

Private Medicine Intermediaries Limited

REPORT AND FINANCIAL STATEMENTS

18 month period to 31 December 2015



Company Registration No. 02009675

Private Medicine Intermediaries Limited

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Private Medicine Intermediaries Limited

DIRECTORS AND ADVISORS

DIRECTORS

RDH Munro
I Rinck
KJ Newman

REGISTERED OFFICE

51 Lime Street
London
EC3M 7DQ

AUDITOR

RSM UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Private Medicine Intermediaries Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for Private Medicine Intermediaries Limited for the 18 month period ended 31 December 2015.

The Company provides employee benefits services including the design, implementation, communication and administration of employee benefit programmes. Benefits programmes include group death in service schemes, income protection, private medical insurance, absence management and occupational health coverage.

The Group headed by PMI Health Group Limited was acquired by Willis Faber Limited on 6 October 2015 and is now a subsidiary of Willis Towers Watson plc (formerly Willis Group Holdings plc). Willis Towers Watson plc, together with its subsidiaries ("the Group"), is one of the world's leading professional service providers of risk management, insurance broking, consultancy, technology and solutions and private exchange services. The Company is regulated by the Financial Conduct Authority ("FCA").

There have been no significant changes in the Company's principal activities in the 18 month period ended 2015. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

RESULTS

The Company reported a 46.6% increase in turnover for the past 18 months, and a 42.2% increase in costs (excluding exceptional costs) during the same period. Profit before tax for the period decreased by £840,745, as shown in the profit and loss account on page 9.

BALANCE SHEET

The balance sheet on page 10 of the financial statements shows the Company's financial position at the period end. Net assets have increased by £1,825,704.

RISKS AND UNCERTAINTIES

The board and management of the Company manage the risks and uncertainties facing the Company on a continuous basis. We consider the principal risks and uncertainties to be in the following areas:

Economic environment and competition

Competition in the Company's specialised area remains strong across all business streams. However the Company is confident that it delivers value to clients through its service levels and unique expertise through varying economic environments.

Regulatory, Legal and Conduct Risk

The Company is subject to regulation from the Financial Conduct Authority (FCA) in relation to its insurance mediation activities. The FCA has prescribed principles for business and rules by which the Company's insurance and reinsurance operations are to conduct business, including the rules governing how the Company holds client assets. The FCA has a wide range of rule-making, investigatory and enforcement powers aimed at meeting its statutory objective of ensuring that the relevant markets function well.

The regulator has three operational objectives:

- Promoting effective competition in the interests of consumers;
- Securing an appropriate degree of protection for consumers; and
- Protecting and enhancing the integrity of the UK financial system.

Private Medicine Intermediaries Limited

STRATEGIC REPORT

Central to the regulator's agenda is 'Conduct Risk', which is the risk that a firm's behaviour will result in poor outcomes for customers and adversely impact on the integrity of the market. The Company's failure or that of its employees, to satisfy the FCA that it is in compliance with their requirements or the legal requirements governing its activities, can result in disciplinary actions, fines, reputational damage and financial harm. We continue to focus on Conduct Risk through the review of appropriate metrics and taking appropriate action as necessary.

Exposure to the Group

The Company is a subsidiary of Willis Towers Watson plc (formerly Willis Group Holdings plc). The Group is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has total assets at 31 December 2015 of \$18.8 billion.

The Company is dependent upon its ultimate parent company and the Group for ongoing support in a wide range of areas, including the provision of operational and technology services and delivery of a number of key projects and initiatives. The Company also deposits surplus funds with the Group. The Directors expect the support from the Group to continue for the foreseeable future.

The Company is also exposed to additional risks by virtue of being part of the wider Group. These risks have been discussed in the Group's financial statements which do not form part of this report.

Change Risk

The Group and Company's strategic plans which reflect the changes in the insurance broking and risk management advisory market require significant change in the Company's organisation and operations. These changes may result in dissatisfaction of our employees resulting in a reduction in client service levels leading to higher rates of client loss and lower levels of new business. It may also result in the resignation of key client service staff and new business producers which may lead to lower levels of revenue than planned.

The Company manages this risk through robust change governance processes, mechanisms to retain key employees and through ongoing monitoring of key performance indicators designed to provide early notice of declining performance.

