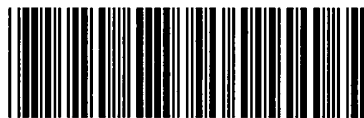


REGISTERED NUMBER: 02338540 (England and Wales)

**Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2015
for
Sesame Services Limited**

FRIDAY



A5GMS4IW

A55

30/09/2016

#374

COMPANIES HOUSE

**Contents of the Financial Statements
for the Year Ended 31 December 2015**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Independent Auditors' Report	7
Income Statement	9
Statement of Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Sesame Services Limited

**Company Information
for the Year Ended 31 December 2015**

DIRECTORS:

D J Burlison
J Cowan
S C Gazard

SECRETARY:

Friends Life Secretarial Services Limited

REGISTERED OFFICE:

Pixham End
Dorking
Surrey
RH4 1QA

REGISTERED NUMBER:

02338540 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
101 Barbirolli Square
Manchester
M2 3PN

**Strategic Report
for the Year Ended 31 December 2015**

The directors present their strategic report of Sesame Services Limited (the "Company") for the year ended 31 December 2015.

REVIEW OF BUSINESS

The Company provides services and administration to the Sesame Bankhall Group ("SBG") and employs staff who are engaged in the activities undertaken by SBG.

A strategic review of SBG, supported by the parent group, commenced in 2013 with the aim of ensuring SBG is better placed to respond to future opportunities in a rapidly-changing financial services marketplace.

On 20 April 2015 Sesame Services Limited announced to its UK staff base that following the Sesame Limited decision to no longer support a network option for wealth firms (announced on 30 March 2015) it would be entering into a period of consultation with all staff. The conclusion of this restructure saw a number of redundancies and the closure of certain SBG premises. The new structure was effective from 1 August 2015.

The loss before tax for the year ended 31 December 2015 was £3.7m (2014: profit of £0.6m) which includes certain costs recognised by the Company during the year relating to the strategic review of SBG. In the current year the Company incurred a charge of £nil in relation to the impairment of its investments (2014: £nil).

Management Charges

	2015	2014
Income receivable analysed by year	£39.1m	£35.1m

The Company has continued to provide resources to SBG during the year. Income from management charges received was £39.1m (2014: £35.1m). The increase in the management charge income year on year is due to an increase in operating costs recharged to other SBG companies.

Other Income

The Company has contracts with product providers to provide certain marketing and professional services. The FCA requires that any related income received from providers is only the minimum necessary to recover the direct costs incurred by the advisory firm and therefore the Company operates a "cost recovery" approach for services rendered.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks for the Company are that its investments will decrease in value and not generate returns, that income from third parties will decrease and that group companies will require significant changes in service requirements at short notice impacting management charge income received. The Company monitors the performance of the other group companies and works closely with external parties to ensure work is done to maintain levels of income and therefore minimise risks to the Company.

FRS 101 REDUCED DISCLOSURE FRAMEWORK

The Company has adopted FRS 101 for these financial statements for the year ended 31 December 2015. In order to show comparative balances, the year ended 31 December 2014 is also shown under FRS 101. The date of transition to FRS 101 is, therefore, 1 January 2014.

There has been no impact to the Balance Sheet, Income Statement, Statement of Other Comprehensive Income or Statement of Changes in Equity as of 1 January 2014 or 31 December 2015 as a result of the first time adoption of FRS 101.

**Strategic Report
for the Year Ended 31 December 2015**

KEY PERFORMANCE INDICATORS

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.

	2015	2014
	£'000	£'000
Turnover	40,237	36,259
Operating profit/(loss)	(4,244)	207
Profit/(loss) before taxation	(3,692)	598
Profit/(loss) for the year	(2,488)	(71)
Net assets/(liabilities)	74,768	77,256

Given the nature of the business, its performance is dependent on the service requirements of the rest of the group companies. The Company's directors are of the opinion that analysis using key performance indicators other than monitoring staffing levels is not necessary for the understanding of the development, performance or position of the business.

