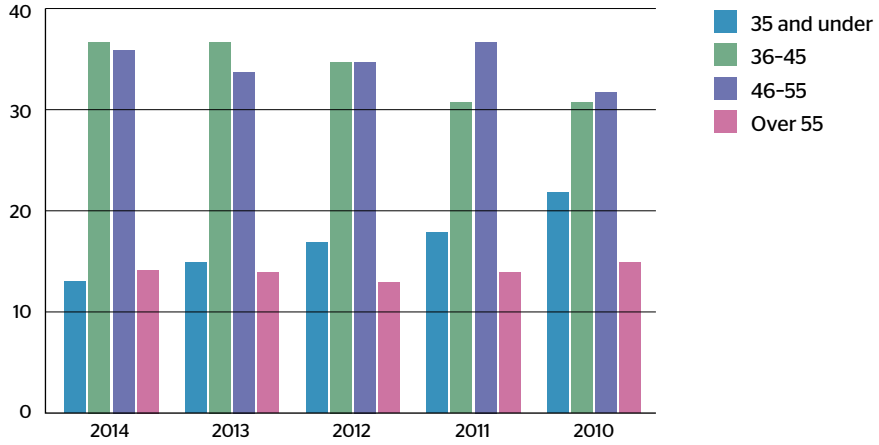
As a matter of principle, in cases where an adverse decision is under consideration, our processes provide for an opportunity for the member to have an input into the process, to ensure relevant facts have been considered fully and they have an understanding of our decision.

Total sickness claims paid in the year were £4.6 million (2013: £4.5 million), reflecting the higher levels of cover held by our members. The analyses of claims by gender and incapacity over the previous five years are detailed below.

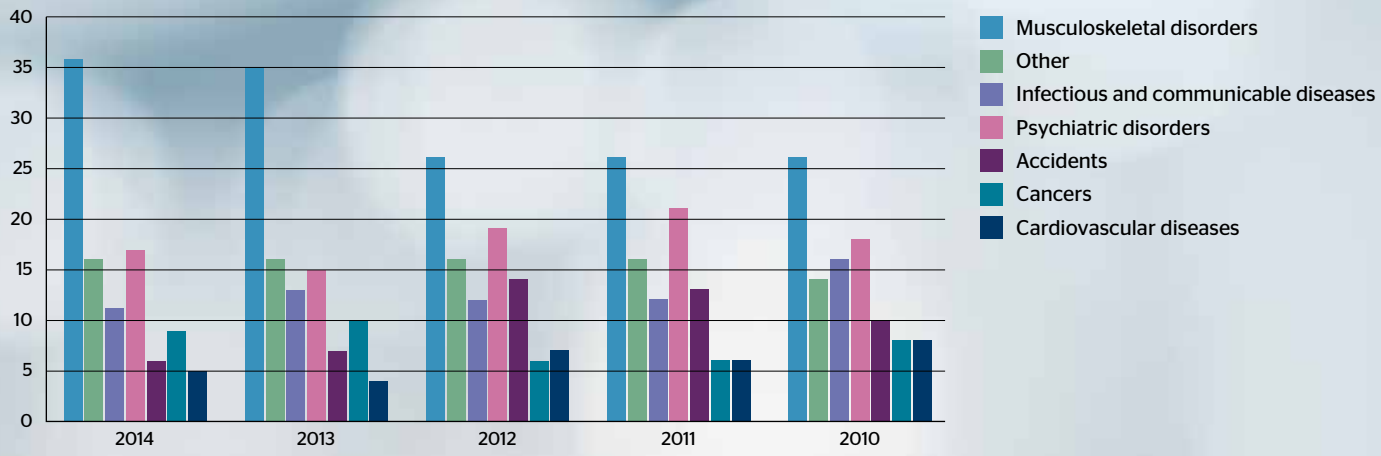
Age distribution of claims by gender – male (%)



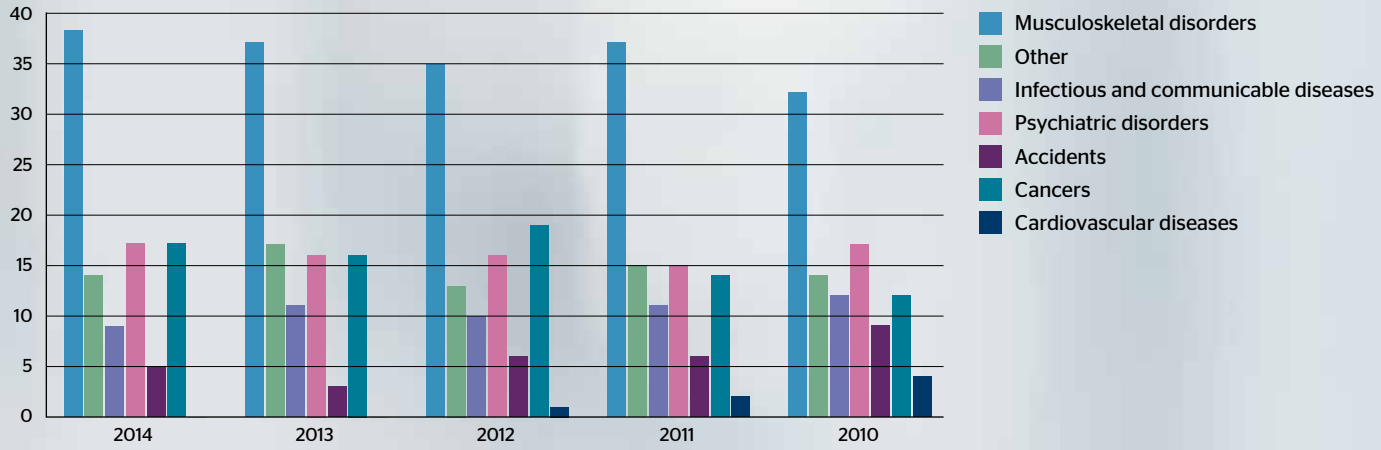
Age distribution of claims by gender – female (%)



Distribution of claims by incapacity – male (%)



Distribution of claims by incapacity – female (%)



Risk management
Doing business prudently

Risk management

A robust risk management framework underpins our business. We have predefined risk appetites for all key risk areas and our risk management policies and procedures are regularly reviewed and updated under the guidance of the board and its various committees. Our internal control environment is further enhanced by reviews of key processes by external experts.

Risk management framework

Effective risk management is a core agenda item for the group. We consider that the proper management of risks will allow the group to allocate resources more effectively and use its capital intelligently.

Over the years, we have sought to integrate our risk management and business processes. We have worked hard at increasing risk awareness amongst staff, through a combination of training and encouraging them to think of the business issues more holistically and about the long term effects of inadequate risk management.

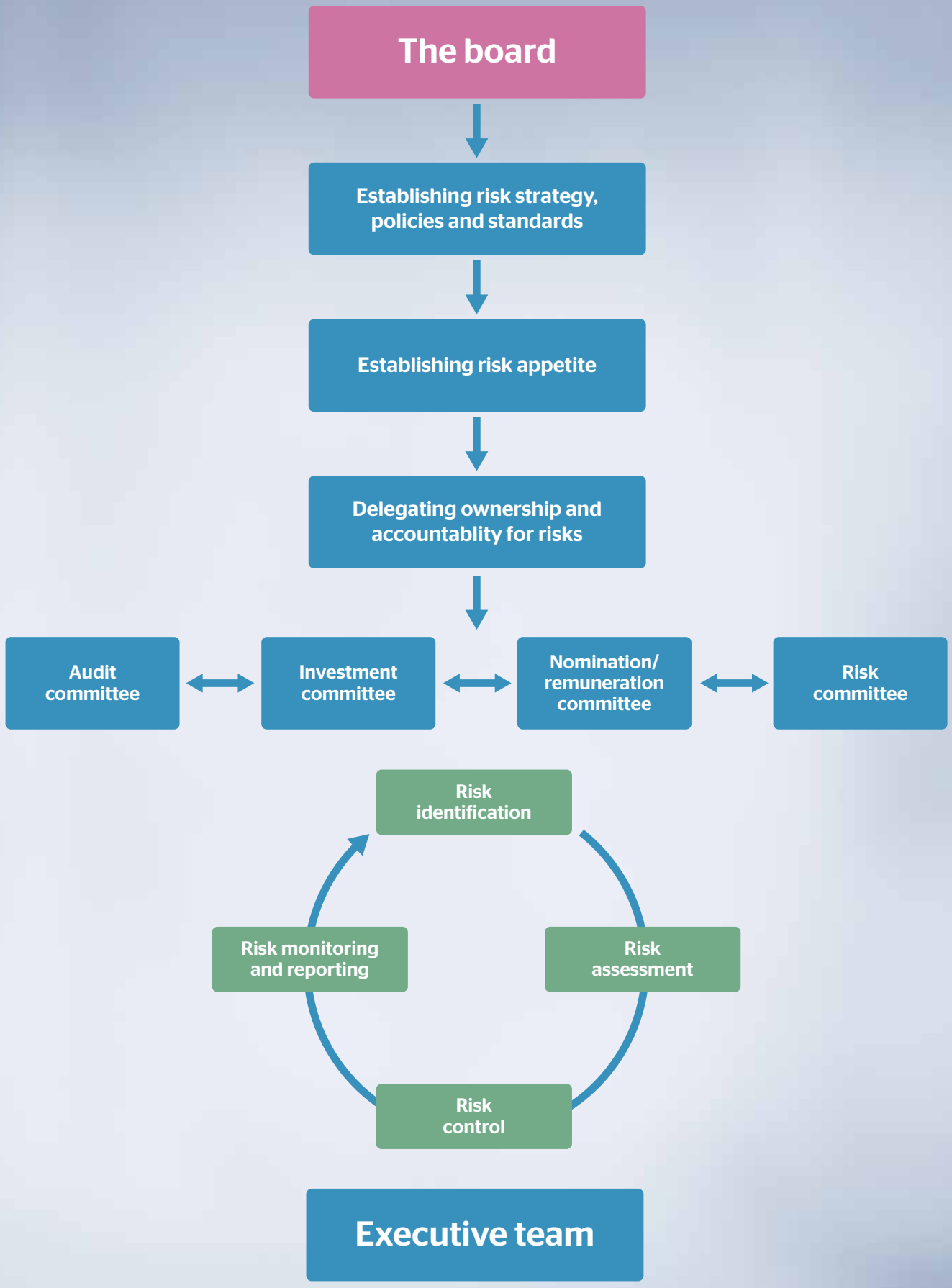
The key objectives of our risk management process are to:

- protect and enhance our reputation
- protect the group's capital base to ensure its long term financial strength for the benefit of our members
- support the group's decision making by providing timely and appropriate risk information

The ultimate oversight for risk management remains with the board. However, it has delegated some risk management areas to its committees, who provide regular updates to the board on those risk matters which fall within their remit.

The responsibility for day to day risk management lies with the executive team, who work alongside the heads of department. The heads of department are responsible for implementing the risk management policies and procedures and reacting to new and emerging risk issues.

The risk identification and management process ensures all key risks are centrally collated within the risk register, which clearly identifies the risk owners. Regular monitoring, augmented by internal audit and compliance reviews, is designed to identify the effectiveness of the control environment. The status of the risks is reviewed periodically and a comprehensive reporting process is in place to communicate key risk information and other relevant information to the committees and the board.


The board
Establishing risk strategy, policies and standards
Establishing risk appetite
Delegating ownership and accountablity for risks
Audit committee
Investment committee
Nomination/ remuneration committee
Risk committee
Risk identification
Risk assessment
Risk control
Risk monitoring and reporting
Executive team

Principal risks

The risks and uncertainties described below are considered to have the most significant effect on the group's business, financial results and prospects. This list is not intended to be exhaustive.

Strategic risk

Risk description	Potential impact	Current mitigation
Inappropriate business strategy damages long term value for the members	The group makes a number of long term decisions based on assumptions about the future environment within which it will operate. If the actual outcomes are substantially different from our projections, this could have an adverse effect on our business.	Long term strategic plans are reviewed regularly, to reflect the revised views on the group's longer term competitive and market position. The group monitors the progress of the business against its strategic agenda at its regular board meetings.
Ineffective or non delivery of the group's business strategy	A number of projects have been set up to deliver key elements of the strategy. If these projects do not deliver as planned, the group could fail to meet its objectives for its members.	Experienced teams oversee the delivery of all key projects. Senior management provides challenge, monitors progress and ensures that key decisions are being made appropriately.

