Dentists' Provident

Protecting your lifestyle. Securing your future.

Annual Report

2017

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

- Net surplus before bonuses and tax of £25.7 million (2016 restated: £20.4 million)
- Total assets of £333.0 million (2016 restated: £312.9 million)
- Interest on members' bonus accounts maintained at 5%
- Dividends for income protection plan maintained at £1.56 per share
- Dividends for retired dentists' plan maintained at £1.80 per share
- Terminal bonus maintained at 15%

Group financial summary

	2017 £m	2016 restated £m	2015 restated £m	2014 restated £m	2013 restated £m
Membership premium income	14.2	14.1	13.8	13.8	13.4
Total investment income	24.4	26.7	18.2	16.2	20.9
Sickness claims paid	4.8	4.2	4.2	4.6	4.5
Operating expenses	4.1	3.7	3.6	3.6	3.4
Bonuses paid to members	7.3	7.3	7.1	7.0	6.8
Investment assets	274.7	260.2	227.8	216.7	203.9
Members' bonus accounts	87.5	85.6	84.5	83.4	81.7
Operating ratios					
Operating expenses to premium Income ratio	29.3%	26.4%	25.7%	26.2%	25.1%
Sickness claims paid to premium income ratio	34.2%	29.8%	30.3%	33.0%	33.6%

Executive statement

Welcome to our joint annual report for 2017. This was an important year for the group with the development of our new plans and technical infrastructure being the main focus of our activities.

Launch of our new plans

As detailed in the letter accompanying the proposed changes to our memorandum and rules in November, the society has made many important improvements to the existing plans, which went live in January 2018. The changes build on a theme of making continual improvements to our offering, to enhance the value provided to our members. We believe the most important changes to the existing plans include the increased financial flexibility for our retired members and the raising of age limits for cover end dates for our insured members, to reflect the longer working careers in both NHS and private dentistry.

We have previously mentioned the increasingly complex regulatory environment affecting Holloway income protection plans. These challenges range from tax considerations in Ireland to distribution difficulties for UK intermediaries. Furthermore, in the UK, the use of regulatory exemptions to facilitate distribution has not been wholly effective in meeting the everyday challenges of marketing our Holloway plans. To address these issues, the society has introduced a range of protection only plans in the UK and Ireland.

As a membership organisation, the fundamental basis of our plans is the concept of members pooling their financial resources to pay claims and sharing in residual financial surpluses. In recent years, there has been a greater demand for features such as guaranteed premium rates. Although widely available as part of mainstream insurance plans, we have eschewed such features on account of being inconsistent with the core principles of Holloway income protection plans. However, such considerations do not apply to our pure protection plans and we are now able to offer features such as guaranteed premiums and waiver of premiums as part of our new plans.

As a testament to the strength of our new plans, we are very pleased to report that Defaqto, the independent insurance product researcher, has given them their highest rating of five stars.

Our performance

The group delivered a good performance in 2017, driven by a combination of a healthy contribution from our insurance business in a challenging market and a strong performance from our investment portfolio.

The results of our insurance business reaffirm our confidence in a proposition based on product quality and service excellence. We believe that our approach leaves us well positioned for the future and to leverage off our new products.

Our investment strategy takes a long term view and this approach has continued to serve the group well. As in previous years, the group took advantage of the rising markets by reducing its exposure to certain asset classes, notably UK property, fixed interest securities and global equities, to lock in the gains. Our portfolio remains relatively defensively positioned with an allocation of nearly 20% to cash and cash equivalents.

Bonuses

We are committed to providing our members with attractive and sustainable risk adjusted returns. In light of our performance, we are pleased to report that your board has once again decided to leave the bonus rates unchanged.

Outlook

The UK economic outlook has deteriorated considerably over 2017 and we expect Brexit related uncertainty will continue to cloud the economic and political environment for some time to come. However, we remain confident that our strong product portfolio, conservative management of our business and a focus on risk management and our members leaves us well positioned to meet future challenges.

Our people

The hard work of our colleagues over the past two years has given the group a stable platform to build on for future success and we are extremely grateful for their enthusiasm and industry.

In May of this year, we welcomed Jim Karim to the board and audit committee. Jim is a highly experienced finance professional and we look forward to working with him in the years to come.

Helen Harrison retired from the board in May 2017 and she takes with her our appreciation and gratitude for her many years of service to the group.

We would like to end our report by expressing our deepest gratitude to our fellow directors, who continue to use their experience to serve our members faithfully and with considerable insight.

Kathryn Woolass
Chairman

Farrukh Mirza
Chief executive

16 March 2018

The case for Dentists' Provident

Unparalleled flexibility

We have historically offered one of the most flexible income protection products on the market, which can be tailored to meet the needs of our members in a variety of professional circumstances. Since early 2018, we have also expanded our product range to include plans targeting not only dentists but DCPs as well. Our extended product range also includes an approved plan in Ireland and a dedicated short term protection offering.

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, exercised within a robust control environment, is a genuine differentiator and a key source of competitive advantage.

Value for money proposition

As a not for profit mutual, our business is wholly focused on our members. Over the last five years, our benefit payments and bonuses to members have consistently ranged between 82-86% as a proportion of the total membership premiums.

Doing the right thing

We believe that being ethical, honest and fair is a source of long term competitive advantage. 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 and other key stakeholders.

Strong balance sheet

Our strong capital position enables us to attract high calibre talent and support innovation and sustainable growth. It also allows us to invest in providing our members with customised solutions and healthy risk adjusted long term returns.

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.

Strong brand supported by excellent service

Our highly respected brand is based on our ability to deliver positive outcomes for our members. Our brand is backed by a team of experienced and dedicated professionals, with deep knowledge of the dental and financial services industries, who enable us to deliver a highly responsive and professional service.

Our business model

A business built around our key stakeholders

We are an 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. Forming partnerships with our members, based on flexibility, choice and service, we continue to deliver value and sustainable returns over the long term.

Our strategy

Our business is centred on our members. We give them the ability to create highly individualised plans, which are flexible enough to remain fit for purpose throughout their working lives and beyond. From the moment they become a member, we treat each step as an opportunity to offer extraordinary service and ethical, honest and fair outcomes.

Distribution

Our flexible offering is supported by a multichannel distribution model, making it easier for members to purchase our offering and to engage with us. Our offering is accessible through independent intermediaries and also directly through the web and telephone.

Our people

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

Underwriting

Since our start, we have built up deep insight into our core market. This knowledge and skill, combined with the significant latitude given to our underwriters within a robust control framework, gives them an unparalleled ability to price and manage risks intelligently and creatively.

Claims

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 with a claim.

We understand the emotional and financial strain of illness or injury and we engage with our members in an open, honest and empathetic manner to settle claims quickly and efficiently.

Long term investment

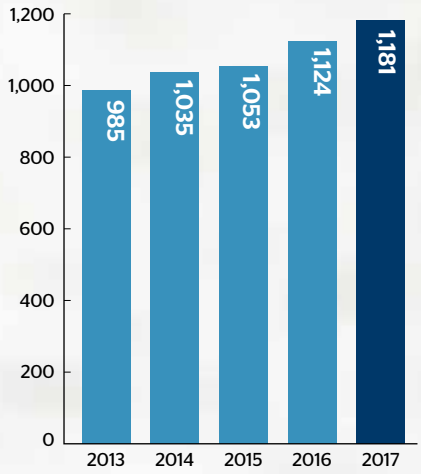
In addition to providing income protection insurance, the other major strand of our business is the long term returns we provide to our members. We manage our finances prudently and efficiently to maximise these long term returns, whilst maintaining risks within acceptable limits.

This means exercising budgetary control over our expenditure and managing our investments in a way that produces attractive but sustainable long term returns.

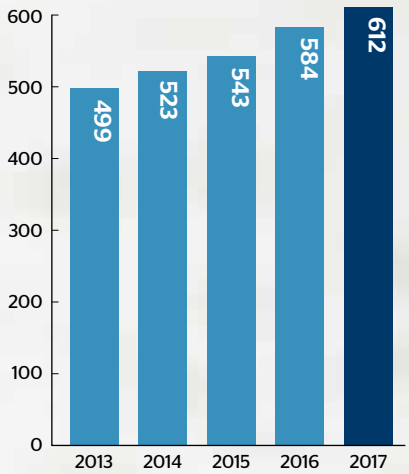
We also actively seek to protect our members' financial interest in the society by holding assets well in excess of our liabilities, to absorb the effects of any adverse experiences.

Key performance indicators

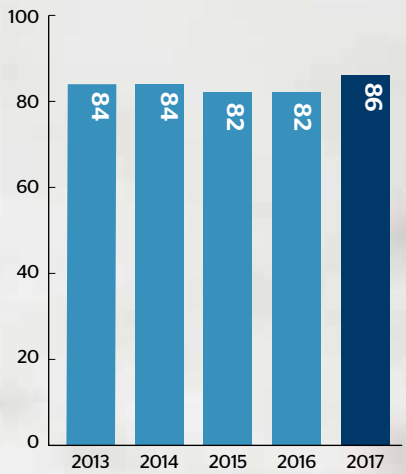
Average premium per member (£)



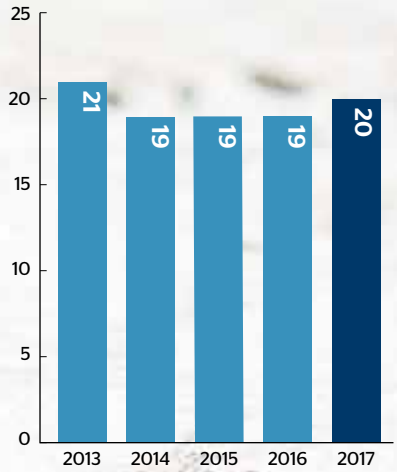
Average bonus per member (£)



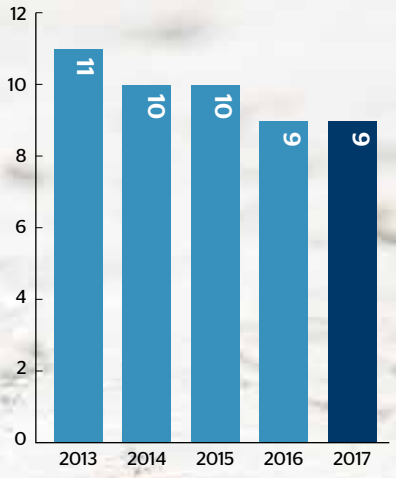
Bonuses and benefits to premium income ratio (%)



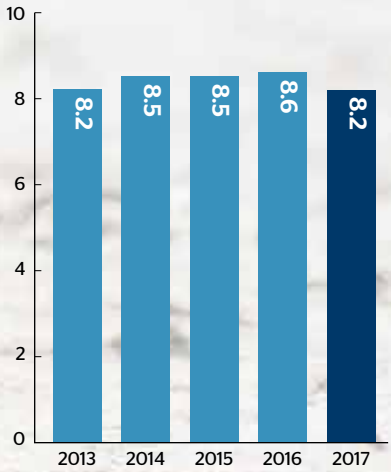
Average duration of short term claims (days)



Insured members who claimed (%)



Annualised returns to members over ten years (%)



Financial review

Financial management framework

Our financial management framework seeks to maximise the value we deliver to our members, whilst minimising the volatility of returns.

We supplement our membership premium income with high quality, diversified streams of other income and manage our expenses carefully, so that the benefits of mutuality are not lost to inefficient business practices.

Financial performance

Our total retained surplus for the year was £18.040 million (2016 restated: £13.130 million). We have used Solvency II framework for statutory reporting purposes for the first time in 2017. The adoption of the new prudential and reporting requirements resulted in a change in the way we account for our assets and liabilities. In accordance with UK financial reporting requirements, we have restated the comparative amounts for 2016 to be in line with the new requirements. Further details of the changes are set out in notes 21 and 29 to the financial statements.

The continued strength of the equity and bond markets made an important contribution to our performance. Over the last few years, we have reflected deeply on the risks associated with the eventual withdrawal and reversal of monetary stimulus. In response to these risks, we have reduced our exposure to certain asset classes, including UK commercial property, fixed interest securities and global bonds and this process continued in 2017. The derisking of the portfolio has affected our overall returns, especially when compared to certain indices, but we are very satisfied with our overall risk adjusted returns in the year.

Our operating expenses rose on the back of three areas of exceptional costs. These were higher professional fees in connection with the implementation of Solvency II, costs in connection with the implementation of our new products and systems and one off maintenance expenditure on our property portfolio, which was not recoverable through the regular service charge recharges. Excluding these areas, our overall expense experience was broadly similar to previous years.

Sickness claims paid increased from £4.193 million in 2016 to £4.842 million. The demographics of our portfolio mean that our experience can be volatile due to the high levels of average cover held by our members and minor changes in experience can result in notable changes in amounts paid. The difference between the claims for 2016 and 2017 is mainly due to these factors and our overall experience remains broadly in line with previous years, along with the overall amounts paid in claims.

Capital management

We manage our solvency capital to ensure that we hold sufficient funds to meet our commitments to our members, as well as our regulatory requirements. Although we aim to broadly match our assets to our liabilities, we can, at times, run a mismatched position to achieve better risk adjusted returns for our members.

