REGISTERED NUMBER: 04219521 (England and Wales)

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2016

for

Sesame Bankhall Valuation Services Limited

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Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

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DIRECTORS:	C J Anderton G P Brewster J Cowan P R Gratton M T Graves S Jackson J Kelly J Malone
SECRETARY:	Aviva Company Secretarial Services Limited
REGISTERED OFFICE:	Pixham End Dorking Surrey RH4 1QA
REGISTERED NUMBER:	04219521 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 101 Barbirolli Square Manchester M2 3PW

The directors present their strategic report for Sesame Bankhall Valuation Services Limited ("the Company") for the year ended 31 December 2016.

REVIEW OF BUSINESS

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

Turnover for the year decreased to £16.2m (2015: £16.9m). Operating profit for the year was £973,000 (2015: £858,000) with an increase of 0.9% in the margin achieved due to changes in the mix of valuations completed.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is susceptible to any major downturn in property market conditions and liquidity in the mortgage market, as this is likely to reduce a consumer's propensity to arrange new mortgages, and subsequently impact on the Company's panel management activities.

FUTURE OUTLOOK

The directors continue to focus on strengthening relationships with lenders and exploring further opportunities for growth. The directors are optimistic about the future prospects of the business, both in terms of the housing market outlook and the Company's ability to secure further lender volume.

The Company's revenues and profits are substantially dependent on the volume of housing transactions in the UK residential property market. During recent years, the mortgage market has been steadily recovering, but remains highly cyclical and subject to changes in consumer confidence. The UK's referendum vote to leave the EU has created some uncertainty in the UK property market, but lender appetite remains strong. The Company has a focus on retaining key customer relationships through high levels of customer service, which has enabled the Company to compete successfully in the market.

The Company is known for its strong focus on excellent customer service, and deploying technological innovation and remote solutions to drive business efficiency and manage risk.

Moving forwards the Company will continue to work with lenders to provide a panel management service with professionalism and integrity.

KEY PERFORMANCE INDICATORS (KPIS)

The Board monitors the performance of the Company using a number of financial and non-financial performance measures. A number of these for the Company are set out in these financial statements and are shown below.

	2016	2015
	£'000	£'000
Turnover	16,213	16,854
Operating Profit	973	858
Profit before taxation	971	844
Profit for the financial year	777	673
Net assets	702	675

ON BEHALF OF THE BOARD:

J Cowan - Director

28 September 2017

The directors present their report with the audited financial statements of the Company for the year ended 31 December 2016.

Certain information that is required in the Report of the Directors under the Companies Act has been disclosed in the Strategic Report on page 2.

DIVIDENDS

Interim dividends were paid during the year as follows:

Ordinary A £1 shares	£750 per share - paid 8 November 2016
Ordinary B £1 shares	£750 per share - paid 8 November 2016

The directors recommend that no final dividends be paid (2015: £nil).

The total distribution for the year ended 31 December 2016 will be £750,000 (2015: £700,000).

DIRECTORS

The following directors have held office in the whole of the period from 1 January 2016 to the date of this report.

C J Anderton
G P Brewster
J Cowan
P R Gratton
S Jackson
J Kelly
J Malone

Changes in directors holding office in the period from 1 January 2016 to the date of this report are as follows:

M T Graves - appointed 21 January 2016

DIRECTORS AND OFFICERS - INDEMNITY AND INSURANCE

Aviva plc, the Company's ultimate parent, granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007. This indemnity is a "qualifying third party indemnity" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Report of the Directors by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

The directors also have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out in the Companies Act 2006. This is a "qualifying third party indemnity" provision as defined by section 234 of the Companies Act 2006.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Report of the Directors. 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.

FINANCIAL RISK MANAGEMENT POLICY

The directors are responsible for the financial risk management process and for the review, challenge and approval of its reported financial position. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management is directed at the relevant elements of the business.

Credit risk

The exposure of the Company to credit risk primarily relates to the recovery of trade receivables. A formal process for recovery of these receivables is in place and management monitor this process on a continual basis.

Market risk

The Company is susceptible to any major downturn in property market conditions and liquidity in the mortgage market, as this is likely to reduce a consumer's propensity to arrange new mortgages, and subsequently impact on the Company's panel management activities. The directors monitor the performance of the business and market as a whole on a continual basis in order to ensure the Company is well placed to respond appropriately to any significant changes.