ON BEHALF OF THE BOARD:


J Cowan - Director

22 September 2016

**Report of the Directors
for the Year Ended 31 December 2015**

The directors present their report with the audited financial statements of the Company for the year ended 31 December 2015.

For the period to 10 April 2015 the Company was part of the Friends Life Group of companies, and references to the Group are to the Group of companies formerly headed by Friends Life Group Limited. Following the acquisition of the Friends Life Group by Aviva on 10 April 2015 the Company is now a subsidiary of the Aviva Group of companies headed by Aviva plc.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015 (2014: £nil).

FUTURE DEVELOPMENTS

Sesame Bankhall Group ("SBG") is a broadly-based financial services group, with a long-term vision and commitment to professional financial advice. This commitment and strength, along with the investments made, puts SBG in a strong position to provide greater value and choice to more adviser firms in the future. The directors expect that the Company will continue to provide support services to SBG companies in the coming year.

DIRECTORS

The following director has held office in the whole period from 1 January 2015 to the date of this report:

S C Gazard

Changes in directors holding office in the period from 1 January 2015 to the date of this report are as follows:

J Cowan - appointed 22 June 2015

J A Newman - resigned 30 June 2015

L Winnard - resigned 24 September 2015

D J Burlison - appointed 24 September 2015

DIRECTORS AND OFFICERS - INDEMNITY AND INSURANCE

Aviva plc, the Company's ultimate parent, (since Aviva plc acquired the Friends Life Group on 13 April 2015) 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 Directors' Report 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.

POLITICAL AND CHARITABLE DONATIONS

The Company has a policy not to make political donations. Charitable donations of £4,892 (2014: £5,511) were made in the year ended 31 December 2015.

**Report of the Directors
for the Year Ended 31 December 2015**

GOING CONCERN

On 17 June 2015 Aviva Life Holdings UK Limited provided a letter of support to Sesame Bankhall Group Limited (SBGL), the immediate parent company, indicating it would provide £25m of support to SBGL and its subsidiaries to pay any liability which SBGL or its subsidiaries believes it will be otherwise be unable to pay using its own cash or other assets. This support excludes certain restructuring related costs and expenses, should they be incurred by SBGL or its subsidiaries, and is limited to a period of 24 months from 17 June 2015. As such, this support expires on 17 June 2017.

The directors believe that with the changes implemented as part of the strategic review of Sesame Bankhall Group, and the ongoing financial support of the parent entities to the Company, the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis of accounting in the preparation of the annual financial statements.

FINANCIAL RISK MANAGEMENT POLICY

The principal risks and uncertainties of the Company are summarised in the Strategic Report.

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 Company has no exposure to credit risk.

Market risk

The Company has no exposure to market risk including foreign exchange rate movements.

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 a minimal exposure to liquidity risk.

EMPLOYEES

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining. The Company is prepared to modify procedures or equipment, wherever this is practicable, so that full use can be made of an individual's abilities.

The Company seeks to engage all employees in both its short and long term goals. This is achieved through a number of communication methods such as senior management briefings, focus groups, newsletters and, increasingly, through the use of intranet technology.

**Report of the Directors
for the Year Ended 31 December 2015**

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 regulations.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

As 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

Following the change in control of the Friends Life Group of companies, Ernst & Young LLP resigned as the Company's auditor on 27 October 2015. PricewaterhouseCoopers LLP was then appointed by the directors as the Company's auditors on 21 December 2015.

ON BEHALF OF THE BOARD:


J Cowan - Director

22 September 2016

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Sesame 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 2015 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.

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 2015;
- the Income Statement and Statement of Other 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, 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.

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, 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 parent 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

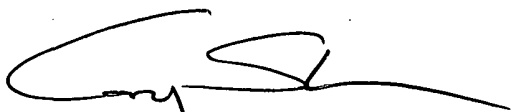
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.