Insurance risk

Risk description	Potential impact	Current mitigation
Inappropriate pricing of our contracts damages long term value for the members	The pricing of our proposition takes into account not only our experience and expectations, but also external factors like the behaviour of our competitors. If we do not price our contracts appropriately, this could have an adverse impact on our business, through declining persistency or reduced underwriting surpluses for our members.	Actuarial models are the primary tool for objectively deriving the pricing of our contracts. The models and the underlying assumptions are subject to regular monitoring and challenge. The group also regularly benchmarks its pricing against its competitors, to identify any headline inconsistencies. Senior management work closely with operational staff, to ensure the pricing assumptions are supported by actual events and to identify early indicators of any divergence.
Our claims experience is significantly different from our expectations	If our claims experience is materially worse than we have assumed in pricing our contracts, this could have an adverse effect on our members, through a combination of higher future cost of membership and reduced future bonuses.	Strong operational controls are the primary mechanism for managing our claims experience. Detailed trend analysis is undertaken by the finance and actuarial teams and the results are fed back into the actuarial pricing models and into the operational decision making processes.
The persistency of our business is significantly lower than our expectations	Lower than expected rates of persistency will lead to a fall in the value of future surpluses earned on our long term insurance business. This could feed through into higher than expected costs of managing our business and lower long term returns for our members.	We remain focussed on continually developing our proposition, so that it remains competitively priced and our product features and service standards not simply meet, but exceed, the reasonable expectations of our key stakeholders. The core emphasis of our marketing and business development teams is to enable our key stakeholders to understand our business philosophy and make better informed decisions regarding their insurance needs rather than focussing on price alone.

Insurance risk continued

Risk description	Potential impact	Current mitigation
Our future expense experience is significantly different from our expectations	If our expenses are materially higher than we have assumed in pricing our contracts, this could have an adverse effect on our members, through a combination of higher future cost of membership and reduced future bonuses.	Strict processes for the authorisation and approval of costs is the primary mechanism for managing our expenses. These processes are further supplemented by detailed budgets, variance reporting and senior management reporting.

Operational risk

Risk description	Potential impact	Current mitigation
Information systems failure	The group is dependent on a number of key information systems and processes. A loss of systems and access to facilities, including the website, could lead to significant disruption and could have an adverse operational, reputational and financial impact.	A business continuity programme, including disaster recovery arrangements, is in place. This is reviewed regularly, to identify areas for improvement and to ensure that arrangements are adequate and appropriate. An experienced technology team is in place, who can respond rapidly to any unforeseen incidents that may arise. An alternative site is available should there be a need to relocate critical staff at short notice, due to a loss of facilities.
Flexibility of key information systems	The introduction of new initiatives creates additional complexity in information systems. If not managed effectively, the core applications could lose their flexibility and create issues, which could increase costs and cause delays when implementing the required business change.	Systems architecture is reviewed continuously and improvements are made where opportunities arise. Structured testing is in place for key systems, where required. We hold periodic meetings with key vendors.
Dependence on third party service providers	The group has entered into agreements with third party service providers for services covering a significant proportion of its operations. Failure to adequately manage third party performance could affect the group's reputation and its operational and financial performance. Loss of these contracts, or inability to renew or negotiate favourable replacement contracts, could have an adverse effect on future operating performance.	Processes are in place to manage third party service provider performance. The group has centralised processes for negotiating contracts.
Implementation of Solvency II requirements	Solvency II is the proposed European framework for insurance supervision. It proposes a fundamental change to the way in which insurers calculate their prudential capital requirement. While the high level regulation is in place, some of the finer details are yet to be finalised.	The group's implementation team is well advanced in becoming compliant in the calculation of own funds, technical provisions and solvency capital requirements under the new regulations. The group's board continues to agree that the Standard Formula is appropriate to the group and our own internal capital assessment calculations have been aligned to this, where appropriate. In 2014, the group implemented a risk management framework aligned with Solvency II and performed the group's first own risk and solvency assessment. In addition, the society reviewed and amended its governance structure to reflect the changes required under Solvency II.

Operational risk continued

Risk description	Potential impact	Current mitigation
Compliance with legal and regulatory requirements	The group is subject to a comprehensive set of legal and regulatory requirements. Non compliance could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of operations or, in extreme circumstances, withdrawal of regulatory authorisation. Non compliance may also lead to costs relating to investigations and compensation of affected members. In addition, reputational damage may adversely affect the long term future of the society.	The group has dedicated significant internal resources to this area. The work of the group's compliance function is supplemented by regular internal audit reviews. In addition, the employee rewards scheme places significant emphasis on legal and regulatory risks being mitigated.
Regulatory and legislative changes	Changes in regulation and legislation may result in additional requirements, which may add to the complexity of our business, increase the costs of meeting those requirements and/or require the group to hold additional capital which will reduce the returns available to our members. In addition, any changes may also impact our business model by influencing customer demand and preferences for our product.	The senior management team regularly monitors major media outlets to identify and evaluate possible sources of regulatory or legislative changes. Where a likely source of change is identified, the group will look to minimise any detrimental impact on the group's strategy whilst exploiting any opportunities that may arise.
Conducting our business fairly and ethically	The success of the group is built on a foundation of fairness and honesty in our dealings with our key stakeholders. A breakdown in the group's cultural values could expose it to the risk of reputational damage and contribute to an increase in a range of other business risks.	The group has put in place a range of controls and processes to manage this risk. The key decision makers are encouraged to take a holistic view and not simply focus on narrow commercial factors.

Counterparty risk

Risk description	Potential impact	Current mitigation
Risk of a counterparty being unable to perform its obligations	The group is exposed to the risk of failure or default of one or more of its counterparties. As part of its business, the group invests in debt securities and other assets, in order to meet its obligations to its members. As a result of this activity, exposures can arise to issuers of debt and other financial instruments. The group's day-to-day activities also mean that it has exposures to banking counterparties, as well as third party providers of services.	The group manages its significant counterparty exposures by the application and monitoring of counterparty limits. Material contracts with third parties are governed by service level agreements, which are monitored and discussed.

Liquidity risk

Risk description	Potential impact	Current mitigation
The group has insufficient liquid assets to meet its financial obligations	A misjudgement in the level of liquidity required could result in business disruption and have an adverse effect on the group's financial performance.	The group maintains a buffer over its expected routine cash requirements, investing the majority of its funds in readily realisable assets. We also undertake regular stress tests, to ensure that the group continues to have sufficient liquidity to meet its needs.

Market risk

Risk description	Potential impact	Current mitigation
The value of the group's investments will fluctuate as a result of factors other than changes in interest and currency rates	The group invests in a range of asset classes where valuations can be affected by non technical factors, like market sentiment, geopolitical uncertainty or issuer specific issues.	The group manages asset price risk by maintaining a highly diversified portfolio of assets and by setting asset allocation and performance benchmarks, which ensure that it has an appropriate mix of assets and is not over or under exposed to a particular asset category or specific investment. The investment committee monitors the actual asset allocation and performance against benchmark.
The value of the group's assets and liabilities and the associated cashflows will fluctuate as a result of changes in interest rates	The group holds assets and liabilities with different maturities, creating exposure to changes in the level of interest rates. It mainly arises from the group's investments in debt and fixed-income securities and the rates used to calculate the sickness business provision, which are exposed to changes in interest rates.	Exposure to interest rate risk is monitored using stress testing and duration benchmarks. The group also uses its cash holdings to manage duration, thereby indirectly managing interest rate risk.
The value of the group's assets will fluctuate as a result of fluctuations in exchange rates	The group holds assets in funds which invest in overseas debt and equity markets, creating exposure to changes in exchange rates.	Exposure to currency risk is managed primarily by authorisation controls. The investment committee monitors the currency exposures on a regular basis.
Political uncertainty	The upcoming election in May 2015 is likely to result in another hung parliament. The uncertainty over the members of a possible coalition government may cause higher than normal levels of volatility in the UK markets, which could impact the value of the group's assets. Other sources of political risk include the EU referendum, future levels of government funding and further devolution of powers within the UK.	The group will continue to monitor the media coverage of the general election and as part of its own risk and solvency assessment, will continue to test a wide range of stress scenarios to ensure the group continues to have sufficient liquidity to meet its requirements.

Board of directors
Focussed on our members

Kathryn Woolass (60)
Chairman

Kathryn was appointed to the board as a non executive director in 1984 and as chairman in 2010. She is also a director of 1908 Property Holdings Limited, a member of the nomination/remuneration committee and the investment committee and has previously been a member of the audit and risk committees.

Kathryn has previously served in senior roles in various dental bodies, including treasurer and chair of the Rotherham Local Dental Committee, examiner for the Royal College of Surgeons for the Diploma in Orthodontic Therapy, member of the South Yorkshire Council of the British Dental Association, secretary of the South Yorkshire branch of the British Society for Paediatric Dentistry, secretary of the Local Orthodontic Committee of the South Yorkshire Strategic Health Authority, postgraduate dental tutor for Doncaster, Barnsley and Rotherham and a member of the Rotherham Oral Health Advisory Group.

Farrukh Mirza (44)
Chief executive

Farrukh joined the society as head of finance in 1999. He was appointed as deputy chief executive in 2003 and to the board and as chief executive in 2008. He is also the chairman of the investment committee and is a director of 1908 Property Holdings Limited. Since qualifying as a chartered accountant in 1995, he has worked with Baker Tilly, BayernLB and PricewaterhouseCoopers, specialising in banking and insurance.

Davinderpal Kooner (59)
Vice chairman

Davinderpal was appointed as a non executive director in 2004 and as Vice Chairman in 2011. He is also a member of the nomination/remuneration committee and the audit committee. Davinderpal is a fellow of the Pierre Fauchard Academy and a member of the Ealing, Hammersmith and Hounslow Local Dental Committee. He is also a Justice of the Peace, director of Dental Protection Limited, and runs general practices in West London.

Davinderpal has worked extensively in the training of dentists and complementary professionals. He examined for the National Examination Board for Dental Nurses and continues to examine for the Royal College of Surgeons of England for the MJDF Diploma of the Faculty of General Dental Practice. From 1997 to 2014, he was regional advisor in general dental practice and DF1 vocational training programme Director for the London Deanery. He has also served as a professional member of the Fitness to Practice Panel of the General Dental Council, a general commissioner of Income Taxes and a member of the Health, Education and Social Care Chamber of the First-tier Tribunal.

Martyn Green (61)
Independent non executive director

Martyn was appointed to the board as a non executive director in 2010 and is the chairman of the nomination/remuneration committee and a member of the risk committee. Martyn is on the Advisory Board of the dental charity Bridge2Aid, a member of the Health, Education and Social Care Chamber of the First-tier Tribunal, a member of the General Medical Council's Medical Practitioners Tribunal Service, a member of the Institute of Chartered Accountants in England and Wales probate committee, and a dental member of the GDC Appointments Committee.

Martyn was previously a member of the General Dental Council's Fitness to Practise Panel and has worked extensively in the training of newly qualified dentists, having been in various roles including regional advisor in general dental practice and associate postgraduate dental dean.

Helen Harrison (51)
Independent non executive director

Helen was appointed to the board as a non executive director in 2004 and is the chairman of the risk committee. Helen is the founder and principal of a multidisciplinary private practice in Cambridge and holds the positions of clinical director and international lecturer. She has extensive experience of mentoring, strategic development, business and financial risk management having held senior roles with the British Dental Association and teaching positions.

Giles Kidner (49)
Independent non executive director

Giles was appointed to the board as a non executive director in 2004 and is the chairman of the audit committee. Giles is a consultant orthodontist at the Buckinghamshire Healthcare and Oxford University Hospitals NHS Trusts and also works part-time in private practice. He is also a lead orthodontist for the regional cleft lip and palate service, Caldicott Guardian and an examiner for both the Intercollegiate Membership and Specialty Fellowship examinations in Orthodontics.

Trevor King (66)
Non executive director (retired 16 May 2014)

Trevor was appointed to the board as a non executive director in 1998. He was a dental surgeon with the Royal Navy for 15 years and later ran a successful locum service in Peterborough. He subsequently joined the financial services industry and worked as an independent financial advisor for over 20 years. Trevor retired from his position at the Annual General Meeting in May 2014.


Kathryn Woolass


Farrukh Mirza


Davinderpal Kooner


Martyn Green


Helen Harrison


Giles Kidner


Trevor King


Raj Raja Rayan OBE


Alister Weightman


Huw Winstone

Raj Raja Rayan OBE (61)

Independent non executive director

Raj was appointed to the board as a non executive director in 1989 and is a member of the risk committee. Raj previously held the positions of associate dean at the London Deanery and chairman of the charity AOG Foundation Limited. Raj was also dean of the Faculty of General Dental Practice of the Royal College of Surgeons of England and has served as chairman of finance, chairman of examinations and vice dean. He was also an elected council member of the General Dental Council and on the Standing Dental Advisory Committee to the Secretary of State for Health and advisor to the Lord Chancellor on Judicial Appointments.

