



The Medical Protection Society

1990
ANNUAL ACCOUNTS

TREASURER'S REPORT

Results for 1989 and the effects of NHS indemnity

Although greatly complicated by external factors 1989 showed a satisfactory financial result. In March the UK Department of Health announced its intention to provide indemnity for claims arising from incidents occurring in the NHS hospital and community health services (HCHS) with effect from 1st July. This announcement occurred after the Society had informed members of new subscriptions, differentiated by risk, to be applied from April. In the light of the government's announcement the Society amended its proposed rates and did so again in response to the deferral of the introduction of NHS indemnity to January 1990 and changing external conditions.

The overall effect of these complex changes was to reduce the Society's subscription income in 1989 from that originally planned, without any immediate compensating reduction in costs. Indeed, the situation placed a great burden on the Society's administration and called for patience and understanding from those members affected by subscription changes. The surplus achieved in the year, £5.9m before tax, although lower than the previous year, was in these circumstances most satisfactory.

The introduction of NHS indemnity necessitated a financial agreement between the Society and the Department of Health. The Society has been relieved of the liability for all claims arising in the HCHS from incidents prior to 1990, and, in exchange for this, the Society has agreed to make over a part of its financial reserves (the HCHS Fund) together with the benefit of its insurance policies where relevant. The agreement, finally negotiated with the Department of Health is, in the view of the Society and its advisers, fair to all parties, and the reserves transferred represent an appropriate proportion of members' assets in relation to the likely liabilities.

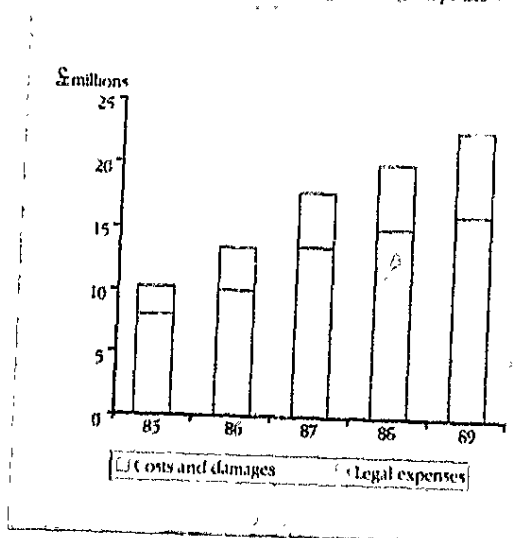
In accordance with professional accountancy practice this allocation of reserves, amounting to £12.3m, has been provided for in the Society's balance sheet at the year end. As a result and after including the increase in gross assets of £10.3m the net assets of the Society fell from £41.3m to £39.3m. This slight reduction in members' funds available to meet claims in progress or not yet notified is more than outweighed by the reduction in the estimated value of claims in progress (the contingent liability), down from £92m to £38m. Overall, there can be no doubt that the Society's financial position is sound and considerably improved.

Income and expenditure account

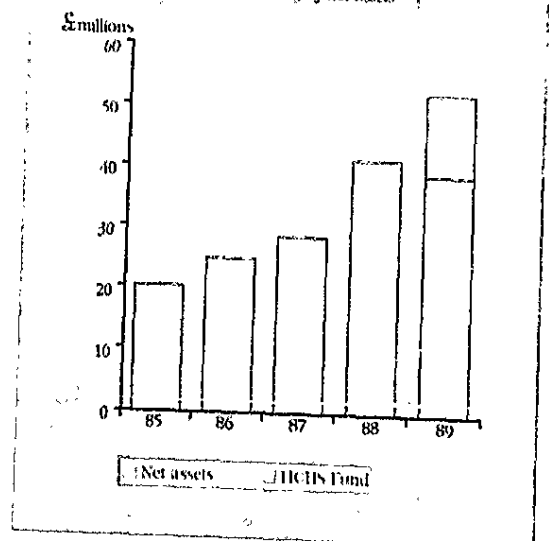
Subscription income

The Society's income of £33.3m in 1989 was less than the income of £35.9m in 1988 for two major reasons. First, pending the introduction of NHS indemnity, the Society decided to charge hospital doctors for indemnity up to 31 December 1989 only instead of for a full year. Second, the subscription rates for UK general practitioners were significantly reduced in recognition of past experience of the level of claims against this group of practitioners and the Society's new policy of relating subscriptions to risk.