Liquidity risk

Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure such resources at excessive cost. The Company has some exposure to liquidity risk, in relation to its trade debtor and trade creditor balances, but this is managed by the directors through the ongoing monitoring and management of working capital.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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

In the case of each director in office at the date the Report of the Directors is approved:
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

In accordance with Section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP is deemed to be re-appointed as the Company's auditors and therefore will continue in office.

ON BEHALF OF THE BOARD:

J Cowan - Director

28 September 2017

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Sesame Bankhall Valuation Services Limited's financial statements (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.

What we have audited

The financial statements, included within the Strategic Report, Report of the Directors and Audited Financial Statements (the "Annual Report"), comprise:
- the Balance Sheet as at 31 December 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMkPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.

H Varley

Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

28 September 2017

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Income Statement
for the Year Ended 31 December 2016

	Note	2016 £'000	2015 £'000
TURNOVER		16,213	16,854
Cost of sales		(14,760)	(15,519)
GROSS PROFIT		1,453	1,335
Administrative expenses		(480)	(477)
OPERATING PROFIT		973	858
Interest payable and similar expenses	4	(2)	(14)
PROFIT BEFORE TAXATION	5	971	844
Tax on profit	6	(194)	(171)
PROFIT FOR THE FINANCIAL YEAR		777	673

The notes on pages 13 to 17 form part of these financial statements

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Statement of Comprehensive Income for the Year Ended 31 December 2016

	2016 £'000	2015 £'000
PROFIT FOR THE FINANCIAL YEAR	777	673
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	777	673

The notes on pages 13 to 17 form part of these financial statements

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Balance Sheet as at 31 December 2016

	Note	2016 £'000	2015 £'000
CURRENT ASSETS			
Debtors	8	2,999	2,996
Cash at bank and in hand		258	17
		3,257	3,013
CREDITORS			
Amounts falling due within one year	9	2,555	2,338
NET CURRENT ASSETS		702	675
TOTAL ASSETS LESS CURRENT LIABILITIES		702	675
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Share premium account	11	9	9
Retained earnings	11	692	665
TOTAL SHAREHOLDERS' FUNDS		702	675

The financial statements were approved by the Board of Directors on 28 September 2017 and were signed on its behalf by:

J Cowan - Director

The notes on pages 13 to 17 form part of these financial statements

Sesame Bankhall Valuation Services Limited (Registered number: 04219521)

Statement of Changes in Equity for the Year Ended 31 December 2016

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2015	1	692	9	702
Changes in equity				
Dividends	-	(700)	-	(700)
Profit for the financial year and total comprehensive income	-	673	-	673
Balance at 31 December 2015	1	665	9	675
Changes in equity				
Dividends	-	(750)	-	(750)
Profit for the financial year and total comprehensive income	-	777	-	777
Balance at 31 December 2016	1	692	9	702

The notes on pages 13 to 17 form part of these financial statements

1. ACCOUNTING POLICIES

Reporting entity
Sesame Bankhall Valuation Services Limited is a private company limited by shares. The Company is incorporated in Great Britain, registered in England and Wales, and domiciled in the United Kingdom. The Company's registered office is Pixham End, Dorking, Surrey, RH4 1QA.

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Report of the Directors. 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 comprises income recognised by the Company at the point when a valuation report is supplied to the customer, exclusive of value added tax.

1. ACCOUNTING POLICIES - continued

Current taxation
Taxation is based on the profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior periods. Tax payable is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current taxation is recognised in the Income Statement for the year, except to the extent that it is attributable to a gain or loss recognised outside the Income Statement, in which case the current taxation is recognised in the Statement of Comprehensive Income, or equity, as applicable.

Deferred tax
Deferred tax is recognised on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax rates used are the rates that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is recognised in the Income Statement for the year, except to the extent that it is attributable to a gain or loss recognised outside the Income Statement, in which case the deferred taxation is recognised in the Statement of Comprehensive Income, or equity, as applicable.