Alister Weightman (50)

Independent non executive director

Alister was appointed to the board as a non executive director in 2011 and is a member of the audit committee. Alister has been in general practice since 1987. He is a dental practice advisor for the South Yorkshire Area Team of the National Commissioning Board and is a clinical support manager for Integrated Dental Holdings in the North East region. He is a member of the Doncaster Local Dental Committee and a past treasurer of the North Lincolnshire Local Dental Committee and dental practice advisor for Doncaster and North Lincolnshire Primary Care Trusts. He has also been a clinical assistant in orthodontics and a vocational trainer.

Huw Winstone (56)

Independent non executive director

Huw was appointed to the board as a non executive director in August 2014. He has been in general dental practice since 1981 and is a principal of his family practice in North West Kent. Since 1996, Huw has been a dental practice advisor for the NHS, currently for NHS England Kent and Medway Area Team. Huw has worked for over twenty years in dental foundation training, as a vocational training advisor. He is now a training programme director and an associate dean for Health Education Kent, Surrey, Sussex. Huw is also a local dental advisor for Dental Protection Ltd and he has been a member of the Kent Local Dental Committee since 1988, being treasurer for the past twenty years.

Committees at a glance

Audit committee
Giles Kidner
Davinderpal Kooner
Alister Weightman

Investment committee
Farrukh Mirza
Simon Elliott[1]
Kathryn Woolass

Nomination/remuneration committee
Martyn Green
Davinderpal Kooner
Kathryn Woolass

Risk committee
Helen Harrison
Martyn Green
Raj Raja Rayan OBE

[1] Simon Elliott is the group's secretary and deputy chief executive

Senior management
Dedication and commitment


Simon Elliott


Sarah Bradbury


Bryan Gross


Kirby Mardle


Declan Martin


Sarah Martin

Simon Elliott
Simon is the group's deputy chief executive with operational oversight of compliance, marketing and member services. He is also the group's secretary and a member of the investment committee. Simon joined the society in 2007 after working for 11 years at Deloitte LLP in their actuarial practice, advising and working with friendly societies and insurance companies within the UK and Europe.

Sarah Bradbury
Sarah joined the society as head of marketing and communications in 2013. She has worked in service marketing and public relations in education, leisure and the dental industry for over 20 years. She has previously worked for the British Dental Association as the student/young dentist manager, Dental Protection Limited as marketing manager and as strategic partnerships and brand manager at Denplan.

Bryan Gross
Bryan joined the society as a senior underwriter in 2008 and was appointed as head of claims and underwriting in 2013. Bryan has over 13 years of experience in the insurance industry covering a variety of roles, previously working at The Prudential and Gen Re.

Kirby Mardle
Kirby joined the society in 2006 as a member services consultant. She later moved into the finance department and following her qualification as a Certified Chartered Accountant was appointed head of finance in 2012. She is also the company secretary of 1908 Property Holdings Limited.

Declan Martin
Declan joined the society in 2009 as head of information systems. He has been delivering IT solutions to the insurance sector for over 30 years and has a proven record in making technology deliver value to the business. He has held senior positions at Canada Life, Aviva and Standard Life, as well as software suppliers and consultancies.

Sarah Martin
Sarah joined the society as head of compliance and risk in 2008. A solicitor, with a background in insurance and regulation, she has previously worked for Legal & General, Financial Services Authority and Lloyds of London.

Corporate governance report

Board membership and attendance at scheduled meetings

Kathryn Woolass chairman	4/4
Farrukh Mirza chief executive	4/4
Davinderpal Kooner vice chairman	4/4
Martyn Green	4/4
Helen Harrison	4/4
Giles Kidner	4/4
Trevor King	1/1
Raj Raja Rayan OBE	4/4
Alister Weightman	4/4
Huw Winstone	2/2

Key items in the terms of reference

- agreement of strategic objectives, annual plans and targets
- monitoring performance against key financial and non-financial objectives
- approval of financial statements and key reserving and valuation assumptions
- overseeing the systems for internal controls and risk management
- setting standards in governance matters
- review of the performance of the various committees of the board
- authorisation of senior appointments

Key items considered in 2014

Q1	Q2	Q3	Q4
Business performance for Q4 2013	Business performance for Q1 2014	Business performance for Q2 2014	Business performance for Q3 2014
Reports from the board committees	Reports from the board committees	Reports from the board committees	Reports from the board committees
Approval of the valuation report	Individual capital assessment	Review of premium rates	Externally facilitated board review
Approval of the group's financial statements	Changes to premiums rates under the new rules		Sessions without chairman and chief executive
Approval of the group's statutory returns			Changes to governance arrangements
			Solvency II and ORSA
			Group strategy and budget
			Valuation assumption and bonus rates
			Compliance and MLRO report

Role of the board

The board's role is to oversee and direct the affairs of the group, so as to further the best interests of the members, in accordance with the relevant law and our memorandum and rules. The board meets at least four times a year and its responsibilities are set out in its terms of reference, which also detail the matters that are reserved specifically for the board. These include responsibility for:

- the development and implementation of the group's overall strategy and business plans
- bonus distribution policy
- financial reporting and key actuarial and financial assumptions
- risk management, including risk strategy, appetite and delegation of risk ownership
- the group's internal control environment
- significant transactions, including acquisitions, mergers and disposals
- terms of reference of the various committees
- appointment and removal of directors and secretary

The board receives and reviews regular reports from the senior management and committee chairmen on progress against approved strategies, plans and budgets.

Board composition

At the date of this report, the group's board comprised: the non executive chairman, the chief executive and seven non executive directors. Trevor King retired from the board in May and Huw Winstone was co-opted as a non executive director in August 2014.

At the forthcoming annual general meeting, all of the directors will be offering themselves for re-election, with the exception of Huw Winstone, who will be standing for election to the board.

Chairman and chief executive

The roles of the chairman and chief executive are separate. Each has clearly defined responsibilities, which are set out in writing.

The chairman:

- leads the board, ensuring it operates effectively and in the best interests of the members
- sets the agenda for the board meetings in consultation with the chief executive and the group's secretary
- ensures the directors receive accurate, timely and clear information, which is fit for the purpose of enabling them to make informed decisions
- ensures open and honest discussions and considered decision making
- ensures we communicate effectively with our members
- leads performance evaluation of the directors
- represents the group to the members

The chief executive:

- leads the senior management team in the day-to-day management of the group
- formulates strategy proposals for consideration by the board
- implements the agreed strategy and policies
- makes operational decisions
- reports to the board on the progress by the group against the strategic agenda and on the performance of the group
- works with the chairman in representing the group to the members and other key stakeholders

Vice chairman

The vice chairman acts as the group's senior independent non executive director.

The vice chairman:

- acts as a sounding board for the chairman
- acts as an intermediary for the other directors, when necessary
- listens to the concerns of our members, if the traditional reporting lines of chairman, chief executive or other directors are ineffective or inappropriate

Secretary

The group's secretary acts as the secretary to the board and its committees and ensures that the board complies with all appropriate procedures.

Board independence

The group believes that the most effective way to ensure the reality of independence is to provide guidance based on a framework of principles, rather than a prescriptive set of rules, which can be complied with to the letter, but circumvented in substance. The group believes that fundamental to independence is the personal integrity and objectivity of individuals. The main sources of threat to independence arise from conflicts of interest, financial dependence and over familiarity.

The overarching goal of the group's independence policy is to ensure that the relationship between the non executive directors and the group and its executive directors is kept on an arms length basis. To this end, the group annually assesses the independence of each of its non executive directors against highly conservative benchmarks, covering conflicts of interest and financial integrity. The group also has detailed policies in place covering personal relationships between staff.

For the above reasons, the group does not strictly apply the nine-year independence provision in the Corporate Governance Code for Mutual Insurers, primarily because it considers this to be an arbitrary figure. In addition, the complexity of the business means that it takes time for our new directors to begin delivering to their full potential. A nine-year limit on non executive appointments would deprive the group of a proper payback on its investment in the training of its directors and would be detrimental to its long term interests, by removing the stability, knowledge and insight offered by long-serving directors.

However, the group acknowledges that periodic refreshment of the board is essential in order to avoid the risks of complacency and group thinking and appropriate caps on tenure are in place to manage these risks.

The nomination/remuneration committee has considered the annual declarations for all non executive directors and has concluded that all non executive directors remain independent.

The chairman was independent on her appointment to the board in 1984. In line with common practice, following her appointment as chairman in 2010, she has not been classified as independent.

Conflicts of interest

The board is aware that its directors have other commitments. However, it is satisfied that these do not conflict with their duties as directors. The group has a robust set of procedures in place for the disclosure of any actual or potential conflicts of interest:

- an annual declaration to be signed by each director confirming that they consider themselves free of conflict
- ongoing responsibility for each director to disclose immediately any changes in circumstances, which may give rise to a conflict of interest, e.g. a new office or property
- restriction on attendance at any part of a board meeting or vote on any agenda item in which they have a material personal interest, unless the other directors unanimously agree otherwise

The nomination/remuneration committee has reviewed the external commitments of the non executive directors and has concluded that there are no material conflicts of interest, which would preclude any director from continuing in office.

Board diversity

The group is committed to ensuring that it appoints and retains non executive directors who bring experience, expertise and a range of opinions to the board. The board is committed to:

- the principles of equal opportunity
- avoiding group think
- ensuring that it has a range of knowledge, skills and experience

The board is of the opinion that the principles of diversity cannot be distilled down to a discussion about gender, race, disability, age, sexual orientation or religious or political beliefs. In addition, we draw our directors from a membership pool of highly educated and skilled individuals, who would find it unacceptable to be appointed to our board under any quota.

The group has been scrupulous in ensuring that it makes all of its appointments across the spectrum on merit alone. We believe that the key to realising the benefits of diversity lie in ensuring that our board represents the views and opinions of the different strands of the dental profession and our discussions cover the widest range of thoughts, ideas and opinions. This is only possible by selecting the most able candidates, united by a common purpose of doing the right thing for the society and our members, in an environment that encourages the directors to express their views openly and honestly.

The group encourages and welcomes interest from all candidates who would add to the quality of the board's discussions. With this in mind, the board has considered whether it should introduce formal diversity targets in the context of its existing meritocratic process for the appointment of non executive directors. Against this overriding objective, the society does not currently propose to set targets for diversity on the board.

Board appointment and term

The nomination/remuneration committee evaluates the board's balance of knowledge, skills and experience and uses this information to guide its recruitment activities and recommendations for the appointment of directors. The committee uses open advertising in dental publications as the primary means of attracting applications from interested candidates.

The committee reviews the details submitted by the interested candidates, agrees a shortlist to be interviewed and recommends the preferred candidate to the board for appointment. As part of the recruitment process, the committee considers the other commitments of the candidates to ensure they are able to devote sufficient time to the role and whether there are any conflicts of interest.

All non executive directors are reappointed annually by the members, subject to the board being satisfied with their performance and commitment to the role. The nomination/remuneration committee oversees the process of continued appointments.

Non executive directors appointed after 31 December 2003 must retire from the board after 15 years of service. The other non executive directors have a mandatory retirement age of 65 years.

The terms and conditions of appointment of directors are available for inspection at the group's registered office during normal business hours and at the annual general meeting.

Director induction

The chairman, supported by the chief executive and group secretary, is responsible for arranging a comprehensive and structured induction programme for new directors. The formal induction programme includes:

- meeting with the chief executive, other non executive directors and senior management
- attending at least one board meeting as an observer
- technical briefing on legal, regulatory, financial management and actuarial matters
- briefings on the group's governance and risk management framework and the responsibilities of the board and its committees
- key governance and management documentation
- the group's structure, strategy and business plans
- specimen reporting packs, detailing financial and operational measures

The induction programme provides the background knowledge directors need to perform their duties effectively as soon as possible after joining the board.

When non executive directors are appointed to a board committee, they are provided with further induction on the role of the committee and their additional duties.

Continuing professional development

The group strongly believe that keeping up to date with key business issues is vital for each director, to improve and maintain their knowledge and skills so they are able to discharge their duties effectively.

Therefore, the group ensures that the non executive directors:

- receive regular internal training sessions on areas of significance including insurance, investment management, actuarial, compliance and finance
- attend external training courses covering their duties as directors
- receive formal briefings by external independent experts during board meetings

Directors receive ongoing training and updates on relevant issues as appropriate. Bespoke training was held during the year on financial reporting.

As part of each director's performance appraisal, they are given the opportunity to discuss and address any training and development needs. Each individual director is responsible for ensuring they remain up to date with the issues affecting the group and their responsibilities as a director.