Since the financial crisis, we have strengthened our capital position to improve our resilience to external shocks. The periodic bouts of extreme volatility in the markets serve as an important reminder of why our board manages its capital conservatively.

We use conservative and generally recognised accounting policies for internal and statutory reporting purposes. The accounting policies used in the preparation of these financial statements are set out in note 2.

Technical provisions

The technical provisions are calculated on a best estimate basis, to represent the discounted future cash flows of the society using the standard solvency II formula. The discount rate applied is provided by EIOPA.

The asset generating cash flows are derived through the income protection business, including future premiums and sickness benefit payments, along with other major variables. As at 31 December 2017, these amounted to £36.156 million (2016 restated: £39.241 million).

Whereas, the liability generating provision reflects the future cash flows of members' bonus accounts and investment business, as well as a risk margin that reflects the cost of capital for a third party acquirer to incorporate the society's risk into their own portfolio. As at 31 December 2017, these amounted to £138.282 million (2016 restated: £137.767 million).

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.

We do not have a precise investment return target. Instead, we focus on opportunities that, 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 the interests of our members

Our investment strategy permits the use of any investment instrument approved by the board. The investment and capital management 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

A review of our asset allocation and performance against a hypothetical portfolio is shown in the following tables.

Group asset allocation

	2017 %	2016 %	2015 %	2014 %	2013 %
Equities	40	44	40	47	47
Fixed interest securities	12	16	17	20	20
Alternative, other assets and cash	48	40	43	33	33

Group investment performance

	2017 %	2016 %	2015 %	2014 %	2013 %
Group	8.7	11.6	8.3	7.9	12.0
Benchmark portfolio[1]	8.4	13.2	0.8	4.8	11.4

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

Underwriting and claims review

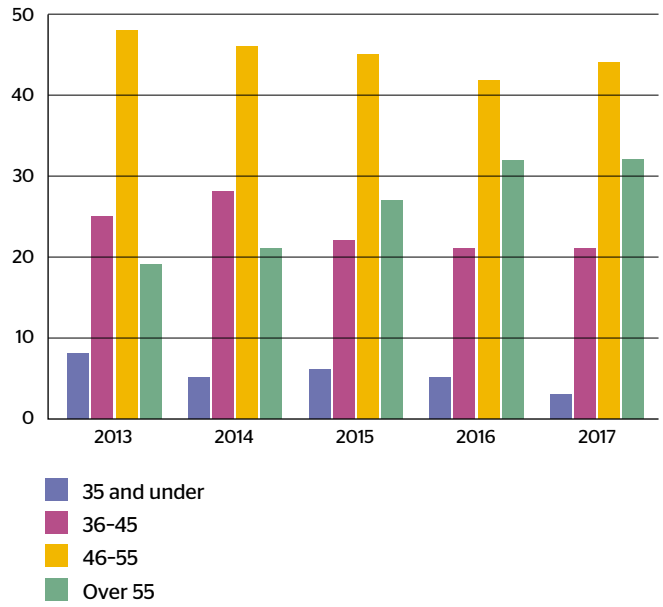
We believe that the long term success of the society and the competitiveness of our proposition depends on how effectively we underwrite new risks and the diligence with which we manage claims.

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

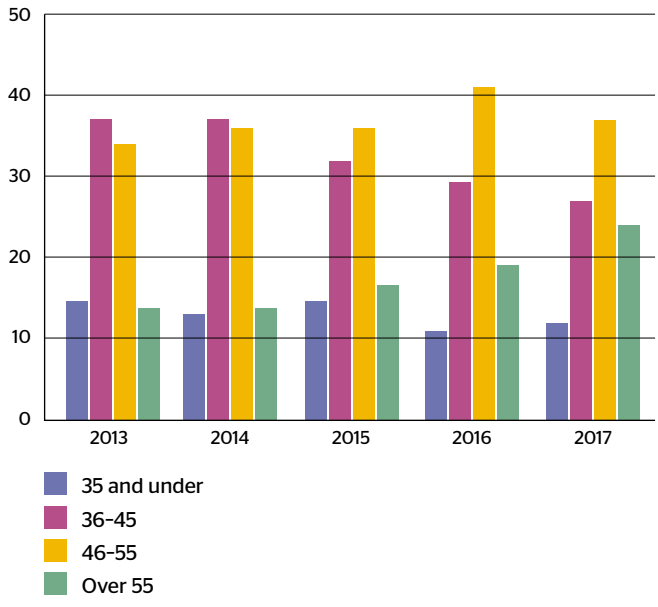
As a matter of principle, in cases where an adverse decision is under consideration, our processes allow for detailed member engagement, to ensure all relevant facts are considered and members have insight into the reasons and bases of our decision.

In 2017, we paid £4.842 million in sickness claims (2016: £4.193 million). The analyses of claims by gender and incapacity over the last five years are detailed below.

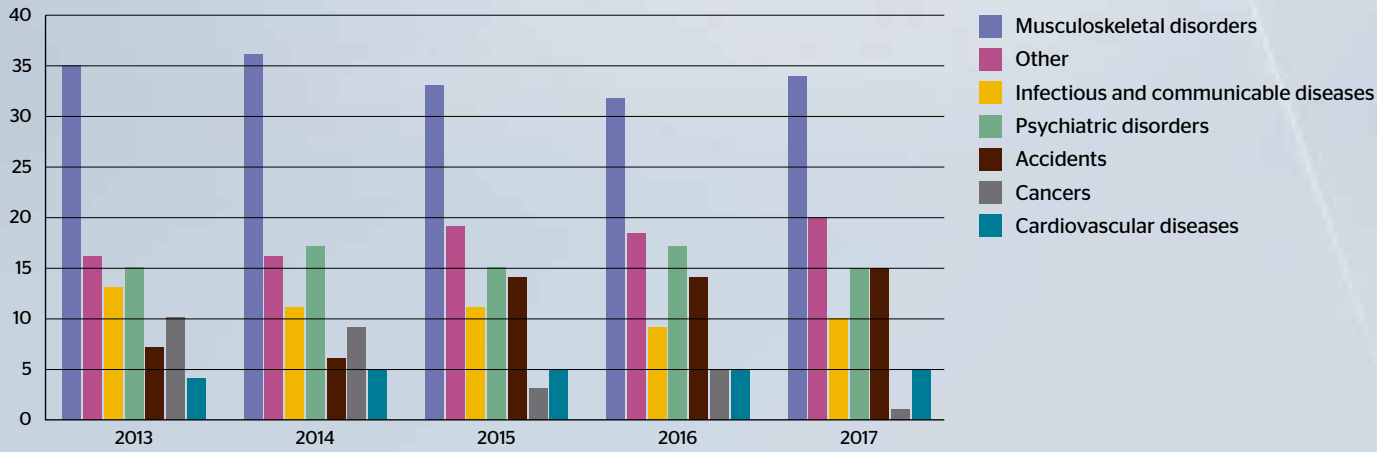
Age distribution of claims by gender – male (%)



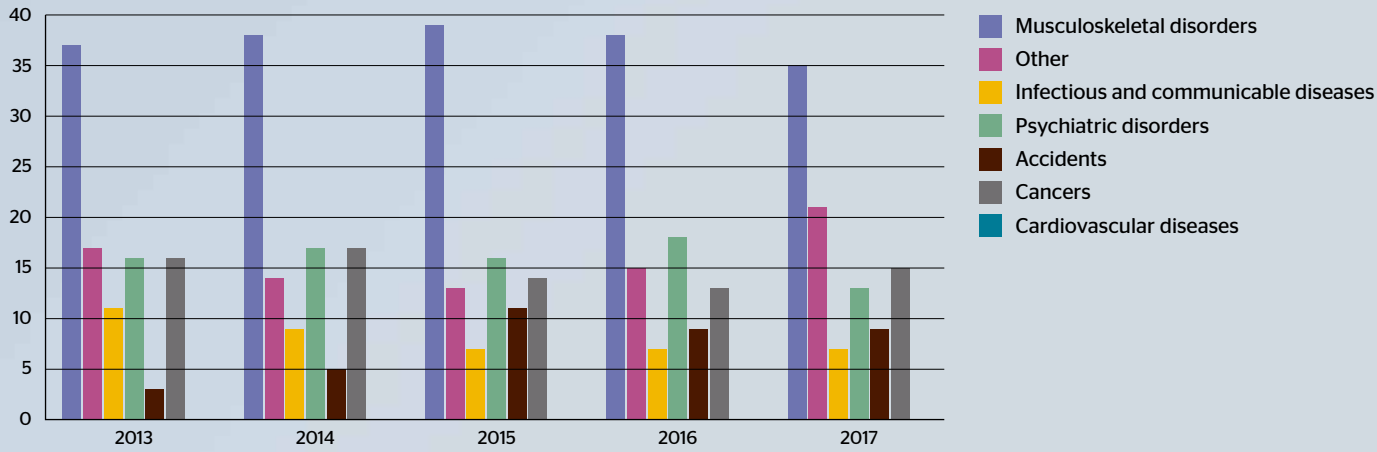
Age distribution of claims by gender – female (%)



Distribution of claims by incapacity – male (%)



Distribution of claims by incapacity – female (%)



Risk management

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 and controls 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 allows the group to allocate resources more effectively and intelligently.

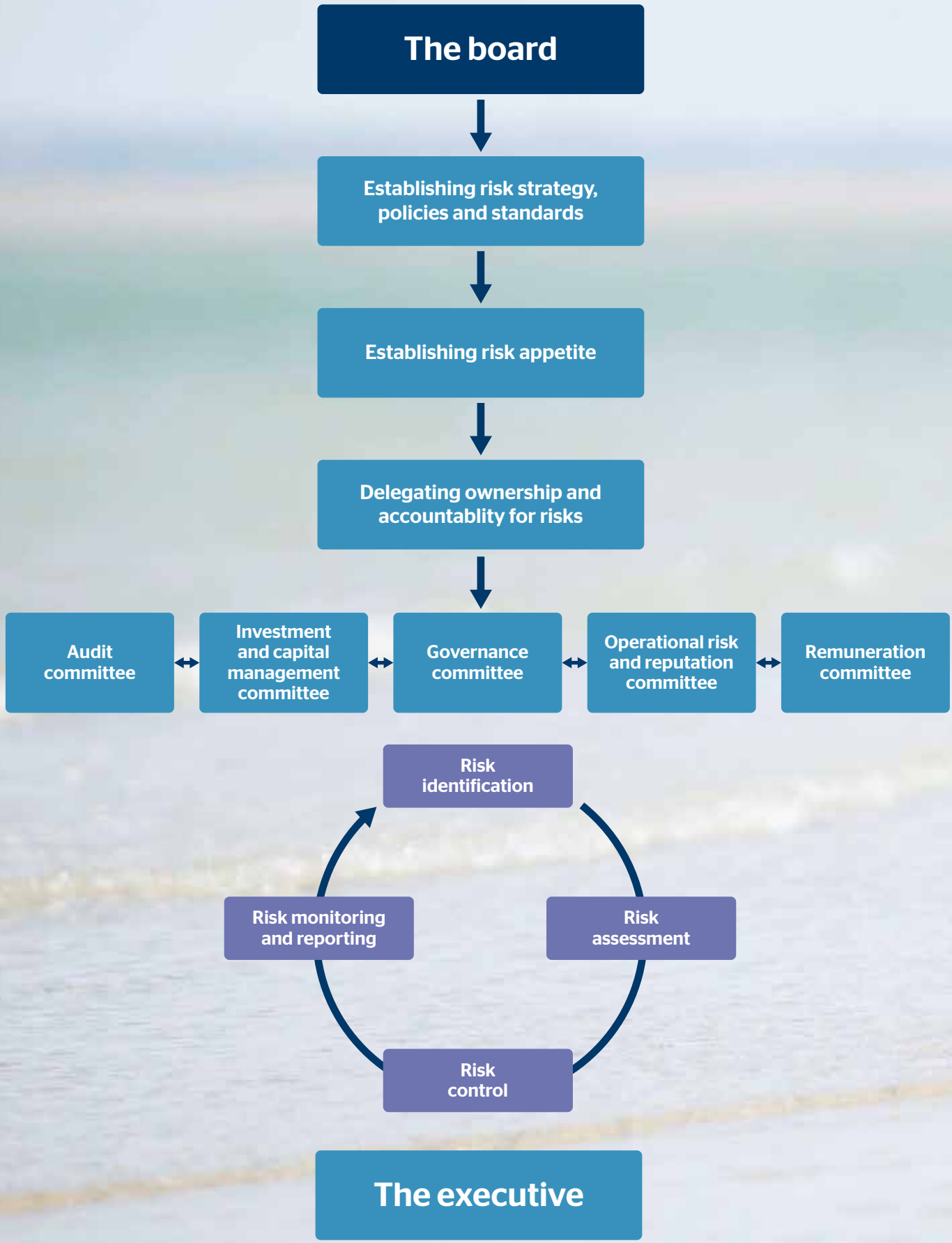
The key objectives of our risk management processes are to:

- protect and enhance our reputation
- protect our solvency position to ensure 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 our board. However, some risk management areas have been delegated to board committees, who provide regular updates to the board on matters which fall within their remit.

