

Company Number 2316414

COBRA FINANCIAL SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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COBRA Financial Services Limited

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COBRA Financial Services Limited

Company Information

Directors

S M Burrows
W R Fairchild
L G Wallis
D Stanley

Secretary and Registered Office

SLC Registrars Limited
110 Fenchurch Street, London, EC3M 5JT

Principal place of business

Canterbury House
2-6 Sydenham Road
Croydon
Surrey
CR0 6XE

Company Number

2316414

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

COBRA Financial Services Limited

Report of the Directors

The directors present their report together with the audited financial statements for the year to 31 March 2010

Principal activity

The principal activity of the Company during the year was the provision of financial services

Results and review of business

The results for the year of the Company are set out on page 8

The profit on ordinary activities before taxation for the year was £36,456 (2009 £292,375 loss)

The directors do not recommend a dividend for the period (2009 £nil)

Development and performance of the business in the period

The Company continues to be an important strategic element of the COBRA Group and is now benefitting from the acquisition of Opal Mortgage Life and Pensions Limited and the significant cost efficiencies that were implemented in 2008/09. However, the general economic climate remains difficult and margins continue to be depressed

Key performance indicators

The directors of COBRA Holdings PLC manage the Group's operations on a divisional basis. For this reason the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance, development or position of the business of the Company. The development performance and position of the COBRA Group is set out in the Group's annual report which does not form part of this report. COBRA Holdings PLC's report is available from the COBRA Group's website, www.cobraholdings.co.uk

Risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

The key business risks affecting the Company are considered to relate to competition from local and national financial services intermediaries, employee retention and changes in Government legislation. In addition, compliance continues to demand greater attention as the Financial Services Authority amend their regulation and compliance policies

Financial risk management

The Company's operations expose it to financial risks that include pricing risk, liquidity risk and interest rate risk. The Company has long term debt in the form of finance leases and is therefore exposed to risk in this respect but the directors do not currently consider it necessary to use derivative financial instruments to manage interest rate costs, nor is hedge accounting applied

Given the small size of the Company and of its Board, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The Company's finance department implements the policies set by COBRA Holdings PLC's Board of directors

COBRA Financial Services Limited

Report of the Directors (continued)

Pricing risk

Financial Services' market prices are subject to risks associated with the industry. The Company's revenues are tied to underlying premium rates in the wider market and if market rates fall then, in the absence of changes in negotiated rates of commission, so does the Company's principal revenue stream.

Liquidity risk

The Company actively manages its working finance to ensure the Company has sufficient funds for operations and planned expansion.

Foreign exchange risk

The Company operates in the UK and therefore does not presently face a foreign exchange risk. This situation is monitored on a regular basis.

Going concern

After making enquiries, the directors have formed a judgement at the time of approving the financial statements, that there is reasonable expectation, that with the support of the Group, the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

International Financial Reporting Standards, as adopted by the European Union ('IFRS')

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

Directors

The directors who served during the year were as follows:

S M Burrows
W R Fairchild
L Wallis
D Stanley

Directors third party indemnity provisions

The Company had in place Directors and Officers indemnity insurance cover during the financial year.

Policy on payment of payables

The Company establishes continuing relationships with its suppliers by agreeing mutually acceptable arrangements on an individual basis. The principal trading payables of the Company are Group Companies. The policy on payment of trading payables of the Group is set out in the published financial statements of COBRA Holdings PLC.

Political and charitable contributions

- The Company made £825 charitable donations during the year (2009 £32). £425 was donated to the Alf Kennedy Charity. There were no other significant donations in excess of £250.
- The Company made £nil political donations during the year (2009 £nil).

Future developments

The Group's future developments are outlined in the published financial statements of COBRA Holdings PLC.

COBRA Financial Services Limited

Report of the Directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 they have been prepared in accordance with IFRSs as adopted by the European Union, 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 requirements of 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 auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Approved by the Board of Directors on 20 October 2010 and signed on behalf of the Board

D Stanley
Director
Date 20 October 2010



COBRA Financial Services Limited

Independent Auditor's Report to the Shareholders of COBRA Financial Services Limited

We have audited the financial statements of COBRA Financial Services Limited for the year ended 31 March 2010 which comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 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 (APB'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.