Performance evaluation

Performance evaluation of the directors is a key component in the delivery of the group's objectives.

Each year, all directors are required to undergo a formal appraisal, covering their work on the board and any relevant committees. In addition, led by the chairmen, the various committees evaluate their own performance as a whole. Every third year, an externally facilitated review is carried out by an independent expert.

In 2014, an externally facilitated review was carried out. The review entailed each director completing confidential questionnaires in respect of their roles on the board and its committees. These questionnaires then formed the basis for a confidential one-to-one meeting between the independent facilitator and the director. The areas covered included composition, role and responsibilities, compliance and risk management, strategy and the overall culture and dynamics of the board.

The independent facilitator was invited to the November board meeting to present their report to the board as a whole. The report confirmed that the actions arising from the 2011 review had been fully implemented. The review identified a few administrative issues and steps have already been taken to address these. Following the results of the 2014 review, the board remain confident that they continue to operate effectively.

Succession

The board is aware of the need for effective succession planning in securing the group's long term success. The nomination/remuneration committee regularly discusses succession planning for all key individuals. These discussions take into account the skills and experience required by the group, at present and in the future. The committee recognises the need to develop internal talent, as well as the need to recruit externally.

The issue of succession planning was regularly discussed by the committee during the year.

Independent advice

The group recognises that, from time to time, the directors may require additional independent expert professional advice at the group's expense. No such requests were received during the year.

Board committees

The board has established various committees to assist it in effectively discharging its governance responsibilities. Information on the role and work of these committees is detailed on pages 32 to 39.

Compliance with the corporate governance code for mutual insurers

The directors consider that the society has complied with the code *(The UK Corporate Governance Code – An Annotated Version for Mutual Insurers)* throughout the year, subject to the comments in this report regarding diversity and independence.

The audit committee

Giles Kidner

Davinderpal Kooner

Alister Weightman

Committee membership and attendance at scheduled meetings

Giles Kidner chairman	4/4
Davinderpal Kooner	3/4
Alister Weightman	4/4

Key items in the terms of reference

- monitoring the integrity of the group's financial statements and any formal announcement relating to its financial performance
- monitoring the effectiveness of the group's internal controls and risk management systems
- reviewing the arrangements for employees to raise concerns confidentially about possible wrongdoing in financial reporting or other matters
- monitoring and reviewing the effectiveness of the internal audit function, in the context of the overall risk management system
- considering and making recommendations to the board, to be put to members for approval at the annual general meeting, for the appointment, reappointment and removal of the society's external auditor

Key items considered in 2014

Q1	Q2	Q3	Q4
Management accounts for Q4 2013	Management accounts for Q1 2014	Management accounts for Q2 2014	Management accounts for Q3 2014
Group annual report and financial statements	Internal audit planning and fees	Review of the internal audit report	Approval of internal audit plan for 2015
Effectiveness of external audit and key issues memorandum	Recommendation for the reappointment of external auditors	Session with internal auditors, without management present	Approval of external audit plan for year ended 31 December 2014
Session with statutory auditors, without management present			Results of the externally facilitated board review
			Review of whistle blowing procedures

Role of the audit committee

The role of the audit committee is to assist the board on matters of financial reporting, risk management and internal control.

Whilst all directors have a statutory duty to act in the best interests of the society, the audit committee has a particular role, to act independently of the management. To this end, all members of our audit committee are independent non executive directors, who collectively possess the requisite recent and relevant experience.

The committee is scheduled to meet four times a year, to discuss items such as: internal and external audit plans, the financial statements of the group, effectiveness of internal controls, governance (including its own terms of reference), regulatory and actuarial matters and the performance, qualifications and independence of the internal and external auditors, including their remuneration for audit services. It is the group's policy to seek mandatory tendering of its statutory auditors every seven years and to not use them in the provision of non audit services.

Only members of the committee are entitled to attend the meetings. However, the chief executive, head of finance and head of actuarial services attended all four meetings during the year by invitation from the chairman.

Throughout the year, both the internal and external auditors had unrestricted access to the audit committee.

Key items discussed during 2014

Financial reporting and external audit

During the first quarter of 2014 the audit committee focussed on the annual report and financial statements for 2013, together with the effectiveness of the external audit. Following the discussions, the committee was satisfied with the integrity of the financial statements and approved them for submission to the board.

The committee formally recommended, to the board and the members, the reappointment of Buzzacott at the annual general meeting on 16 May 2014.

The fourth meeting of the year concentrated on the statutory audit for the year ended 31 December 2014, which included a full review and approval of the scope of the audit plan, ensuring it remained consistent with the terms of the current audit engagement.

Internal audit

The committee's second meeting of the year focussed on the internal audit for 2014. The committee agreed to continue with the previously agreed internal audit approach and discussed the scope of the work to be undertaken.

The results of the internal audit were discussed later in the year and the committee remained of the opinion that internal audit provided an effective tool in the group's overall risk management system.

At the final meeting of the year, the committee agreed the scope of the internal audit work in respect of the business conduct element of the employee bonus award for 2014/15.

Committee review

As part of the group's commitment to the highest standards of corporate governance, the committee spent its fourth meeting discussing and analysing the results of the externally facilitated review.

2014 annual report and financial statements

The committee has considered the annual report and financial statements for 2014 and has recommended them for approval by the board.

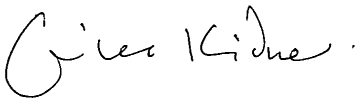
As part of this process, the committee reviewed the accounting policies used by the group and confirmed their continued appropriateness. The committee also considered the valuation bases for assets and liabilities, including the key assumptions used, and agreed with the approach taken.

The committee discussed the following key areas of judgement:

- calculation of the fair value of investments in private debt investments
- calculation of the fair value of properties, including those occupied by the group
- recognition of income from investments in the financial statements
- valuation assumptions used in calculating the long term business provision

For each key area of judgement, the committee considered the information and explanations provided by management and sought clarification from the auditors regarding their opinion of management's judgement and its impact on the audit.

The committee also considered and discussed the clarity of disclosure within the annual report and financial statements, compliance with reporting guidelines and the basis of preparation of the financial statements.



Giles Kidner
Audit committee chairman
20 March 2015

The investment committee

Farrukh Mirza

Simon Elliott

Kathryn Woolass

Committee membership and attendance at scheduled meetings

Farrukh Mirza chairman	4/4
Simon Elliott	4/4
Kathryn Woolass	4/4

Key items in the terms of reference

- reviewing and reporting to the board on the credit, market and liquidity risks facing the society
- recommending investment strategies, guidelines and policies for the board's approval
- recommending the appointment and removal of investment advisors for the board's approval
- recommending the appointment and removal of fund managers for the board's approval
- monitoring the performance of the investments against benchmarks and limits

Key items considered in 2014

Q1	Q2	Q3	Q4
Review of the performance of the investment portfolio	Review of the performance of the investment portfolio	Review of the performance of the investment portfolio	Review of the performance of the investment portfolio
Review of asset allocation and rebalancing	Review of asset allocation and rebalancing	Review of asset allocation and rebalancing	Review of asset allocation and rebalancing
	Proposed fund reallocations	Investment with new investment manager	Decision regarding divestments
	Review of due diligence into new investment manager	Review of proposals on ongoing monitoring of investment managers	Results of the externally facilitated board review

Role of the investment committee

The investment committee assists the board in discharging its duty to effectively identify, assess and manage potential investment related risks.

Its focus is on the credit, market and liquidity risks facing the group.

The committee is responsible for the stewardship of the group's investment strategy and is scheduled to meet at least once a year to discuss items such as: investment strategy, tactical asset allocation, the performance of investment managers and investment consultants, making recommendations regarding their appointment, continued effectiveness and removal.

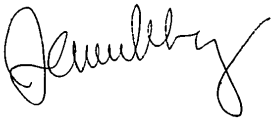
The speed at which investor information disseminates through the financial markets means the committee must be structured so that decisions can be made in a timely and efficient manner. Therefore, the committee is made up of the group's chairman, chief executive and another senior member of the staff appointed jointly by the chairman and the chief executive, to enable quorate meetings at short notice.

The committee members are the only individuals who have the right to attend the committee meetings. However, the head of finance attended all four of the meetings during 2014, after being invited by the chairman.

Throughout the year, the committee had unrestricted access to the group's investment consultants.

Key items discussed during 2014

During 2014, the committee met four times to discuss the performance of the group's investments and strategic and tactical asset allocations. Other key items discussed included: divestments, the decision to invest in new investment funds, the results of the operational due diligence on the fund managers and the review of proposals regarding monitoring of fund managers, with particular regard to concentration risk.



Farrukh Mirza
Investment committee chairman
20 March 2015

The nomination/remuneration committee

Martyn Green

Davinderpal Kooner

Kathryn Woolass

Committee membership and attendance at scheduled meetings

Martyn Green chairman	4/4
Davinderpal Kooner	4/4
Kathryn Woolass	4/4

Key items in the terms of reference

- regularly reviewing the required structure, size and composition (including the skills, knowledge and experience) of the board in comparison to its current position and making recommendations to the board with regard to any changes identified
- giving full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the society and the skills and expertise needed on the board in the future
- responsibility for identifying and nominating for the approval by the board, candidates to fill board vacancies, as and when they arise
- determining and agreeing with the board the framework or broad policy for the remuneration of the chief executive and any executive directors

Key items considered in 2014

Q1	Q2	Q3	Q4
Director's succession planning	Director's succession planning	Director's succession planning	Director's succession planning
Non executive directors' remuneration report		Chief executive's remuneration package	Chief executive's remuneration package
Externally facilitated board review plan	Externally facilitated board review plan	Update on progress of the externally facilitated board review	Results of the externally facilitated board review
Review of the employee incentivisation plan			Authorisation of employee bonus pool
Review of the board's performance during 2013			

Role of the nomination/remuneration committee

The nomination/remuneration committee holds a dual role within the group. Its nomination duties focus on the structure, size and composition of the board and making recommendations regarding the appointment and reappointment of the directors.

Its remuneration duties focus on recommending the overall policy for remunerating executive directors and making formal recommendation to the board on such matters.

In addition to the above, the committee is also responsible for establishing, approving and implementing succession plans for the board.

None of the members of the nomination/remuneration committee has any personal financial interest (other than as a member of the society), conflicts of interest, or day to day involvement in the running of the group.

The chief executive is usually invited to attend all or part of the committee meetings. However, as a rule, no director participates in any part of the meeting covering their own remuneration.

The committee comprises the group's chairman, the vice chairman and an independent non executive director jointly appointed by the chairman and vice chairman.

The committee is scheduled to meet at least once a year.

Key items discussed during 2014

The nomination/remuneration committee met four times in the year under review to discuss remuneration related matters, succession arrangements and the externally facilitated board review.

The committee discussed and agreed to use the same facilitator as 2011, to gain leverage from the benefits of continuity and their experience of the financial services industry.

A discussion of the overall results of the review is detailed in the corporate governance report.

The committee also considered the performance, independence and commitments of the existing directors standing for re-election at this year's annual general meeting. It unanimously recommends to the members, the election of Huw Winstone to the board and that all those directors listed within the notice of the annual general meeting offering themselves for reappointment, be re-elected.

The report of the committee on remuneration, on behalf of the board, is set out on pages 40 and 41.

Martyn Green
Nomination/remuneration committee chairman
20 March 2015

The risk committee

Helen Harrison

Martyn Green

Raj Raja Rayan OBE

Committee membership and attendance at scheduled meetings

Helen Harrison chairman	4/4
Martyn Green	4/4
Raj Raja Rayan OBE	4/4

Key items in the terms of reference

- monitoring the adequacy of the risk systems and making appropriate recommendations to the board
- reviewing and reporting to the board on the systems governing the identification and management of insurance and operational risks
- receiving and reviewing regular reports from the executive and making appropriate recommendations to the board
- receiving and reviewing reports on legal and regulatory compliance and making appropriate recommendations to the board

Key items considered in 2014

Q1	Q2	Q3	Q4
Risk report from head of compliance and risk	Risk report from head of compliance and risk	Risk report from head of compliance and risk	Risk report from head of compliance and risk
Examination of the operational risk management system	Product and systems development	Review of claims and underwriting audits	Review of claims and underwriting audits
Reappointment of arbitrators			Results of the externally facilitated board review
Review of the disclosures in the annual report and financial statements			

Role of the risk committee

The role of the risk committee is to support the work of the other committees in identifying, assessing and monitoring the new and emerging risks facing the group, as well as overseeing the adequacy of the operational risk management processes in place.

The committee regularly reports to the board on the systems governing the management of key risks and makes appropriate recommendations, when required.