The responsibility for day to day risk management lies with our 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 risks.

The risk identification and management process ensures all key risks are collated centrally and risk owners are identified clearly. 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 and capital management committee
Governance committee
Operational risk and reputation committee
Remuneration committee
Risk identification
Risk assessment
Risk control
Risk monitoring and reporting
The executive

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
An inappropriate business strategy damages long term value for our members	We make a number of long term decisions based on our assumptions about the future environment within which the group will operate. If the actual outcomes are substantially different from our projections, this could have an adverse effect on our business.	Our strategic plans are reviewed regularly, to reflect the revised views of our longer term competitive and market position. We monitor the progress of the business against our strategic agenda at regular group and subsidiary board meetings. We have experienced teams in place, who oversee the delivery of all key projects. Our senior management team provides regular challenge, monitors ongoing progress and ensures that key decisions are being made appropriately.
The UK government fails to secure permission to conduct business in the EU with the same freedoms it currently enjoys	We currently offer our income protection plans to dentists residing in the Republic of Ireland under the EU's passporting arrangements. If these permissions are withdrawn and not replaced with similar alternative arrangements, this may have a material impact on the future strategy of the group.	We continue to monitor the situation regarding the UK's withdrawal from the European Union. We have given consideration to a range of contingency plans but until more information is available, we will not be taking any formal action.

Insurance risk

Risk description	Potential impact	Current mitigation
We do not price our plans appropriately and damage the long term value for our 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.	Our actuarial models are the primary tool for objectively deriving the pricing of our plans and the models and the underlying assumptions are subject to regular monitoring and challenge. We also regularly benchmark our pricing against our competitors to identify any headline inconsistencies. Our senior management team work closely with all our 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 our pricing assumptions, this could have an adverse effect on our members through a combination of higher future costs and reduced future bonuses.	Strong operational controls are the primary mechanism for managing our claims experience. Our finance and actuarial teams also undertake detailed trend analysis and the results are fed back into the actuarial pricing models and operational decision making processes.

Insurance risk continued

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 capital requirements, higher than expected costs of managing our business and lower long term returns for our members.	We remain focused on continually developing our proposition, so that it remains competitive and our product features and service standards not only meet, but exceed, the 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 focusing on price alone.

Operational risk

Risk description	Potential impact	Current mitigation
Our information systems fail on a regular or prolonged basis, or they fail to adapt to changes within our business	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. If changes are not managed effectively, the core applications could lose their flexibility and develop complications.	We have in place a business continuity programme, which includes our disaster recovery arrangements. This is reviewed regularly to identify areas for improvement and to ensure that arrangements are adequate and appropriate. We have an experienced technology team, who can respond to incidents as they arise and who review the technology platforms continuously to identify areas of improvements and then make the necessary changes.
We suffer a malicious attack on our network/IT infrastructure	A successful cyberattack on our network could result in us not being able to deliver our service to our members or could also expose our members' sensitive information to the wider public via the internet. This could result in serious damage to our reputation with consequential member and revenue loss and the risk of financial penalties.	We have multiple layers of assurance in place. Our activities include regular employee training, technical assurance and audit activities, including vulnerability scanning and ethical hacking programmes. We regularly assess our security policies, standards and procedures and adjust them, where necessary, so they are appropriate to the risks we face.
Our third party service providers fail to meet our service expectations	We have entered into agreements with third party service providers for services covering a number of our operations. Failure to adequately manage the third party's performance could affect our reputation and our 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.	We have a number of procedures in place to manage our third party service providers' performance, as well as having a centralised process for negotiating new contracts.

Operational risk continued

We fail to comply with our legal and regulatory requirements	We are subject to a comprehensive set of legal and regulatory requirements. Our failure to comply with these requirements could lead to fines, public reprimands, damage to our 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 our long term future. Meeting new or changed requirements may also result in additional complexity to the business, increasing costs or capital requirements.	We have 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.
We fail to conduct our business fairly and ethically	Our success is built on a foundation of fairness and honesty in our dealings with our key stakeholders. A breakdown in our cultural values could expose us to the risk of reputational damage and contribute to an increase in a range of other business risks.	We have put in place a range of controls and processes to manage this risk. Our culture and remuneration arrangements encourage key decision makers to take a wide ranging view, as opposed to only focusing on narrow short term commercial factors.
We fail to put in place and implement appropriate succession plans	Our success is dependent on recruiting and retaining capable people in key roles. Failure to recruit the right people and cultivate our ethical values could adversely affect our ability to deliver on our objectives.	We aim to recruit talented staff and invest in their technical and professional development over many years so that they have the appropriate experience to take on more senior roles within the group. We also have detailed succession arrangements in place to account for planned and unplanned departures.

Counterparty risk

Risk description	Potential impact	Current mitigation
One or more of our counterparties become unable to perform their obligations	We are exposed to the risk of failure of, or default by, one or more of our counterparties. As part of our business, we invest in debt securities and other assets to meet our obligations to our members. As a result, exposures can arise to issuers of debt and other financial instruments. Our day to day activities also mean that we are exposed to banking counterparties, as well as third party providers of services.	We manage our significant counterparty exposures by the application and monitoring of counterparty limits. All material contracts with third parties are governed by service level agreements, which are monitored and discussed regularly.

Liquidity risk

Risk description	Potential impact	Current mitigation
We have insufficient liquid assets to meet our financial obligations	A misjudgement in the level of liquidity required could result in business disruption and have an adverse effect on our financial performance.	We maintain a suitable buffer over our expected routine cash requirements. In addition, the majority of our funds are invested in readily realisable assets. We also undertake regular stress tests to ensure that we have sufficient liquidity to meet our needs.

Market risk

Risk description	Potential impact	Current mitigation
The value of our investments fluctuates as a result of factors other than changes in interest and currency rates	We invest in a range of asset classes where valuations can be affected by non technical factors, such as market sentiment, geo political uncertainty or issuer specific issues.	We manage asset price risk by maintaining a highly diversified portfolio of assets and by setting asset allocation and performance benchmarks, which ensure that we have an appropriate mix of assets and that we are not over or under exposed to a particular category or investment. The investment and capital management committee regularly monitors the actual asset allocation and performance against relevant benchmarks.
The value of the group's assets and liabilities, and the associated cashflows, fluctuates as a result of changes in interest rates	We hold assets and liabilities with different maturities, creating exposure to changes in interest rates. The exposure arises mainly from the group's investments in debt and fixed income securities and affects the rates used to calculate the technical provisions.	Our exposure to interest rate risk is monitored using stress testing and duration benchmarks. We also use our strategic cash holdings to manage duration, thereby indirectly managing interest rate risk.
The value of the group's surpluses and assets fluctuates as a result of changes in exchange rates	We invest in funds, which invest in overseas debt and equity markets, creating exposure to changes in exchange rates. We also work with a number of suppliers whose operations are based outside the UK. This exposes part of our expenses to changes in exchange rates.	Our exposure to currency risk is managed primarily by authorisation controls. The investment and capital management committee monitors the currency exposures on a regular basis. We maintain holdings in selected foreign currencies to mitigate the effects of fluctuations in exchange rates on the group's surpluses.

Board of directors

Kathryn Woolass (63)

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 and a member of the governance committee, the investment and capital management committee and the remuneration committee. She has previously been a member of the audit and risk committees. She previously worked full time in her orthodontic practice in South Yorkshire.

She has 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 (47)

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. As the group's chief investment officer, he chairs the investment and capital management committee and is a director of 1908 Property Holdings Limited. After qualifying as a chartered accountant in 1995, he worked with Baker Tilly, BayernLB and PricewaterhouseCoopers, specialising in banking and insurance.

Davinderpal Kooner (63)

Vice chairman

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

He has worked extensively in the training of dentists and complementary professionals. He examined for the National Examination Board for Dental Nurses and he 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 Adviser 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 Practise Panel of the General Dental Council, a General Commissioner of Income Taxes and as a member of the Health, Education and Social Care Chamber of the First-tier Tribunal.

Simon Elliott (43)

Deputy chief executive

Simon was appointed to the board as an executive director in 2015. He is the group's deputy chief executive with operational oversight of compliance, marketing and member services. He is also a member of the investment and capital management committee and a director of 1908 Property Holdings Limited. 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.

Martyn Green (64)

Independent non executive director

Martyn was appointed to the board in 2010. He is the chairman of the governance committee and a member of the operational risk and reputation committee. He is also on the Council of Reference for the dental charity Bridge2Aid, a member of the Health, Education and Social Care Chamber of the First-tier Tribunal, a chair of the General Medical Council's Medical Practitioners Tribunal Service and a member of the Probate Committee of the Institute of Chartered Accountants in England and Wales. Martyn is a dental member of the Statutory Panellist Assurance Committee of the General Dental Council and is retired from general practice.

He was previously a chair of the General Dental Council's Fitness to Practise Panel. He has worked extensively in the training of newly qualified dentists, having been in various roles including Regional Adviser in general dental practice and Associate Postgraduate Dental Dean.

Helen Harrison (54)

Independent non executive director

Helen joined the board in 2004. Until her retirement in May 2017, she was a member of the operational risk and reputation committee, having served as chairman of the committee until February 2016. She has previously been a member of the representative body of the British Dental Association and its Council, Ethics, Practice Management and Healthcare Policy Committees and chairman of the Eastern Counties Branch. She has also been a member of the Cambridgeshire Local Dental Committee, the Cambridge Postgraduate Education Committee and a dental nursing tutor and examiner.


Kathryn Woolass


Farrukh Mirza


Davinderpal Kooner


Simon Elliott


Martyn Green


Helen Harrison


Jim Karim


Giles Kidner


Alister Weightman


Huw Winstone

Jim Karim (51)

Independent non executive director

Jim was appointed to the board and as a member of the audit committee in May 2017. Jim is a chartered accountant with over 20 years' experience in the banking industry, working in various senior risk management roles. He is currently a Head of Risk for Liquidity and Banking Market Risk at Santander UK, with responsibility for risk monitoring and control of Santander UK's liquidity, asset and liability management, ALCO investments and pensions risks.

Giles Kidner (52)

Independent non executive director

Giles was appointed to the board in 2004 and is the chairman of the audit committee. He 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 Speciality Fellowship examinations in Orthodontics.

Alister Weightman (53)

Independent non executive director

Alister was appointed to the board in 2011. He is a member of the audit committee and was appointed as the chairman of the operational risk and reputation committee in February 2016. He is a dental practice adviser for the Yorkshire and Humber Area Team of NHS England and has worked in general dental practice since 1987. He has been a clinical support manager for IDH Mydentist in the North East region, a past treasurer of the North Lincolnshire Local Dental Committee and dental practice adviser for Doncaster and North Lincolnshire Primary Care Trusts. He has also been a clinical assistant in orthodontics and a vocational trainer.

Huw Winstone (59)

Independent non executive director

Huw was appointed to the board in 2014. He was appointed to the operational risk and reputation committee and as chairman of the remuneration committee in February 2016. He has been in general dental practice since 1981 and is a principal of his family practice in North West Kent. Since 1996 he has been a dental adviser for the NHS, currently for NHS England South East (Kent, Surrey and Sussex). He has worked for over twenty years in Dental Foundation Training, as a Vocational Training Adviser, Training Programme Director and an Associate Dean for Health Education England. He has been a member of the Kent Local Dental Committee since 1988, being treasurer for over twenty years.

Committees at a glance

Audit committee	Investment and capital management committee	Governance committee	Operational risk and reputation committee	Remuneration committee
Giles Kidner (chairman)	Farrukh Mirza (chairman)	Martyn Green (chairman)	Alister Weightman (chairman)	Huw Winstone (chairman)
Jim Karim (appointed May 2017)	Simon Elliott	Davinderpal Kooner	Martyn Green	Davinderpal Kooner
Davinderpal Kooner	Kathryn Woolass	Kathryn Woolass	Helen Harrison (retired May 2017)	Kathryn Woolass
Alister Weightman			Huw Winstone	

Senior management


Sarah Bradbury


Paul Dixon


Bryan Gross


Craig Jeffrey


Christos Kritikos


Kirby Mardle


Sarah Martin


Paul Roberts

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 25 years. She has previously worked for the British Dental Association as the student/young dentist manager, Dental Protection Limited as marketing operations manager and for Simplyhealth Professionals as strategic partnerships and brand manager.

Paul Dixon

Paul joined the society as joint head of compliance and risk in 2015. Having initially trained as a barrister, he worked in practice for 10 years before moving into compliance in 2011. Experienced in both insurance and consumer credit, Paul received his postgraduate Diploma in Governance, Risk and Compliance through the International Compliance Association in 2015.

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 a wealth of experience in the insurance industry covering a variety of roles, having previously worked at The Prudential and Gen Re.

Craig Jeffrey

Craig joined as a member services consultant in 2008 and was appointed as head of member services in 2016. Craig has over 15 years' experience working in customer focused roles within financial services, having previously worked for The Royal Bank of Scotland Group and Scottish Widows.