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

23 September 2016

**Income Statement
for the Year Ended 31 December 2015**

	Note	2015 £'000	2014 £'000
TURNOVER	2	40,237	36,259
Cost of sales		<u>(23,783)</u>	<u>(23,965)</u>
GROSS PROFIT		16,454	12,294
Administrative expenses		<u>(20,698)</u>	<u>(12,087)</u>
OPERATING (LOSS)/PROFIT		(4,244)	207
Income from fixed asset investments		525	375
Interest receivable and similar income	5	<u>27</u>	<u>16</u>
		<u>552</u>	<u>391</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(3,692)	598
Tax on (loss)/profit on ordinary activities	7	<u>1,204</u>	<u>(669)</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(2,488)</u></u>	<u><u>(71)</u></u>

The notes on pages 13 to 25 form part of these financial statements

**Statement of Other Comprehensive Income
for the Year Ended 31 December 2015**

	2015 £'000	2014 £'000
LOSS FOR THE FINANCIAL YEAR	(2,488)	(71)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(2,488)</u>	<u>(71)</u>

The notes on pages 13 to 25 form part of these financial statements

Sesame Services Limited (Registered number: 02338540)

**Balance Sheet
As at 31 December 2015**

		2015		2014	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		116		662
Investments	9		<u>1,258</u>		<u>1,258</u>
			1,374		1,920
CURRENT ASSETS					
Debtors	10	110,792		106,787	
Cash at bank and in hand		<u>3,949</u>		<u>3,942</u>	
		114,741		110,729	
CREDITORS					
Amounts falling due within one year	11	<u>(28,058)</u>		<u>(30,860)</u>	
NET CURRENT ASSETS			<u>86,683</u>		<u>79,869</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			88,057		81,789
PROVISIONS FOR LIABILITIES	12		<u>(13,289)</u>		<u>(4,533)</u>
NET ASSETS			<u>74,768</u>		<u>77,256</u>
CAPITAL AND RESERVES					
Called up share capital	13		5,599		5,599
Share premium	14		85,999		85,999
Equity capital contributions	14		20,628		20,628
Retained earnings	14		<u>(37,458)</u>		<u>(34,970)</u>
TOTAL SHAREHOLDERS' FUNDS			<u>74,768</u>		<u>77,256</u>

The financial statements were approved by the Board of Directors on 22 September 2016 and were signed on its behalf by:


J Cowan - Director

The notes on pages 13 to 25 form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 December 2015**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Equity capital contributions £'000	Total equity £'000
Balance at 1 January 2014	5,599	(34,899)	85,999	20,628	77,327
Changes in equity					
Total comprehensive loss	-	(71)	-	-	(71)
Balance at 31 December 2014	<u>5,599</u>	<u>(34,970)</u>	<u>85,999</u>	<u>20,628</u>	<u>77,256</u>
Changes in equity					
Total comprehensive loss	-	-(2,488)	-	-	(2,488)
Balance at 31 December 2015	<u>5,599</u>	<u>(37,458)</u>	<u>85,999</u>	<u>20,628</u>	<u>74,768</u>

The notes on pages 13 to 25 form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES

Reporting entity

Sesame 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets;
- 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 requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

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

Exemption from preparing consolidated financial statements

The financial statements contain information about Sesame Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its intermediate parent, Friends Life Holdings plc.

Going concern

On 17-June 2015 Aviva Life Holdings UK Limited provided a letter of support to Sesame Bankhall Group Limited (SBGL), the immediate parent company, indicating it would provide £25m of support to SBGL and its subsidiaries to pay any liability which SBGL or its subsidiaries believes it will be otherwise be unable to pay using its own cash or other assets. This support excludes certain restructuring related costs and expenses, should they be incurred by SBGL or its subsidiaries, and is limited to a period of 24 months from 17 June 2015. As such, this support expires on 17 June 2017.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES - continued

Going concern - continued

The directors believe that with the changes implemented as part of the strategic review of Sesame Bankhall Group, and the ongoing financial support of the parent entities to the Company, the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis of accounting in the preparation of the annual financial statements.

Turnover

Turnover is comprised mainly of management charges receivable from other group companies for the provision of services. There is no cost plus arrangement with group companies in respect of the management charge.