The committee is made up of three independent non executive directors, who are the only individuals with the right to attend the committee meetings.

During the year, the chairman extended invitations to the chief executive and head of compliance and risk to all four scheduled committee meetings. At each of its meetings, the committee received full updates from the chief executive and head of compliance and risk on key developments.

Key items discussed during 2014

The first meeting of the year focussed on, amongst other things, the reappointment of the panel of arbitrators.

Following the committee's review of each arbitrator's declaration of independence, minor potential conflicts were identified but resolved as negligible. Based on the discussions, the committee recommended that the full panel of arbitrators be reappointed at the AGM in May 2014.

In the second meeting the committee discussed operational and regulatory risks associated with future product and systems developments.

Discussions during the third and fourth meetings covered the results of the underwriting and claims audits conducted by external experts.

Helen Harrison
Risk committee chairman
20 March 2015

Directors' remuneration report
Fairness and balance

The remuneration policy

The objectives of any good remuneration policy are to attract, motivate and retain effective people. The key features of our remuneration policy, in relation to our executive directors, can be summarised as follows:

- it rewards genuine contribution to the long term success of the society with packages aligned to the interests of the members
- it gives due consideration to the market environment, but is largely driven by the individual's level of responsibility, competence and contribution to the success of the group
- it makes the retired dentist's plan mandatory for executive directors, to assist in aligning their long term financial interests with those of the society's members
- it ensures that notice periods are in accordance with general market practice

Executive directors' base salary

An executive director's base salary provides the core reward for the role and is set at a level designed to recruit, retain and motivate the skilled individuals required to deliver the group's strategy. The nomination/remuneration committee (without any input from executive directors) reviews base salaries annually. When doing so, it takes into account factors such as:

- inflation data
- the individual's responsibilities, skills and experience
- the competitiveness of the salary, by reference to other organisations of similar size and industry, and, most importantly the results of the annual performance reviews
- feedback from independent remuneration consultants

Taking into account Farrukh Mirza's contribution to the society, the feedback from independent remuneration consultants and his remuneration compared with his peers, it was agreed that he be awarded a 5% salary increase with effect from 1 January 2014.

Executive directors' bonuses

The nomination/remuneration committee has recognised for many years the asymmetric nature of the risk/reward relationship, especially in relation to bonuses, and the logistical difficulties of implementing a plan that fits appropriately with the group's not-for-profit objectives.

For this reason, the group continues to shun bonuses for executive directors. The primary component of executive directors' reward is therefore the base salary.

Fees for the chairman and non executive directors

The executive directors are charged with the responsibility of setting and reviewing the fees of the non executive directors each year.

The chairman is consulted on the fee arrangements generally and the vice chairman on the fees for the chairman. Changes to the fees normally take effect from 1 January each year.

Non executive directors receive a basic fee and additional fees are payable for membership and chairmanship of the various committees.

Non executive directors may still claim session charges based on the British Dental Guild rate, but only for such duties as those not forming part of their normal duties and responsibilities.

Taking into account the current economic environment, the performance of the society, and non executive directors' remuneration compared with their peers, it was agreed to maintain the fees at the same level as 2013.

Benefits

The group's benefits package is designed to provide competitive monetary and non monetary benefits to assist the employees in carrying out their duties efficiently. Benefits are set within agreed parameters and are consistent across the group. The benefits package for executive directors includes health insurance and life insurance. Non executive directors are not entitled to any contractual benefits.

Retirement benefits

The chief executive is a member of the society's targeted final salary, defined contribution pension scheme, which is closed to new entrants.

The chairman and non executive directors do not have any pension benefits.

During the year under review, the society made contributions totalling £13,065 (2013: £40,040) to the chief executive's pension scheme.

Service contracts

Subject to the requirements of the law and best practice, the directors' service contracts and terms and conditions of employment aim to strike the appropriate balance between those of the group and the individuals. Copies of the directors' service contracts and letters of appointment are available for inspection at the registered office of the society.

The current notice period for non executive directors is six months and nine months for executive directors, which can be given by either party.

Non executive directors are not entitled to any compensation for loss of office and executive directors' compensation is limited to any contractual notice pay entitlement.

External directorships

The executive directors are permitted to hold appropriate external commercial non executive director appointments, provided they do not conflict with their commitments to the group. The executive directors may retain the fees paid for these services, subject to prior approval by the chairman.

No non executive directorships were held by the chief executive during the year.

Directors' remuneration

	2014 Fees and salaries £000	2014 Benefits in kind £000	2014 Total £000	2013 Fees and salaries £000	2013 Benefits in kind £000	2013 Total £000
Non executive directors						
Kathryn Woolass	14	–	14	14	–	14
Martyn Green	10	–	10	10	–	10
Helen Harrison	10	–	10	10	–	10
Giles Kidner	10	–	10	10	–	10
Trevor King	2	–	2	4	–	4
Davinderpal Kooner	10	–	10	10	–	10
Raj Raja Rayan, OBE	8	–	8	8	–	8
Alister Weightman	8	–	8	8	–	8
Huw Winstone	1	–	1	–	–	–
Executive directors						
Farrukh Mirza	223	3	226	200	3	203
	296	**3**	**299**	**274**	**3**	**277**

Martyn Green
Chairman, nomination/remuneration committee
20 March 2015

Directors' report

This report is to be read in conjunction with the strategic review on pages 4 to 10

Principal activity and objectives

Dentists' Provident is a not for profit mutual, incorporated under the Friendly Societies Act 1992. The group's principal business activity is the provision of income protection insurance to dentists in the UK and Ireland under the Holloway Contract principles.

A full discussion of the group's strategy is contained in the 'our business model' part of the strategic report.

The group did not undertake any activities that were outside its powers.

Business review and future developments

An analysis of the future development and performance of the business can be found within the chairman's statement, the chief executive's report and the financial review sections of the strategic report.

A description of the material risks facing the group are set out in the risk management part of the strategic report.

Cautionary statement regarding forward looking information

This annual report and financial statements contains forward looking statements. These are made by the directors in good faith, based on the information available at the time of the approval of the annual report and financial statements. The statements should be treated with caution, due to the inherent risks and uncertainties underlying such forward looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward looking statement.

The society does not intend to update any of these statements.

Bonuses

The board recommended an increase in the dividend rate for insured members to £1.56 and leave the dividend rate for retired dentists unchanged at £1.80 per share. Interest and terminal bonus rates also remain unchanged at 5% and 15% respectively. Total bonuses allocated to members in 2014 amounted to £7.0 million (2013: £6.8 million).

Directors

The names and biographies of the individuals who served as directors of the society during the year are set out on pages 24 and 25.

Indemnification of directors

In accordance with the society's memorandum and rules and applicable laws in England and Wales, the group provided an indemnity to the directors of the society and its subsidiary. In addition, the group maintained directors' and officers' liability insurance for the benefit of its directors and officers during the year under review.

Donations

Charitable donations totalled £4,100 (2013: £2,300). The group's policy on donations is to provide assistance to small local charities, bodies involved in improving dental health and those providing services to members of the dental profession facing financial and health issues.

Changes in fixed assets

Details of significant changes in the fixed assets of the group are detailed in Note 14 to the financial statements.

Solvency

Throughout the financial year, the society maintained its solvency in excess of the required margin for its relevant class of business.

Accountability and internal controls

The board acknowledges its overall responsibility for the group's system of internal controls and for reviewing its effectiveness. On a day to day basis, the group's senior management is responsible for the operation, management and effectiveness of the system of internal controls. No material changes have been made to the internal controls system in the year.

The board has reviewed the effectiveness of internal controls during the year, including financial and operational controls. The board confirms that there is a continuous process for the identification, evaluation and management of the key risks facing the group, which were in place throughout the year and up to the date of the approval of the annual report and financial statements.

The board acknowledges that it is neither possible nor operationally efficient to eliminate risk completely. The group's system of internal controls is designed to manage, as opposed to eliminate, control risk and can only provide reasonable assurance against material misstatement, loss or error. Significant effort is dedicated to being fully aware of the risks to the group and managing these to an acceptable level.

Going concern

The group has sufficient resources, together with sufficient recurring income from members. The group meets its operational capital requirements through maintaining part of its assets in suitably liquid assets such as cash and cash equivalents. The board believes the group has adequate resources to manage its business risks and the society and the group have sufficient resources to continue in operation for the foreseeable future. Accordingly, the going concern basis has been used in the preparation of the financial statements.

On behalf of the board

Simon Elliott
Group secretary
20 March 2015

Statement of directors' responsibilities

Directors' responsibilities for preparing the financial statements

The following statements should be read with the statement of auditor's responsibilities included in the independent auditor's report. They are made to help members distinguish between the responsibilities of the directors and those of the auditors in relation to this year's financial statements.

The directors are responsible for preparing the annual report and financial statements. It is also their responsibility to state that they consider that the annual report and financial statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess the group's performance, business model and strategy.

Under the Friendly Societies Act 1992, the directors are required to prepare and approve financial statements for each financial year. The directors must only approve the financial statements when they are satisfied that they give a true and fair view of how the group and the society have performed at the end of the financial year, and that they give a true and fair view of the surplus or deficit of the group and the society for that year. The financial statements of the group and, where relevant the society, have been prepared in accordance with:

- United Kingdom generally accepted accounting principles (UK GAAP)
- The Friendly Societies Act 1992

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

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

The directors are responsible for ensuring that proper accounting records are maintained. These must disclose, with reasonable accuracy at any time, the financial position of the group and the society and enable the directors to ensure that the financial statements comply with the Friendly Societies Act 1992.

The directors are also responsible for:

- safeguarding the assets of the group and the society
- taking reasonable steps to prevent and detect fraud and other irregularities
- ensuring the maintenance and integrity of the corporate and financial information included on the society's website

UK legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the directors, whose names and functions are listed in the board of directors section on pages 24 to 25, confirms that to the best of their knowledge and belief, the group and the society's financial statements, which have been prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and surpluses of the group and of the society and, taken as a whole, are fair, balanced and understandable.

On behalf of the board

Simon Elliott
Group secretary
20 March 2015

Independent auditors' report

To the members of Dentists' Provident Society Limited

We have audited the financial statements of Dentists' Provident Society Limited for the year ended 31 December 2014 which comprise the group and society income and expenditure accounts, the group and society balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) having regard to the statutory requirement to maintain equalisation provisions. The nature of equalisation provisions, the amounts set aside at 31 December 2014, and the effect of the movement in those provisions during the year on the fund for future appropriations, the balance on the long term business technical account and on excess of income over expenditure before tax are disclosed in notes 16 and 17.

This report is made solely to the society's members, as a body, in accordance with the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the society's and the group's affairs as at 31 December 2014 and of the income and expenditure of the society and the group for the year then ended; and
- have been properly prepared in accordance with the Friendly Societies Act 1992.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on our audit strategy, allocation of resources in the audit and directing the efforts of the audit team:

- revenue recognition, with particular regard to premium income
- the timing and validity of claims and surrenders
- the valuation of investments and the appropriateness of estimation techniques in this area
- the valuation of the long term business provision

Our application of materiality

The concept of materiality was applied in planning and performing our audit. The threshold at which we consider an amount as being material to the financial statements as a whole was set at £2.3 million. This is based on the gross assets of the society at 31 December 2014. We also applied a lesser level of materiality of £0.140 million to income and expenditure items, except for investment income and movement on the sickness business provision. This is based on the premium income of the society for the year ended 31 December 2014. We report individual unadjusted differences on the financial statements over the level which we consider trivial to the audit committee. Materiality is used as guidance for the audit team in exercising judgement over their approach to audit testing and interpretation of the results. The level of materiality should not be interpreted as an absolute limit but as a guide to values that may be considered to have an impact on the view given by the financial statements.

An overview of the scope of our audit

The way in which we scoped our response to the risks of material misstatement as identified above was as follows:

- our audit work on revenue recognition involved using the society's membership records to develop an expectation of premium income, as well as tests of detail
- we examined claims and surrenders on a sample basis, and ensured that these were supported by appropriate evidence. We reviewed post balance sheet claims and surrenders to ensure they had been recognised in the appropriate accounting period
- we agreed the valuation of investments to independent third party confirmations and other evidence. We considered the appropriateness of estimation techniques, challenging management's assumptions
- we placed reliance on the work of a suitably qualified actuary, engaged by us, giving due regard to the nature, scope and objectives of their work

Opinion on other matters prescribed by the Friendly Societies Act 1992

In our opinion the directors' report has been prepared in accordance with the Friendly Societies Act 1992 and the regulations made under it, and the information given therein is consistent with the financial statements for the financial year.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

(i) under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit
- is otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statements that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

(ii) under the Friendly Societies Act 1992 we are required to report to you if, in our opinion:

- proper accounting records have not been kept
- the financial statements are not in agreement with the accounting records
- we have not received all the information and explanations and access to documents that we require for our audit

(iii) in accordance with our instructions from the society we review whether the corporate governance statement reflects the society's compliance with the nine provisions of the Annotated UK Corporate Governance Code specified by the Association of Financial Mutuals.