Errors and Omissions Exposures

As a consequence of the business sector the Company operates in, claims alleging professional negligence may be made against the Company. Some of these claims may have a material adverse impact on the Company's cash and capital position. The Company mitigates this risk through the purchase of insurance cover.

Data Security Risk

Computer viruses, hackers and other external hazards, as well as improper or inadvertent staff behaviour could expose confidential company and personal data systems to security breaches. Additionally, one of our significant responsibilities is to maintain the security and privacy of our clients' confidential and proprietary information and the personal data of their employees. These increased risks, and expanding regulatory requirements regarding data security, could expose us to data loss, monetary and reputational damages and significant increases in compliance costs.

With respect to our commercial arrangements with third-party vendors, we have processes designed to require third-party IT outsourcing, offsite storage and other vendors to agree to maintain certain standards with respect to the storage, protection and transfer of confidential, personal and proprietary information. However, we remain at risk of a data breach due to the intentional or unintentional non-compliance by a vendor's employee or agent, the breakdown of a vendor's data protection processes, or a cyber-attack on a vendor's information systems. From time to time we experience data incidents, resulting from human error as well as attempts at unauthorised access to our systems, which to date have not had a material impact on our business, operations or clients.

Private Medicine Intermediaries Limited

STRATEGIC REPORT

We maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information. However, we cannot entirely eliminate the risk of data security breaches, improper access to or disclosure of confidential company or personally identifiable information. Our technology may fail to adequately secure the private information we hold and protect it from theft, computer viruses, hackers or inadvertent loss. In such circumstances, we may be held liable to our clients, which could result in legal liability or impairment to our reputation resulting in increased costs or loss of revenue.

FINANCIAL INSTRUMENTS

The board use management accounts and various financial reports to ensure that the following are reviewed and we are aware of any risk arising in any of the following areas:

Liquidity Risk

The Company is financed by its own monies and has no third party debt. Surplus own funds are deposited with other Group undertakings and interest is earned and paid on intercompany loan balances at market rate.

Credit Risk

Credit risk is the risk that counterparties may not be able to repay amounts in full when due. This risk arises in respect of amounts due from clients and insurers in respect of brokerage not yet received, funded claims and funded premiums. It also arises in respect of its cash and investment holdings.

Commissions not yet received are monitored closely to minimise the time taken to collect. The risk of funded claims and premiums is mitigated by the Company's policy of only funding claims and premiums in exceptional circumstances and then through active collection of the debts created. The failure of one or more bank may have an adverse impact on the Company. The Company holds its own and fiduciary cash in bank accounts and deposits.

The Company does not place any funds in banks with a credit rating below Fitch Short Term F1. Banks with which the Company has a credit exposure are monitored daily. In the event of a bank failure, the FCA's CASS rules set out the mechanism by which any loss of client money should be administered. The Company has reviewed its processes for complying with these rules and continues to implement changes to further strengthen them. The Company mitigates its exposure to credit risk through the diversification of funds between approved banks and through a programme of reduction of fiduciary balances where possible.

The Board has established and monitors a policy with clear limits and processes to be followed to manage these risks.

FUTURE DEVELOPMENTS

The Company will continue to offer the wide range of services we currently provide to our clients. We will look to further develop our current product range and use the support of the wider Willis Tower Watson Group so that we may evolve along with our customer needs and offer full solutions for their employee healthcare needs.

By order of the board


I Rinck
Director

51 Lime Street
London

EC3M 7DQ

27 SEPTEMBER 2016

2016

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of Private Medicine Intermediaries Limited for the 18 month period ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are:

- Broking, consultancy and risk management for employee health insurance; and
- Supplying absence management software.

The Company has continued to develop all of these services throughout the period in order to be able to meet the changing needs of its clients.

The Company is regulated by the Financial Conduct Authority.

RESULTS AND DIVIDENDS

The Company profit for the period after taxation was £1,215,287 (2014: £1,629,315). During the period dividends of £nil (2014: £2,300,000) were paid. The Directors do not recommend any final dividend (2014: £nil).