Christos Kritikos

Christos joined the society in 2013 and was appointed as head of information systems in 2017. After completing his degree in mathematics, he obtained a masters in IT security in 2003. Christos brings more than 20 years of experience in a variety of technical roles across a range of industries.

Kirby Mardle

Kirby joined in 2006 as a member services consultant. She later moved into the finance team and following her qualification as a Certified Chartered Accountant, was appointed as head of finance in 2012. She is also the head of human resources and the group's company secretary.

Sarah Martin

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

Paul Roberts

Paul joined the society in 2006 as a claims assessor and was appointed head of claims in 2017. Paul has over 15 years' experience working in income protection, previously working for Unum and Legal & General.

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
Simon Elliott (deputy chief executive)	4/4
Martyn Green	4/4
Helen Harrison (retired May 2017)	0/1
Jim Karim (appointed May 2017)	2/2
Giles Kidner	4/4
Alister Weightman	4/4
Huw Winstone	4/4

Key items in the terms of reference

- approval and oversight of the group's objectives and strategy
- responsibility for the group's overall structure and capital requirements
- oversight of the group's operations, including approval of annual budgets and plans
- approval of the group's annual report and regulatory returns
- approval of any changes to the group's corporate governance structure
- approval of any material transactions that affect the group

Key items considered in 2017

Q1	Q2	Q3	Q4
Reports from the board committees	Reports from the board committees	Reports from the board committees	Reports from the board committees
Business performance for Q4 2016	Business performance for Q1 2017	Business performance for Q2 2017	Business performance for Q3 2017
Approval of the group's financial statements and statutory reports	Update on strategic projects	Update on strategic projects	Update on strategic projects
Independence of arbitrators		Approval of business strategy	Approval of the valuation assumptions and bonus rates
Review of external auditor's key issues memorandum		Approval of premium rates	Approval of operational budgets
Approval of Association of Financial Mutuals' combined code questionnaire		Enterprise risk management and own risk and solvency assessment	Externally facilitated review of the board's performance
		Board self assessment and sessions without chairman and chief executive	
		Approval of compliance and money laundering reporting officer's report	

Role of the board

The board's primary role is to oversee and direct the affairs of the group and to further the interests of our members, in accordance with relevant law and our memorandum and rules. The board meets at least four times a year and its responsibilities are set out in the board handbook, which also details the matters reserved specifically for it.

Board composition

At the date of this report, the board comprised a non executive chairman, chief executive, deputy chief executive and six non executive directors. Helen Harrison retired from the board and Jim Karim was co opted to the board in May 2017.

Simon Elliott resigned as group secretary and Kirby Mardle was appointed as his replacement in November 2017.

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

Key roles on the board

We have a robust system for corporate governance throughout the group with a clear division of responsibilities for those involved. Below is a brief description of the main responsibilities for the key roles on the board.

Chairman

The chairman is responsible for the leadership and management of the board, overseeing the induction, evaluation and ongoing development of directors, ensuring we meet our overall governance standards and for maintaining an open and cooperative relationship with our members and other key stakeholders.

Vice chairman

The vice chairman deputises for the chairman and supports her in the effective management of the board. As our senior non executive director, he also serves as an important intermediary between the chairman, the rest of our board and members.

Chief executive

The chief executive is responsible for developing our overall strategy, leadership of the senior management team and operational oversight of the day to day operations of the group.

Secretary

The secretary is responsible for supporting the chairman in the effective operation of the board. She is also responsible for supporting individual directors in discharging their duties effectively.

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 30 to 39.

Independence

We believe 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.

We believe that fundamental to independence is the personal integrity and objectivity of individuals. The main sources of threats to independence arise from conflicts of interest, financial dependence and over familiarity.

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

We do not strictly apply the nine year independence provision in the Corporate Governance Code for Mutual Insurers to all non executive directors, primarily because a nine year limit on their tenure would be detrimental to our long term interests, by removing the stability, knowledge and insight offered by long serving directors.

However, we acknowledge that periodic refreshment of the board is essential to avoid the risks of complacency and group thinking and over the years we have gradually reduced the maximum length of tenure to manage these risks.

The governance 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. However, in line with common practice, following her appointment as chairman in 2010, she is no longer classified as independent.

Conflicts of interest

We are aware that our directors have other commitments, however, we remain satisfied that these do not conflict with their duties as directors of the group. We have a robust set of procedures in place for the disclosure of actual or potential conflicts of interest. There is:

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

The governance committee has reviewed the external commitments of all 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

We are committed to ensuring that we appoint and retain non executive directors who bring experience, expertise and a range of opinions to the board. We are dedicated to:

- the principles of equal opportunity
- avoiding groupthink
- ensuring that we have a range of knowledge, skills and experience

We are 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 a quota.

We are scrupulous in ensuring that we make all of our appointments 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 that 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, in an environment that encourages them to express their views openly and honestly.

We encourage and welcome interest from all candidates who would add to the quality of our board's discussions. With this in mind, we have considered whether we should introduce formal diversity targets in the context of our existing meritocratic process for the appointment of non executive directors. Against this overriding objective, the group does not currently propose to set targets for diversity on our board.

Board appointment and term

The governance 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 relevant 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 our board for appointment. As part of the recruitment process, the governance 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 our members, subject to the board being satisfied with their performance and commitment to the role. The governance committee oversees the process of continued appointments.

Depending on the date of appointment, non executive directors must retire from the board at the age of 65 or after 15 or 9 years of service.

The terms and conditions of appointment of directors are available for inspection at our 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 may include:

- meeting with the chief executive, other non executive directors and senior management
- attending at least one board meeting as an observer
- a formal training programme and/or 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
- access to key governance and management documentation
- discussion of the group's structure, strategy and business plans
- review of specimen reporting packs, detailing financial and operational measures

The induction programme provides the background knowledge new directors need to perform their duties effectively, as soon as possible, after joining our 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 education

We 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, we ensure that our non executive directors:

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

The directors receive ongoing training and updates on relevant issues as appropriate. Bespoke training was held in the year covering regulatory investigations, the proposed new plans, finance and behavioural economics.

As part of each director's performance appraisal, they are given the opportunity to discuss and address any training and development needs. Each 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 our directors is a key component in the delivery of the group's objectives.

Every year, all directors 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.

The reviews comprise each director completing a review form in respect of their roles on our board and committees. These forms are the basis of a confidential one to one meeting between the appraiser and the director. The evaluation of executive directors is led by the chief executive and the vice chairman leads the evaluation of the chairman. The evaluation of all other directors, including the chief executive, is led by the chairman.

The form covers personal, committee and board performance and includes key areas such as strategy and planning, duties and responsibilities, board structure, performance monitoring and board culture.

The governance committee reviews the results of the evaluation as a whole and this forms the basis of the discussions by the board of its own performance. The committee chairmen are responsible for presenting a summary of committee related themes to other members of the committees and to the board. The results of this year's review are detailed in the governance committee's report on pages 34 and 35.

In 2017, an externally facilitated review was also carried out by an independent consultant, Brian Stilwell. The review entailed each director completing a confidential questionnaire in respect of their role on the board and its committees. The questionnaires formed the basis of a one to one meeting between the directors and the independent facilitator. The areas covered included composition, role and responsibilities, risk management, strategy and the overall culture and dynamics of the board.

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

Succession

We are aware of the need for effective succession planning in securing our long term success. The governance committee regularly discusses succession planning for all key individuals and these discussions take into account the skills and experience required now and in the future. Our governance committee recognises the need to develop internal talent, as well as the need to recruit externally.

Independent advice

We recognise that, from time to time, our directors may require additional independent expert professional advice at the group's expense. During the year, the remuneration committee requested independent expert advice from FIT Remuneration Consultants on executive reward. The results of this review are detailed in the remuneration committee's report on pages 38 and 39.

Communications with our members

We are committed to maintaining an open dialogue with our members in order to raise understanding and awareness of our products, strategy and performance. We use the annual general meeting and industry events as the primary mechanism for doing this.

We encourage all our members to attend the annual general meeting and notice is sent at least 30 days in advance of the meeting. At the annual general meeting, separate resolutions are proposed on each substantive issue. When an issue has been determined at the meeting by a show of hands, the chairman confirms the number of proxy votes for and against the resolution. The chairmen of the board's sub committees are also available to answer relevant questions at the annual general meeting.

Our website provides information about the group, including its results and press releases.

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


Jim Karim


Davinderpal Kooner


Alister Weightman

Committee membership and attendance at scheduled meetings

Giles Kidner (chairman)	4/4
Jim Karim (appointed May 2017)	2/2
Davinderpal Kooner	4/4
Alister Weightman	4/4

Key items in the terms of reference

- oversight of regulatory reporting
- monitoring the integrity of the financial statements and any related announcements
- monitoring the effectiveness of the group's internal controls and risk management systems
- monitoring and reviewing the effectiveness, independence and objectivity of the internal audit function
- oversight of the relationship with the group's external auditor
- considering and making recommendations to the board for the appointment, reappointment and removal of the external auditor
- monitoring and reviewing the group's compliance with any tax obligations

Key items considered in 2017

Q1	Q2	Q3	Q4
Management report for Q4 2016	Management report for Q1 2017	Management report for Q2 2017	Management report for Q3 2017
Approval of group financial statements and regulatory returns	Solvency II reporting	Review of internal audit report	Review of internal audit report
Review of the effectiveness of the external audit and key issues memorandum		Review of committee performance and terms of reference	Review of internal audit plan for year ended 31 December 2018
Session with the external auditor, without management present		Session with the internal auditor, without management present	Review of external audit plan for year ended 31 December 2017
Reappointment of the external auditor			Review of year end actuarial assumptions
Review of the chief actuary's report			Session with the internal and external auditors, without management present
Review of the committee disclosure in the 2016 group financial statements			Review of the results of the externally facilitated review of the committee's performance

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 the directors have a statutory duty to act in the best interest of the society, the audit committee has a particular role to act independently of management. To this end, all members of the 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, the effectiveness of the 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.

Only members of the committee are entitled to attend the meetings. However, our chief executive, deputy chief executive and head of finance attended all four meetings during the year by invitation from the chairman. The committee also meets with the external and internal auditors without management present, at least once a year.

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

External audit

The committee has primary responsibility for overseeing the relationship and performance of the external auditor. This includes making the recommendation on their appointment, reappointment and removal, assessing their independence on an ongoing basis and negotiating their audit fee.

It is our policy not to use our statutory auditor in the provision of non audit services and in line with UK requirements, to seek mandatory tendering of our statutory auditor every ten years, with the audit engagement partner being rotated every five.

Key items considered during 2017

The summary of items considered during the year is outlined in the table on page 30 of this report. However, the following items stood out during the year:

The annual report 2016

The audit committee spent considerable time scrutinising the 2016 annual report.

Following discussions with management, the external auditor and the chief actuary, the committee was satisfied with the integrity of the report and approved its submission to the board for approval.

Solvency II reporting

We continued to refine our solvency II methodology and the committee oversaw the changes required to the amounts and disclosure within the financial statements.

The committee worked with the chief actuary, the executive team and finance team to recommend changes to reporting that were in line with the requirements of the regulations.

2017 annual report and financial statements

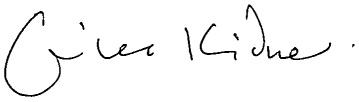
The committee has considered the annual report and financial statements for 2017 and has recommended them for approval by the board.

As part of the review process, the committee paid particular attention to matters of significance by virtue of their impact on the overall view of the accounts. These included:

- calculation of the fair value of investments in funds comprising non publicly traded investments
- calculation of the fair value of properties, including those occupied by group undertakings
- recognition of income from investments in the financial statements
- valuation assumptions used in calculating the technical provisions
- disclosure under the Solvency II regulations

For each key area of judgement, the committee scrutinised the information and explanations provided by management, the external auditor and the chief actuary.

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
16 March 2018

The investment and capital management 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

- oversight of the group's investment strategy
- reviewing and approving the asset and liability management strategy
- oversight, appointment and removal of investment consultants and managers
- reviewing and monitoring the group's capital adequacy and capital management plans
- reviewing and monitoring liquidity, market and credit risk management strategies and policies
- agreeing the bonus recommendations with the chief actuary and making recommendations to the board

Key items considered in 2017

Q1	Q2	Q3	Q4
Review of the investment performance for Q4 2016 and market outlook	Review of the investment performance for Q1 2017 and market outlook	Review of the investment performance for Q2 2017 and market outlook	Review of the investment performance for Q3 2017 and market outlook
Review of tactical asset allocation	Review of tactical asset allocation	Review of tactical asset allocation	Review of tactical asset allocation
Review of chief actuary's report	Assessment of current asset managers	Assessment of current asset managers	Assessment of current asset managers
Review of underwriting and claims audit report		Review of committee performance and terms of reference	Review of valuation assumptions and bonus rates
Review of the committee disclosure in the 2016 group financial statements			Review of investment consultants' performance
			Review of the results of the externally facilitated review of the committee's performance

Role of the investment and capital management committee

The role of the investment and capital management committee is to assist the board in discharging its duty to effectively identify, assess and manage investment and capital management related risks.