Turnover also includes income relating to the development and sale of software for financial advisers. Turnover from advertising contracts is recognised as the work is performed. Electronic data interchange and remote processing services (transaction processing) are recognised as the work is performed. Professional services, such as implementation, training and consultancy, are recognised when the services are performed. Turnover represents invoiced value net of value added tax and/or trade discounts. All turnover relates to sales in the United Kingdom.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery - straight line over 3 to 4 years

Current tax

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 other 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 other comprehensive income, or equity, as applicable.

Employee benefit costs

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the profit and loss account in the year to which they relate.

Provisions for liabilities and charges

The Company has recognised provisions for future costs that it expects to incur as a result of transactions, actions or commitments that had taken place at the balance sheet date. The dilapidations provision is recognised based on estimated costs payable at the end of relevant leases. The other provisions held are discussed further in the notes to the financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES - continued

FRS 101 - First time adoption of Reduced Disclosure Framework

The Company has adopted FRS 101 for these financial statements for the year ended 31 December 2015. In order to show comparative balances, the year ended 31 December 2014 is also shown under FRS 101. The date of transition to FRS 101 is, therefore, 1 January 2014.

There has been no impact to the Balance Sheet, Income Statement, Statement of Other Comprehensive Income or Statement of Changes in Equity as of 1 January 2014 or 31 December 2015 as a result of the first time adoption of FRS 101.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 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. TURNOVER

The turnover and loss (2014: profit) before taxation are attributable to the principal activities of the Company.

An analysis of turnover by class of business is given below:

	2015	2014
	£'000	£'000
Management charges receivable	39,095	35,096
Software development and sale	78	116
Advertising and research	-	48
Professional services	<u>1,064</u>	<u>999</u>
	<u>40,237</u>	<u>36,259</u>

3. 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. Critical accounting estimates include those used in the valuation of investments in group undertakings and the calculation of provisions required at the balance sheet date.

The valuation of investments in group undertakings includes certain assumptions in the calculation of a relevant discount rate and management's estimate of the future cash flows for subsidiary undertakings

The provision calculations use current internal management information to estimate the future outflows associated with the specific items provided for at the balance sheet date. Further information on the provision calculations is set out in Note 12.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

4. EMPLOYEES AND DIRECTORS

The costs of employees directly employed by the Company during the year were as follows:

	2015	2014
	£'000	£'000
Wages and salaries	16,246	17,739
Social security costs	1,894	2,094
Other pension costs	816	863
	<u>18,956</u>	<u>20,696</u>

The average monthly number of employees during the year was as follows:

	2015	2014
Administrative staff	353	440
Sales staff	26	39
	<u>379</u>	<u>479</u>

The Company employs and remunerates Sesame Bankhall Group ("SBG") directors and apportions their emoluments between certain SBG companies. This recharge of directors' emoluments was based on an estimate of the share of directors' services provided to each company.

Directors' emoluments charged to the Company during the year were:

	2015	2014
	£'000	£'000
Aggregate emoluments	758	404
Other pension costs	27	28
	<u>785</u>	<u>432</u>

The number of directors accruing benefits under pension schemes during the year was:

	2015	2014
Money purchase pension scheme	2	4

SBG does not participate in a defined benefit pension scheme and therefore no costs relating to such schemes has been incurred.

The total remuneration paid to SBG directors by the Company, including amounts recharged to other SBG companies, is as follows:

	2015	2014
	£'000	£'000
Aggregate emoluments	1,877	1,370
Other pension costs	93	44
	<u>1,970</u>	<u>1,414</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

4. **EMPLOYEES AND DIRECTORS - continued**

Emoluments paid to the highest paid SBG director were:

	2015	2014
	£'000	£'000
Aggregate emoluments of the highest paid director in SBG	508	399
Pension contributions in respect of the highest paid director	<u>18</u>	<u>-</u>

No SBG share options were offered or exercised during the year.