DIRECTORS

The Directors who held office during the period were as follows:

CP Baldwin (resigned 18 June 2015)
M Baldwin (resigned 6 October 2015)
RDH Munro
MI Davis (resigned 6 October 2015)
RE Floyd (resigned 6 October 2015)
MP Blake (resigned 6 October 2015)
IC Green (resigned 6 October 2015)
AD Powis (appointed 6 October 2015, resigned 24 February 2016)
I Rinck (appointed 6 October 2015)
KJ Newman (appointed 6 May 2015)

POST BALANCE SHEET EVENT

On 4 January 2016, pursuant to an Agreement and Plan of Merger, the Willis Group Holdings plc group and the Towers Watson and Co. group combined, with Towers Watson and Co. becoming a wholly-owned subsidiary of Willis Group Holdings plc. Immediately following the merger, Willis Group Holdings plc changed its name to Willis Towers Watson plc.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Private Medicine Intermediaries Limited

DIRECTORS' REPORT

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



I Rinck
Director

51 Lime Street
London
EC3M 7DQ

27 SEPTEMBER 2016

2016

Private Medicine Intermediaries Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent; and
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIVATE MEDICINE INTERMEDIARIES LIMITED

We have audited the financial statements on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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.

RSM UK Audit LLP

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

29 September 2016

Private Medicine Intermediaries Limited

PROFIT AND LOSS ACCOUNT

for the 18 month period ended 31 December 2015

	Notes	18 month period ended 31 December 2015 pre- exceptionals £	Exceptional costs (see note 1) £	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
TURNOVER		12,338,503	-	12,338,503	8,419,095
Administrative expenses		(9,123,755)	(2,065,925)	(11,189,680)	(6,414,695)
OPERATING PROFIT/(LOSS)		3,214,748	(2,065,925)	1,148,823	2,004,400
Interest receivable and similar income	4			22,258	9,287
Interest payable and similar charges	5			-	(1,861)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1-5			1,171,081	2,011,826
Taxation	6			44,206	(382,511)
PROFIT FOR THE FINANCIAL PERIOD	15			1,215,287	1,629,315

The turnover and operating profit for the period arises from the Company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Private Medicine Intermediaries Limited

BALANCE SHEET

at 31 December 2015

	Note	31 December 2015 £	30 June 2014 £
FIXED ASSETS			
Intangible assets	8	-	24,072
Tangible assets	9	637,416	750,971
		<u>637,416</u>	<u>775,043</u>
CURRENT ASSETS			
Debtors	10	4,725,179	2,964,908
Cash at bank and in hand		1,255,731	964,447
		<u>5,980,910</u>	<u>3,929,355</u>
CREDITORS: Amounts falling due within one year	12	(1,090,476)	(1,002,252)
		<u>4,890,434</u>	<u>2,927,103</u>
NET CURRENT ASSETS			
		<u>4,890,434</u>	<u>2,927,103</u>
NET ASSETS		<u>5,527,850</u>	<u>3,702,146</u>
CAPITAL AND RESERVES			
Called up share capital	14	688,790	688,790
Capital contribution reserve		610,417	-
Profit and loss account	15	4,228,643	3,013,356
		<u>5,527,850</u>	<u>3,702,146</u>
SHAREHOLDERS' FUNDS		<u>5,527,850</u>	<u>3,702,146</u>

The financial statements on pages 9 to 24 were approved by the board of directors and authorised for issue on ~~27~~ **27 SEPTEMBER** 2016 and are signed on its behalf by:



I Rinck
Director

51 Lime Street
London
EC3M 7DQ

Company Registration No. 02009675

Private Medicine Intermediaries Limited
RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
for the 18 month period ended 31 December 2015

	Note	31 December 2015 £	30 June 2014 £
PROFIT FOR THE FINANCIAL PERIOD		1,215,287	1,629,315
Dividends paid	7	-	(2,300,000)
NET ADDITION TO/(REDUCTION IN) SHAREHOLDER'S FUNDS		1,215,287	(670,685)
Opening shareholder's funds		3,702,146	4,372,831
Share options charge from former parent company		610,417	-
CLOSING SHAREHOLDER'S FUNDS		5,527,850	3,702,146

Private Medicine Intermediaries Limited

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Company is exempt from the requirement of Financial Reporting Standard ("FRS") 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Willis Towers Watson plc (formerly Willis Group Holdings plc) and its cash flows are included within the consolidated cash flow statement of that company.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Reports. The Directors consider that the financial position of the Company is positive with cash at the bank and a strong balance sheet. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

RELATED PARTY TRANSACTIONS

The Company has, in accordance with FRS 8, taken advantage of the exemption from reporting the transactions between the Company and certain of its related parties, since all the voting rights are controlled by the group and the consolidated financial statements in which the Company's results are consolidated are publicly available.