Peter Chapman
Senior statutory auditor

For and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London EC2V 6DL

20 March 2015

Consolidated income and expenditure account

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Earned premiums	2	13,802	13,354
Investment income	3	3,673	5,617
Unrealised gains on investments	4	12,510	15,283
Total income		**29,985**	**34,254**
Claims incurred	5	(9,235)	(9,206)
Withdrawals from bonus accounts by members	16	4,678	4,713
Sickness business provision	16	(8,718)	(2,313)
Changes in long term business provisions		**(4,040)**	**2,400**
Bonuses	6	(6,969)	(6,764)
Net operating expenses	7	(3,619)	(3,353)
Investment management expenses		(77)	(225)
Total expenses		**(3,696)**	**(3,578)**
Transfer to fund for future appropriations	**15**	**6,045**	**17,106**

The attached notes form an integral part of these financial statements.

Consolidated balance sheet

31 December 2014

	Note	2014 £000	2013 £000
Assets			
Land and buildings	10	12,575	12,575
Other financial investments	12	204,081	191,312
Total investments		**216,656**	**203,887**
Debtors	13	290	60
Tangible fixed assets	14	581	532
Cash at bank and in hand		11,182	8,039
Total other assets		**11,763**	**8,571**
Prepayments and accrued income		169	48
Total assets		**228,878**	**212,566**
Liabilities			
Fund for future appropriations	15	97,625	91,580
Long term business provision	16	129,313	118,946
Accruals and deferred income		1,940	2,040
Total liabilities		**228,878**	**212,566**

The attached notes form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20 March 2015.

Kathryn Woolass
Group chairman

Farrukh Mirza
Group chief executive

Giles Kidner
Chairman of the audit committee

Society income and expenditure account

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Earned premiums	2	13,802	13,354
Investment income	3	3,253	5,527
Unrealised gains on investments	4	12,510	12,471
Total income		**29,565**	**31,352**
Claims incurred	5	(9,235)	(9,206)
Withdrawals from bonus accounts by members	16	4,678	4,713
Sickness business provision	16	(8,718)	(2,313)
Changes in long term business provisions		**(4,040)**	**2,400**
Bonuses	6	(6,969)	(6,764)
Net operating expenses	7	(3,427)	(3,248)
Investment management expenses		(76)	(224)
Total expenses		**(3,503)**	**(3,472)**
Transfer to fund for future appropriations	**15**	**5,818**	**14,310**

The attached notes form an integral part of these financial statements.

Society balance sheet

31 December 2014

	Note	2014 £000	2013 £000
Assets			
Investment in subsidiary	11	4,600	4,600
Other financial investments	12	203,075	190,312
Total investments		**207,675**	**194,912**
Debtors	13	7,184	7,000
Tangible fixed assets	14	566	514
Cash at bank and in hand		10,608	7,531
Total other assets		**11,174**	**8,045**
Prepayments and accrued income		65	48
Total assets		**226,098**	**210,005**
Liabilities			
Fund for future appropriations	15	94,961	89,143
Long term business provision	16	129,313	118,946
Accruals and deferred income		1,824	1,916
Total liabilities		**226,098**	**210,005**

The attached notes form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20 March 2015.

Kathryn Woolass
Society chairman

Farrukh Mirza
Society chief executive

Giles Kidner
Chairman of the audit committee

Notes to the financial statements

For the year ended 31 December 2014

1.a General information

The Dentists' Provident Group, resident in the United Kingdom, comprises Dentists' Provident Society Limited (the parent undertaking) and its subsidiary, 1908 Property Holdings Limited. The principal activity of the group is the provision of income protection insurance to dentists in the UK and the Republic of Ireland under the Holloway Contract principles.

The parent undertaking is a not for profit mutual managed for the benefit of its members. The consolidated financial statements for the group include the results of the subsidiary. All amounts stated in the financial statements relate to the continuing operations of the group.

1.b Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and are consistent with those of the previous year.

Recognition of assets and liabilities

Assets and liabilities are recognised when the group becomes a party to the contractual provisions of the contract. An asset is derecognised when either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition under a combination of risks and rewards and control tests. A liability is derecognised when it is extinguished, which is when the obligation in the contract is discharged, cancelled or expires.

Basis of preparation

The financial statements have been compiled on a going concern basis and prepared under the historical cost convention, except that investments and land and buildings are measured at fair value. These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the UK, applicable accounting standards and the guidance on Accounting for Insurance Business issued by the Association of British Insurers and presented in accordance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994.

Certain amounts reported in the financial statements include estimates and judgements made by the management, particularly in relation to the calculation of the sickness benefit reserve and the valuation of certain investments. The actual results may differ from the estimates made.

Basis of consolidation

The consolidated financial statements include the results of the society and its subsidiary, which prepares its financial statements to 31 December each year. The subsidiary has been consolidated from the date it commenced trading and all intercompany balances, profits and transactions are eliminated.

Premium income

The Holloway Contract is a long term insurance contract and premium income is recognised in the income and expenditure account when due from the members of the society. Where memberships lapse due to non-receipt of premiums, then all the related premium income accrued but not received from the date they are deemed to have lapsed is offset against premiums.

Investment income

Investment income includes dividends, interest, rent, gains and losses on realisation of investments and related expenses. Dividends, interest and rent are recorded on an accruals basis. Realised gains and losses on investments are calculated as the difference between the net sales proceeds and original cost in the case of investments purchased in the year and otherwise as the difference between the net sales proceeds and prior year's valuation.

Unrealised gains and losses

Unrealised gains and losses on investments are calculated as the difference between the year end valuation and the previous year end valuation or purchase price, if acquired in the year.

Claims

Claims incurred comprise sickness benefit and withdrawals of capital by the members of the society.

Acquisition costs

Acquisition costs represent the direct and indirect costs relating to the obtaining and processing of new business.

Having regard to the future premium levels, the directors do not consider the deferred acquisition costs to be material. As a consequence, all acquisition costs are recognised in the income and expenditure account in the period they are incurred.

Foreign currencies

The functional currency of the group is Pounds Sterling. Foreign currency transactions are translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange prevailing at the balance sheet date. All exchange gains and losses are included in the income and expenditure account.

Land and buildings

Land and buildings are included in the financial statements at fair value on the basis of independent valuations. No depreciation is provided on land as it is deemed to have an indefinite useful economic life. The directors consider the useful economic life of the buildings to significantly exceed 50 years. In addition, the current estimate of residual value is such that any accumulated depreciation and annual depreciation charge would be immaterial. Subsequently, no provision for depreciation on buildings has been provided for in these financial statements.

Other financial investments

Other financial investments are initially recognised in the financial statements at fair value. For investments quoted on active markets, fair value is deemed to be the bid price, exclusive of any transaction costs. For investments in collective investment schemes, the fair value is based on the pricing and valuation information provided by the third party investment managers. Loans and other receivables are carried at cost less any provision for impairment in value.

Tangible fixed assets

Tangible fixed assets comprising fixtures, fittings, plant and equipment and computer equipment and software are carried at historical cost less depreciation and any impairment losses. Historical cost includes any associated expenditure directly attributable to the acquisition of the asset. Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value at the following rates:

Fixtures, fittings, plant and equipment at 10% and 12.5% per annum on a straight line basis. Computer equipment and software at 20% and 25% per annum on a straight line basis.

No depreciation is provided on assets in the course of construction.

Impairment of assets

Where the carrying value of an asset is impaired, its carrying value is immediately reduced to the recoverable amount by an immediate charge to the income and expenditure account. The recoverable amount is the higher of an asset's value in use to the group or the open market disposal value, excluding the costs of sale.

Long term business provision

The long term business provision has been calculated by the actuarial function holder, having due regard to the requirements of the Friendly Societies (Accounts and Related Provisions) Regulations 1994 and the appropriate UK prudential regulations.

Pension scheme

The group operates two defined contribution plans for the benefit of its employees. The group pays contributions to independent third party administered pension insurance plans on a contractual basis. The contributions are recognised as an employee benefit expense when they are due.

2. Earned premiums

Group and Society	2014 £000	2013 £000
Holloway income protection Insurance – gross premiums written	13,802	13,354
Total earned premiums	13,802	13,354

The premiums arise from direct insurance business relating to individual premiums primarily from within the UK, but also from the Republic of Ireland, the Channel Islands and the Isle of Man.

3. Investment income

Group	2014 £000	2013 £000
Income from land and buildings	583	410
Income from other financial investments	2,394	1,128
Gains on realisation of investments	696	4,079
Total investment income	3,673	5,617

Society	2014 £000	2013 £000
Income from subsidiaries	311	311
Income from land and buildings	2	3
Income from other financial investments	2,244	1,134
Gains on realisation of investments	696	4,079
Total investment income	3,253	5,527

4. Unrealised gains on investments

Group	2014 £000	2013 £000
Freehold land and buildings	–	2,812
Other financial investments	12,510	12,471
Total unrealised gains on investments	12,510	15,283

Society	2014 £000	2013 £000
Other financial investments	12,510	12,471
Total unrealised gains on investments	12,510	12,471

5. Claims incurred

Group and Society	2014 £000	2013 £000
Withdrawals from bonus accounts by members	4,679	4,713
Sickness claims paid	4,556	4,493
Total claims incurred	9,235	9,206

6. Bonuses

Group and Society	2014 £000	2013 £000
Dividend and interest to members on withdrawals	132	124
Annual interest to members	3,857	3,781
Annual dividends to members	2,338	2,223
Terminal bonuses to members on withdrawals	642	636
Total bonuses	6,969	6,764

7. Net operating expenses

Group	2014 £000	2013 £000
Acquisition costs	1,075	866
Administrative expenses	2,544	2,487
Total operating expenses	3,619	3,353

Society	2014 £000	2013 £000
Acquisition costs	1,075	866
Administrative expenses	2,352	2,382
Total operating expenses	3,427	3,248

Net operating expenses include:

Group	2014 £000	2013 £000
Commissions on direct business	286	274
Auditors remuneration – audit services	57	43
Actuarial fees	164	113
Depreciation and loss on disposal of fixed assets	125	95

Society	2014 £000	2013 £000
Commissions on direct business	286	274
Auditors remuneration – audit services	47	34
Actuarial fees	164	113
Depreciation and loss on disposal of fixed assets	122	92

8. Staff costs

Group and Society	2014 £000	2013 £000
Wages and salaries	1,327	1,263
Social security costs	154	130
Other pension costs	139	138
Total staff costs	1,620	1,531

The aggregate remuneration of the directors was:

Group and Society	2014 £000	2013 £000
Remuneration of executive directors	226	203
Remuneration of non executive directors	73	74
Pension contributions	13	40
Total directors' remuneration	312	317

Details of directors' remuneration and pension benefits, including those of the chairman and the highest paid director, are included in the remuneration report.

The average number of employees employed including directors was:

Group and Society	2014	2013
Acquisition	9	7
Management and administration	19	19
Total	28	26

9. Taxation

The existing activities of the society are not chargeable to income or corporation tax in the UK.

10. Land and buildings

Group	2014 £000	2013 £000
Freehold land and buildings at valuation	12,575	12,575
Freehold land and buildings at cost	9,763	9,763

The land and buildings were last valued as at 31 December 2013 by Tuckerman Chartered Surveyors on an open market basis and in accordance with the RICS Appraisal and Valuation Manual.

The value of land and buildings occupied by the group for its own use amounted to £1.817 million (2013: £1.817 million).

The value of land included in the valuation amounted to £4.597 million (2013: £4.597 million).

11. Investment in subsidiary

Society	2014 £000	2013 £000
Shares in group undertakings	4,600	4,600

The society owns 100% of the ordinary share capital of 1908 Property Holdings Limited, a company registered in England. The group is of the opinion that the aggregate value of the investment is not materially different from the amounts stated above.