J A Newman was employed by, and received his emoluments from Friends Life Management Services Limited ("FLMS").

D J Burlison was employed by, and received his emoluments from, KPMG which then recharged the cost of directors' services provided to the Company. At 31 December 2015 no costs had yet been settled.

5. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2015	2014
	£'000	£'000
Interest receivable	<u>27</u>	<u>16</u>

6. **(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The loss before taxation (2014 - profit before taxation) is stated after charging:

	2015	2014
	£'000	£'000
Depreciation - owned assets	581	795
Operating leases	646	706
Auditors' remuneration - audit services	<u>310</u>	<u>310</u>

The Company has borne the auditors' remuneration for all of the Sesame Bankhall Group companies. Auditors' remuneration for audit services relating directly to the Company was £92,500 excluding VAT (2014: £92,500). There were no non-audit fees in either year.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

7. TAXATION

Analysis of tax (income)/expense

	2015 £'000	2014 £'000
Current tax:		
UK Corporation tax at 20.25% (2014: 21.50%)	(809)	347
Prior period adjustment	<u>(393)</u>	<u>395</u>
Total current tax	(1,202)	742
Deferred tax:		
Adjustments in respect of previous years	7	-
Origination and reversal of timing differences	(38)	(73)
Change in tax rate	<u>29</u>	<u>-</u>
Total deferred tax	(2)	(73)
Total tax (credit)/expense in income statement	<u>(1,204)</u>	<u>669</u>

Factors affecting the tax expense

The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2015 £'000	2014 £'000
(Loss)/profit on ordinary activities before income taxation	<u>(3,692)</u>	<u>598</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	(748)	128
Effects of:		
Deductions not allowable for tax purposes	2	17
Income not taxable for tax purposes	(106)	(81)
Depreciation in excess of capital allowances	5	78
Adjustments to tax charge in respect of previous periods	(386)	322
Transfer pricing adjustment	-	205
Impact of reduction in corporation tax rate	<u>29</u>	<u>-</u>
Tax (credit)/expense	<u>(1,204)</u>	<u>669</u>

UK legislation was substantively enacted in July 2013 to reduce the rate of corporation tax from 21% to 20% from 1 April 2015, resulting in an effective rate for the year ended 31 December 2015 of 20.25%. UK legislation was substantively enacted in October 2015 to reduce the rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. UK legislation was substantively enacted in September 2016 to further reduce the corporation tax rate from 1 April 2020 to 17%. Deferred tax is calculated using rates substantively enacted by the reporting date and as such the 18% rate has been taken into account in deferred tax balances.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

8. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
COST	
At 1 January 2015	2,926
Additions	<u>35</u>
At 31 December 2015	<u>2,961</u>
DEPRECIATION	
At 1 January 2015	2,264
Charge for year	<u>581</u>
At 31 December 2015	<u>2,845</u>
NET BOOK VALUE	
At 31 December 2015	<u>116</u>
At 31 December 2014	<u>662</u>

9. INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2015 and 31 December 2015	<u>133,416</u>
PROVISIONS	
At 1 January 2015 and 31 December 2015	<u>132,158</u>
NET BOOK VALUE	
At 31 December 2015	<u>1,258</u>
At 31 December 2014	<u>1,258</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

9. INVESTMENTS - continued

In accordance with applicable accounting standards the directors undertake an annual impairment review of investments held. For 2015 this was carried out using a discounted future cash flow calculation covering a five year period and an assessment of the net realisable value of the investment. The discount rate used of 12.6% is an estimate of the market weighted average cost of capital calculated using the capital asset pricing model.