INTANGIBLE FIXED ASSETS

Expenditure on licences is capitalised at cost and written off over 5 periods.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Computer equipment	- 25% straight line
Motor vehicles	- 20% straight line
Fixtures, fittings and equipment	- 25% straight line

TAXATION

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax assets are recognised if the Directors consider the asset can be recovered with reasonable certainty.

Private Medicine Intermediaries Limited

ACCOUNTING POLICIES

TAXATION (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

All leases are “operating leases” and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

RETIREMENT BENEFITS

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

INSURANCE CREDITORS AND CASH

The Company acts as an agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters, the Company has followed generally accepted accounting practice for insurance brokers by showing creditors and cash balances relating to its insurance business as assets and liabilities of the Company itself unless net settlement can be secured beyond doubt. This complies with the reporting requirements under FRS 5, where assets and liabilities may not be offset unless net settlement is enforceable.

TURNOVER

Turnover represents commissions and fees earned via insurance premium contracts. Commission and fee income is recognised at the date the policy commences. Any subsequent adjustments to policy income are recognised when confirmed.

Turnover and pre-tax profits are derived entirely from operating within the United Kingdom.

EXCEPTIONAL COSTS

Exceptional costs relate to the restructuring of the PMI Health Group Limited group and the subsequent sale of the group to Willis Towers Watson plc (formerly Willis Group Holdings plc).

SHARE-BASED PAYMENTS

Equity-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management’s best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments. Changes in fair value are recognised through the profit and loss account.

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

1	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
	Profit on ordinary activities before taxation is stated after charging:	2015	2014
		£	£
	Depreciation of owned fixed assets	433,654	293,577
	Amortisation of intangible assets	5,516	6,017
	Loss on disposal of fixed assets	500	1,440
	Operating leases – land and buildings	158,598	105,732
	Audit services:		
	- Statutory audit of accounts	9,590	10,490
	Other services relating to taxation:		
	- Compliance services	3,650	1,575
	- Advisory services	7,000	-
	Exceptional costs	2,065,925	-
		<u> </u>	<u> </u>

EXCEPTIONAL COSTS

Exceptional costs relate to the restructuring of the PMI Health Group Limited group prior to the subsequent sale of the Group to Willis Towers Watson plc (formerly Watson Group Holdings plc) and related to bonuses, share-based payment costs, potential bad debt provisions and other specific reserves required.

2	DIRECTORS' EMOLUMENTS	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
	Emoluments	763,527	742,267
	Sums paid to third parties for directors' services	261,399	359,206
	Pension fund contributions	43,125	32,371
		<u> </u>	<u> </u>
		1,068,051	1,133,844
		<u> </u>	<u> </u>

	18 month period ended 31 December 2015 Number	Year ended 30 June 2014 Number
The number of directors to whom retirement benefits are accruing under:		
Defined contribution pension schemes	-	5
	<u> </u>	<u> </u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

2 DIRECTORS' EMOLUMENTS (continued)

	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Highest paid director: Emoluments	269,107	287,448

3 STAFF COSTS

	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Wages and salaries	4,996,068	3,639,867
Social security costs	556,323	374,126
Other pension costs	393,000	250,469
	5,945,391	4,264,462

The monthly average number of employees (including directors) during the period was as follows:

	18 month period ended 31 December 2015 Number	Year ended 30 June 2014 Number
Management and administration	65	62
Sales	25	28
	90	90

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

4	INTEREST RECEIVABLE AND SIMILAR INCOME	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
	Bank interest	21,982	9,287
	Corporation tax interest	276	-
		<hr/>	<hr/>
		22,258	9,287
		<hr/> <hr/>	<hr/> <hr/>
5	INTEREST PAYABLE AND SIMILAR CHARGES	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
	Interest payable on corporation tax	-	1,861
		<hr/>	<hr/>
		<hr/> <hr/>	<hr/> <hr/>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