In addition to focusing on credit, market and liquidity risks facing the group, the committee also oversees the group's capital management arrangements and the adequacy and sustainability of our bonus strategy.

The committee is responsible for the stewardship of the group's investment strategy and is scheduled to meet four times a year to discuss items such as capital adequacy, bonus rates, investment strategy, tactical asset allocation, performance of our investment managers and investment consultants and making recommendations regarding their appointment and removal.

The speed at which investor information disseminates through the financial markets means the committee must be structured in a way that allows decisions to be made in a timely and efficient manner. Therefore, the committee is made up of the group's chairman, chief executive and deputy chief executive, to enable quorate meetings to be held at short notice.

Only members of the committee are entitled to attend the meetings. However, the chief actuary attended two meetings by invitation from the chairman.

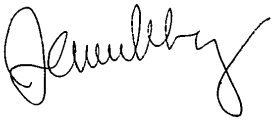
Throughout the year, the committee had unrestricted access to the group's investment consultants and chief actuary/with profits actuary.

Key items considered during 2017

The summary of items considered during the year is outlined in the table on page 32 of this report. However, the following key item stood out during the year:

Appropriateness of standard formula

The committee reviewed the appropriateness of the continued use of the standard formula and the economic assumptions used to make best estimate calculations. After due consideration and discussion with the chief actuary, the committee endorsed the continued use of the standard formula.



Farrukh Mirza
Investment and capital management committee chairman
16 March 2018

The governance 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

- oversight of governance arrangements
- oversight of succession arrangements for executive and non executive directors
- authorisation of senior appointments
- monitoring progress against the group's strategy
- oversight of major infrastructure projects
- oversight of enterprise risk management

Key items considered in 2017

Q1	Q2	Q3	Q4
Review of strategy and progress against plans	Board composition and succession planning	Board appointments and succession planning	Board composition and succession planning
Changes to the directors' training plan	Plans for the externally facilitated board review	Review of strategy and progress against plans	Review of strategy and progress against plans
Board appointments and succession planning	Review of board appraisal process	Annual review of own risk and solvency assessment	Review of annual budget for 2018
Review of the committee disclosure in the 2016 group financial statements	Review of major projects	Review of board appraisals	Review of the results of the externally facilitated review
		Review of committee performance and terms of reference	

Role of the governance committee

The governance committee's primary areas of responsibility are the oversight of the governance arrangements, board nomination duties, strategy and major infrastructure projects and enterprise risk management.

The nomination duties focus on ensuring our board has the appropriate mix of skills and knowledge to fulfil its responsibilities and that appropriate arrangements are in place for the succession of key personnel.

The oversight of strategy and major infrastructure projects involves monitoring progress on key strategic initiatives on behalf of the board. The committee acts as the first line of challenge to the detailed strategy initiatives produced by the executive directors.

The committee is also responsible for supporting the work of other committees in identifying, assessing and monitoring the new and emerging risks facing the group, making recommendations regarding risk appetite to the board and evaluating the effectiveness of the group's governance and risk management framework.

Our chief executive is required to attend all or part of the committee meetings. The committee comprises the group's chairman, the vice chairman and an independent non executive director jointly appointed by the chairman and vice chairman and is scheduled to meet at least four times a year.

Key items discussed during 2017

The summary of items discussed during the year is outlined in the table on page 34 of this report. However, the following key items stood out during the year:

Monitoring the progress of key strategic projects

The committee reviewed the progress against plans of the key infrastructure projects to ensure these remained on track for launch in January 2018.

Performance evaluation

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

Martyn Green
Governance committee chairman
16 March 2018

The operational risk and reputation committee


Alister Weightman


Martyn Green


Helen Harrison


Huw Winstone

Committee membership and attendance at scheduled meetings

Alister Weightman (chairman)	3/4
Martyn Green	4/4
Helen Harrison (retired May 2017)	0/2
Huw Winstone	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 2017

Q1	Q2	Q3	Q4
Risk report from head of compliance and risk	Report from head of compliance and risk	Report from head of compliance and risk	Risk report from head of compliance and risk
Review of the committee disclosure in the 2016 group financial statements	Update on key conduct and reputational risk issues	Review of regulatory and money laundering risks	Review of regulatory and money laundering risks
Review of the group's business continuity arrangements	Review of the group's business continuity arrangements	Review of the group's business continuity arrangements	Review of the group's business continuity arrangements
Review of conduct risk		Review of committee performance and terms of reference	Review of the results of the externally facilitated review of the committee's performance

Role of the operational risk and reputation committee

The operational risk and reputation committee oversees the adequacy of the operational, conduct and reputational risk management processes in place.

The committee regularly reports to the board on the systems governing the management of key operational, reputational and conduct 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 deputy chief executive to all four scheduled committee meetings. The head of finance was also invited to attend during the year. At each of its meetings, the committee received updates on key developments.

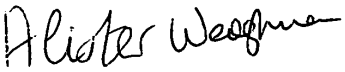
Key items discussed during 2017

The summary of items discussed during the year is outlined in the table on page 36 of this report. However, the following key item stood out during the year:

Business continuity

The committee regularly considered the group's business continuity plan in the year and oversaw the establishment of a new disaster recovery site.

The committee also undertook regular thematic reviews of feedback from our members and considered the risks faced by Dentists' Provident, further shown in the risk management section of the report on pages 18 to 21.



Alister Weightman
Operational risk and reputation committee chairman
16 March 2018

The remuneration committee


Huw Winstone


Davinderpal Kooner


Kathryn Woolass

Committee membership and attendance at scheduled meetings

Huw Winstone (chairman)	4/4
Davinderpal Kooner	4/4
Kathryn Woolass	4/4

Key items in the terms of reference

- oversight of remuneration arrangements for directors
- monitoring the structure of remuneration for the management team
- determining the targets for any performance related pay plans for the group
- oversight of any changes in employee benefit structures for the group

Key items considered in 2017

Q1	Q2	Q3	Q4
Review of the executive remuneration policy	Review of the executive remuneration policy	Report from the remuneration consultants on executive remuneration policy	Review of remuneration packages for executive directors
Appointment of remuneration consultants	Appointment of remuneration consultants	Review of committee performance and terms of reference	Discussion of employee remuneration and bonus pool for 2018
Review of the committee disclosure in the 2016 group financial statements			Review of the results of the externally facilitated review of the committee's performance

Role of the remuneration committee

The remuneration committee has oversight of the group's remuneration related matters. It is made up of three non executive directors, who are the only individuals with the right to attend the committee meetings. The chief executive, deputy chief executive and head of human resources may also attend the meetings at the invitation of the chairman.

The committee is scheduled to meet at least once a year to review and set the remuneration policy for the directors, as well as determining the total individual remuneration package for each executive director. As a rule, no director participates in any part of the meeting covering their own remuneration.

The committee also oversees the level and structure of the remuneration for the senior management team, as well as approving any performance related pay plans operated by the group.

Key items discussed during 2017

The summary of items discussed during the year are outlined in the table on page 38 of this report. However, the following key items stood out during the year:

Executive remuneration package

The executive remuneration was reviewed in full during the year to ensure the level and structure continued to serve the best interests of the society and its members. Following a competitive tender, FIT Remuneration Consultants were selected to provide independent advice to the committee.

The committee received advice based on robust data and was satisfied that the advice was independent, thoughtful and challenging.

Group remuneration

The committee also considered the policy and levels of remuneration across the group. In addition, the committee reviewed the continued appropriateness of the terms of the employee incentive plan and approved the bonus pool for 2018.

The directors' remuneration report, which includes further details on the remuneration policy, is set out on pages 40 to 41.

Huw Winstone
Remuneration committee chairman
16 March 2018

Directors' remuneration report

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 are as follows:

- to reward genuine contribution to the long term success of the society with packages aligned to the interests of our members
- to give due consideration to the market environment but be largely driven by the individual's level of responsibility, competence and contribution to our success
- to make the retired dentists' plan mandatory for executive directors, to align their long term financial interests with those of our members
- to ensure 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 our strategy. Our 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

The committee considered the performance of the individual executive directors, their skills and experience and the responsibilities of their roles. The committee noted that the duties performed by the two executive directors were wider than those typical for a chief executive and deputy chief executive. The comparison with the executive directors' peers was a secondary, but nonetheless important consideration.

Based on the above, the committee proposed a 7.5% increase in remuneration for both executive directors. At the chief executive's request, two-thirds of his increase was deferred until 1 January 2018, being the planned date for the launch of the new plans.

Executive directors' bonuses

Our board 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, we continue 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 responsible for 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 also claim session charges based on the British Dental Guild rate but only for duties which do not form part of their normal duties and responsibilities.

Having regard to the additional responsibilities at industry events, each non executive director's remuneration was increased by £560 per annum.

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 deputy chief executive is a member of the group's defined contribution arrangement, which is open to all employees.

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

During the year under review, it was agreed that the chief executive would not accrue any additional retirement benefits under the scheme from 1 January 2017. Instead, the chief executive is entitled to a cash allowance in lieu of pension.

As part of this agreement, the historic liability in relation to the accrued rights was recalculated, which identified a gap between the current fund value and the expected value needed to meet the historic accrued obligations. A provision to cover this difference has been included within this year's financial statements. For further information see note 22 to the financial statements.

The cash allowance is set as a percentage of base salary in accordance with pre existing terms of employment.

The maximum pension allowance payable is 30% of base salary.

The society makes contributions of 8% of basic salary in respect of the deputy chief executive.

Directors' remuneration

Details of directors' remuneration are set out in note 12 to the financial statements.

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 the interests of the group and those of the individual. 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 contractual notice pay entitlement.

External directorships

The executive directors are permitted to hold appropriate external 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 executive directors during the year.

Huw Winstone
Remuneration committee chairman
16 March 2018

Directors' report

This report should be read in conjunction with the strategic report on pages 4 to 21

Principal activity and objectives

Dentists' Provident is a not for profit mutual organisation, 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.

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

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

Business review and future developments

An analysis of the future developments and performance of the business can be found within the executive statement and the financial review section of the strategic report.

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

Cautionary statement regarding forward looking information

This annual report and financial statements contain 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 that dividend rates remain unchanged at £1.56 and £1.80 for the income protection and retired dentists planholders respectively. Interest and terminal bonus rates also remain unchanged at 5% and 15% respectively. Total bonuses allocated to members in 2017 amounted to £7.331 million (2016: £7.334 million).

Directors

The names and biographies of the individuals who served as directors of the society during the year are set out on pages 22 to 23.

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 £18,800 (2016: £6,300). 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 shown in note 18 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 was 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's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report.

The group meets its working 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 and recurring income 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

Kirby Mardle
Group secretary
16 March 2018

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 auditor 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 the state of affairs and 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 practice (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 current directors, whose names and functions are listed in the board of directors section on pages 22 and 23, 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.

Statement of disclosure to auditor

The directors of the company, at the date of approval of the annual report and financial statements, confirm that in so far as they are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors individually have taken all necessary steps that they ought to have taken to make themselves aware of all relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board

Kirby Mardle
Group secretary
16 March 2018

Independent auditor's report

To the members of Dentists' Provident Society Limited

Our opinion

We have audited the financial statements of Dentists' Provident Society Limited (the 'Society') and its subsidiary (together the 'Group') for the year ended 31 December 2017 which comprise the consolidated income and expenditure account, consolidated balance sheet, Society income and expenditure account, Society balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Group's and Society's financial statements:

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 December 2017 and of the Group's and Society's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Friendly Societies Act 1992.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Area of focus	Work performed to address this risk	Conclusion of findings
Valuation of technical provisions The Group financial statements include a net technical provision of £102.126 million (2016 restated: £98,526 million), which represents the estimated costs of settling benefits and claims associated with income protection products. This is set out in further detail in note 21. We have assessed this area as being of significant risk to the audit due to the significance of these amounts in deriving the Group's results and because of the assumptions underpinning the calculation, which can be highly subjective.	In assessing the valuation of the technical provision, we performed the following procedures: • We have utilised an independent actuary to report to us on the methodology and assumptions that underpin the calculation of the provision and the accuracy of the calculation itself. • We have obtained and reviewed the actuarial reports prepared by the Society's actuary and our reviewing actuary and ensured that all relevant judgements and estimates have been considered in forming our opinion. • We have reviewed and assessed changes to the assumptions used in the technical provisions to ensure these are reasonable and in line with acceptable parameters.	We have no matters to communicate in respect of the valuation of the technical provisions.
Investment valuation The valuation of certain investment funds is subject to judgement as market valuations are not available at the year end date.	In auditing these valuations, we have: • Reviewed the valuation of the funds and assessed the movement quarter to quarter during the year to assess the probability of material volatility in the valuation at year end. We are satisfied that there is no evidence of material misstatement in the valuation. • Assessed the performance of the wider investment market in the final quarter of the year, to assess whether there has been wider volatility in the market, which would indicate a material misstatement of valuation. No such volatility was noted that would impact the fund materially. • Ensured that foreign exchange rates have been assessed in comparison to market data and were found to be reasonable.	We have no matters to communicate in respect of the investment valuations.

