

PRIVATE MEDICINE INTERMEDIARIES LIMITED

Registered Number 02009675

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors

Executive Directors

I Rinck
KJ Newman
RDH Munro

Registered Office

The Courtyard, Hall Lane
Wincham, Cheshire, CW9 6DG

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

FRIDAY



A31 *A7FF5G2A* #43
28/09/2018
COMPANIES HOUSE

PRIVATE MEDICINE INTERMEDIARIES LIMITED

CONTENTS

	Page
Strategic report.....	3
Directors' report.....	7
Independent auditor's report.....	9
Income statement.....	12
Balance sheet.....	13
Statement of changes in equity.....	14
Notes to the financial statements.....	15

PRIVATE MEDICINE INTERMEDIARIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Company activities and review of developments

The Company's business model

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

Private Medicine Intermediaries Limited (the 'Company') is a subsidiary of Willis Towers Watson plc. Willis Towers Watson plc, together with its subsidiaries ('WTW'), is a leading global advisory, broking and solutions provider that helps clients around the world turn risk into a path for growth. The Company is regulated by the Financial Conduct Authority ('FCA'). The Company is domiciled and incorporated in the UK.

There have been no significant changes in the Company's principal activities in 2017. 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 profit on ordinary activities after taxation amounted to £3,251,000 (2016: profit of £2,456,000) as shown in the profit and loss account on page 12. The increase in profit is attributable to:

- £644,000 increase in turnover
- £215,000 reduction in tax charge; and
- £70,000 increase in interest receivable,
partly offset by:
 - £122,000 increase in operating expenses; and
 - £12,000 lower profit on sale of assets.

Balance sheet

The balance sheet on page 13 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £3,251,000 as a result of:

- £3,888,000 increase in debtors;
- £278,000 increase in deposits and cash; and
- £35,000 increase in intangible assets,
partly offset by:
 - £846,000 increase in creditors and fiduciary liabilities; and
 - £104,000 reduction in tangible fixed assets.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Principal risks and uncertainties

The Board considers the risks and uncertainties on a periodic basis including assessment of risk appetite and monitoring of risk against that appetite. The principal risks and uncertainties facing the Company are:

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 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.

Central to the FCA'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 WTW

The Company is a wholly-owned subsidiary of WTW. WTW is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has net assets at 31 December 2017 of US\$32 billion.

The Company is also dependent upon its ultimate parent company and WTW 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 WTW.

This Company is also exposed to additional risks by virtue of being part of the wider group, including those relating to the vote in the United Kingdom to leave the European Union and subsequent invocation of Article 50 of the Treaty of Lisbon on 29 March 2017. These risks have been discussed in WTW's financial statements which do not form part of this report.

Change Risk

WTW and the Company have recently undergone several significant business and organisational changes. Effectively managing these organisational changes is critical to retaining talent, servicing clients and our business success overall. The failure to effectively manage such risks could adversely impact the Company's resources or business or financial results.

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.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

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 profitability, cash and capital position. The Company mitigates this risk through the implementation of the Willis Excellence Model which is designed to provide a consistent high level of service and quality to the Company's clients. In addition, the Company has taken out a program of insurance cover in respect of these risks.

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.

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.

Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient cash available to meet its obligations as they fall due. The Company assesses the potential scenarios in which this might take place and maintains significant cash and liquid funds to mitigate the risk. In the ordinary course of business the Company can also rely on WTW's liquidity.

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.

The failure of one or more banks may have an adverse impact on the Company. The Company holds its own and fiduciary cash in bank accounts and deposits. Banks with which the Company has a credit exposure are monitored daily. In the event of a bank failure, the FCA's Client Asset Sourcebook ('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.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Environment

The Company recognises the importance of its environmental responsibilities and through WTW monitors its impact on the environment on a location by location basis, and designs and implements policies to reduce any damage that might be caused by its activities.

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 20.

The Company is committed to the participation and involvement of employees in WTW's business and to facilitating their personal development to its maximum potential.

Communication with colleagues concerning the objectives and performance of WTW is conducted through staff briefings and regular meetings, complemented by colleague publications and video presentations. Feedback is continually sought from staff on a variety of business, management and human resources issues. These communication tools provide colleagues with the opportunity to contribute to the everyday running of the business, to support the achievement of WTW's vision and business strategy and to facilitate their personal development.

By Order of the Board



I Rinck
Director
The Courtyard, Hall Lane
Wincham, Cheshire CW9 6DG

25 SEPTEMBER 2018

PRIVATE MEDICINE INTERMEDIARIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2017.

Merger with Towers Watson & Co.

