PRIVATE MEDICINE INTERMEDIARIES LIMITED
Registered Number 02009675

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Directors

Executive Directors
RDH Munro
I Rinck
KJ Newman

Registered Office

51 Lime Street
London, EC3M 7DQ

Auditor

Deloitte LLP
London

PRIVATE MEDICINE INTERMEDIARIES LIMITED

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PRIVATE MEDICINE INTERMEDIARIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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. 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'). The Company is domiciled and incorporated in the UK.

The merger on 4 January 2016 between the Willis Group Holdings plc group and the Towers Watson & Co. group formed the combined Willis Towers Watson plc group, offering a wider portfolio of insurance broking and health and benefits advisory products and services to clients. To allow the Company's clients to take advantage of the wider activities of the Group, it has been identified that the Company's insurance broking related activities and health benefit advisory activities would be better served by merging them with the complementary activities within fellow Group companies Willis Limited and Towers Watson Limited respectively.

There have been no significant changes in the Company's principal activities in 2016. 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

Results for the current year represent the 12 month period to 31 December 2016. The prior year results comprise an 18 month period from 1 July 2014 to 31 December 2015.

The profit on ordinary activities after taxation amounted to £2,456,000 (18 month period to 31 December 2015: profit of £1,215,000) as shown in the profit and loss account on page 11. The increase in profit is attributable to:

- £3,048,000 reduction in operating expenses;
- £2,066,000 restructuring costs in 2015 not recurring;
- £11,000 profit on sale of assets; and
- £10,000 increase in interest receivable,

partly offset by:

- £2,850,000 reduction in turnover; and
- £1,044,000 increase in tax charge.

Balance sheet

The balance sheet on page 12 of the financial statements shows the Company's financial position at the year end. Net assets have increased by £2,456,000 as a result of:

- £2,525,000 increase in debtors; and
- £882,000 increase in deposits and cash,

partly offset by:

- £781,000 increase in creditors and fiduciary liabilities;
- £108,000 reduction in intangible fixed assets, mainly due to amortisation; and
- £62,000 reduction in tangible fixed assets.

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 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.

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 wholly-owned subsidiary of the Group. The Group is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has net assets at 31 December 2016 of US$10.2 billion.

The Company is also 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.

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 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 organization 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 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 programme 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.

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 the Group'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.

Environment

The Company recognises the importance of its environmental responsibilities and through the Group 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 the Group's business and to facilitating their personal development to its maximum potential.

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

By Order of the Board

I Rinck
Director
51 Lime Street
London EC3M 7DQ
22 SEPTEMBER 2017

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their annual report, together with the audited financial statements, for the year ended 31 December 2016.

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 2016, 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 14.

Dividends

No interim dividend was paid in the year (18 months ended 31 December 2015: £nil). The Directors do not recommend the payment of a final dividend (18 months ended 31 December 2015: £nil).

Employees

It is the Company's and the Group'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 employees, 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. AD Powis resigned as Director of the Company on 24 February 2016. KJ Newman was appointed with effect from 6 May 2016. There were no other changes in Directors during the year or after the year end.

Statement of Directors' responsibilities in relation to the financial statements

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Auditor

RSM UK Audit LLP resigned as auditor with effect from 21 December 2016. The members appointed Deloitte LLP as auditor to the Company on the same day in accordance with the provisions in 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

I Rinck
Director
51 Lime Street
London EC3M 7DQ
22 September 2017

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

We have audited the financial statements of Private Medicine Intermediaries Limited for the year ended 31 December 2016 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. 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), including FRS 101 'Reduced Disclosure Framework'.

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 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. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

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.

Elanor Gill

Elanor Gill (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
UK
22 September 2017

PRIVATE MEDICINE INTERMEDIARIES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £000	18 month period ended 31 December 2015 £000
Turnover	3	**9,489**	12,339
Operating expenses		**(6,076)**	(9,124)
Profit on sale of tangible fixed assets		**11**	-
Restructuring costs	7	**-**	(2,066)
Operating profit	4	**3,424**	1,149
Interest receivable and similar income	8	**32**	22
Profit on ordinary activities before taxation		**3,456**	1,171
Tax (charge)/credit on profit on ordinary activities	9	**(1,000)**	44
Profit for the year		**2,456**	1,215

All activities derive from continuing operations.
There is no other comprehensive income in either 2016 or the period ended 31 December 2015.