6 TAXATION	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
Current tax:		
UK corporation tax on profits for the period	159,415	470,556
Adjustments in respect of previous periods	(197,280)	(76,499)
	<hr/>	<hr/>
Total current tax (see below)	(37,865)	394,057
	<hr/>	<hr/>
Deferred taxation:		
Origination and reversal of timing differences	(18,896)	(10,520)
Adjustment in respect of previous period	12,555	(1,026)
	<hr/>	<hr/>
	(6,341)	(11,546)
	<hr/>	<hr/>
Tax on profit on ordinary activities	(44,206)	382,511
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting current tax charge for period:	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
The tax assessed for the period is lower than (2014: lower than) the average standard rate of corporation tax in the UK 20.5% (2014: 22.5%). The differences are explained below:		
Profit on ordinary activities before tax	1,171,081	2,011,826
	<hr/>	<hr/>
Profit on ordinary activities multiplied by average standard rate of corporation tax in the UK 20.5% (2014: 22.5%)	240,072	452,661
Effects of:		
Expenses not allowable for tax purposes	225,961	22,397
Fixed asset timing differences	33,880	(1,384)
Other timing differences	(12,871)	13,095
Research and development	-	(11,404)
Adjustments in respect of previous periods	(145,092)	(76,499)
Capital in revenue	-	(4,381)
Group relief	(197,280)	(428)
Share options relief	(206,254)	-
	<hr/>	<hr/>
Tax charge for period	(37,865)	394,057
	<hr/> <hr/>	<hr/> <hr/>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

7	DIVIDENDS PAID	18 month period ended 31 December 2015 £	Year ended 30 June 2014 £
	Ordinary dividend	-	2,300,000

In respect of the current period a dividend of nil (2014: 333.9p per share) was paid to the shareholders.

8	INTANGIBLE FIXED ASSETS	Licences £
	<i>Cost</i>	
	At beginning of period	30,089
	Disposals	(30,089)
	At end of period	-
	<i>Amortisation</i>	
	At beginning of period	6,017
	Charged in the period	5,516
	Disposals	(11,533)
	At end of period	-
	<i>Net book value</i>	
	At 31 December 2015	-
	At 30 June 2014	24,072

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

9 TANGIBLE FIXED ASSETS

	Computer equipment	Motor vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
<i>Cost</i>				
At beginning of period	1,178,501	461,775	385,417	2,025,693
Additions	100,581	238,582	42,312	381,475
Disposals	(278,382)	(175,522)	(3,096)	(457,000)
At end of period	1,000,700	524,835	424,633	1,950,168
<i>Depreciation</i>				
At beginning of period	778,492	167,596	328,634	1,274,722
Charged in the period	253,818	140,673	39,163	433,654
Disposals	(277,991)	(114,537)	(3,096)	(395,624)
At end of period	754,319	193,732	364,701	1,312,752
<i>Net book value</i>				
At 31 December 2015	246,381	331,103	59,932	637,416
At 30 June 2014	400,009	294,179	56,783	750,971

10 DEBTORS

	31 December 2015 £	30 June 2014 £
<i>Due within one year:</i>		
Trade debtors	1,319,803	2,265,111
Amounts owed by Group undertakings	2,809,250	534,716
Other debtors	10,880	-
Prepayments and accrued income	57,401	161,404
Corporation tax	517,827	-
Deferred tax asset (see note 13)	10,018	3,677
	4,725,179	2,964,908

11 INSURANCE MONIES HELD

The Company holds monies on behalf of its clients in statutory trust accounts in respect of insurance premiums of £348,197 (2014: £338,574) which are not included in the cash balances at the period end.

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

12	CREDITORS: Amounts falling due within one year	31	30
		December	June
		2015	2014
		£	£
	Trade creditors	100,265	103,796
	Amounts owed to Group undertakings	692,926	96,209
	Corporation tax	-	67,205
	Other creditors	2,573	-
	Other taxes and social security costs	115,201	120,304
	Accruals and deferred income	179,511	614,738
		<u>1,090,476</u>	<u>1,002,252</u>

13	DEFERRED TAXATION	Deferred taxation £
	Asset at beginning of period	3,677
	Credit for the period	6,341
	Asset at end of period	<u>10,018</u>

The elements of deferred taxation are as follows:

	31	Provided 30
	December	June
	2015	2014
	£	£
Difference between accumulated depreciation and capital allowances	8,232	(10,866)
Other timing differences	1,786	14,543
	<u>10,018</u>	<u>3,677</u>

There is no unprovided deferred tax (asset)/liability.