5 year summary of costs, damages and legal expenses



5 year summary of net assets



TREASURER'S REPORT

Costs and damages

Despite the increasing frequency of claims and the escalating awards made by courts worldwide, the Society has managed to contain the amounts paid out by way of costs and damages and legal expenses to a small increase over the previous year. To a large extent, this is due to effective management of claims.

Insurance

The Society continues to insure against the ever-increasing level and frequency of claims. The insurance programme is designed to protect the Society's financial position and stability against the effects of high individual settlements.

Medical and dental advisory services

The Society increased its expenditure on advisory services by ten per cent in 1989. This demonstrates the Society's commitment to developing the organisation's capability to handle a wider range of members' interests as well as any claims made against them. It is relevant to stress that the work of the Society in advising members on matters not covered by the NHS scheme has increased even more sharply than the incidence of claims -- further demonstration of the case for UK hospital and community health services doctors continuing membership of the Society.

Administration expenses

The recent period has seen a substantial growth in administration expenses which reflect, in part, exceptional costs arising from the complexities of subscription changes and the introduction of NHS indemnity and, in part, the necessity to build a stronger organisation and develop services of the breadth and quality to meet members' future needs. These costs are and will remain under critical review to ensure efficiency and value for money.

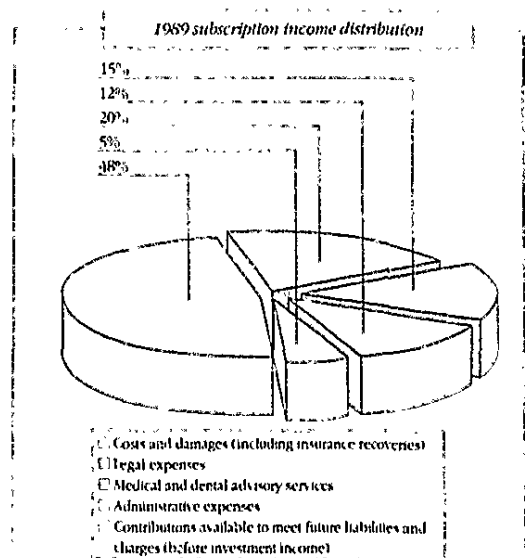
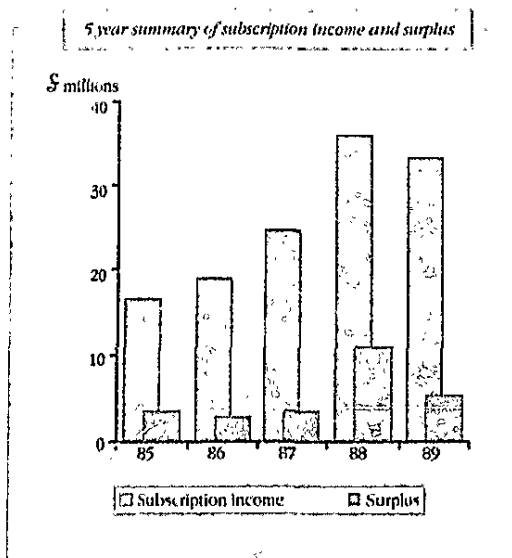
Investments

Despite the sale of part of the portfolio in anticipation of the creation of the HCHS Fund the value of the Society's investments increased by twenty-three per cent in 1989. This reflects the benefit of professional investment management and the good performance of the world stock markets in the year. The markets have moved lower since the year end but, since the Society is not dependent on its portfolio for cash flow, it is able to take a long-term view.

Bank deposits

Bank deposits increased from £7.2m to £11.6m at the end of 1989. The increase arose both because of high interest rates and the increasingly attractive returns offered, and because the Society chose to match its cash reserves and short-term investments with the monies to be allocated to the HCHS Fund.