PRIVATE MEDICINE INTERMEDIARIES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	**2016** **£000**	2015 restated £000
Fixed assets			
Intangible assets	10	**73**	181
Tangible fixed assets	11	**394**	456
		467	637
Current assets			
Debtors:			
Amounts falling due within one year	12	**7,227**	4,725
Amounts falling due after more than one year	12	**23**	-
Deposits and cash: held in fiduciary capacity	13	**358**	348
Deposits and cash		**2,128**	1,256
		9,736	6,329
Current liabilities			
Creditors: amounts falling due within one year	14	**(1,861)**	(1,090)
Fiduciary liabilities: amounts falling due within one year	15	**(358)**	(348)
		(2,219)	(1,438)
Net current assets		7,517	4,891
Total assets less current liabilities		7,984	5,528
Net assets		7,984	5,528
Equity			
Called up share capital	16	**689**	689
Capital contribution reserve		**610**	610
Retained earnings		**6,685**	4,229
Shareholder's equity		7,984	5,528

The financial statements of Private Medicine Intermediaries Limited, registered company number 02009675, were approved by the Board of Directors and authorised for issue on 22 SEPTEMBER 2017 and signed on its behalf by:

I Rinck
Director

PRIVATE MEDICINE INTERMEDIARIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £000	Capital Contribution reserve £000	Retained earnings £000	Total equity £000
Balance at 1 July 2014	689	-	3,014	3,703
Profit for the 18 month period	-	-	1,215	1,215
Total comprehensive income for the period	-	-	1,215	1,215
Equity-settled share based payment transactions, net of £nil tax	-	610	-	610
Balance at 31 December 2015	**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**

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 prior year comparative information has been restated for material adjustments on adoption of FRS 101 in the current year (see note 20).

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, primarily in relation to: (i) financial instruments; (ii) presentation of a cash flow statement; and (iii) related party transactions; as, where required, equivalent disclosures are given in the group accounts 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 the Group'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 the Group 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 the Group 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 accounts.

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 accounts (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.

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 the Group'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.

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

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.

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.

1. Accounting policies (continued)

Recent accounting pronouncements to be adopted in future periods

In July 2015, the Financial Reporting Council ('FRC') issued amendments to FRS 101 as part of its 2014-2015 cycle and other minor amendments. In July 2016, the FRC issued further amendments to FRS 101 as part of its 2015-2016 cycle. Each amendment not already effective for the Company's 2016 accounting year will be mandatorily effective for the Company's 2017 or 2018 accounting year. The changes include the following standards issued by the IASB and endorsed by the EU but effective after 31 December 2016: (i) IFRS 15, 'Revenue From Contracts With Customers', whose core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services; and (ii) IFRS 9 'Financial Instruments', which includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. In January 2016, the IASB issued IFRS 16 'Leases', which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value and, subject to EU and/or any other required UK endorsement, will become mandatorily effective for the Company at the beginning of its 2019 accounting year. The Company is currently assessing the impact that these standards will have on its financial statements.

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.

2. Critical accounting judgements and estimates (continued)

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 £73,000 (see note 10). 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 12 for the carrying amount of loans and receivables. No impairment loss was recognised in 2016 or the period ended 31 December 2015.

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 9.

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	**2016** **£000**	18 month period ended 31 December 2015 £000
United Kingdom	**9,489**	12,339

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

4. Operating profit

	2016 £000	18 month period ended 31 December 2015 £000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 11)	**151**	412
Amortisation of intangible assets (note 10)	**112**	21
Operating lease payments	**106**	159

Auditor's remuneration

	2016 £000	18 month period ended 31 December 2015 £000
Statutory accounts audit	**20**	9
Tax compliance services	**-**	4
Tax advisory services	**-**	7
	20	20

5. Employee costs

	2016 £000	18 month period ended 31 December 2015 £000
Salaries and incentives	**3,013**	4,996
Social security costs	**401**	556
Pension costs:		
- defined contribution scheme	**293**	393
Net employee costs	**3,707**	5,945

Number of employees – average for the period	2016 Number	2015 Number
Producer	**27**	25
Management/administration services	**74**	65
	101	90

6. Directors' remuneration

	2016 £000	18 month period ended 31 December 2015 £000
Emoluments (excluding pension contributions)	**176**	764
Benefits	**15**	-
Pension contributions	**17**	43
Sums paid to third parties for directors' services	**-**	261
	208	1,068
Highest paid Director:		
Emoluments (excluding pension contributions, benefits and long-term incentive awards)	**176**	269
Benefits	**15**	-
Pension contributions	**17**	-
	208	269

	2016 Number	2015 Number
Directors to whom benefits are accruing under defined contribution pension schemes	**1**	-

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

7. Restructuring costs

	2016 £000	18 month period ended 31 December 2015 £000
The following exceptional item has been charged below operating profit:		
Restructuring costs	-	2,066

The restructuring costs of £2,066,000 in 2015 related to the restructuring of the PMI Health Group Limited group prior to its subsequent sale to Willis Towers Watson plc.

