

REGISTERED NUMBER: 04219521 (England and Wales)

**Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2012
for
Sesame Bankhall Valuation Services
Limited**



**Contents of the Financial Statements
for the Year Ended 31 December 2012**

	Page
Company Information	1
Report of the Directors	2
Independent Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	9

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

**Company Information
for the Year Ended 31 December 2012**

DIRECTORS:

J Malone
G P Brewster
R M Clifford
J Cupis
P R Gratton
G Higginson
P Hooper

SECRETARY:

Friends Life Secretarial Services Limited

REGISTERED OFFICE:

Pixham End
Dorking
Surrey
RH4 1QA

REGISTERED NUMBER:

04219521 (England and Wales)

AUDITORS

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

**Report of the Directors
for the Year Ended 31 December 2012**

The directors present their report with the financial statements of Sesame Bankhall Valuation Services Limited (the "Company") for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of the provision of panel management services

REVIEW OF BUSINESS

The Company commenced trading in March 2011 such that 2012 was its first full calendar year of trading. The Company is a fast-growing residential valuations panel management business that delivers a high quality service to lenders, intermediary partners, surveyors and customers. From a standing start in 2011, the 2012 trading year saw the Company arrange in excess of 29,000 valuations for its lender partners. The profit before tax for the year of £145,000 (2011 Loss of £158,000) represents the substantial headway made by the Company in the period. Turnover increased to £4.7m (2011 £1.1m) and the Company has also made repayments on working capital discussed further in the Related Parties Transactions Note 13.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2012 (2011: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report:

J Malone
G P Brewster
R M Clifford
J Cupis
P R Gratton
G Higginson
P Hooper

Changes in directors holding office in the period from 1 January 2012 to the date of this report are as follows:

B Abram - resigned 25 March 2013

Changes in the Secretary over the period from 1 January 2012 are as follows:

D Monger - resigned 27 April 2012

Friends Life Secretarial Services Limited - appointed 27 April 2012

DIRECTORS AND OFFICERS - INDEMNITY AND INSURANCE

Friends Life Group plc, the intermediate parent, maintains insurance cover in respect of directors' and officers' liabilities. In addition qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) are in force for the benefit of the directors within the Friends Life Group (the "Group") and were in force for the benefit of former directors of the Group during 2012. Copies of the indemnities are available for inspection from the registered office of Friends Life Group plc. Only directors who are employed by companies within the Sesame Bankhall Group ("SBG") are covered by this arrangement. No provisions are in place for directors who are not employed by companies within the SBG.

FUTURE OUTLOOK

The Company further established itself during the year with its appointment by a number of new lender clients including Coventry Building Society, Barclays, Santander and Virgin Money. The directors anticipate that this progress and further anticipated growth will enable the Company to trade profitably in future periods. The directors are optimistic about the future prospects of the business. Over the course of 2013 the Company will work with lenders to provide a panel management service with professionalism and integrity.

**Report of the Directors
for the Year Ended 31 December 2012**

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this Directors' Report. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

In accordance with section 487 of the Companies Act 2006, Ernst & Young LLP are deemed to be re-appointed as the Company's auditor and will therefore continue in office.

ON BEHALF OF THE BOARD:


G Higginson, Director

9 July 2013

**Independent Auditors' Report to the Members of
Sesame Bankhall Valuation Services Limited**

We have audited the financial statements of Sesame Bankhall Valuation Services Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in a Report of the Auditors 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page three, 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 Report of the Directors to identify material inconsistencies with the audited financial statements. 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 2012 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Bristol

9 July 2013

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

**Profit and Loss Account
for the Year Ended 31 December 2012**

	Notes	2012 £'000	2011 (9 months) £'000
TURNOVER		4,723	1,091
Cost of sales		<u>4,389</u>	<u>1,019</u>
GROSS PROFIT		334	72
Administrative expenses		<u>165</u>	<u>230</u>
OPERATING PROFIT/(LOSS)	4	169	(158)
Interest payable and similar charges	5	<u>24</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		145	(158)
Tax on profit/(loss) on ordinary activities	6	<u>36</u>	<u>(42)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>109</u>	<u>(116)</u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit the current year and the loss for the previous period