Our application of materiality

In planning and performing our audit we were influenced by our application of materiality. We set certain quantitative measures and thresholds for materiality, which together with other, qualitative, considerations, helped us to determine the scope of our audit and the nature, timing and extent of the procedures performed. The same materiality has been applied to the Group and Society financial statements. Based on our professional judgement, we determined materiality for the financial statements as whole to be £3m. The principal determinant in this assessment was the Group's and Society's fund for future appropriations, which we consider to be the most relevant benchmark, as it reflects the underlying interests of the Members of the Group. Our materiality represents approximately 2% of this number.

Due to the much lower quantum of numbers included in the Group and Society income and expenditure accounts, we have applied a lower level materiality of £260,000 to line items within the income and expenditure account and the associated notes not impacted by the movement in technical provisions. We agreed with the Audit Committee that we would report to them any misstatements in excess of £13,000 that we identify through the course of our audit, together with any qualitative matters that warrant reporting.

An overview of the scope of the audit

The audit of the Group financial statements includes the audit of the Society and its subsidiary. The audit of both the Society and subsidiary have been performed by the same engagement team. The scope of the audit for the financial statements has been determined by our application of our materiality to the financial statements in relation to the risks of the Society when determining the level of work to be performed. All audit work was performed directly by the audit engagement team with the assistance of appointed experts.

Effectiveness of the audit on the identification of possible fraud

The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our responsibilities are to gain reasonable assurance that the financial statements are not materially misstated as a result of fraud or otherwise. We have designed our audit approach to try and identify possible fraud in the financial statements of the Society. We consider the primary fraud risks to be around the misappropriation of assets and fraudulent reporting, particularly the valuation of technical provisions, our approach to these areas has been addressed within the areas of risk identified on page 48.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Friendly Societies Act 1992

In our opinion, based on the work undertaken in the course of the audit the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Society and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Friendly Societies Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other issues

In accordance with our instructions from the Society, we review whether the Corporate Governance Statement reflects the Society's compliance with those provisions of the Annotated UK Corporate Governance Code specified for our review by the Association of Financial Mutuals.

Respective responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 44, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

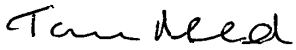
A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee on 9 September 2016. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and Society and we remain independent of the Society in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.



Thomas Reed
Senior Statutory Auditor

For and on behalf of
Moore Stephens LLP
Statutory Auditor
150 Aldersgate Street
London EC1A 4AB

16 March 2018

Consolidated income and expenditure account

For the year ended 31 December 2017

	Notes	2017 £000	2016 restated £000
Earned premiums	5	14,162	14,071
Investment income	6	1,360	7,019
Unrealised gains on investments	7	23,061	19,682
Total income		**38,583**	**40,772**
Claims incurred	8	(9,645)	(9,652)
Withdrawals from bonus accounts by members		4,803	5,459
Technical provisions	21	(1,745)	(12,263)
Provision for liabilities	22	(1,972)	–
		1,086	**(6,804)**
Bonuses	9	(7,331)	(7,314)
Net operating expenses	10	(4,149)	(3,714)
Investment management expenses		(213)	(213)
Total expenses		**(4,362)**	**(3,927)**
Taxation	13	(291)	55
Transfer to fund for future appropriations	**20**	**18,040**	**13,130**

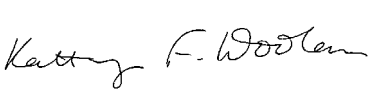
The attached notes form an integral part of these financial statements.

Consolidated balance sheet

31 December 2017

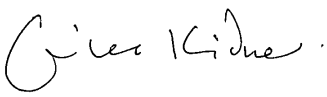
	Notes	2017 £000	2016 restated £000
Assets			
Land and buildings	14	23,044	20,525
Other financial investments	16	251,648	239,693
Total investments		**274,692**	**260,218**
Technical provisions	21	36,156	39,241
Debtors	17	244	124
Tangible fixed assets	18	6,820	4,240
Cash at bank and in hand		14,890	8,747
Total other assets		**21,710**	**12,987**
Prepayments and accrued income		244	307
Total assets		**333,046**	**312,877**
Liabilities			
Fund for future appropriations	20	189,172	171,132
Technical provisions	21	138,282	137,767
Provision for liabilities	22	1,972	-
Provision for deferred taxation	23	1,778	1,571
Creditors	24	1,842	2,407
Total liabilities		**333,046**	**312,877**

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 16 March 2018.



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 2017

	Notes	2017 £000	2016 restated £000
Earned premiums	5	14,162	14,071
Investment income	6	858	6,465
Unrealised gains on investments	7	21,386	19,682
Total income		**36,406**	**40,218**
Claims incurred	8	(9,645)	(9,652)
Withdrawals from bonus accounts by members		4,803	5,459
Technical provisions	21	(1,745)	(12,263)
Provision for liabilities	22	(1,972)	–
		1,086	**(6,804)**
Bonuses	9	(7,331)	(7,314)
Net operating expenses	10	(3,989)	(3,591)
Investment management expenses		(213)	(213)
Total expenses		(4,202)	**(3,804)**
Transfer to fund for future appropriations	**20**	**16,314**	**12,644**

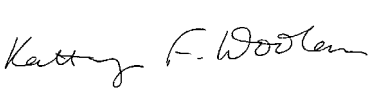
The attached notes form an integral part of these financial statements.

Society balance sheet

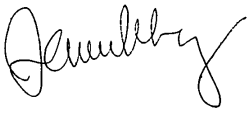
31 December 2017

	Notes	2017 £000	2016 restated £000
Assets			
Investment in subsidiary	15	4,600	4,600
Other financial investments	16	251,128	238,676
Total investments		**255,728**	**243,276**
Technical provisions	21	36,156	39,241
Debtors	17	6,984	7,003
Tangible fixed assets	18	6,814	4,225
Cash at bank and in hand		13,725	7,418
Total other assets		**20,539**	**11,643**
Prepayments and accrued income		132	106
Total assets		**319,539**	**301,269**
Liabilities			
Fund for future appropriations	20	177,834	161,520
Technical provisions	21	138,282	137,767
Provision for liabilities	22	1,972	–
Creditors	24	1,451	1,982
Total liabilities		**319,539**	**301,269**

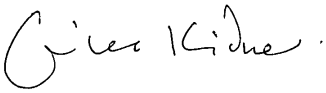
The attached notes form an integral part of these financial statements.
The financial statements were approved by the board of directors and authorised for issue on 16 March 2018.



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 2017

1. General information

The Dentists' Provident group, resident in the United Kingdom, comprises the Dentists' Provident Society Limited (the parent undertaking) and its wholly owned subsidiary, 1908 Property Holdings Limited.

The address of the registered office is 91-94 Saffron Hill, London, EC1N 8QP. The nature of the group's operations and its principal activities are set out in the strategic report on pages 4 to 21.

Unless otherwise indicated, all figures are rounded to the nearest £1,000.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standards 102 and 103 (FRS 102 and 103) issued by the Financial Reporting Council. These financial statements are presented in accordance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 4 to 21. The report further describes the financial position of the group, liquidity position, the group's objectives, policies and processes for managing capital, its financial objectives, details of its financial instruments and its exposure to key risks.

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.

Statement of cash flows

No statement of cash flows has been presented as Dentists' Provident meets the definition of a mutual life assurance company.

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of the parent and its subsidiary drawn up to 31 December 2017. The subsidiary has been consolidated from the date it commenced trading and all intercompany balances, surplus and transactions are eliminated.

2.3 Foreign currencies

The functional currency of the group is pounds sterling as it is the currency of the primary economic environment in which the group operates.

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated 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.

2.4 Insurance classification

Insurance contracts are defined as those contracts under which the society accepts significant insurance risk from the member, by agreeing to compensate them if a specified uncertain future event adversely affects them. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

2.5 Revenue recognition

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 a contract lapses due to non receipt of premiums, then any premium income accrued but not received relating to the period after the date of lapse, is offset against premiums.

Investment income

Investment income includes dividends, interest, rent, realised gains and losses on the sale of investments and related expenses. Dividends, interest and rent are recorded on an accruals basis. Realised gains and losses on investments are calculated as either, the difference between the net sales proceeds and original cost in the case of investments purchased in the year, or 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 current and prior year end valuations or purchase price, if acquired in the year.

2.6 Taxation

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

The corporation tax currently payable is based on the subsidiary's taxable surplus in the financial year. Taxable surplus differs from net surplus as reported in the income and expenditure account, because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible.

The group's liability for current tax is calculated using applicable tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. It arises where transactions or events have occurred as at the balance sheet date which result in an obligation to pay more, or a right to pay less, tax in the future. Timing differences are differences between the group's taxable surplus and its results as stated in the financial statements. These differences arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surplus from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply to the reversal of the timing difference. Deferred tax relating to the sale of an investment property of the subsidiary is measured using the tax rates and allowances that will, or are reasonably expected to, apply to the sale of the asset.

Where items are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of the financial statements as the transaction or event which resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if:

- the group has a legally enforceable right to set off the tax assets and liabilities; and
- the tax assets and liabilities relate to taxes levied by the same taxation authority on the same taxable entity.

2.7 Tangible fixed assets

Tangible fixed assets, comprising fixtures, fittings, plant and equipment and computer software and equipment, are stated at cost net of depreciation and any provision for impairment. Cost includes any associated expenditure directly attributable to the acquisition of the asset. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life. The group uses 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 10%, 20% and 25% per annum on a straight line basis

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

2.8 Retirement benefit costs

Payments to the two defined contribution retirement benefit schemes are charged as an employee benefit expense as they fall due. Both schemes are independently administered by a third party and contributions are made on a contractual basis.

2.9 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is immediately recognised in the income and expenditure account.

An asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of an asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. The impairment loss is reversed only to the extent that the revised carrying amount is no higher than the carrying value had no impairment been recognised.

2.10 Land and buildings

Land and buildings are held by the group to earn rental income and/or provide potential for future capital growth.

Land and buildings are initially recognised at cost, being the fair value of the consideration given, including the directly attributable transaction costs associated with the acquisition. Subsequent capital expenditure is then capitalised and included within the cost of the property.

In the year of acquisition, the cost of the land and buildings is deemed reflective of its fair value in the open market. In subsequent years, land and buildings are measured at fair value annually, with any change in fair value being recognised in the group's income and expenditure account.

2.11 Other financial investments

Recognition

Financial assets and liabilities are recognised when a member of the group becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any instrument or contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Initial measurement

All financial assets and liabilities are initially measured at transaction price.

Subsequent measurement

Debt instruments that are classified as payable or receivable within one financial year, and which meet the following criteria, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

a. Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

b. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

c. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

d. There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Investments in collective investment schemes are measured at fair value with changes in fair value recognised in the income and expenditure account.

Realised and unrealised gains and losses arising from changes in fair value of investments are presented in the income and expenditure account in the period in which they arise. Dividend and interest income is recognised when earned. Investment management and other related expenses are recognised when incurred.

Derecognition of financial assets and liabilities

Financial assets are derecognised when:

- the contractual rights to the cash flows from the financial assets expire or are settled;
- substantially all of the risks and rewards of ownership of the financial assets are transferred to another party; or
- suitable levels of control of the assets have been transferred to another party so they have the practicable ability to sell the assets in their entirety to an unrelated third party and are able to exercise that ability unilaterally without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Fair value measurement

Where possible, the group will use the price quoted in an active market for an identical asset as at the measurement date as a measurement of fair value. If this information is not available, the board will follow the fair value hierarchy, as set out by FRS 102 and outlined below, to estimate the fair value.

a. The quoted price for an identical asset in an active market. An active market means when prices are readily and regularly available and that these prices represent actual and regularly occurring market transactions on an arm's length basis.

b. If quoted prices are unavailable, the price of a recent transaction for an identical asset, as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

c. A suitable valuation technique which can estimate what the transaction price would have been on the measurement date in an arm's length transaction.

Loans and other receivables are carried at cost less any provision for impairment in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Deposits held with credit institutions

Deposits held with credit institutions comprise monetary items, the withdrawal of which is subject to a fixed time constraint, and are measured at fair value.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment.

2.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Rentals receivable under operating leases are recognised as investment income on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases are recognised as operating expenses on a straight line basis over the term of the relevant lease.

2.13 Insurance contracts

Claims

Claims incurred comprise sickness benefit and withdrawals of capital by the members of the society, net of subrogation recoveries. Claims are recognised in the financial statements when the relevant criteria for the payment of the claim are satisfied by the claimant.

Acquisition costs

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

Commissions consist of fees earned by independent third party financial advisers and are directly related to the acquisition 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.

Technical provisions

At each reporting date the group performs a review of its technical provisions to ensure that the carrying values are appropriate, using current estimates of future cash flows and investment return. If the assessment shows the carrying values of the technical provisions are no longer appropriate, any deficiency or surplus is recognised in the income and expenditure account.

The technical provisions are calculated on a best estimate market consistent basis in accordance with the requirements under the Solvency II regime and appropriate UK Prudential regulations.

The technical provisions include the risk margin, which is an allowance for the cost, to a third party, of undertaking the group's risks that are not hedgeable under the Solvency II regime.