8. Interest receivable and similar income

	2016 £000	18 month period ended 31 December 2015 £000
Bank interest receivable	**9**	22
Interest receivable from Group undertakings	**23**	-
Total interest receivable and similar income	**32**	22

9. Tax on profit on ordinary activities	**2016** **£000**	18 month period ended 31 December 2015 £000
(a) Analysis of charge / credit for the year		
Current tax:		
UK corporation tax	**722**	159
Adjustments in respect of prior periods	**291**	(197)
Total current income tax	**1,013**	(38)
Deferred tax:		
Origination and reversal of timing differences	**(23)**	(19)
Impact of changes in tax rates	**4**	-
Adjustments in respect of prior periods	**6**	13
Total deferred tax (note 9 (d))	**(13)**	(6)
Tax expense/(credit) in the income statement (note 9 (b))	**1,000**	(44)

	2016 **£000**	18 month period ended 31 December 2015 £000
(b) Reconciliation of the total tax charge		
The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK (20%) (2015: 20.5%). The differences are explained below:		
Profit on ordinary activities before taxation	**3,456**	1,171
Tax calculated at UK standard rate of corporation tax of 20% (2015: 20.5%)	**691**	240
Effects of:		
Expenses not deductible for tax purposes	**7**	226
Adjustment in respect of employee share benefit scheme	**-**	(206)
Timing difference on general provision	**-**	(13)
Amounts not deductible for tax purposes	**4**	13
Revenue losses	**298**	-
Timing differences on fixed assets	**-**	34
Other adjustment including effects of exchange rates	**-**	(338)
Total tax expense reported in the income statement	**1,000**	(44)

(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 2016, they have been reflected in these financial statements.

9. Tax on profit on ordinary activities (continued)

(d) Deferred tax	**2016 £000**	2015 £000
The deferred tax included in the company balance sheet is as follows:		
Deferred tax liability		
Other timing differences	**-**	2
Capital allowances	**35**	**8**
	35	10
Deferred tax asset		
Disclosed on the balance sheet		
Deferred tax asset	**23**	10
	23	10

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	**2016 £000**	18 month period ended 31 December 2015 £000
Accelerated capital allowances	**(23)**	(19)
Changes in tax laws and rates	**10**	13
	(13)	(6)

10. Intangible assets	**Software and development costs £000**
Cost	
1 January 2016	778
Additions	4
31 December 2016	**782**
Amortisation	
1 January 2016	597
Amortisation charge	112
31 December 2016	**709**
Carrying amount 31 December 2016	**73**
Carrying amount 31 December 2015	181

11. Tangible fixed assets	Furniture, equipment and vehicles £000
Cost	
1 January 2016	**1,172**
Additions	**118**
Disposals	**(58)**
31 December 2016	**1,232**
Depreciation	
1 January 2016	716
Charge for the year	151
Disposals	(29)
31 December 2016	838
Carrying amount 31 December 2016	**394**
Carrying amount 31 December 2015	456

12. Debtors	2016 £000	2015 £000
Amounts falling due within one year:		
Trade debtors	**1,146**	1,320
Amounts owed by Group undertakings	**5,992**	2,809
Other debtors	**-**	11
Prepayments and accrued income	**89**	57
Amounts owed by Group undertakings in respect of UK corporation tax	**-**	518
Deferred tax asset (note 9)	**-**	10
	7,227	4,725
Amounts falling due after more than one year:		
Deferred tax asset (note 9)	**23**	-
	7,250	4,725

13. Fiduciary assets, deposits and cash	2016 £000	2015 £000
Amounts falling due within one year:		
Deposits and cash: held in fiduciary capacity	**358**	348
	358	348

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

14. Creditors: amounts falling due within one year	**2016 £000**	2015 £000
Amounts owed to Group undertakings	**831**	693
Amounts owed to Group undertakings in respect of corporation taxation group relief	**331**	-
Other creditors	**61**	103
Other taxes and social security costs	**114**	115
VAT payable	**83**	-
Accruals and deferred income	**441**	179
	1,861	1,090

Accruals includes pension contributions outstanding of £nil (2015: £10,000).