Balance sheet



TREASURER'S REPORT

Hospital and Community Health Services Fund

The background to the HCHS Fund has been described above. It will be applied, on the instructions of the Department of Health, to meet claims and damages settled and costs paid by the health authorities under the terms of the agreement. The fund remains under the Society's management, as agents for the Department, and whilst it is in credit, interest based on the balance will be added to the fund. It is anticipated that some £1.2m of this fund will be paid in 1990 and the remainder in 1991 and thereafter.

Competition

During 1989 schemes to provide indemnity for certain categories of doctors were set up by the Medical Insurance Agency and Minet in the UK. A new mutual fund, the Medical Practitioners Defence Society (MPDS), was set up to provide indemnity for general practitioners. Recently, the MPDS has ceased trading and most of its members have transferred to the Medical Protection Society by mutual agreement. The Society is confident that it can meet successfully the challenge of current competition.

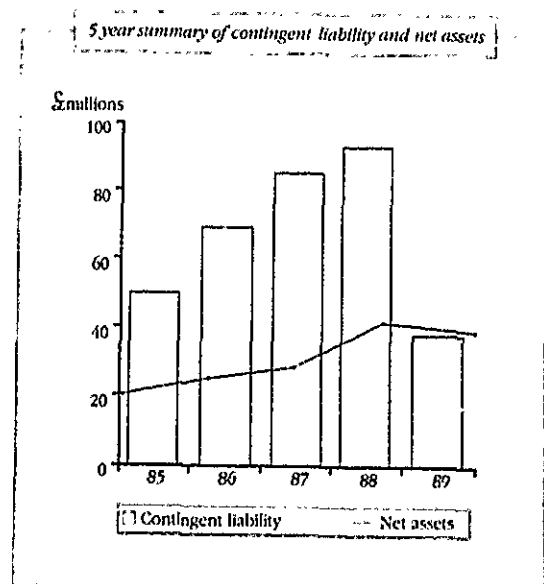
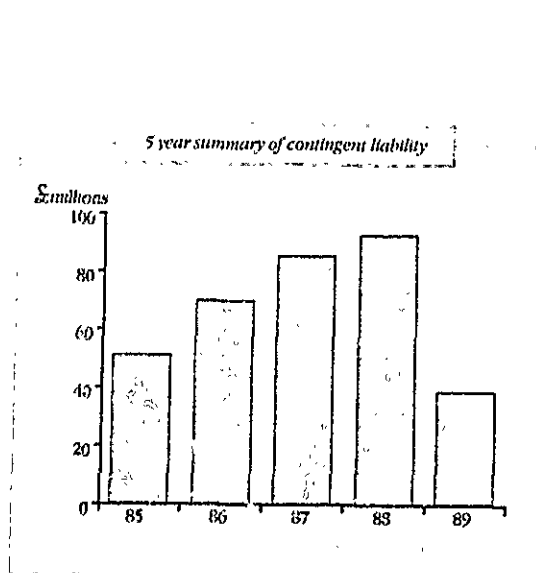
The future

New members continue to join the Society and there is no lack of opportunity to extend further the services offered by the Society in the UK, Europe and, indeed, throughout the world. Although income in 1990 will not attain the level achieved in 1989 due to the lower subscriptions payable by those members affected by NHS indemnity, and costs will need to be kept under close review, the Society can look to the future from a considerably improved financial position.

In an ever more complex and competitive environment the challenge facing the Society is to ensure that it builds and retains the organisational and managerial effectiveness necessary for future success. As the Chairman has reported in detail measures are in hand to facilitate this, affecting all aspects of the organisation including its financial management and the position of Treasurer.

Hitherto the constitution of the Society has placed the principal responsibility for its financial well-being on the Treasurer, historically a practising clinician. It has long been a concern of mine that, given the technical nature of the Society's financial affairs, the constitution should provide for the strongest possible financial management – in the resources and processes for policy setting, implementation, review and control. I have been personally involved in promoting this philosophy and strongly support the changes in the organisation approved by Council and recommended to you. It is therefore with every confidence in the future organisation that I relinquish the office of Treasurer, and thank you for all your past support.