The notes form part of these financial statements

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

**Balance Sheet
31 December 2012**

	Notes	2012 £'000	2011 £'000
CURRENT ASSETS			
Debtors	7	1,538	749
Cash in hand		<u>525</u>	<u>241</u>
		2,063	990
CREDITORS			
Amounts falling due within one year	8	<u>1,910</u>	<u>896</u>
NET CURRENT ASSETS		<u>153</u>	<u>94</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		153	94
CREDITORS			
Amounts falling due after more than one year	9	<u>150</u>	<u>200</u>
NET ASSETS/(LIABILITIES)		<u>3</u>	<u>(106)</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Share premium	11	9	9
Profit and loss account	11	<u>(7)</u>	<u>(116)</u>
SHAREHOLDERS' FUNDS	14	<u>3</u>	<u>(106)</u>

The financial statements were approved by the Board of Directors on 9 July 2013 and were signed on its behalf by


P Hooper - Director

The notes form part of these financial statements

**Cash Flow Statement
for the Year Ended 31 December 2012**

	Notes	2012 £'000	2011 (9 months) £'000
Net cash inflow from operating activities	1	358	31
Returns on investments and servicing of finance	2	<u>(24)</u>	<u>-</u>
		334	31
Financing	2	<u>(50)</u>	<u>210</u>
Increase in cash in the period		<u><u>284</u></u>	<u><u>241</u></u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>284</u>	<u>241</u>
Change in net funds resulting from cash flows		<u>284</u>	<u>241</u>
Movement in net funds in the period		284	241
Net funds at 1 January		<u>241</u>	<u>-</u>
Net funds at 31 December		<u><u>525</u></u>	<u><u>241</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2012

1 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012	2011 (9 months)
	£'000	£'000
Operating profit/(loss)	169	(158)
Increase in debtors	(825)	(707)
Increase in creditors	<u>1,014</u>	<u>896</u>
Net cash inflow from operating activities	<u>358</u>	<u>31</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012	2011 (9 months)
	£'000	£'000
Returns on investments and servicing of finance		
Interest paid	<u>(24)</u>	<u>-</u>
Net cash outflow for returns on investments and servicing of finance	<u>(24)</u>	<u>-</u>
Financing		
New loans in year	100	200
Loan repayments in year	(150)	-
Share issue	<u>-</u>	<u>10</u>
Net cash (outflow)/inflow from financing	<u>(50)</u>	<u>210</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/12 £'000	Cash flow £'000	At 31/12/12 £'000
Net cash			
Cash at bank and in hand	<u>241</u>	<u>284</u>	<u>525</u>
Total	<u>241</u>	<u>284</u>	<u>525</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 2012

1 ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax and relates to continuing operations in the United Kingdom.

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future.

Resulting deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 STAFF COSTS

There were no staff costs for the year ended 31 December 2012 nor for the period ended 31 December 2011.

The Company is charged for staff support costs by its parent companies, Sesame Services Limited and Direct Valuations Limited. Further details can be found in the Related Parties Disclosures in Note 13.

3 DIRECTORS' EMOLUMENTS

There were no directors' emoluments in the year ended 31 December 2012 nor for the period ended 31 December 2011.

The services of the directors to the Company are considered incidental to their responsibilities elsewhere within SBG and as such, no amounts have been recharged to the Company for directors' remuneration.

4 OPERATING PROFIT/(LOSS)

The operating profit (2011 - operating loss) is stated after charging

	2012	2011 (9 months)
	£'000	£'000
Auditors remuneration	<u>10</u>	<u>6</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011 (9 months)
	£'000	£'000
Other interest	<u>24</u>	<u>-</u>

6 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit/(loss) on ordinary activities for the year was as follows

	2012	2011 (9 months)
	£'000	£'000
Current tax		
UK corporation tax	<u>36</u>	<u>(42)</u>
Tax on profit/(loss) on ordinary activities	<u>36</u>	<u>(42)</u>

UK corporation tax has been charged at 24.5% (2011 - 26.5%)

Factors that may affect future tax charges

A rate change from 26% to 24% with effect from 1 April 2012 was enacted in March 2012, and a further rate change to 23% with effect from 1 April 2013 was enacted in July 2012. Further reductions to 21% and 20% with effect from 1 April 2014 and 1 April 2015 respectively have been announced but not substantively enacted at the balance sheet date.