2.14 Insurance receivables and payables

Receivables and payables arising under insurance contracts are recognised when due and are measured at amortised cost using the effective interest rate method. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated future cash flows have changed.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations, which are dealt with separately, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Fair value of certain assets

The directors use their judgement in selecting appropriate valuation techniques. Where possible, prices quoted for identical assets in active markets are used. However in certain instances, such price information is not available and the group must use alternative valuation techniques instead. Wherever possible, these techniques use market observable inputs derived from recent transactions for similar assets, in similar active markets. However in the absence of such data, other observable market data is used.

Deferred tax

The directors' judgement is required to determine the value of the deferred tax provision which should be recognised in the group accounts. Deferred tax arises on timing differences between taxable surplus and the net surplus of the subsidiary. The amount recognised is estimated using the tax rates that have been substantively enacted at the balance sheet date, which means the amount of tax which is paid in the future could differ from these estimates.

Technical provisions

The directors are responsible for approving the recommendations for the valuation methodology and assumptions used in calculating the technical provisions. These recommendations are prepared and presented in accordance with the applicable Technical Actuarial Standards issued by the Financial Reporting Council and reviewed by the society's chief actuary.

4. 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's 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 note 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 technical provisions. 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 is 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 20% increase in the morbidity assumption would be to increase the technical provisions by £6.677 million (2016 restated: £8.424 million).

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

Given the past level of persistency, a large proportionate increase in the current lapse experience 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 expense assumption of 20% would increase the technical provisions by £9.146 million (2016 restated: £8.655 million).

A decrease in the yield curves used to calculate the technical provisions of 75 basis points would increase the technical provisions by £0.693 million (2016 restated: £0.187 million).

The maturity profile of the technical provisions is set out in note 21.

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 2017 was £152.977 million (2016: £135.139 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 £15.298 million (2016: £13.514 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, asset backed securities and term deposits. 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, including deposits with credit institutions, in the group's financial statements at 31 December 2017 was £82.870 million (2016: £84.596 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 75 basis points reduction in the yield curve would increase the group's surplus for the year by £0.966 million (2016: £0.717 million reduction).

Property risk

The group has significant exposure to property and property related assets, through a combination of direct holdings and 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 £3.884 million (2016: £4.048 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 2017 and 2016 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 and capital management committee. The group's investment guidelines are constructed to avoid excessive exposure to any single counterparty and to ensure that debt and fixed income investments are concentrated in high quality investment grade holdings. In addition, the group investment and capital management 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.

As at 31 December 2017, the group had no material debt or fixed income assets that were impaired beyond their reported fair values (2016: £nil).

Further information on the credit risk profile of the group's fixed interest securities and deposits with credit institutions is set out in note 16.

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 readily converted into cash 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 regulatory framework..

5. Earned premiums

Group and Society	2017 £000	2016 £000
Analysis of gross premiums written by class of business		
Insurance business premiums	11,471	11,397
Investment premiums	2,691	2,674
Holloway income protection insurance contracts	**14,162**	**14,071**

	2017 £000	2016 £000
Analysis of gross premiums written by geographic area		
United Kingdom, Channel Islands and the Isle of Man	13,571	13,487
Ireland	591	584
Holloway income protection insurance contracts	**14,162**	**14,071**

6. Investment income

Group	2017 £000	2016 £000
Income from land and buildings	827	868
Income from other financial investments	(227)	5,455
Gains on realisation of investments	760	696
Total investment income	1,360	**7,019**

Society	2017 £000	2016 £000
Income from subsidiary	295	303
Income from other financial investments	(197)	5,466
Gains on realisation of investments	760	696
Total investment income	**858**	**6,465**

No contingent rents have been recognised as income in the current or prior year.

7. Unrealised gains on investments

Group	2017 £000	2016 £000
Freehold land and buildings	1,675	–
Other financial investments	21,386	19,682
Total unrealised gains on investments	**23,061**	**19,682**

Society	2017 £000	2016 £000
Other financial investments	21,386	19,682
Total unrealised gains on investments	**21,386**	**19,682**

8. Claims incurred

Group and Society	2017 £000	2016 £000
Withdrawals from bonus accounts by members	4,803	5,459
Sickness claims paid	4,842	4,193
Total claims incurred	**9,645**	**9,652**

9. Bonuses

Group and Society	2017 £000	2016 £000
Dividends and interest to members on withdrawal	141	161
Annual interest to members	4,048	3,966
Annual dividends to members	2,469	2,420
Terminal bonuses on withdrawal of funds	673	767
Total bonuses	7,331	**7,314**

10. Net operating expenses

Group	2017 £000	2016 £000
Acquisition costs	941	830
Administrative expenses	3,208	2,884
Total operating expenses	**4,149**	**3,714**

Society	2017 £000	2016 £000
Acquisition costs	941	830
Administrative expenses	3,048	2,761
Total operating expenses	**3,989**	**3,591**

Net operating expenses include:

Group	2017 £000	2016 £000
Commissions to financial intermediaries	112	109
Auditor's remuneration – audit services	80	80
Actuarial fees	259	277
Depreciation and loss on disposal of fixed assets	358	184

Society	2017 £000	2016 £000
Commissions to financial intermediaries	112	109
Auditor's remuneration – audit services	73	73
Actuarial fees	259	277
Depreciation and loss on disposal of fixed assets	349	182

11. Staff costs

Group and Society	2017 £000	2016 £000
Wages and salaries	1,582	1,475
Social security costs	182	164
Other pension and associated costs	120	155
Total staff costs	**1,884**	**1,794**

The other pension costs relate to the cost to the group of operating a defined contribution retirement benefit scheme for all qualifying employees.

The average number of employees employed, including directors, was:

Group and Society	2017 no.	2016 no.
Acquisition	10	10
Management and administration	22	21
Total	**32**	**31**

12. Directors' remuneration

The remuneration of the directors, included within the staff costs disclosed in note 11, was:

	2017 Fees and salaries £000	2017 Benefits in kind and allowance in lieu of pension £000	2017 Pension £000	2017 Total £000	2016 Fees and salaries £000	2016 Benefits in kind £000	2016 Pension £000	2016 Total £000
Non executive directors								
Kathryn Woolass	26	–	–	26	24	–	–	24
Martyn Green	15	–	–	15	14	–	–	14
Helen Harrison	4	–	–	4	10	–	–	10
Giles Kidner	10	–	–	10	10	–	–	10
Davinderpal Kooner	16	–	–	16	15	–	–	15
Raj Raja Rayan, OBE	–	–	–	–	2	–	–	2
Alister Weightman	15	–	–	15	14	–	–	14
Huw Winstone	12	–	–	12	10	–	–	10
Jim Karim	6	–	–	6	–	–	–	–
	104	–	–	104	99	–	–	99
Executive directors								
Farrukh Mirza	244	77	–	321	238	3	–	241
Simon Elliott	124	2	10	136	115	2	9	126
	368	79	10	457	353	5	9	367
Total	**472**	**79**	**10**	**561**	**452**	**5**	**9**	**466**

13. Taxation

The tax charge comprises:

Group	2017 £000	2016 restated £000
Current tax on profit on ordinary activities		
UK corporation tax	84	87
Deferred tax		
Movement in deferred tax on revaluation gains	207	(142)
Total tax charge/(credit) for the year	**291**	**(55)**

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the surplus before tax is as follows:

Group	2017 £000	2016 restated £000
Profit on ordinary activities before tax	**18,331**	**13,075**
Tax on surplus on ordinary activities at standard UK corporation tax rate of 19.25% (2016: 20%)	3,529	2,615
Effects of:		
Income not taxable for determining current taxable profit	(3,460)	(2,529)
Expenses not deductible for tax purposes	15	1
Movement in deferred tax on reversal of timing differences	207	(142)
Total tax charge/(credit) for the year	**291**	**(55)**

The existing activities of the society are not chargeable to income or corporation tax under the Income and Corporation Taxes Act 1988.

14. Land and buildings

Group	2017 £000	2016 £000
Freehold land and buildings at valuation	23,044	20,525
Freehold land and buildings at cost	10,607	9,763

The group acquired additional freehold property in the year at a cost of £0.844 million (2016: £nil).

The group engages external, independent and qualified valuers to determine the fair value of the group's land and buildings at least every three years. At the last such valuation performed as at 31 December 2015, the fair value of the land and buildings was determined by Tuckerman Chartered Surveyors on an open market basis and in accordance with the RICS Appraisal and Valuation Manual.

A directors' valuation has been performed for the land and buildings as at 31 December 2017 which resulted in an increase in the value of freehold land and buildings of £1.675 million (2016: £nil). The main inputs used by the group were discount rates, rental yields, rental growth rates based on current market conditions, comparable transactions and industry data.

The value of land and buildings occupied by the group for its own use amounted to £3.796 million (2016: £2.984 million).

The value of land included in the valuation amounted to £8.424 million (2016: £7.503 million).

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments:

Group	2017 £000	2016 £000
Within one year	765	724
In the second to fifth years inclusive	826	1,333
Total	**1,591**	**2,057**

15. Investment in subsidiary

Society	2017 £000	2016 £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 directors are of the opinion that the aggregate value of the investment is in excess of the amounts stated above.

Subsidiary undertaking	Country	Nature	Holding	%
1908 Property Holdings Limited, 91–94 Saffron Hill, London, EC1N 8QP	United Kingdom	Property holding	4,600,000 ordinary shares of £1 each	100

16. Other financial investments

Group	2017 Valuation £000	2016 Valuation £000	2017 Cost £000	2016 Cost £000
Shares and other variable yield securities	173,088	155,097	108,017	107,506
Debt and other fixed interest securities	69,991	75,522	60,934	65,668
Deposits held with credit institutions	8,569	9,074	8,569	9,074
Total other financial investments	**251,648**	**239,693**	**177,520**	**182,248**

Society	2017 Valuation £000	2016 Valuation £000	2017 Cost £000	2016 Cost £000
Shares and other variable yield securities	173,088	155,097	108,017	107,508
Debt and other fixed interest securities	69,991	75,522	60,934	65,668
Deposits held with credit institutions	8,049	8,057	8,049	8,057
Total other financial investments	**251,128**	**238,676**	**177,000**	**181,233**

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 £2.912 million (2016: £4.706 million).

The credit risk profile of fixed interest securities and deposits with credit institutions shown above is as follows:

	2017 Group	2016 Group	2017 Society	2016 Society
Investment grade	84%	80%	84%	80%
Sub-investment grade	5%	5%	5%	5%
Unrated	11%	15%	11%	15%
	100%	**100%**	**100%**	**100%**

17. Debtors

Group	2017 £000	2016 £000
Due from members	5	4
Other debtors	239	120
Total debtors	**244**	**124**

Society	2017 £000	2016 £000
Due from members	5	4
Other debtors	61	56
Amounts owed by group undertakings	6,918	6,943
Total debtors	**6,984**	**7,003**

18. Tangible fixed assets

Group	Fixtures, fittings, plant and equipment £000	Computer equipment and software £000	Total £000
Cost			
At 1 January 2017	483	7,804	8,287
Additions	4	2,934	2,938
Disposals	(6)	(3,640)	(3,646)
At 31 December 2017	**481**	**7,098**	**7,579**
Depreciation			
At 1 January 2017	323	3,724	4,047
Charge for the year	60	113	173
Eliminated on disposal	–	(3,461)	(3,461)
At 31 December 2017	**383**	**376**	**759**
Net book value			
At 1 January 2017	160	4,080	4,240
At 31 December 2017	**98**	**6,722**	**6,820**

Society	Fixtures, fittings, plant and equipment £000	Computer equipment and software £000	Total £000
Cost			
At 1 January 2017	452	7,804	8,256
Additions	4	2,934	2,938
Disposals	–	(3,640)	(3,640)
At 31 December 2017	**456**	**7,098**	**7,554**
Depreciation			
At 1 January 2017	307	3,724	4,031
Charge for the year	57	113	170
Eliminated on disposal	–	(3,461)	(3,461)
At 31 December 2017	**364**	**376**	**740**
Net book value			
At 1 January 2017	145	4,080	4,225
At 31 December 2017	**92**	**6,722**	**6,814**

The net book value of computer equipment and software includes assets in the course of construction totalling £6.654 million (2016: 3.736 million).

19. Fair value analysis of total investments

The following table shows the analysis of investments carried at fair value based on the fair value hierarchy as at 31 December.