International Financial Reporting Standards
A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and early adoption is permitted. The Company has no transactions which would be affected by new currently effective requirements. The Company has not early adopted the following new standards in preparing these financial statements.
- IFRS 9 Financial Instruments - effective 1 January 2018 with early adoption permitted.
- IFRS 15 Revenue from Contracts with Customers - effective 1 January 2018 with early adoption permitted.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. There are no critical accounting estimates within the financial statements.

3. EMPLOYEES AND DIRECTORS

The Company has no employees and therefore there were no staff costs for the year ended 31 December 2016 (2015: £nil). 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 Party Disclosures in Note 13.

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£'000	£'000
Other interest	2	14

5. PROFIT BEFORE TAXATION

Auditors' remuneration for audit services of £7,400 (2015: £8,500) was borne by Sesame Services Limited (the Company's immediate parent company) and not recharged, as was the case in the prior year.

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6. TAX ON PROFIT

Analysis of tax expense

	2016 £'000	2015 £'000
Current tax:		
Tax	194	171
Total tax expense in income statement	194	171

Factors affecting the tax expense
The tax assessed for the year is equal to (2015: equal to) the standard rate of corporation tax in the UK.

	2016 £'000	2015 £'000
Profit before taxation	971	844
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	194	171
Tax expense	194	171

Finance (No 2) Act 2015 introduced legislation reducing the rate of corporation tax from 20% at 1 April 2016 to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016, which received Royal Assent on 15 September 2016, will reduce the corporation tax rate further to 17% from 1 April 2020.

7. DIVIDENDS

	2016 £'000	2015 £'000
Ordinary A shares of £1 each		
Interim dividend of £750 per share	563	525
Ordinary B shares of £1 each		
Interim dividend of £750 per share	187	175
	750	700

8. DEBTORS

	2016 £'000	2015 £'000
Trade receivables	2,857	2,976
Other receivables	117	-
Prepayments and accrued income	25	20
	2,999	2,996

Trade receivables are reported at the amounts at which they are expected to be received after allowing for bad debts, which are assessed individually. Impairment of trade receivables is reported as an expense. Trade receivables are stated after provisions for impairment of £13,000 (2015: £13,000).

continued...

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Trade payables	1,587	115
Amounts owed to group undertakings	-	243
Corporation tax - group relief	365	385
Other payables	21	45
Accruals and deferred income	582	1,550
	2,555	2,338

Amounts owed to group undertakings in the prior year included an amount due to Sesame Services Limited under a formal loan arrangement. During 2014 an intercompany balance owed to Sesame Services Limited, relating to valued added tax settled on the Company's behalf, was converted into a formal loan agreement. The loan was issued on a commercial basis with interest charged at 4%. It was repayable in monthly instalments over a period of 24 months and the final repayment was made in October 2016. At 31 December 2016 the loan balance outstanding was £nil (2015: £213,000).

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £'000	2015 £'000
750 (2015: 750)	Ordinary A shares	£1	1	1
250 (2015: 250)	Ordinary B shares	£1	-	-
			1	1

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

	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 January 2016	665	9	674
Profit for the financial year	777	-	777
Dividends	(750)	-	(750)
At 31 December 2016	692	9	701

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12. ULTIMATE PARENT COMPANY

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

The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated in Great Britain and registered in England and Wales.

The smallest group in which the results of the Company were consolidated for the year was that headed by Friends Life Holdings plc. Copies of Friends Life Holdings plc financial statements are available on application to the Group Company Secretary, Aviva plc, St Helens, 1 Undershaft, London, EC3P 3DQ, and on the Aviva plc website at www.aviva.com.

13. RELATED PARTY DISCLOSURES

	2016 £'000	2015 £'000
Included within amounts due to group undertakings are:		
Sesame Services Limited	-	243

During the year Sesame Services Limited has charged £858,420 (2015: £870,240) and Direct Valuations Limited has charged £1,645,826 (2015: £1,736,954) for direct and administrative costs of the operations of the Company.

Included within the amount charged during the year by Sesame Services Limited is an amount of £120,000 (2015: £120,000) relating to director fees. Included within the amount charged during the year by Direct Valuations Limited is an amount of £120,000 (2015: £120,000) relating to director fees.

C J Anderton, P R Gratton, and S Jackson are also directors of Direct Valuations Limited.

J Cowan is also a director of Sesame Services Limited.