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£'000	£'000
Trade receivables	1,519	703
Corporation tax - group relief	6	42
Prepayments and accrued income	<u>13</u>	<u>4</u>
	<u>1,538</u>	<u>749</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Further information relating to amounts owed by group undertakings is detailed in the Related Parties Disclosures in Note 13.

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£'000	£'000
Trade payables	812	271
Amounts owed to group undertakings	246	102
Other payables	731	460
Accruals and deferred income	<u>121</u>	<u>63</u>
	<u>1,910</u>	<u>896</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Further information relating to amounts owed to group undertakings is detailed in the Related Parties Disclosures in Note 13.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2012

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	<u>150</u>	<u>200</u>

The Company's parent, Sesame Services Limited, extended a loan to the Company in the prior year of £200,000. The loan was made at arms-length commercial terms and the interest rate charged on the loan was 7.5%. The loan is not repayable within one year nor on demand. The loan is due for repayment only when the Company has sufficient cash resources and in any event no later than 2021.

During 2012 an additional amount of £100,000 was loaned to the Company by Sesame Services Limited. The Company then repaid £150,000 of the outstanding loan balance prior to the balance sheet date. At the balance sheet date the Company owed Sesame Services Limited £150,000 in respect of this loan.

Further information relating to amounts owed to group undertakings is detailed in the Related Parties Disclosures in Note 13.

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2012	2011
Number	Class	Nominal value	£'000	£'000
750	Ordinary "A" shares	£1	1	1
250	Ordinary "B" shares	£1	-	-
			<u>1</u>	<u>1</u>

The A and B shares rank equally in all respects with equal voting rights, equal dividend and capital distribution (including on winding up) rights. Neither class of share confers any rights of redemption.

The ordinary "A" Shares are held by Sesame Services Limited, and represent 75% of the share capital of the Company. The ordinary "B" Shares are held by Direct Valuations Limited, and represent 25% of the share capital of the Company.

11 RESERVES

	Profit and loss account	Share premium	Totals
	£'000	£'000	£'000
At 1 January 2012	(116)	9	(107)
Profit for the year	<u>109</u>	-	<u>109</u>
At 31 December 2012	<u>(7)</u>	<u>9</u>	<u>2</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2012**

12 ULTIMATE PARENT COMPANY

The Company's immediate parent company is Sesame Services Limited, a company registered in England and Wales

The Company's ultimate parent undertaking is Resolution Limited, which is incorporated in Guernsey. Copies of the Group Report and Accounts of Resolution Limited can be viewed via its website at www.resolution.gg

The smallest group in which the results of the Company are consolidated is that headed by Friends Life Group plc

13 RELATED PARTY DISCLOSURES

	2012 £'000	2011 £'000
Included within amounts due to group undertakings are		
Sesame Services Limited	<u>396</u>	<u>302</u>
	<u>396</u>	<u>302</u>

During 2012 the Company has been charged for support services provided by both of its parent undertakings, Sesame Services Limited and Direct Valuations Limited

During the year Sesame Services Limited has charged £254,004 (2011 £116,500) and Direct Valuations Limited has charged £356,203 (2011 £40,600) for direct and administrative costs of the operations of the Company

In the prior year Sesame Services Limited provided a loan to the Company. At the balance sheet date the outstanding loan balance owed to Sesame Services Limited was £150,000 (2011 £200,000). Further details of this loan can be found in Note 9

At the balance sheet date the Company owed Sesame Services Limited £246,000 (2011 £102,000) in addition to the loan. No amounts were due to Direct Valuations Limited at the balance sheet date

P Hooper and G Higginson are also directors of Sesame Services Limited

G P Brewster and P R Gratton are also directors of Direct Valuations Limited

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
Profit/(loss) for the financial period	109	(116)
Share issue	<u>-</u>	<u>10</u>
Net addition/(reduction) to shareholders' funds	109	(106)
Opening shareholders' funds	<u>(106)</u>	<u>-</u>
Closing shareholders' funds	<u>3</u>	<u>(106)</u>