Group	A £000	B £000	C £000	Total £000
Land and buildings				
31 December 2016	–	–	20,525	20,525
31 December 2017	**–**	**–**	**23,044**	**23,044**
Shares and other variable yield securities				
31 December 2016	152,411	2,686	–	155,097
31 December 2017	**170,241**	**2,848**	**–**	**173,089**
Debt and other fixed interest securities				
31 December 2016	72,091	3,431	–	75,522
31 December 2017	**65,680**	**4,311**	**–**	**69,991**
Deposits with credit institutions				
31 December 2016	9,074	–	–	9,074
31 December 2017	**8,569**	**–**	**–**	**8,569**

Society	A £000	B £000	C £000	Total £000
Shares and other variable yield securities				
31 December 2016	152,411	2,686	–	155,097
31 December 2017	**170,241**	**2,848**	**–**	**173,089**
Debt and other fixed interest securities				
31 December 2016	72,091	3,431	–	75,522
31 December 2017	**65,680**	**4,311**	**–**	**69,991**
Deposits with credit institutions				
31 December 2016	8,057	–	–	8,057
31 December 2017	**8,049**	**–**	**–**	**8,049**

20. Fund for future appropriations

Group	2017 £000	2016 restated £000
At 1 January	171,132	158,002
Transfer from income and expenditure account	18,040	13,130
At 31 December	**189,172**	**171,132**

Society	2017 £000	2016 restated £000
At 1 January	161,520	148,876
Transfer from income and expenditure account	16,314	12,644
At 31 December	**177,834**	**161,520**

The directors are of the opinion that the fund for future appropriations above is not available in full for distribution to the members. In their opinion the excess capital shown below is more representative of the amounts available.

Group excess capital under Solvency II	2017 £000	2016 restated £000
Fund for future appropriations	189,172	171,132
Revaluation of assets under Solvency II	(6,510)	–
Solvency capital requirement (unaudited)	(113,511)	(102,089)
Excess capital under Solvency II	**69,151**	**69,043**

The revaluation of assets under Solvency II relates to an element of the group's computer equipment and software, which is not admissible as an asset under Solvency II.

21. Technical provisions

Group and Society – analysis of charge to income and expenditure account	2017 £000	2016 £000
Change in best estimate liability of the insurance portfolio	3,085	8,223
Change in risk margin and best estimate liability of the members' bonus accounts	515	5,127
Total change in technical provisions	3,600	13,350
Change attributable to bonus funds	(1,855)	(1,088)
Charge for technical provisions	**1,745**	**12,263**

Group and Society	2017 Best estimate liability of the insurance portfolio	2017 Risk margin and best estimate liability of the members' bonus accounts	2016 Best estimate liability of the insurance portfolio	2016 Risk margin and best estimate liability of the members' bonus accounts
At 1 January	(39,241)	137,767	(47,463)	132,640
Changes in assumptions	(257)	1,894	6,293	1,222
Changes in membership	1,850	4,460	546	1,911
Other surpluses and deficits	1,492	(3,368)	1,383	(2,618)
Change in risk margin	–	(2,471)	–	4,612
At 31 December	**(36,156)**	**138,282**	**(39,241)**	**137,767**

Group and Society – analysis of risk margin and best estimate liability of the members' bonus accounts	2017 £000	2016 £000
Members' bonus accounts at 1 January	85,620	84,533
Annual bonuses to members	6,517	6,385
Withdrawals from bonus accounts by members	(4,803)	(5,459)
Dividends and interest to members on withdrawal	141	161
Members' bonus accounts at 31 December	87,475	85,620
Best estimate of future members' bonus account liabilities	28,947	27,816
Risk margin	21,860	24,331
Risk margin and best estimate liability of the members' bonus accounts	**138,282**	**137,767**

The maturity profile of the technical provisions is as follows:

Group and Society	2017 Best estimate liability of the insurance portfolio	2017 Risk margin and best estimate liability of the members' bonus accounts	2016 Best estimate liability of the insurance portfolio	2016 Risk margin and best estimate liability of the members' bonus accounts
On demand, no fixed maturity or within one year	(7)	79,069	37	79,718
Between one and five years	(813)	11,772	209	10,905
Between five and ten years	(5,580)	21,287	(2,718)	22,367
More than ten years	(29,756)	26,154	(36,769)	24,777
At 31 December	**(36,156)**	**138,282**	**(39,241)**	**137,767**

Key assumptions

The significant assumptions used to determine the insurance technical provisions are set out below.

Assumption	Details
Short term and future morbidity	This represents expected future sickness and varies by age and gender. This is set with reference to the group's recent experience.
Claims in payment morbidity	This represents the recovery of currently sick members and varies by length of time a member has been sick. This is set with reference to the group's recent experience.
Persistency	This represents members choosing to terminate their policies. This is set with reference to the group's recent experience.
Inflation	This is set with reference to the market implied inflation curve published by the Bank of England.
Expenses	This is set with reference to the group's expected future costs in administering the policies and assets for insured members.
Future interest and dividend	This is set with reference to the prevailing interest rate with consideration of the UK spot yield curve produced by **EIOPA**. The dividend rates are set assuming a continuation of the last declared dividend rates.
Terminal bonus	This is set assuming a continuation of the prevailing terminal bonus at 31 December 2017.
Discount rate	The UK and Euro spot yield curve produced by **EIOPA**.

The following table sets out the tables used in calculating the short term and future morbidly experience. In calculating the technical provisions, 50% of the table for males and 65% of the table for females is used as these proportions represent a best estimate of future experience.

Modified weeks of sickness table

	Females			Males		
Age	First 6 months	Second 6 months	Thereafter	First 6 months	Second 6 months	Thereafter
25	0.5954	0.0922	0.1038	0.4428	0.0517	0.0582
35	0.6620	0.0973	0.2468	0.4924	0.0545	0.1384
45	0.8660	0.1893	1.0210	0.6441	0.1062	0.5726
55	1.3360	0.5038	2.8861	1.0221	0.4408	3.2370

22. Provision for liabilities

Group and Society	2017 £000	2016 £000
At 1 January	–	–
Additional provision	1,972	–
At 31 December	**1,972**	**–**

The provision comprises obligations in respect of compensation and employee entitlements. The entire provision is expected to be settled after 12 months.

23. Provision for deferred tax

Group	2017 £000	2016 £000
At 1 January	1,571	1,713
Charged / (credited) to income and expenditure account	207	(142)
At 31 December	**1,778**	**1,571**

The provision relates to the revaluation gains recognised on the group's land and buildings.

24. Creditors

Group	2017 £000	2016 £000
Creditors arising out of direct insurance operations	71	220
Other creditors including taxation and social security	1,771	2,187
Total creditors due within one year	**1,842**	**2,407**

Society	2017 £000	2016 £000
Creditors arising out of direct insurance operations	71	220
Other creditors including taxation and social security	1,380	1,762
Total creditors due within one year	**1,451**	**1,982**

25. Leases

At the balance sheet date, the society had contracted to pay the following future minimum operating lease payments.

Society	2017 £000	2016 £000
Within one year	189	167
In the second to fifth years inclusive	426	615

26. Actuaries

The chief actuary of the society is Miss Alexandra Kim Durniat, a Partner in Barnett Waddingham LLP. 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 Barnet 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 £0.259 million (2016: £0.277 million).

27. 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 £48,189 (2016: £40,110). Sickness payments to the directors amounted to £nil (2016: £nil). There were no outstanding amounts in relation to either at the year end (2016: £nil).

During the year the group procured estate maintenance and construction services in the ordinary course of business from Mardle Developments Limited, a company closely connected with Miss Kirby Mardle, the group secretary. The transactions were undertaken on an arms-length basis and on the standard commercial terms applicable to both parties. The net value of work done by Mardle Developments Limited during the year amounted to £105,000 (2016: £2,940).

The group has taken advantage of the exemptions conferred by Financial Reporting Standard 102, section 33, from reporting details of transactions between the society and its subsidiary undertaking. Details of outstanding balances between Dentists' Provident and 1908 Property Holdings Limited are set out in the notes regarding year end debtors and creditors.

Details of remuneration related transactions between the group and its key management personnel are detailed in the remuneration report and notes 12 and 22.

28. Valuation report

The actuarial valuation required under the UK prudential regulations has been prepared as at 31 December 2017. The valuation report is available for inspection at the registered office of the society.

29. Explanation of transition to Solvency II

This is the first year that the group has presented financial statements using the Solvency II requirements, a directive issued as European Union law to provide assurance against insolvency.

The following disclosures are required in the year of transition. The last financial statements for the year ended 31 December 2016 were reported under the previous solvency regime. As a consequence of adopting the new reporting requirements and in compliance with UK GAAP, the prior year amounts have been restated on a consistent basis with the current year, to aid comparability.

Reconciliation of fund for future appropriations

Group	31 December 2016 £000	1 January 2016 £000
Fund for future appropriations reported under previous valuation regime	140,462	114,276
Impact of adoption of Solvency II reporting requirements	30,670	43,726
Fund for future appropriations reported under Solvency II	**171,132**	**158,002**

Society	31 December 2016 £000	1 January 2016 £000
Fund for future appropriations reported under previous valuation regime	130,850	105,150
Impact of adoption of Solvency II reporting requirements	30,670	43,726
Fund for future appropriations reported under Solvency II	**161,520**	**148,876**

Reconciliation of surplus for the financial year 2016	Group £000	Society £000
Transfer to fund for future appropriations under previous valuation regime	26,186	25,700
Removal of provisions under previous valuation regime	(793)	(793)
Technical provisions under the Solvency II reporting regime	(12,263)	(12,263)
Restated transfer to fund for future appropriations	**13,130**	**12,644**

Reconciliation of technical provisions

Group and Society	2016 £000	2015 £000
Balance reported under previous valuation regime	129,197	128,902
Impact of adoption of Solvency II reporting requirements	(30,670)	(43,726)
Technical provisions	**98,527**	**85,176**

Notice of annual general meeting

Notice is hereby given that the twenty-fifth annual general meeting of the members will be held at 91–94 Saffron Hill, London EC1N 8QP on Friday 25 May 2018 at 12.30pm (the 'AGM') for the purposes set out below:

1. To elect the officers of the society

a. Mr Jim Karim was co opted onto the board on 23 May 2017 and under the rules of the society has offered himself for election.

b. 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 Simon Elliott

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

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

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

1.7 Alister Weightman BDS

1.8 Huw Winstone BDS, LDSRCS, DGDP(UK)

2. To appoint the following as arbitrators of the society

2.1 Prof Robert Lee

2.2 Sunit Malhan

2.3 Salim Malik

2.4 Shiv Pabary MBE

2.5 Paul Protheroe

2.6 Jerry Staffurth

3. To approve the remuneration policy of Dentists' Provident Society Limited for the year ended 31 December 2017.

4. To approve the remuneration report of Dentists' Provident Society Limited for the year ended 31 December 2017 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 2017.

6. To appoint Moore Stephens LLP as auditor and to authorise the board of directors to fix the auditor's remuneration.

By order of the board

Kirby Mardle
Group secretary
16 March 2018

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. Both parties will be bound by the decision of the panel and there is no further right of appeal to the Financial Ombudsman Service.

Prof Robert Lee – dentist

Robert retired as professor and consultant in 2016 and was awarded Distinction in Orthodontics by the British Orthodontic Society. He is co author to a textbook on Orthodontics, which is published worldwide. Robert continues to submit research reports, teaches part time and works in clinical practice privately.

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 adviser

Saleem qualified as a lawyer over 30 years ago and during that time he has worked in house for banks 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 twenty years he has been an adviser to several city law firms and has his own niche practice serving banks and corporate clients. He works with clients on transactions in England, the Middle East and Far East.

Saleem lectures and writes regularly and has been a contributor to a number of publications.

Shiv Pabary MBE – 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 adviser for NHS England (Cumbria and NE) and a past chairman of the GDC's professional conduct committee and health committee. He is currently a GDC Quality Assurance Inspector for dental programmes.

Arbitrators Continued

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 from 1996 to 2015 and sat on the education sub committee. He is also vice chair of the British Dental Guild. He has been a vocational trainer for over 15 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 was a lay magistrate from 1995 to 2015 and holds a Law Degree (LLB Hons) from Northumbria University. He is also a part time Associate Dento-Legal Adviser for Dental Protection.

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

Susie Sanderson OBE – dentist

A general dentist and practice owner for many years, Susie is now a dentolegal advisor for Dental Protection, President Elect of the British Dental Association (BDA) and Speaker of the General Assembly of the World Dental Federation (FDI).

She was the elected Chair of the British Dental Association's executive board from 2006 to 2012 and a member of the principal executive committee until 2015. Currently a member of its health and science committee, Susie continues to represent the BDA on issues relating to the Minamata Treaty, the implementation of the EU Mercury regulation and on dentistry's significance in reducing antimicrobial resistance.

Susie has been involved in the BDA at local and national level for a number of years enjoying a wide scope of involvement including education, finance, healthcare policy, GDPC, DCPs, students and young dentists. She chaired the UK conference of Local Dental Committees in 2005.

Internationally, Susie was until recently a board member and treasurer of the council of European dentists and continues as a UK delegate. She is chair of the CED's Amalgam and Other Restorative Materials Working Group and leads the work of the Antimicrobial Resistance Task Force.

Susie represents FDI and its science committee on issues relating to AMR in dentistry and was recently one of the speakers in the AMR Forum at the Madrid Annual Congress of FDI.

In her day job, Susie does many things but tends to focus on supporting Dental Protection members undergoing GDC investigations to develop a portfolio of evidence to ensure they are able to demonstrate that their fitness to practice is not impaired.

In the 2012 New Year's honours list, Susie received 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, function. He is the company's Chief Actuary. He qualified as an actuary in 1990 and has over 30 years' experience of actuarial roles in the insurance market. He started his actuarial career with Equity & Law 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.

Dentists' Provident

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