On 4 January 2016, pursuant to an Agreement and Plan of Merger, the Willis Group Holdings plc group and the Towers Watson & Co. group combined, with Towers Watson & 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. The Company is not directly affected by this merger.

Strategic report

The Directors have approved the content of the Company's strategic report prepared in accordance with Section 414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The report provides an overview of the Company's activities and an analysis of its performance for the year ended 31 December 2017, along with the principal risks faced in achieving its future objectives.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements on page 15.

Dividends

No interim dividend was paid in the year (2016: £nil). The Directors do not recommend the payment of a final dividend (2016: £nil).

Employees

It is the Company's and WTW's policy, in keeping with the legislation in the countries in which it operates, to provide a working environment free from all forms of harassment and discrimination, including discrimination against disabled colleagues, with respect to employment continuity, training, career development and other employment practices.

Directors

The current Directors of the Company are shown on page 1, which forms part of this report. There were no changes in Directors during the year or after the year end.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including the Financial Reporting Standard 101, Reduced Disclosure Framework ('FRS 101'). 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 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; and
- 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.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte 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 auditor in the absence of an Annual General Meeting.

By Order of the Board



J Rinck
Director
The Courtyard, Hall Lane
Wincham, Cheshire CW9 6DG

25 SEPTEMBER 2018

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Private Medicine Intermediaries Limited (the 'company') which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 company'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.

We have nothing to report in respect of these matters.

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

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the 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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Elanor Gill (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
25th SEPTEMBER 2018

PRIVATE MEDICINE INTERMEDIARIES LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Turnover	3	10,133	9,489
Operating expenses		(6,198)	(6,076)
(Loss)/profit on sale of tangible fixed assets		(1)	11
Operating profit	4	3,934	3,424
Interest receivable and similar income	7	102	32
Profit on ordinary activities before taxation		4,036	3,456
Tax charge on profit on ordinary activities	8	(785)	(1,000)
Profit for the year		3,251	2,456

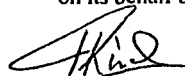
All activities derive from continuing operations.
There is no other comprehensive income in either 2017 or 2016.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	9	108	73
Tangible fixed assets	10	290	394
		<u>398</u>	<u>467</u>
Current assets			
Debtors:			
Amounts falling due within one year	11	11,087	7,227
Amounts falling due after more than one year	11	51	23
Deposits and cash: held in fiduciary capacity	12	73	358
Deposits and cash		2,691	2,128
		<u>13,902</u>	<u>9,736</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(2,992)	(1,861)
Fiduciary liabilities: amounts falling due within one year	14	(73)	(358)
		<u>(3,065)</u>	<u>(2,219)</u>
Net current assets		<u>10,837</u>	<u>7,517</u>
Total assets less current liabilities		<u>11,235</u>	<u>7,984</u>
Net assets		<u>11,235</u>	<u>7,984</u>
Equity			
Called up share capital	15	689	689
Capital contribution reserve		610	610
Retained earnings		9,936	6,685
Shareholder's equity		<u>11,235</u>	<u>7,984</u>

The financial statements of Private Medicine Intermediaries Limited, registered company number 02009675, were approved by the Board of Directors and authorised for issue on 25 SEPTEMBER 2018 and signed on its behalf by:



I Rinck
Director

PRIVATE MEDICINE INTERMEDIARIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £000	Capital Contributi on reserve £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	689	610	4,229	5,528
Profit for the year	-	-	2,456	2,456
Total comprehensive income for the year	-	-	2,456	2,456
Balance at 31 December 2016	689	610	6,685	7,984
Profit for the year	-	-	3,251	3,251
Total comprehensive income for the year	-	-	3,251	3,251
Balance at 31 December 2017	689	610	9,936	11,235

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 and, consequently, has prepared these financial statements in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ('FRS 101').

The financial statements have been prepared on the historical cost basis.

The principal accounting policies adopted are set out below.

Disclosure exemptions

The Company has taken advantage of certain disclosure exemptions permitted under FRS 101 in relation to, primarily: (i) financial instruments; (ii) presentation of a cash flow statement; (iii) related party transactions; and (iv) new International Financial Reporting Standards ('IFRSs') that have been issued but are not yet effective as, where required, equivalent disclosures are given in the group financial statements of Willis Towers Watson plc.

Going concern

The Company's business activities and the factors likely to affect its future development and position are set out in the Strategic Report. The Company's financial projections indicate that it will generate positive cash flows on its own account for the foreseeable future. The Company deposits its excess own cash funds with WTW's centralised treasury function and so shares banking arrangements with its parent and fellow subsidiaries.