D G A Eadie MS FRCS
Treasurer
21 August 1990



Lane
Clark &
Peacock

Actuaries

30 Old Burlington Street
London W1X 1LB
Telephone: 071-439 2266
Fax: 071-439 0183

6 June 1990

Mr. D.G.A. Eadie,
Treasurer,
Medical Protection Society,
50 Hallam Street,
London.
W1N 6DE

Dear Sir,

We have investigated the position of the Society, based upon reported cases as at 31st December 1989, and our main conclusions are as below.

Review of 1989

Crown Indemnity for those doctors and dentists working in the UK National Health Service was introduced with effect from 1st January 1990. This has led to a fundamental change in the Society's operations, as a significant part of its liabilities have been assumed by the State. Although an appropriate part of the Society's assets has been set aside as a special fund to help Health Authorities meet such claims, a major source of the more problematical risks has been removed and the Society is stronger in consequence.

Elsewhere in the world the preliminary results for 1989 confirm the slowdown, mentioned last year, in the dramatic rise in the mid-1980's in the number of claims reported. Whilst the experience in a few territories proved adverse, as a result of one or two high claims, the overall picture was most encouraging.

The Society is now in to a position in which its assets cover the estimated contingent liability for reported claims, which is a highly satisfactory advance.

Subscription Policy

In advising the Society on possible subscription rates in the new circumstances we have taken account of its current stated objective to implement subscriptions which will fully cover the cost of incidents occurring during the subscription year, even though these may not be reported, and finally settled, for many years. If such objective is maintained in future years, we would expect the Society to remain able to meet those liabilities as they fall due.

Yours faithfully,

Lane Clark & Peacock

Lane Clark & Peacock

D.W. Peacock M.A. C.R.C. Hawkes M.A. R.J.N. Young M.A. Susan M. Wilcock G.W. Oppwood Price M.A. M.R. Slat M.A. Alan Bradley M.A.
Roger R. Hill M.S. A.M. Newman M.A. Fiona J. Meardon M.A. A.D. Mason B.Sc. S. I.R.H. Scott B.Sc. F.I.A.A. P.D.G. Tompkins M.A. Petrea A. Symmonds B.Sc.
Consultant B.J. Clark M.A.

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The firm is regulated by the Institute of Actuaries in the conduct of its professional business

REPORT OF THE COUNCIL

The Council presents its report and accounts for the year ended 31 December 1989.

Principal activities The Society's business is to protect, support and safeguard the character and interests of medical and dental practitioners. The Society is non-profit-making and does not pay a dividend.

Review of the business The results for the year are stated in detail of pages 57 to 64.

The review of the business appears in the Treasurer's Report on pages 52 to 54 above.

Fixed assets The movement in the fixed asset account is set out in Note 10. Freehold and long leasehold properties are included at their open market value at 31 December 1988.

Members of Council The present members of Council of the Society are set out on page 2. All members of Council served throughout the year.

Auditors Robson Rhodes have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Council

50 Hallam Street
London W1N 6DE

R N Palmer
Secretary
21 August 1990

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 1989

	Notes	1989 £000	1988 £000	<i>The Medical Protection Society is a company limited by Guarantee</i>
<i>Income</i>				
Members' subscriptions and donations	3	<u>33,320</u>	<u>35,871</u>	
<i>Expenditure</i>				
Costs and damages (including cost of insurance)	2(g)	16,613	17,076	
Insurance recoveries		(459)	(2,332)	
Legal expenses		6,685	5,210	
Medical and dental advisory services	5	4,997	4,511	
Administration expenses	5	4,046	2,844	
Exchange adjustments	2(d)	(201)	(192)	
		<u>31,681</u>	<u>27,147</u>	
<i>Excess of income over expenditure</i>		1,639	8,724	
<i>Income from investments</i>	4	2,670	2,301	
<i>Realised gains from disposal of investments</i>		<u>1,607</u>	<u>304</u>	
<i>Surplus on ordinary activities before taxation</i>		5,916	11,329	
<i>Tax on income and realised gains from investments</i>	6	<u>(1,099)</u>	<u>(580)</u>	
<i>Surplus representing the contribution for the year available to meet future liabilities and charges</i>	15	<u>4,817</u>	<u>10,749</u>	