The investments in subsidiaries comprise:

	Cost	Provision for diminution in value	Net book value
	£'000	£'000	£'000
Countrywide Independent Advisers Limited	1,300	1,300	-
DBS Financial Management Limited	88,280	88,280	-
Financial Options Services Limited	27,900	27,900	-
Sesame Bankhall Valuation Services Limited	8	-	8
SB Mortgage Network Limited	11	11	-
Optimum Investment Solutions Limited	11	11	-
Sesame General Insurance Services Limited	15,900	14,650	1,250
Sesame Mortgages Limited	5	5	-
Sesame Group India Private Limited	1	1	-
	<u>133,416</u>	<u>132,158</u>	<u>1,258</u>
At 31 December 2015			

Sesame Group India Private Limited is incorporated and registered in India. All other companies are incorporated in Great Britain and registered in England and Wales. All investments in subsidiaries represent 100% of the Ordinary share capital in issue with the exception of Sesame Bankhall Valuation Services Limited where the Company owns 75% of the issued ordinary share capital.

10. DEBTORS

	2015	2014
	£'000	£'000
Trade receivables	173	491
Amounts owed by group undertakings	108,630	104,426
Other receivables	225	470
Corporation tax - group relief	323	-
Other taxes	522	-
Deferred tax asset	301	299
Prepayments and accrued income	618	1,101
	<u>110,792</u>	<u>106,787</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

10. DEBTORS - continued

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 Party Disclosures in Note 17.

Deferred tax arose from decelerated capital allowances. The Company is expected to trade profitably in future periods so the deferred tax asset has been recognised in full.

	2015 £'000	2014 £'000
At 1 January	299	226
Deferred tax (charge) / credit in income statement	<u>2</u>	<u>73</u>
At 31 December	<u>301</u>	<u>299</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Trade payables	741	649
Amounts owed to group undertakings	23,330	23,903
Corporation tax	-	3,260
Social security and other taxes	490	344
Other payables	16	35
Accruals and deferred income	<u>3,481</u>	<u>2,669</u>
	<u>28,058</u>	<u>30,860</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand. Further information relating to amounts owed to group undertakings is detailed in the Related Party Disclosures in Note 17.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

12. PROVISIONS FOR LIABILITIES

	Onerous Contracts £'000	Dilapidations £'000	Other £'000	Total £'000
At 1 January 2015	-	1,068	3,465	4,533
Charged to the income statement	7,617	-	1,139	8,756
Utilisation	-	-	-	-
At 31 December 2015	<u>7,617</u>	<u>1,068</u>	<u>4,604</u>	<u>13,289</u>

A provision for onerous contracts has been recognised at 31 December 2015 for contracts which, as a result of the closure of the network for designated investment firms, will no longer provide economic benefit to SBG. The provision calculation is based on the total value of future costs the Company is committed to under the existing contractual terms.

A dilapidations provision is held for all properties leased by the Company. The provision includes the estimated terminal dilapidations liability for each property based on dilapidations reports prepared by an independent property consultant.

Other provisions include amounts relating to a potential VAT settlement exposure, the timing of which is uncertain, amounts set aside for restructuring related staff costs and professional fees yet to be invoiced, and amounts set aside for potential future charges in respect of the termination of the LTIP scheme. The timing of any settlement is uncertain but provision has been made for the current estimate of the possible exposure of the Company associated with this issue.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2015	2014
Number:	Class:		£'000	£'000
1,000,001	A Ordinary shares	£1	1,000	1,000
4,598,590	B Ordinary shares	£1	<u>4,599</u>	<u>4,599</u>
			<u>5,599</u>	<u>5,599</u>

Holders of A ordinary shares are entitled to attend and vote at general meetings but holders of B ordinary shares are only entitled to attend and vote if the business of the meeting involves a reduction in share capital or a variation of class rights.

The rights attaching to the shares are as follows:

"A" Ordinary shareholders are entitled to 1% of any dividends paid or of surplus assets on winding up.

"B" Ordinary shareholders are entitled to 99% of any dividends paid or of surplus assets on winding up.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

14. RESERVES

	Retained earnings £'000	Share premium £'000	Equity capital contributions £'000	Totals £'000
At 1 January 2015	(34,970)	-85,999	20,628	71,657
Loss for the financial year	<u>(2,488)</u>	<u>-</u>	<u>-</u>	<u>(2,488)</u>
At 31 December 2015	<u>(37,458)</u>	<u>85,999</u>	<u>20,628</u>	<u>69,169</u>

15. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent companies are Friends Life Distribution Limited and Sesame Bankhall Group Limited, companies registered in England and Wales.