In accordance with their duties set out in the Financial Services and Markets Act and the FCA's 'Threshold Condition 2.4 - Appropriate Resources' the Directors have conducted enquiries into the nature and quality of the assets, liabilities, and cash that make up the Company's capital. Furthermore, the Directors' enquiries extend to the Company's relationship with WTW and external parties on a financial and non-financial level. Having assessed the responses to their enquiries, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of WTW to continue as a going concern or its ability to repay loans due to the Company from time to time.

As a consequence of the enquiries the Directors have a reasonable expectation that the Company has appropriate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

True and fair view override

In special disclosure circumstances, where compliance with any of the provisions of the Companies Act as to the matters to be included in a company's financial statements (or notes thereto) is inconsistent with the requirement to give a true and fair view of the state of affairs and profit or loss, the directors shall depart from that provision to the extent necessary to give a true and fair view. In these instances, the Company would adopt a true and fair view override.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

1. Accounting policies (continued)

Parent undertaking and controlling party

The Company's:

- immediate parent company and controlling undertaking is PMI Health Group Limited; and
- ultimate parent company is Willis Towers Watson plc, a company incorporated in Ireland, whose registered office is Willis Towers Watson House, Elm Park, Merrion Road, Dublin 4, Ireland.

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from the requirement to produce group financial statements.

The largest and smallest group in which the results of the Company are consolidated is Willis Towers Watson plc, whose financial statements are available to members of the public on WTW's website www.willistowerswatson.com, in the Investor Relations section.

Revenue recognition

Revenue includes commissions and fees for services rendered.

Brokerage income and fees negotiated in lieu of brokerage are recognised at the later of policy inception date or when the policy placement is complete. Other consulting fees are recognised as earned.

Revenue is deferred if necessary for any significant post placement obligations.

Revenue is stated net of VAT where applicable.

Investment income earned on fiduciary balances is recognised on an accruals basis.

Interest receivable and interest payable

Interest receivable and interest payable are recognised as interest accrues using the effective interest method.

Foreign currency translation

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates ('the functional currency').

Transactions in currencies other than the functional currency are initially recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised as profit and loss in the period in which they arise.

Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is calculated on a straight-line basis to write off the cost of such assets over their estimated useful economic lives as follows:

Software and development costs	4 years
--------------------------------	---------

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on a straight-line basis to write off the cost of such assets over their estimated useful economic lives as follows:

Computer equipment	4 years
Motor vehicles	5 years
Fixtures, fittings and equipment	4 years

Expenditure for improvements is capitalised; repairs and maintenance are charged to the income statement as incurred.

Tangible fixed assets are reviewed for impairment when events or changes in circumstance indicate that the carrying amount may not be recoverable. Any impairment in the value of tangible fixed assets is charged to the profit and loss account in the period in which the impairment occurs.

Fiduciary assets and fiduciary liabilities

The Company collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurers; the Company also collects claims or refunds from insurers on behalf of insureds.

Balances arising from insurance brokerage transactions are reported as separate assets or liabilities.

Deposits and cash: held in fiduciary capacity ('fiduciary funds')

Unremitted insurance premiums and claims are recorded within fiduciary funds. Fiduciary funds are required to be kept in certain regulated bank accounts subject to guidelines which emphasise capital preservation and liquidity. Such funds are not available to service the Company's debt or for other corporate purposes. Notwithstanding the legal relationships with clients and insurers, the Company is generally entitled to retain interest and investment income earned on fiduciary funds in accordance with agreements with insureds and insurers and in accordance with industry custom and practice where these agreements are not in place.

Fiduciary liabilities

The obligations to remit these funds to insurers or insureds are recorded as fiduciary liabilities on the Company's balance sheet. The period for which the Company holds such funds is dependent upon the date the insured remits the payment of the premium to the Company and the date the Company is required to forward such payment to the insurer.

Pension costs

Defined contribution scheme

A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The costs of the defined contribution scheme in which the Company participates are charged to the profit and loss account as part of employee costs in the period in which they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

1. Accounting policies (continued)

Income Taxes

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 by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements although deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Financial assets and financial liabilities

Financial assets and financial liabilities include cash and cash equivalents, trade debtors and other receivables as well as trade creditors and other payables (including amounts owed to/by group undertakings).

The Company classifies its financial assets and financial liabilities as loans, receivables or payables (including amounts owed by/to group undertakings). The classification is made by management at initial recognition and depends on the purpose for which the financial assets or financial liabilities were entered into.