MOVEMENT ON RESERVES

	Revaluation reserve £000	Income and expenditure £000	Accumulated funds £000
As at 1 January 1989	8,324	33,006	41,330
Surplus on revaluation of listed investments	6,764	--	6,764
Surplus on investments sold included in reserves at 1 January 1989	(1,271)	--	(1,271)
Surplus for the year after taxation	—	4,817	4,817
At 31 December 1989	<u>13,817</u>	<u>37,823</u>	<u>51,640</u>
Reserves allocated to HCHS Fund			<u>(12,341)</u>
Net fund available			<u>39,299</u>

The notes on pages 60 to 61 form part of these accounts.

BALANCE SHEET

As at 31 December 1989

The Medical Protection Society
A company limited by guarantee

	Notes	1989 \$000	1988 \$000
<i>Fixed assets</i>			
Tangible assets	10	4,891	4,796
Investments	11	<u>36,447</u>	<u>29,659</u>
		<u>41,338</u>	<u>34,455</u>
<i>Current assets</i>			
Debtors	12	4,692	7,213
Bank deposit accounts		11,641	7,161
Cash at bank and in hand		<u>849</u>	<u>703</u>
		<u>17,182</u>	<u>15,077</u>
<i>Creditors:</i>			
<i>amounts falling due within one year</i>			
- General	13	(6,880)	(8,202)
- HCHS Fund		<u>(1,200)</u>	<u>0</u>
		<u>(8,080)</u>	<u>(8,202)</u>
<i>Net current assets</i>			
		<u>9,102</u>	<u>6,875</u>
<i>Total assets less current liabilities</i>			
		<u>50,440</u>	<u>41,330</u>
<i>Creditors</i>			
<i>Amounts falling due after more than one year</i>			
- HCHS Fund	14	<u>(11,141)</u>	<u>0</u>
<i>Net assets</i>			
		<u>39,299</u>	<u>41,330</u>
<i>Accumulated funds</i>			
Income and expenditure		37,823	33,006
Revaluation reserve		<u>13,317</u>	<u>8,324</u>
		51,640	41,330
<i>Reserves allocated to HCHS Fund</i>			
		<u>(12,341)</u>	<u>0</u>
<i>Fund available to meet future liabilities and charges</i>			
	15	<u>39,299</u>	<u>41,330</u>

The notes on pages 61 to 64 form part of these accounts

J J Bradley Chairman of Council
D G A Eadie Treasurer
21 August 1990

*Report of the Auditors
to the Members of the
Medical Protection
Society*

We have audited the accounts set out on pages 57 to 64 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Society's affairs at 31 December 1989 and of the surplus and source and application of funds for the year ended and have been properly prepared in accordance with the Companies Act 1985.

186 City Road
London EC1V 2NU

ROBSON RHODES
Chartered Accountants
21 August 1990

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended 31 December 1989

	1989 £000	1988 £000	
			The Medical Protection Society <i>(A company limited by Guarantee)</i>
<i>Source of funds</i>			
Surplus on ordinary activities before taxation	<u>5.916</u>	<u>11,329</u>	
Items not involving movement of funds			
- Depreciation	363	286	
- Realised gains from disposals of investments	<u>(1,607)</u>	<u>(320)</u>	
<i>Funds generated by operations</i>	4,672	11,295	
<i>Funds from other sources</i>			
Proceeds from sale of investments	13,055	10,049	
Proceeds from sale of fixed assets	48	21	
Loans repaid	0	5	
<i>Total funds generated</i>	<u>17,775</u>	<u>21,370</u>	
<i>Applications of funds</i>			
Purchase of investments	12,762	14,178	
Purchase of fixed assets	487	781	
Taxation paid	<u>527</u>	<u>1,098</u>	
	13,776	16,057	
<i>Movements in working capital</i>	<u>3,999</u>	<u>5,313</u>	
<i>Represented by</i>			
(Decrease)/increase in debtors	(2,521)	6,793	
Decrease/(increase) in creditors falling due within one year	1,879	(2,001)	
Decrease in subscriptions paid in advance	0	3,427	
<i>Movements in net liquid funds</i>			
Increase/(decrease) in cash and bank balances	<u>4,641</u>	<u>(2,906)</u>	
	<u>3,999</u>	<u>5,313</u>	