15. Fiduciary liabilities	**2016 £000**	2015 £000
Amounts falling due within one year:		
Fiduciary trade creditors	**358**	348
	358	348

16. Called up share capital	**2016 £000**	2015 £000
Allotted, called up and fully paid		
688,790 (2015: 688,790) ordinary shares of £1 each	**689**	689

17. 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 the Group 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 2016 was £293,000 (18 month period ended 31 December 2015: £393,000).

18. Commitments

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

	Land and buildings	
	2016	**2015**
After five years	**105**	105
Total annual operating lease commitments	**105**	105

19. 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 the Group. The Company has taken advantage of this exemption.

The Company rented certain properties from the pension trust of CP Baldwin, who was a former director and shareholder of Baldwin Ventures Limited, the Company's former ultimate parent company. Rental for the period 1 July 2014 to 18 June 2015, when he resigned as a director, was £132,000.

During the 18 month period ended 31 December 2015, the Company was recharged expenses totalling £315,000 from Baldwin Ventures Limited and recharged expenses of £10,000 to Baldwin Ventures Limited.

During the 18 month period ended 31 December 2015, the Company received gardening services from Baldwin Landscaping Limited, of which CP Baldwin was a director and controlling shareholder, for £9,000.

20. Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2016, the comparative information presented in these financial statements for the 18 month period ended 31 December 2015 and in the preparation of an opening FRS 101 balance sheet at 1 July 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (old UK GAAP). An explanation of how the transition from old UK GAAP to FRS 101 has affected the Company's financial position is set out in the following tables and the notes that accompany the tables.

20. Explanation of transition to FRS 101 (continued)

Reconciliation of equity 1 July 2014

		1 July 2014		
	Notes	Old UK GAAP £000	Effect of transition to FRS 101 £000	FRS 101 £000
Fixed assets				
Intangible assets	(i)	24	263	**287**
Property, plant and equipment	(ii)	751	(263)	**488**
		775	-	**775**
Current assets				
Debtors - amounts falling due within one year		2,965	-	**2,965**
Deposits and cash: held in fiduciary capacity		339	-	**339**
Deposits and cash		964	-	**964**
		4,268	-	**4,268**
Creditors: amounts falling due within one year		(1,002)	-	**(1,002)**
Fiduciary liabilities: amounts falling due within one year		(339)	-	**(339)**
Net current assets		2,927	-	**2,927**
Net assets		3,702	-	**3,702**
Equity				
Called up share capital		689	-	**689**
Retained earnings		3,013	-	**3,013**
Shareholder's equity		3,702	-	**3,702**

Notes to the reconciliation of equity

	1 July 2014 £000
Equity reported under UK GAAP	3,702
Adjustments to equity on transition to FRS 101	
(i) Software and development costs included in intangible assets	263
(ii) Software and development costs removed from tangible fixed assets	(263)
Equity reported under FRS 101	3,702

20. Explanation of transition to FRS 101 (continued)

Reconciliation of equity 31 December 2015

		31 December 2015		
			Effect of transition to	
		Old UK GAAP	FRS 101	FRS 101
	Notes	£000	£000	£000
Fixed assets				
Intangible assets	(i)	-	181	**181**
Tangible assets	(ii)	637	(181)	**456**
		637	-	**637**
Current assets				
Debtors - amounts falling due within one year		4,725		**4,725**
Deposits and cash: held in fiduciary capacity		348	-	**348**
Deposits and cash		1,256	-	**1,256**
		6,329	-	**6,329**
Current liabilities				
Creditors: amounts falling due within one year		(1,090)	-	**(1,090)**
Fiduciary liabilities: amounts falling due within one year		(348)	-	**(348)**
		(1,438)	-	**(1,438)**
Net current assets		4,891		**4,891**
Net assets		5,528	-	**5,528**
Equity				
Called up share capital		689	-	**689**
Capital contribution		610	-	**610**
Retained earnings		4,229	-	**4,229**
Shareholder's equity		5,528	-	**5,528**

Notes to the reconciliation of equity	31 December 2015 £000
Equity reported under UK GAAP	5,528
Adjustments to equity on transition to FRS 101	
(i) Software and development costs included in intangible assets	181
(ii) Software and development costs removed from tangible fixed assets	(181)
Equity reported under FRS 101	5,528