Loans, receivables and payables are non-derivative financial assets or financial liabilities with fixed or determinable receipts or payments that are not quoted in an active market. Such financial assets or financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Any resulting interest is recognised in interest receivable or interest payable, as appropriate.

Recent accounting pronouncements adopted in the current period

The Company did not adopt any new International Financial Reporting Standards ('IFRSs') or interpretations ('IFRICs') issued by the International Accounting Standards Board ('IASB') during the year ended 31 December 2017 and no amendments to IFRSs or International Accounting Standards ('IASs') issued or adopted by the IASB had a significant effect on its financial statements.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

2. Critical accounting judgements and estimates

The preparation of financial statements in conformity with FRS 101 and in the application of the Company's accounting policies, which are described in note 1, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the dates of the financial statements and the reported amounts of revenues and expenses during the year. Judgements, estimates and assumptions are made 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 to be 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.

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and/or the key assumptions or sources of uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

Management judgement has been applied in the assessment of the significance of brokerage post placement obligations and hence the amount of revenue deferred and, also, for negotiated fee arrangements covering multiple insurance placements, in the determination of the relative fair value of the services completed and the services yet to be rendered.

Software and development costs

During the year, management reconsidered the recoverability and estimated useful economic lives of its intangible software and development costs asset which is included in its balance sheet at £108,000 (see note 9). Management is confident that the carrying amount of the asset will be recovered in full and that the useful economic lives remain appropriate.

Impairment of loans and receivables

Management judgement is required to assess at the end of each reporting period whether there is any objective evidence that loans and receivables are impaired and, if so, to determine the amount of any impairment loss. See note 11 for the carrying amount of loans and receivables. No impairment loss was recognised in 2017 or 2016.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are given in note 8.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

3. Turnover

The table below analyses the Company's commissions and fees by the accounting address of the client from whom the business is derived. This does not necessarily reflect the original source or location of the business. Commissions and fees are attributable to continuing operations.

Turnover	2017 £000	2016 £000
United Kingdom	10,133	9,489

No further segmental analysis has been provided as all business is carried out in the UK.

4. Operating profit	2017 £000	2016 £000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets (note 10)	146	151
Amortisation of intangible assets (note 9)	57	112
Operating lease payments	106	106
<i>Auditor's remuneration</i>		
	2017 £000	2016 £000
Statutory financial statements audit fee	22	20
Audit-related assurance services	26	-
	48	20

5. Employee costs	2017 £000	2016 £000
Salaries and incentives	3,581	3,013
Social security costs	402	401
Pension costs:		
- defined contribution scheme (note 16)	211	293
	4,194	3,707

Number of employees – average for the period	2017 Number	2016 Number
Producer services	34	27
Management/administration services	70	74
	104	101

PRIVATE MEDICINE INTERMEDIARIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)**

6. Directors' remuneration	2017 £000	2016 £000
Emoluments (excluding pension contributions)	165	176
Benefits	14	15
Pension contributions	18	17
	<u>197</u>	<u>208</u>
Highest paid Director:		
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	165	176
Benefits	14	15
Pension contributions	18	17
	<u>197</u>	<u>208</u>
	2017 Number	2016 Number
Directors to whom benefits are accruing under defined contribution pension schemes	1	1

Two of the Executive Directors working for the Company are employed by another subsidiary undertaking of Willis Towers Watson plc.

7. Interest receivable and similar income	2017 £000	2016 £000
Bank interest receivable	1	9
Interest receivable from group undertakings	34	23
Other interest receivable	67	-
Total interest receivable and similar income	<u>102</u>	<u>32</u>

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

8. Tax on profit on ordinary activities	2017	2016
	£000	£000
<i>(a) Analysis of charge for the year</i>		
Current tax:		
UK corporation tax	780	722
Adjustments in respect of prior periods	33	291
Total current income tax	813	1,013
Deferred tax:		
Origination and reversal of timing differences	1	(23)
Impact of changes in tax rates	4	4
Adjustments in respect of prior periods	(33)	6
Total deferred tax (note 8 (d))	(28)	(13)
Tax expense in the income statement (note 8 (b))	785	1,000

	2017	2016
	£000	£000
<i>(b) Reconciliation of the total tax charge</i>		
The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK (19.25%) (2016: 20%). The differences are explained below:		
Profit on ordinary activities before taxation	4,036	3,456
Tax calculated at UK standard rate of corporation tax of 19.25% (2016: 20%)	777	691
Effects of:		
Expenses not deductible for tax purposes	4	7
Changes in deferred tax laws and rates	4	4
Tax overpaid in previous years	-	298
Total tax expense reported in the income statement	785	1,000