The notes on pages 60 to 64 form part of these accounts.

NOTES TO THE ACCOUNTS

The Medical Protection Society
 A company limited by guarantee

1 Basis of preparation of the accounts

The Society is a mutual society, the function of which is to protect, support and safeguard the character and interests of medical and dental practitioners. It is a non-profit making company limited by guarantee and all income and property must be applied solely towards its objects as defined by the Society's Memorandum of Association. Members are not entitled to dividends or other distributions, and the surplus is retained by the Society to set against future liabilities.

One of the objects of the Society is to grant indemnity to members in respect of claims and demands which may result in the payment of costs and damages. The Articles of Association set down that the grant of indemnity to any member is entirely at the discretion of Council which has the power to impose such terms and conditions as it thinks fit and to limit such indemnity or decline altogether to grant indemnity. Such discretionary powers differentiate the Society from insurance companies. Provision is not therefore made in the accounts for future costs and damages arising on claims which have been reported to the Society but have not been settled but the value of such outstanding claims has been estimated and details are set out in Note 15. The Society has not estimated the value of claims arising from incidents which have occurred by the balance sheet date but for which no notification of a claim has been received.

It is the Society's policy to set a subscription level such that each year the income derived will meet the cost of incidents, in claims and damages, occurring during that year. The calculation of the subscription income necessary is carried out in consultation with the Society's actuaries. The Council are advised that the application of this policy will generate sufficient funds to meet claims as and when they fall due. The Society also has the right to call each year for additional funds from its members up to an amount equal to the annual subscription.

On 1 January 1990, the United Kingdom health departments introduced a scheme under which National Health Service health authorities would be formally responsible for the handling and financing of claims of negligence against their employed medical and dental staff within the hospital and community health sectors. This scheme encompasses current outstanding and future claims in the hospital and community health sectors but does not extend to claims involving NHS independent contractors. The Society has agreed with the Department of Health to allocate to a fund (known as the HCHS Fund) £12.3 million of its reserves at 31 December 1989, as a contribution to the liability being accepted by the NHS health departments.

2 Accounting policies

(a) Convention

The accounts include investments, freehold and long leasehold property at market value but in all other respects have been prepared in accordance with the historical cost convention. The Principal accounting policies adopted by the Society within that convention are set out below.

(b) Subscriptions

Subscription income is brought into account without apportionment:

- (i) when received if a member makes a single payment, or
- (ii) by reference to the due date, if payment is made in arrears by instalments.

Under the agreement with the Department of Health of United Kingdom, subscriptions due but not received from NHS members as at 31 December 1989 have been included in income and debtors.

(c) Depreciation

Depreciation is not provided in respect of freehold land. On other assets it is provided in equal annual instalments over their anticipated useful lives. The rates of depreciation are as follows:

Freehold property	- 2% per annum
Leasehold properties	- over life of leases
Furniture and fittings	- 5% per annum
Heating	- 10% per annum
Office equipment	- 15% per annum
Motor vehicles	- 25% per annum
Computers	- 20% per annum

NOTES TO THE ACCOUNTS

The Medical Protection Society
(A company limited by Guarantee)

Debts paid and subscriptions received in foreign currencies are translated to their sterling equivalent at the date of payment or receipt. Current assets and liabilities appearing in the balance sheet are translated at the rate of exchange ruling at 31 December.

(d) *Translation of foreign currency transactions*

Dividends are brought into account when received. Interest receivable is brought into account on an accruals basis.