12. Other financial investments

Group	Valuation 2014 £000	Valuation 2013 £000	Cost 2014 £000	Cost 2013 £000
Shares and other variable yield securities	128,259	122,187	101,829	93,611
Debt and other fixed interest securities	75,822	69,125	67,101	63,711
Total other financial investments	204,081	191,312	168,930	157,322

Society	Valuation 2014 £000	Valuation 2013 £000	Cost 2014 £000	Cost 2013 £000
Shares and other variable yield securities	128,259	122,187	101,829	93,611
Debt and other fixed interest securities	74,816	68,125	66,095	62,711
Total other financial investments	203,075	190,312	167,924	156,322

The group and the society have a portfolio of investments in private equity and debt funds. The structure of these funds is such that the commitment is drawn down over the investment period. The total amount committed, net of drawdown, at the balance sheet date for the group and the society was £6.503 million (2013: £7.018 million)

13. Debtors

Group	2014 £000	2013 £000
Other debtors	290	60
Total debtors	290	60

Society	2014 £000	2013 £000
Other debtors	240	38
Amounts owed by group undertakings	6,944	6,962
Total debtors	7,184	7,000

14. Tangible fixed assets

Group	Fixtures, fittings, plant and equipment £000	Computer equipment and software £000	Total £000
Cost			
At 1 January 2014	469	3,655	4,124
Additions	1	173	174
At 31 December 2014	**470**	**3,828**	**4,298**
Depreciation			
At 1 January 2014	147	3,445	3,592
Charge for the year	58	67	125
At 31 December 2014	**205**	**3,512**	**3,717**
Net book value			
At 31 December 2013	322	210	532
At 31 December 2014	**265**	**316**	**581**

Society	Fixtures, fittings, plant and equipment £000	Computer equipment and software £000	Total £000
Cost			
At 1 January 2014	444	3,655	4,099
Additions	1	173	174
At 31 December 2014	**445**	**3,828**	**4,273**
Depreciation			
At 1 January 2014	140	3,445	3,585
Charge for the year	55	67	122
At 31 December 2014	**195**	**3,512**	**3,707**
Net book value			
At 31 December 2013	304	210	514
At 31 December 2014	**250**	**316**	**566**

15. Fund for future appropriations

Group	2014 £000	2013 £000
At 1 January	91,580	74,474
Transfer from income and expenditure account	6,045	17,106
At 31 December	**97,625**	**91,580**

Society	2014 £000	2013 £000
At 1 January	89,143	74,833
Transfer from income and expenditure account	5,818	14,310
At 31 December	**94,961**	**89,143**

16. Long term business provision

Group and Society	Bonus accounts: insured members 2014 £000	Bonus accounts: retired members 2014 £000	Sickness business provision 2014 £000	Total 2014 £000
At 1 January	41,696	40,032	37,218	118,946
Bonus accounts transferred	(1,517)	1,517	–	–
Bonuses	3,471	2,856	–	6,327
Withdrawals from bonus accounts by members	(1,775)	(2,903)	–	(4,678)
Transfer from income and expenditure account	–	–	8,718	8,718
At 31 December	**41,875**	**41,502**	**45,936**	**129,313**

Group and Society	Bonus accounts: insured members 2013 £000	Bonus accounts: retired members 2013 £000	Sickness business provision 2013 £000	Total 2013 £000
At 1 January	41,429	38,884	34,905	115,218
Bonus accounts transferred	(1,337)	1,337	–	–
Bonuses	3,414	2,714	–	6,128
Withdrawals from bonus accounts by members	(1,810)	(2,903)	–	(4,713)
Transfer from income and expenditure account	–	–	2,313	2,313
At 31 December	**41,696**	**40,032**	**37,218**	**118,946**

17. Insurance liabilities

Group	2014 £000	2013 £000
Available capital resources at 1 January	89,921	72,982
Expense surpluses (including acquisition and non recurring costs)	(681)	(732)
Investment surpluses	9,215	15,978
Difference between actual and expected morbidity experience	(1,915)	1,863
Movements in premium rates	(425)	465
Other surpluses and deficits	(172)	(635)
Available capital resources at 31 December	**95,943**	**89,921**
Other adjustments	1,682	1,659
Fund for future appropriations at 31 December	**97,625**	**91,580**

Society	2014 £000	2013 £000
Available capital resources at 1 January	87,484	72,982
Expense surpluses (including acquisition and non recurring costs)	(681)	(732)
Investment surpluses	8,988	13,541
Difference between actual and expected morbidity experience	(1,915)	1,863
Movements in premium rates	(425)	465
Other surpluses and deficits	(172)	(635)
Available capital resources at 31 December	**93,279**	**87,484**
Other adjustments	1,682	1,659
Fund for future appropriations at 31 December	**94,961**	**89,143**

Summary

As at 31 December 2014, the total available capital resources of the group amounted to £95.943 million (2013: £89.921 million), its capital resource requirements amounted to £10.327 million (2013: £9.570 million), resulting in a surplus of available capital resources over regulatory capital of £85.616 million (2013: £80.351 million).

Set out below are details of how the available capital resources have been calculated, the restrictions in place over the available capital resources, the basis of calculating the regulatory capital requirements and an explanation of the change in available capital.

Basis of calculation of available capital resources

The available capital of the group has been determined in accordance with the UK prudential regulations and includes the funds for future appropriations (FFA). The FFA represents surplus funds which have not been allocated to members and are available to meet regulatory and solvency requirements. Adjustments have been made to restate the assets and liabilities in line with the appropriate prudential regulations.

The significant assumptions used to determine the sickness provision are set out in the table below. These assumptions have been derived based on recent operating experience with appropriate allowances for prudence, as well as any prudential requirements within IPRU(INS), GENPRU and INSPRU.

	Deferred 0 weeks reducing benefits	**Deferred 0 to 52 weeks and 104 weeks level benefits**	**Options reserve**
Method	Gross premium	Gross premium	1 year's gross premiums
Interest rate	1.0%	1.0%	N/A
Mortality	Nil	Nil	N/A
Morbidity	Prudent assessment based on recent experience	Prudent assessment based on recent experience	N/A

Restrictions on available capital

The available surplus held in the Holloway Business Fund can only be applied to meet the requirements of the society or be distributed to the members.

Basis of calculation of capital requirements

The capital resource requirements amounted to £10.327 million (2013: £9.570 million) and are determined in accordance with capital requirements as defined by UK prudential regulations, namely the resilience capital requirement and the long term insurance capital requirement.

18. Risk management objectives and policies

The business activities of the group expose it to a number of potential risks that can impact its abilities to meet its business objectives. The board is responsible for the group's internal control systems and for reviewing their effectiveness. The systems are designed to manage, as opposed to eliminate, risk and aim to provide reasonable and not absolute assurance.

The group's overall appetite for accepting and managing risks is set by the group board. The group's risk management policies and procedures cover areas such as risk identification, management and reporting. The primary objective of the risk management framework is to protect the members, employees and other key stakeholders from consequences that could negatively affect the group's ability to meet its contractual, business and social objectives.

This section covers the risks relevant to the group's operations and financial statements from a qualitative and quantitative perspective.

Insurance risk

The risk under a contract of insurance with a member is the possibility that an insured event will occur and a claim become payable. The very nature of insurance is based on the unpredictability of the timing and severity of events. The principal risks the group faces in this area of business activity comprise the risk of adverse financial impact on the group due to inappropriate pricing of the income protection insurance contracts, and the risk of claims experience being worse than anticipated with the associated impact on the sickness benefit reserve. Other less significant, but nonetheless material risks under this heading include the loss of future premium income from lower than expected renewal of insurance business and higher than expected costs of managing the insurance portfolio.

The society manages insurance risk by following standard underwriting policies, which take into account the risks the group is prepared to accept, adopting a structured approach to underwriting and regular, formal analysis and monitoring of the insurance portfolio.

The society does not have within its product range, any embedded options or guarantees.

The two key drivers of the group's claims experience are the inception rates for claims and the recovery rates for claimants. Part of these risks are mitigated by the fact that the society's income protection contracts allow for the premiums to be reviewed. Additional mechanisms for managing these risks include a structured approach to assessing and managing claims.

The impact of a 5% increase in the valuation assumption for morbidity would be to increase the sickness provision by £8.233 million (2013: £7.686 million).

The persistency experience of the society varies over time but has remained high in the past. Factors affecting persistency include the effectiveness of the sales process of the independent financial advisors, members' perception of the society and the insurance industry, regulatory changes in the dental profession, investment performance and the general economic environment.

Given the high level of persistency, a large proportionate increase in lapses is unlikely to have a material effect on the society.

The members of the society bear the impact of any changes in expense levels, as the expenses affect the amounts available for distribution to members as bonuses. An increase in the allowance for expenses from 25% to 30% of premiums would increase the sickness provision by £9.664 million (2013: £8.889 million).

The valuation rate of interest to determine the sickness provision has been calculated in accordance with UK prudential regulatory requirements. A decrease in the valuation rate of interest of 75 basis points would increase the sickness provision by £3.730 million (2013: £3.083 million).

Equity risk

The group is exposed to equity risk through its holdings in collective investment schemes. This risk affects a significant but tightly controlled proportion of the overall investment portfolio and the holdings involved are well diversified across companies, industries and geographical regions. The board keeps the investment strategy under review to ensure the group's ability to write business and settle claims is not adversely affected by falls in the market value of equities. The fair value of equity type investments in the group's financial statements at 31 December 2014 was £108.760 million (2013: £103.949 million).

The equity risk is borne by the members of the society, as changes in equity valuations and income would directly impact the amounts available for distribution to the members. A 10% reduction in equity valuations would reduce the group's surplus for the year by £10.876 million (2013: £10.395 million).

Interest rate risk

The group's exposure to fixed income investments is principally through collective investment schemes. These investments also represent a significant part of the group's investment portfolio and are kept under regular review by the board. The fair value of fixed interest securities is normally inversely correlated to market interest rates, assuming credit and liquidity premia remain unchanged.

The holdings within the collective investment schemes are primarily within highly rated government and corporate debt and asset backed securities. The group's fixed interest portfolio tends to have a relatively short duration, which provides a degree of protection against movements in the longer end of the yield curve. The fair value of fixed interest securities in the group's financial statements at 31 December 2014 was £75.493 million (2013: £69.125 million).

Although the group attempts to manage interest rate risk by broadly matching the duration and profile of the assets with underlying member liabilities, the interest rate risk is borne by the members of the society, as changes impacting the effective yield and valuations would directly impact the amounts available for distribution to the members. A 100 basis points decrease in the market interest rates would reduce the group's surplus for the year by £1.063 million (2013: £0.999 million).

Property risk

The group also has a significant exposure to property and property related assets, the majority of which is through holdings in collective investment schemes. The rental income and valuation are affected by the general conditions in the economy, such as GDP growth, employment trends, inflation and interest rates. In addition, local factors such as competition in the area from other landlords, attractiveness of the properties to prospective tenants, the state of repairs of the premises and the costs of maintenance and insurance impact the valuation and rental income from individual properties.

The group manages the risks associated with its own direct investments in property by effective management of the premises, credit evaluations of prospective tenants, application of appropriate lease covenants and ongoing monitoring of existing tenants. A 10% reduction in the valuation of property and property related assets would reduce the group's surplus for the year by £3.140 million (2013: £3.081 million).

Currency risk

The group's exposure to foreign exchange risk arises primarily through entering into insurance and investment contracts denominated in currencies other than Pounds Sterling. Currency risk is controlled as part of the group's day to day operations. A number of arrangements have been put in place that provide a partial, non qualifying hedge against currency risk. At the 2014 and 2013 year ends, the board did not consider the residual currency risk to be material to the group's operations.

Credit risk

This is the risk that one party to a financial transaction will fail to discharge its obligations, causing the other party to incur a loss. Credit risk in relation to financial investments and cash and cash equivalents is managed by the investment committee. The group's investment guidelines are constructed to avoid excessive exposure to any single counterparty and by ensuring that debt and fixed income investments are concentrated in high quality investment grade holdings. In addition, the group investment committee has the right to impose stricter credit risk limits where it deems it appropriate.

The group credit risk in respect of balances with members is managed primarily by the terms and conditions set out in the society's rules, which allow it to cancel the membership of individuals in the event of non payment of premiums. In addition, the balance on the member's bonus account provides a method of recovering unpaid premium arrears.

As at 31 December 2014, the group had no material debt or fixed income assets that were impaired beyond their reported fair values (2013: £Nil).

Liquidity risk

The group is exposed to the daily need for cash resources mainly from claims for sickness benefits and capital withdrawals. Liquidity risk is the risk that the group, although solvent, is unable to meet its obligations associated with financial liabilities that are settled by cash and cash equivalents.

A significant part of the group's investments are in highly liquid assets, which can be converted into cash swiftly and at minimal cost. In addition, the use of budgets and business plans allows the group the ability to realistically estimate its liquidity requirements.

Capital risk management

The board is responsible for ensuring that the group holds an appropriate level of surplus capital. The society is also subject to an externally imposed capital requirement by the UK regulatory authorities. It is the group's policy to maintain capital in excess of the amounts determined under the statutory framework and the individual capital assessment framework.