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

14	SHARE CAPITAL	31 December 2015 £	30 June 2014 £
	Allotted, called up and fully paid: 688,790 ordinary shares of £1 each	688,790	688,790

SHARE BASED PAYMENTS

Equity settled share option plan

During the period, Baldwin Ventures Limited, the former ultimate holding company, operated an Employee Share Option Scheme. The share options granted under the scheme were subject to performance conditions and had an exercise period of one year. There were vesting conditions attached to the options.

There were no options outstanding at the end of the period.

The weighted average fair value of the options granted on 19 September 2014 was £17.98.

The inputs into the Black-Scholes model are as follows:

Weighted average share price	£12.20
Weighted average exercise price	£1
Expected volatility	25%
Expected life	1 year
Risk free rate	2%
Expected dividends	0%

Expected volatility was determined by calculating the historical volatility of a similar listed company's share price over the previous year. The expected life used in the model has been based on management's best estimate.

During the 18 month period ended 31 December 2015 the Company recognised total share-based payment expenses of £610,417.

15 PROFIT AND LOSS ACCOUNT

	£
At beginning of period	3,013,356
Profit for financial period	1,215,287
	<hr/>
At end of period	4,228,643
	<hr/>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

16 PENSION COMMITMENTS

The Company pays pension contributions to personal pensions of selected employees. The personal pensions are arranged with an insurance company separate to the business. The Company also has a defined contribution pension scheme called the PMI Health Group Limited Group Personal Pension Scheme. The pension cost charge represents contributions payable by the Company which amounted to £393,000 (2014: £250,469). Contributions outstanding at the period end totalled £9,931 (2014: £12,888).

17 COMMITMENTS

At the period end the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	31	30
	December	June
	2015	2014
	£	£
Operating leases which expire in more than five years	<u>105,200</u>	<u>105,200</u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

18 RELATED PARTY TRANSACTIONS

CP Baldwin Pension Trust

The Company rented certain properties from Mr CP Baldwin's pension trust. CP Baldwin was a former director and shareholder of Baldwin Ventures Limited. Rental for the period in which he was a director amounted to £132,165 (2014: £105,732).

Hurlstone Management Limited

Mr MI Davis, a former director of the Company, is a director and controlling shareholder of Hurlstone Management Limited.

During the period the Company transacted with Hurlstone Management Limited. The nature of the trading activities and the relative values were as follows:

	31	30
	December	June
	2015	2014
	£	£
Professional and advisory services	-	38,040
	<u> </u>	<u> </u>

At the period end there is a debtor of £nil owed to the Company by Hurlstone Management Ltd (2014: £2,437).

Baldwin Ventures Limited

During the period the Company was recharged expenses aggregating to £315,070 (2014: £251,983) from Baldwin Ventures Limited, the ultimate parent company of Private Medical Intermediaries Limited until 6 October 2015. During the period the Company recharged expenses of £9,765 (2014: £14,830) to Baldwin Ventures Limited. At the period end there is a balance owing to Baldwin Ventures Limited of £nil (2014: £31,823).

Baldwin Landscaping Limited

Mr CP Baldwin was a director and controlling shareholder of Baldwin Landscaping Limited.

During the period the Company transacted with Baldwin Landscaping Limited. The nature of the trading activities and the relative values were as follows:

	31	30
	December	June
	2015	2014
	£	£
Gardening services	8,914	4,145
	<u> </u>	<u> </u>

Private Medicine Intermediaries Limited

NOTES TO THE FINANCIAL STATEMENTS

for the 18 month period ended 31 December 2015

19 CONTINGENT LIABILITIES

The Company is a member of a VAT group.

At 31 December 2015 the VAT liability of the VAT group excluding that of the Company was £46,925 (2014: £102,398).

20 PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company's immediate holding company is PMI Health Group Limited, a Company incorporated in the United Kingdom. The Company's ultimate parent company is Willis Towers Watson plc (formerly Willis Group Holdings plc), a Company incorporated in Ireland.

The largest and smallest group in which the results of the Company are consolidated is that headed by Willis Towers Watson plc.

21 EVENTS AFTER THE BALANCE SHEET DATE

On 4 January 2016, pursuant to an Agreement and Plan of Merger, the Willis Group Holdings plc group and the Towers Watson and Co. group combined, with Towers Watson and Co. becoming a wholly-owned subsidiary of Willis Group Holdings plc. Immediately following the merger, Willis Group Holdings plc changed its name to Willis Towers Watson plc.