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

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 accounts 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

16. CONTINGENT LIABILITIES

The Company is party to regulatory matters arising out of its normal business operations. While the outcome of regulatory matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2015. The recognition of provisions is determined in accordance with the accounting policies set out in Note 1. Any provision recognised does not constitute an admission of wrongdoing or legal liability. On the basis that appropriate provisions have been made the directors believe there is no additional potential liability which would otherwise be disclosed as contingent.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

17. RELATED PARTY DISCLOSURES

	2015 £'000	2014 £'000
Included within amounts due from group undertakings are:		
Friends Life Distribution Limited	342	342
Sesame Bankhall Group Limited	82,065	82,040
Sesame Limited	1,983	1,693
Bankhall PMS Limited	4,076	1250
SB Loan Administration Limited	7,944	6898
Sesame Bankhall Valuation Services Limited	30	-
DBS Management Limited	5,440	5,440
Sesame Mortgage Services Limited	22	22
IFA Engine Limited	5,092	5,092
Bankhall Investment Management Limited	1,091	1,104
Crystal Clear Financial Advice Limited	478	478
IFA Exchange Limited	67	67
	<u>108,630</u>	<u>104,426</u>

Included within amounts due to group undertakings are:

Sesame General Insurance Services Limited	289	862
Journey Financial Advice Limited	527	527
Countrywide Independent Advisers Limited	6,759	6,759
Sesame Investment Services Limited	150	150
DBS Financial Management Limited	4,490	4,490
Financial Options Services Limited	92	92
Sesame Select Services Limited	4,210	4,210
Point One Limited	2,601	2,601
Portfolio Member Services Limited	3,861	3,861
IFA Network Limited	351	351
	<u>23,330</u>	<u>23,903</u>

During the year there have been management charges, intercompany recharges, and intercompany account movements between SBG companies.

The purpose of the management and intercompany recharges is to recognise expenses in the correct statutory company. The Company continues to provide resources to SBG as the service company for the group. These resources relate to staffing and other overheads. The purpose of the intercompany bank transfers is to ensure adequate capital levels are maintained across group entities. The Company has recognised income of £39.1m (2014: £35.1m) in relation to management recharges. See Note 2.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

18. **SUBSIDIARY UNDERTAKINGS**

The subsidiary undertakings of the Company are listed below. Each undertaking operates mainly in its country of incorporation and has only one class of ordinary share capital in issue unless otherwise stated.

Held directly by the Company	Nature of business	Incorporated in
Countrywide Independent Advisers Limited	Dormant company	England & Wales
DBS Financial Management Limited	Dormant company	England & Wales
Financial Options Services Limited	Holding company	England & Wales
Optimum Investment Solutions Limited	Dormant company	England & Wales
SB Mortgage Network Limited	Dormant company	England & Wales
Sesame Bankhall Valuation Services Limited	Panel management company	England & Wales
Sesame Desktop Services Limited	Dormant company	England & Wales
Sesame General Insurance Services Limited	Insurance company	England & Wales
Sesame Group India Private Limited	Support services company	India
Sesame Mortgages Limited	Dormant company	England & Wales
Sesame Network Limited	Dormant company	England & Wales
Held indirectly through subsidiary undertakings	Nature of business	Incorporated in
Journey Financial Advice Limited	Non-trading company	England & Wales
Sesame Mortgage Services Limited	Dormant company	England & Wales
Sesame Select Services Limited	Dormant company	England & Wales
The IFA Training School Limited	Dormant company	England & Wales

Sesame Bankhall Valuation Services Limited has both Ordinary A and Ordinary B shares in issue. This company is 75% owned by Sesame Services Limited.

19. **FIRST YEAR ADOPTION**

There were no transitional adjustments required as a result of the transition from the previous GAAP to FRS 101. As such, the comparative information presented in these financial statements is consistent with the prior year financial statements.