REGISTERED NUMBER: 04219521 (England and Wales)

Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2011

for

Sesame Bankhall Valuation Services Limited



Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Contents of the Financial Statements for the Year Ended 31 December 2011

	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

DIRECTORS:	P Hooper J Cupis J Malone R M Clifford P R Gratton B Abram G P Brewster G Higginson
REGISTERED OFFICE.	Pixham End Dorking Surrey RH4 1QA
REGISTERED NUMBER	04219521 (England and Wales)
AUDITORS	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

The directors present their report with the financial statements of the company for the year ended 31 December 2011

CHANGE OF NAME

The company passed a special resolution on 10 January 2011 changing its name from Sesame Regulatory Services Limited to Sesame Bankhall Valuation Services Limited

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of panel management services In the prior year the company did not trade and the financial statements were unaudited

REVIEW OF BUSINESS

The company was dormant in the prior year In the first year of trading, a loss of £116,000 has been incurred which reflects the costs of starting the trade of Sesame Bankhall Valuations Services The company is a new market leading panel management business that delivers a high quality service to lenders, intermediary partners, surveyors and customers Turnover in the first year is an encouraging £1 1m The company commenced trading on 1 March 2011

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011

DIRECTORS

P Hooper has held office during the whole of the period from 1 January 2011 to the date of this report
Other changes in directors holding office are as follows

J Cupis - appointed 18 February 2011
J Malone - appointed 18 February 2011
R M Clifford - appointed 18 February 2011
P R Gratton - appointed 18 February 2011
B Abram - appointed 18 February 2011
G P Brewster - appointed 18 February 2011
G Higginson - appointed 18 February 2011

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 Group and were in force for the benefit of former directors of the Group during 2011 Copies of the indemnities are available for inspection from the registered office of Friends Life Group plc Only directors who are employees of Sesame Bankhall Group are covered by this arrangement No provisions are in place for directors who are not employed by Sesame Bankhall Group

FUTURE OUTLOOK

The company established a new trading operation during the year and the directors anticipate that this initiative will enable the company to trade profitably in future periods The directors are optimistic about the future prospects of the business and Friends Life Group plc have confirmed their ongoing support for the forthcoming year Over the course of 2012 the company will work with lenders to provide a panel management service with professionalism and integrity and to ensure that the customer experience is enhanced

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development and position, are set out in this Director's Report The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £106,000 (2010 £nil), which the directors believe to be appropriate for the following reason The company's intermediate parent, Friends Life Group plc, has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis

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

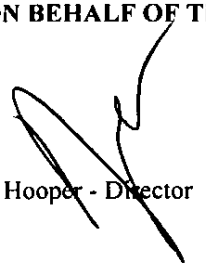
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

The auditors, Ernst & Young LLP, were appointed on 22 July 2011 In accordance with section 487 of the Companies Act 2006, the company has dispensed with the obligation to reappoint its auditor annually and Ernst & Young LLP ("E&Y") will therefore continue in office

ON BEHALF OF THE BOARD:



P Hooper - Director

19 March 2012

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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 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 financial statements 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 2011 and of its loss 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 Directors' Report 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

Ernst & Young LLP

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

Date 20 March 2012

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Profit and Loss Account for the Year Ended 31 December 2011

	Notes	2011 £'000	2010 (Unaudited) £'000
TURNOVER		1,091	-
Cost of sales		1,019	-
GROSS PROFIT		72	-
Administrative expenses		230	-
OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(158)	-
Tax on loss on ordinary activities	5	(42)	-
LOSS FOR THE FINANCIAL YEAR		(116)	-

CONTINUING OPERATIONS
The company commenced trading on 1 March 2011 as a provider of panel management services

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the loss for the current year

The notes form part of these financial statements

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Balance Sheet
31 December 2011

	Notes	2011 £'000	2010 (Unaudited) £'000
CURRENT ASSETS			
Debtors	6	749	-
Cash in hand		241	-
		990	-
CREDITORS			
Amounts falling due within one year	7	896	-
NET CURRENT ASSETS		94	-
TOTAL ASSETS LESS CURRENT LIABILITIES		94	-
CREDITORS			
Amounts falling due after more than one year	8	200	-
NET LIABILITIES		(106)	-
CAPITAL AND RESERVES			
Called up share capital	9	1	-
Share premium	10	9	-
Profit and loss account	10	(116)	-
SHAREHOLDERS' FUNDS	13	(106)	-

The financial statements were approved by the Board of Directors on 19 March 2012 and were signed on its behalf by

P Hooper - Director

The notes form part of these financial statements

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Cash Flow Statement for the Year Ended 31 December 2011

	Notes	2011 £'000	2010 (Unaudited) £'000
Net cash inflow from operating activities	1	31	-
		31	-
Financing	2	210	-
Increase in cash in the period		241	-

Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		241	-
Change in net debt resulting from cash flows		241	-
Movement in net debt in the period		241	-
Net debt at 1 January		-	-
Net funds at 31 December		241	-

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2011

1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010 (Unaudited)
	£'000	£'000
Operating loss	(158)	-
Increase in debtors	(707)	-
Increase in creditors	896	-
Net cash inflow from operating activities	31	-

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

	2011	2010 (Unaudited)
	£'000	£'000
Financing		
New loans in year	200	-
Share issue	10	-
Net cash inflow from financing	210	-

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/11	Cash flow	At 31/12/11
	£'000	£'000	£'000
Net cash			
Cash at bank and in hand	-	241	241

The notes form part of these financial statements

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 financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £106,000 (2010 £nil), which the directors believe to be appropriate for the following reason The company's intermediate parent, Friends Life Group plc, has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax

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 2011 nor for the year ended 31 December 2010

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 at Note 12

3 DIRECTORS' EMOLUMENTS

	2011	2010 (Unaudited)
	£'000	£000
Director's remuneration	-	-

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

continued

4 OPERATING LOSS

The operating loss is stated after charging

	2011	2010 (Unaudited)
	£'000	£'000
Auditors remuneration	6	-

5 TAXATION

Analysis of the tax credit
The tax credit on the loss on ordinary activities for the year was as follows

	2011	2010 (Unaudited)
	£'000	£'000
Current tax		
UK corporation tax	(42)	-
Tax on loss on ordinary activities	(42)	-

UK corporation tax has been charged at 26 5%

Factors affecting the tax credit
The tax assessed for the year is the same as the standard rate of corporation tax in the UK

	2011
	£'000
Loss on ordinary activities before tax	(158)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 5%	(42)
Current tax credit	(42)

Factors that may affect future tax charges
Announcements were made during the year by the Chancellor of the Exchequer of proposed changes to corporation tax rates which will have an effect on the future tax charges of the company The changes in the corporation tax rate from 28% to 26% became effective 1 April 2011 and from 26% to 25% effective 1 April 2012 were both enacted during the year Further reductions of 1% per annum effective on 1 April each year to a rate of 23% from 1 April 2014 have been announced but not yet substantively enacted

continued

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010 (Unaudited)
	£'000	£'000
Trade receivables	703	-
Tax debtor to be group relieved	42	
Prepayments and accrued income	4	-
	749	-

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 12

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010 (Unaudited)
	£'000	£'000
Trade payables	271	-
Amounts owed to group undertakings	102	-
Other payables	460	-
Accruals and deferred income	63	-
	896	-

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 12

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010 (Unaudited)
	£'000	£'000
Amounts owed to group undertakings	200	-

The Company's parent, Sesame Services Limited, has extended a loan to Sesame Bankhall Valuation Services Limited 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

Further information relating to amounts owed to group undertakings is detailed in the Related Parties Disclosures in Note 12

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	2011	2010 (Unaudited)
			£'000	£'000
750	Ordinary "A" shares	£1	1	-
250	Ordinary "B" shares	£1	-	-
			1	-

749 Ordinary "A" shares with a nominal value of £1 were allotted during the year The shares are fully paid up and consideration of £10 per share was received Share premium arising on this transaction was £6,741

Also during the year 250 Ordinary "B" shares with a nominal value of £1 were allotted for a value of £10 per share Share premium arising on this transaction was £2,250

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

Total share premium arising during the year was £8,991

10 RESERVES

	Profit and loss account £'000	Share premium £'000	Totals £'000
Deficit for the year	(116)		(116)
Cash share issue	-	9	9
At 31 December 2011	(116)	9	(107)

11 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

continued

12 RELATED PARTY DISCLOSURES

	2011	2010 (Unaudited)
	£'000	£'000
Included within amounts due to group undertakings are		
Sesame Services Limited	302	-
	302	-

During the period of trading the company has been re-charged for support services provided by both of its parent undertakings, Sesame Services Limited and Direct Valuations Limited

Direct Valuations Limited owns 25% of the company by virtue of it holding 249 Ordinary 'B' shares

Sesame Services Limited has re-charged £116,500 (2010 £nil) and Direct Valuations Limited has re-charged £40,600 (2010 £nil)

Sesame Services Limited has also provided a loan to Sesame Bankhall Valuation Services of £200,000 (2010 £nil) Further details about this loan are discussed in Note 8 above

At the balance sheet date the company also owed Sesame Services Limited £102,000 (2010 £nil) in addition to the loan

At the balance sheet date the company owed Direct Valuations Limited £nil (2010 £nil)

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010 (Unaudited)
	£'000	£'000
Loss for the financial year	(116)	-
Share issue	10	-
Net (reduction)/addition to shareholders' funds	(106)	-
Opening shareholders' funds	-	-
Closing shareholders' funds	(106)	-