19. Pension contributions and related costs

The group operates defined contribution pension schemes for the benefit of its employees. The contributions for the year amounted to £0.133 million (2013: £0.138 million).

20. Actuaries

The actuarial function holder of the society up to 28 April 2014 was Mr John O'Neill, a partner in Barnett Waddingham LLP. Miss Alexandra Kim Durniat, a partner in Barnett Waddingham LLP, replaced Mr O'Neill as the actuarial function holder on 28 April 2014. The society has requested Miss Durniat to furnish it with the particulars required under Section 77 of the Friendly Societies Act 1992. Miss Durniat has confirmed that neither she nor her family, nor any of the partners in Barnett Waddingham LLP were members of the society, nor have they any financial or pecuniary interest in the society, with the exception of fees paid to Barnett Waddingham LLP for professional services, which amounted to £0.164 million (2013: £0.113 million).

21. Related party transactions

All members of the board are members of the society and are required to pay premiums to the society. Individuals practising dentistry are entitled to claim sickness benefits in the event of being unable to carry out their normal duties.

Any such payment would be made under the same terms and conditions as those applicable to all other members of the society. Premiums paid by the directors amounted to £40,456 (2013: £40,693). Capital withdrawals by the directors in the year amounted to £Nil (2013: £6,000).

The group has taken advantage of the exemptions conferred by Financial Reporting Standard No. 8, from reporting details of transactions between the society and its subsidiary undertaking.

22. Valuation report

The actuarial valuation required under the UK prudential regulations has been prepared as at 31 December 2014. The valuation report is available for inspection at the registered office of the society.

Notice of annual general meeting

Notice is hereby given that the twenty second annual general meeting of the members will be held at 91–94 Saffron Hill, London EC1N 8QP on Friday 15 May 2015 at 1.00pm (the 'AGM') for the purposes set out below:

1. To elect the officers of the society

a. The following directors retire by rotation and have indicated their willingness to offer themselves for re election:

1.1 Kathryn Woolass BDS, FDS, DDOrth

1.2 Farrukh Mirza FCA

1.3 Martyn Green BDS, FDSRCPS, MFGDP(UK), DPDS

1.4 Helen Harrison BDS, MFGDP

1.5 Giles Kidner BDS, MSc, LDS, FDS(Orth), MOrthRCS

1.6 Davinderpal Kooner JP, BDS, LDSRCS, MGDSRCS, DGDP(UK), DipMDE(Lond)

1.7 Raj Raja Rayan OBE, MA, MSc, BDS, FDS, FFGDP, MRD, MGDS, DRD, LDS

1.8 Alister Weightman BDS

b. Huw Winstone BDS, LDSRCS, DGDP(UK) was co-opted to the Board of Directors on 12 August 2014 and under the rules of the society offers himself for election

2. To appoint the following as arbitrators of the society:

2.1 Ruby Austin

2.2 Helen Cain

2.3 Damon Lambert

2.4 Prof Robert Lee

2.5 Sunit Malhan

2.6 Salim Malik

2.7 Shiv Pabary

2.8 Paul Protheroe

2.9 Raj Rattan

2.10 Susie Sanderson

2.11 Jerry Staffurth

2.12 Richard Toone

3. To approve the remuneration policy of Dentists' Provident Society Limited for the year ended 31 December 2014.

4. To approve the remuneration report of Dentists' Provident Society Limited for the year ended 31 December 2014 by way of an advisory vote.

5. To approve the annual report and financial statements of Dentists' Provident Society Limited for the year ended 31 December 2014.

6. To reappoint Buzzacott LLP as auditors and to authorise the board of directors to fix their remuneration.

By order of the board

Simon Elliott
Group secretary
20 March 2015

Arbitrators

Complaints procedure

We take all complaints extremely seriously and formal procedures are in place for handling them. We deal with all complaints as a matter of urgency and they are handled by suitably qualified employees within the society. We aim to resolve all complaints usually, within four weeks of being notified.

Serious complaints are dealt with by the head of compliance and risk. If a complaint is not resolved to the complainant's satisfaction, they can refer the matter to County Court, but only if both parties agree to this method. We will normally only agree to this course of action on disputes regarding a point of law. Alternatively, they can refer the matter to a panel of three independent arbitrators or refer the matter to the Financial Ombudsman Service within six months of our final response.

If a member refers the matter for arbitration, they have the right to select the members of the panel, provided they choose one dentist and one other with relevant financial experience from the individuals listed below. Both parties will be bound by the decision of the panel and there is no further right of appeal to the Financial Ombudsman Service.

Ruby Austin MBE – dentist

Ruby qualified in 1960 and subsequently worked in general practice and the hospital service. He also spent twenty years working as an industrial, and later inspecting, dentist for Marks and Spencer.

Since 1996, Ruby has been a vocational training advisor and course organiser for the London Postgraduate Medical and Dental Deanery, advising the Dean on matters regarding vocational training and continuing professional development of practitioners within London.

His previous involvements include being vice dean of the faculty of General Dental Practitioners, treasurer for the British Dental Association (Bromley and Beckenham), president of the British Society for General Dental Surgery, president of the Anglo-Asian Odontological Group, core examiner for the DGDP Exam, examiner for the MFGDP(UK) Exam, advisor on the NHS Oral Hearing Appeals Panel, NHS Tribunal as well as the Oral Health Unit of Primary Care R&D Centre.

In 2000, the Queen awarded Ruby with the MBE for his services to dentistry. Ruby is Chairman of Trustees of AOG charity and also a lecturer, author and reviewer.

Helen Cain – chartered accountant

Helen is a fellow of the Institute of Chartered Accountants in England and Wales and has been a partner in general practice for more than ten years. During her time in practice, she has advised many owner-managed businesses as well as UK subsidiaries of multinational organisations.

Helen has assisted and advised clients in all accounts and audit compliance matters and has helped clients analyse, from a financial perspective, their short and long term strategies. Having dealt with many clients, she has been exposed to a number of sectors and industries, such as property investment, publishing, architecture and insurance brokerage.

Damon Lambert – chartered accountant

Damon is the head of European taxes for the global reinsurer Swiss Re and former UK corporate tax director of Allied Irish Banks plc. He also worked for 11 years in KPMG's financial sector practice where he specialised in advising on mergers and acquisitions, primarily for financial sector multinationals. Damon is a qualified chartered accountant.

He was a member of the working party on the Tax Reform Commission instigated by George Osborne, co-authoring the chapters on business taxation and tax reforms in other jurisdictions.

Prof Robert Lee – dentist

Robert is an honorary professor/consultant in orthodontics at Barts and The London Dental Hospital. He is also honorary professor in the Department of Oral Growth and Development at Queen Mary, University of London. He has been a consultant orthodontist since 1980. He trained as an orthodontist at The Eastman Dental Hospital, Royal Dental Hospital and Great Ormond Street Hospital. He founded the orthodontic training programme at The Royal London Hospital in 1985, and is a presenter of annual postgraduate courses for all UK dental trainees. His previous posts included chairman of specialty advisory committee in orthodontics, and chairman of the examination board for membership in orthodontics, as well as clinical director of the Dental Hospital.

Sunit Malhan – dentist

After qualifying from The University of London in 1985, Sunit worked at The Eastman Dental Hospital for six months as an SHO in oral surgery. Initially, he was an associate in general practice and then purchased a practice in Hendon in 1988, followed by an Enfield practice in 1997. In 2001, he gained an additional qualification (DPDS) from the University of Bristol. Cosmetic dentistry and nervous patients are Sunit's areas of special interest.

Saleem Malik – senior legal advisor

Saleem qualified as a lawyer over 25 years ago and during that time he has worked in-house and for major City law firms. His specialisation is banking law. He is recognised by leading legal directories as a leading lawyer in the field of Islamic Finance, an area in which he has practiced for over 16 years.

For the past ten years he has been an advisor to a leading City law firm and has his own practice serving corporate clients, predominantly banks. He is experienced in Islamic Finance, as well as conventional banking and asset finance and in structuring products and services that meet both Shari'a and conventional banking requirements. He has worked with clients on transactions in England, the Middle East and Far East.

Saleem represents a number of Islamic and non-Islamic financial institutions and works closely with other core practice areas such as asset finance, corporate, capital markets, real estate, banking, funds, tax etc. He lectures and writes regularly on the subject of Islamic Finance and has been a contributor to a number of publications.

Shiv Pabary – dentist

Shiv is a graduate of Newcastle Dental School and qualified in 1985. Becoming a principal in 1988, he now works between three NHS practices as a general dental practitioner. He is also a dental advisor for Gateshead and South Tyneside Primary Care Trusts and chairman of the GDC's professional conduct committee and health committee.

Having obtained his membership of the faculty of general dental practitioners in 1992, Shiv has held a part-time teaching post at Newcastle Dental Hospital in the restorative dentistry department since 1996. He has been a member of the British Dental Association's general dental practice committee since 1996 and sits on the education sub-committee. He is also vice chair of the British Dental Guild. He has been a vocational trainer for 12 years and has been a postgraduate dental tutor since 1995. He is currently the tutor in Clinical Governance for the Northern Deanery and is past chairman of the Oral Health Improvement Group in Newcastle. He has been a lay magistrate since 1995 and holds a Law Degree (LLB Hons) from Northumbria University.

In 2009, the Queen awarded Shiv with the MBE for his services to NHS dentistry.

Paul Protheroe – management consultant

Paul has had considerable experience over 30 years as a senior executive in financial services, including positions held at chief executive and main board director level.

He is currently managing director of Positive Insight Limited, a management consultancy focussed on the mutual sector and Friendly Societies in particular.

Paul spent over 12 years as chief executive of a Holloway Friendly Society, specialising in income protection insurance. He has also been vice president of the Association of Friendly Societies (now the Association of Financial Mutuals).

Raj Rattan, MBE – dentist

Raj is a graduate of University College Hospital, London.

He is a general dental practitioner and maintains his commitment to clinical dentistry at his practices, combining this with his role of associate dean in the London Deanery.

He has considerable experience of the NHS and the private sector. A member of the original Options for Change task group in 2001, he was then appointed as a policy advisor to the Department of Health where he served his three-year term and continues to act as a professional advisor to NHS and private sector organisations on a consultancy basis.

Raj has authored/co-authored several text books, published numerous articles in the dental press, and been involved in new media publishing initiatives involving e-learning and CD-ROM based materials for general dental practice. He is a former examiner for the FGDP and a visiting lecturer/teaching fellow to a number of postgraduate teaching programmes, and has lectured widely in the UK and overseas. He has worked as a dento-legal advisor for Dental Protection (DPL) since 1993.

In addition to working with members, he is monitoring the introduction of foundation training on behalf of DPL.

In 2008, the Queen awarded Raj with the MBE, for services to dentistry.

Arbitrators continued

Susie Sanderson – dentist

Susie is a member of the BDA's principal executive committee, a member of both the BDA's audit committee and the international delegation. She is also the treasurer and a board member of the Council of European Dentists. She is the former chair of the BDA's executive board (2006–2012). She is a dento-legal advisor for Dental Protection. She has been involved in the BDA and LDC at local and national level for a number of years and has enjoyed a wide scope of involvement, including education, finance, healthcare policy, GDPC, DCPs, students and young dentists.

In 2012, the Queen awarded Susie with the OBE, for services to dentistry.

Jerry Staffurth – actuary

Jerry is an actuary, employed by reinsurer Pacific Life Re, with responsibility for its corporate actuarial, research and actuarial modelling functions. He is the company's actuarial function holder. He qualified as an actuary in 1990 and has over 20 years' experience of actuarial roles in the insurance market. He started his actuarial career with Equity & Law (now part of Friends Life) and also spent three years working for Colonial Mutual in New Zealand. More recently, Jerry worked for Swiss Life (UK) for 13 years, up to the end of 2004, including eight years as appointed actuary. He subsequently joined Deloitte as a director in their actuarial and insurance practice. At Deloitte, he was responsible for a diverse range of projects in the UK life market, including capital management, product strategy, audit and mergers and acquisitions. He has been involved in a number of actuarial working parties and has contributed to papers on critical illness and treating customers fairly.

Richard Toone – chartered accountant

Richard is an insolvency partner at Chantrey Vellacott DFK. He is a qualified accountant with twenty years' experience in the field of business recovery. He has conducted a wide range of appointments dealing with a variety of assignments, including independent business reviews, expert witness, prosecuting claims, asset valuation, asset recovery and fraud investigations.

He previously worked at PricewaterhouseCoopers, before working at the largest specialist recovery firm in the country, Begbies Traynor. He has also contributed to, and is on the editorial board of 'International Corporate Rescue'.

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