(e) *Dividends*

Listed investments are included in the balance sheet at market valuation. The net surplus or deficit on revaluation is credited or charged to the revaluation reserve. On disposal the net proceeds are compared with original cost and the profit or loss credited or charged to the income and expenditure account.

(f) *Investments*

Provision is made in the accounts and included in creditors for all agreed liabilities on cases notified before 31 December 1989. This includes expenditure incurred in the period to 31 March 1990 relating to the year ended 31 December 1989.

(g) *Costs and damages*

Provision is made in the accounts for taxation on investment income received in the year and on capital gains on investments disposed of during the year. Provision is made for tax deferred because of timing differences between the treatment of items for tax and accounting purposes, except to the extent that there is reasonable probability that such deferred tax will not become payable in the future.

(h) *Taxation*

The Society operates a defined benefit pension scheme. The assets of the scheme are invested and managed independently of the finances of the Society.

(i) *Pensions*

In principle the Society contributes to the scheme an amount equal to the regular cost of pensions as calculated by a qualified actuary based on a constant percentage of current pensionable payroll. The regular pension costs so calculated are charged to the income and expenditure account. Triennial valuations of the pension scheme are performed by the actuary using the projected unit method. These valuations may reveal a surplus or deficit, which the Society then eliminates by temporarily varying its contributions to the scheme from 20.3% (employer's contributions) charged in the current year.

	1989 £000	1988 £000	
Subscriptions analysed by geographical area:			3 Subscriptions
United Kingdom and Republic of Ireland	26,483	27,177	
Australia and New Zealand	4,938	6,843	
Rest of the world	1,899	1,851	
	<u>33,320</u>	<u>35,871</u>	
			4. Income from investments
Dividends: listed investments	£000	£000	
- franked	1,045	799	
- unfranked	388	715	
Bank interest	1,181	733	
Rental income	19	28	
Other income	37	26	
	<u>2,670</u>	<u>2,301</u>	

NOTES TO THE ACCOUNTS

The Medical Protection Society
A Company Limited by Guarantee

5 Medical and dental advisory services and administration expenses	Charges under this classification are: Audit fee Emoluments and expenses of members of Council (Note 7) Depreciation on fixed assets	1989 £000 40 153 363	1988 £000 35 145 286
6 Tax on income and realised gains from investments	Tax on franked income Corporation tax at 35% on income and realised gains from investments Overseas tax payable Overseas tax recoverable	1989 £000 257 842 17 (17) <u>1,029</u>	1988 £000 201 379 17 (17) <u>580</u>

No provision has been made for taxation of approximately £3,250,000 (1988 - £1,535,000), which would arise should the Society's investments, freehold and long leasehold properties be sold at the market value included in the balance sheet.

7 Emoluments of members of Council	Chairman Highest paid member of Council The emoluments of other members of Council fell in the following ranges: £0 - £5,000 £5,001 - £10,000	1989 £000 16 18 1989 14 10	1988 £000 12 17 1988 20 8
8 Employees' remuneration	The average number of people employed by the Society during the year was 151 (1988 - 147) Costs in respect of these employees: Wages and salaries Social Security costs Pension costs Executive employees received remuneration in the following ranges: £30,000 - £35,000 £35,001 - £40,000 £40,001 - £45,000 £45,001 - £50,000 £50,001 - £55,000 £55,001 - £60,000 £60,001 - £65,000	1989 £000 3,014 260 388 <u>3,662</u> 1989 - 1 5 11 6 1 <u>25</u>	1988 £000 2,888 230 135 <u>3,553</u> 1988 1 2 14 5 2 1 <u>25</u>

NOTES TO THE ACCOUNTS

The Medical Protection Society
(A company limited by Guarantee)

9 Pensions

The most recent, formal actuarial review of the pension scheme was at 1 January 1988. The market value of the scheme assets as shown in the scheme accounts at that date was £2.0m and the level of funding was 91%. The main actuarial assumptions used in the valuation were:

Investment returns	9.0% p.a.
Salary increase	7.0% p.a.
Future pension increases	5.0% p.a.
New entrants – a constant age profile for the pension scheme.	