(c) Change in corporation tax rate

The Finance Act 2013 set the rate of UK corporation tax at 20% with effect from 1 April 2015. The Finance Act 2015 maintained this rate for the year from 1 April 2016. The Finance (No.2) Act 2015, which was substantively enacted on 26 October 2015 and received royal assent on 18 November 2015, reduced the rate to 19% with effect from 1 April 2017 with a further reduction to 18% from 1 April 2020. The Finance Act 2016, which received royal assent on 15 September 2016, subsequently reduced the main rate of corporation tax from 18% to 17% from 1 April 2020. As the changes were substantively enacted prior to 31 December 2017, they have been reflected in these financial statements.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

8. Tax on profit on ordinary activities (continued)

<i>(d) Deferred tax</i>	2017	2016
	£000	£000

The deferred tax included in the company balance sheet is as follows:

Deferred tax asset		
Capital allowances	<u>51</u>	<u>23</u>
	51	23

Deferred tax assets have been recognised to the extent they are regarded as more likely than not as being recoverable either against the Company's own future profits or by way of group relief against those future profits of fellow UK group companies.

Deferred tax in the income statement	2017	2016
	£000	£000
Accelerated capital allowances	1	(23)
Changes in tax laws and rates	4	4
Adjustments in respect of prior periods	<u>(33)</u>	<u>6</u>
	<u>(28)</u>	<u>(13)</u>

9. Intangible assets

	Software and development costs
	£000
<i>Cost</i>	
1 January 2017	782
Additions	<u>92</u>
31 December 2017	<u>874</u>
<i>Amortisation</i>	
1 January 2017	709
Amortisation charge	<u>57</u>
31 December 2017	<u>766</u>
<i>Carrying amount 31 December 2017</i>	<u>108</u>
<i>Carrying amount 31 December 2016</i>	<u>73</u>

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

10. Tangible fixed assets	Furniture, equipment and vehicles £000
<i>Cost</i>	
1 January 2017	1,232
Additions	50
Disposals	(31)
31 December 2017	<u>1,251</u>
<i>Depreciation</i>	
1 January 2017	838
Charge for the year	146
Disposals	(23)
31 December 2017	<u>961</u>
<i>Carrying amount 31 December 2017</i>	<u>290</u>
<i>Carrying amount 31 December 2016</i>	<u>394</u>

11. Debtors	2017 £000	2016 £000
<i>Amounts falling due within one year:</i>		
Trade debtors	1,180	1,146
Amounts owed by group undertakings	9,781	5,992
Prepayments and accrued income	126	89
	<u>11,087</u>	<u>7,227</u>
<i>Amounts falling due after more than one year:</i>		
Deferred tax asset (note 8)	51	23
	<u>11,138</u>	<u>7,250</u>

12. Fiduciary assets, deposits and cash	2017 £000	2016 £000
<i>Amounts falling due within one year:</i>		
Deposits and cash: held in fiduciary capacity	73	358
	<u>73</u>	<u>358</u>

Accrued interest on deposits and cash is recorded within prepayments and accrued income.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

	2017	2016
	£000	£000
13. Creditors: amounts falling due within one year		
Amounts owed to group undertakings	1,493	831
Amounts owed to group undertakings in respect of corporation taxation group relief	780	331
Other creditors	162	61
Other taxes and social security costs	105	114
VAT payable	59	83
Accruals and deferred income	393	441
	<u>2,992</u>	<u>1,861</u>

	2017	2016
	£000	£000
14. Fiduciary liabilities		
<i>Amounts falling due within one year:</i>		
Fiduciary trade creditors	73	358
	<u>73</u>	<u>358</u>

	2017	2016
	£000	£000
15. Called up share capital		
Allotted, called up and fully paid 688,790 (2016: 688,790) ordinary shares of £1 each	689	689

16. Pensions

Defined Contribution Scheme

The Company operates a non-contributory defined contribution grouped personal pension plan. The assets of the plan are held separately from those of WTW in independently administered funds. The pension cost charge represents contributions payable by the Company to the plans and the amount contributed during the year to 31 December 2017 was £211,000 (Year ended 31 December 2016: £293,000).

PRIVATE MEDICINE INTERMEDIARIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
(continued)

17. Commitments

Annual commitments under non-cancellable operating leases are as follows:

Lease expiry date	Land and buildings	
	2017	2016
	£000	£000
After five years	105	105
Total annual operating lease commitments	105	105

18. Related party transactions

FRS101 (paragraph 8(k)) exempts the reporting of transactions between group companies in the financial statements of companies that are wholly owned within WTW. The Company has taken advantage of this exemption.