As the valuation revealed a surplus funding, the actuary recommended a reduction in the contribution rate from 29% (excluding employees' contribution) to 20.3%. The reduction in contribution rate is with effect from 1 January 1989.

10 Tangible assets

	Freehold property	Leasehold property	Computers, furniture, fittings, and office equipment	Motor cars	Total
	£000	£000	£000	£000	£000
Cost or valuation					
As at 1 January 1989	460	3,447	1,254	290	5,451
Additions	4	126	217	140	487
Disposals	–	–	(2)	(79)	(81)
As at 31 December 1989	464	3,573	1,469	351	5,857
Depreciation:					
As at 1 January 1989	–	18	515	122	655
Provided in year	9	71	202	81	363
Released on disposals	–	–	–	(52)	(52)
As at 31 December 1989	9	89	717	151	966
Net book values					
As at 31 December 1988	460	3,429	739	168	4,796
As at 31 December 1989	455	3,484	752	200	4,891

Included in leasehold property are short leaseholds with a net book value of £349,566 (1988 – £329,481).

The revaluation of Freehold and Long Leasehold property was performed at 31 December 1988 by Messrs Stanley Hicks & Sons, Chartered Surveyors, on the basis of their open market value. If the land and buildings had not been revalued they would have been stated in the accounts at the following amounts.

	Freehold Property	Leasehold Property
	£000	£000
Cost	106	1,036
Depreciation	(17)	(97)
At 31 December 1989	89	939
At 31 December 1988	87	845

Capital commitment
Capital expenditure approved but not contracted for amounted to \$9,350 (1988 – \$13,700).
Capital expenditure approved and contracted for amounted to £14,350 (1988 – £105,000).

NOTES TO THE ACCOUNTS

The Medical Protection Society
 Incorporated in Great Britain

11 Investments		1989	1988
		£000	£000
Valuation at 1 January		29,659	24,121
Additions		12,762	14,178
Disposals		(12,519)	(9,828)
Loans (repaid)		0	(5)
Surplus on revaluation of listed investments		6,545	1,193
At 31 December		<u>36,447</u>	<u>29,659</u>
Investments at 31 December 1989 comprise:			
General fund – listed			
- on UK stock exchange		35,461	22,956
- on foreign stock exchanges		983	6,700
Other		3	3
		<u>36,447</u>	<u>29,659</u>
Historical cost			
Listed investment		<u>25,586</u>	<u>21,289</u>
12 Debtors		1989	1988
		£000	£000
Subscriptions owing		3,135	2,439
Employee loans		14	19
Other debtors		864	3,669
Prepayments		679	1,086
		<u>4,692</u>	<u>7,213</u>
13 Creditors: amounts falling due within one year		1989	1988
		£000	£000
General			
Bank overdraft		728	753
Corporation tax		781	209
Other taxes and social security		103	70
Other creditors and accruals		5,258	7,170
		<u>6,880</u>	<u>8,202</u>
14 Creditors: amounts falling due after more than one year		1989	1988
		£000	£000
HCHS Fund		<u>11,141</u>	<u>0</u>
15 Future liabilities and charges		The estimate of the contingent liability to the Society for damages and legal costs in respect of all claims notified by 31 December 1989 for which the Society currently remains liable is £38 million after recoveries from underwriters. (1988 – £92 million)	
16 Investments in subsidiary		The Society owns 100% of the ordinary £1 shares of Dental Protection Limited, DPL (incorporated in Great Britain), which was formed in April 1989 for a consideration of £2. The principal activity of DPL is to manage the advisory and administrative affairs of the dental division of the Medical Protection Society. All expenses incurred by DPL are to be reimbursed by the Medical Protection Society. The above arrangements produce a nil result in the annual accounts of Dental Protection Limited.	
In view of the insignificant amount involved the members of the Council consider the inclusion of the accounts of DPL in the Medical Protection Society's group accounts would be of no real value to the members. Group accounts have not therefore been prepared.			
17 Guarantee		The Society is limited by guarantee of up to £1 per member.	