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 March 2010 and of the company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

COBRA Financial Services Limited

**Independent Auditor's Report to the Shareholders of COBRA Financial Services Limited
(continued)**

Matters on which we are required to report by exception

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

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

bdo LLP

*Peter Chidgey (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom
Date 21 October 2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

COBRA Financial Services Limited

**Statement of Comprehensive Income
For the year ended 31 March 2010**

	Note	12 months ended 31 March 2010 £	12 months ended 31 March 2009 £
Revenue			
Commission and fees	2	1,710,944	1,157,621
Interest and investment income	5	-	653
		<u>1,710,944</u>	<u>1,158,274</u>
Staff costs	3	(991,063)	(918,824)
Property costs		(93,669)	(91,094)
Other operating costs		<u>(577,789)</u>	<u>(425,222)</u>
		<u>(1,662,521)</u>	<u>(1,435,140)</u>
Operating profit / (loss)		48,423	(276,866)
Finance costs	6	<u>(11,967)</u>	<u>(15,509)</u>
Profit / (loss) before tax	4	36,456	(292,375)
Income tax credit / (expense)	7	<u>7,032</u>	<u>(7,487)</u>
Profit / (loss) for the year and total comprehensive income		<u>43,488</u>	<u>(299,862)</u>

The notes on pages 12 to 27 form part of these financial statements

All amounts relate to continuing activities

COBRA Financial Services Limited

Company Number 2316414

**Statement of Financial Position
As at 31 March 2010**

	Notes	2010 £	2009 £
ASSETS			
Non-current assets			
Goodwill	8	200,175	200,175
Property, plant and equipment	9	108,613	171,116
Investments in subsidiary	10	100	100
Investment in associate	11	1,620	1,620
Deferred tax	22	1,708	-
		<u>312,216</u>	<u>373,011</u>
Current assets			
Trade and other receivables	12	484,036	443,577
Cash and cash equivalents	18	108,358	6,248
		<u>592,394</u>	<u>449,825</u>
Total assets		<u>904,610</u>	<u>822,836</u>
EQUITY AND LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	-	3,772
Borrowings	14	58,385	97,620
		<u>58,385</u>	<u>101,392</u>
Current liabilities			
Current tax liabilities		-	34,751
Borrowings	14	40,167	97,998
Other payables	13	513,023	339,148
		<u>553,190</u>	<u>471,897</u>
Total liabilities		<u>611,575</u>	<u>573,289</u>
Equity			
Share capital	16	70,447	70,447
Share premium account		2,500	2,500
Capital redemption reserve		23,053	23,053
Retained earnings		197,035	153,547
Total equity		<u>293,035</u>	<u>249,547</u>
Total liabilities and equity		<u>904,610</u>	<u>822,836</u>

The notes on pages 12 to 27 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 20 October 2010 and are signed on its behalf by

D Stanley
Director



COBRA Financial Services Limited

Statement of Changes in Equity

	Share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total £
At 1 April 2008	70,447	2,500	23,053	453,409	549,409
Loss for the year	-	-	-	(299,862)	(299,862)
At 31 March 2009	70,447	2,500	23,053	153,547	249,547
Profit for the year	-	-	-	43,488	43,488
At 31 March 2010	70,447	2,500	23,053	197,035	293,035

The notes on pages 12 to 27 form part of these financial statements

COBRA Financial Services Limited

Statement of Cash Flows
For the year ended 31 March 2010

		12 months ended 31 March 2010	12 months ended 31 March 2009
	Notes	£	£
Cash generated from operations			
Profit / (loss) before taxation		36,456	(292,375)
Depreciation of property, plant and equipment		57,983	68,928
Profit on disposal of fixed assets		(3,757)	-
Interest income		-	(653)
Finance costs		11,967	15,509
Changes in working capital net of effect of acquisitions			
Trade and other receivables		(40,458)	30,308
Trade and other payables		173,875	86,899
		236,066	(91,384)
Cash generated from operations			
Cash generated from operations		236,066	(91,384)
Finance costs		(11,967)	(15,509)
Income taxes paid		(33,198)	(6,191)
Net cash outflow from operating activities		190,901	(113,084)
Cash flows from investing activities			
Interest received		-	653
Purchase of property, plant and equipment		(1,580)	(6,335)
Proceeds of disposal of listed investment		-	3,679
Proceeds of disposal of property, plant and equipment		-	5,763
Acquisition of subsidiaries, net of cash acquired	24	-	151,953
Net cash from investing activities		(1,580)	155,713
Cash flows from financing activities			
Payment of finance lease liabilities		(29,747)	(58,921)
Net cash from financing activities		(29,747)	(58,921)
Movement in cash and cash equivalents		159,574	(16,292)
Cash and cash equivalents at beginning of year		(51,216)	(34,924)
Cash and cash equivalents at end of the year	18	108,358	(51,216)

The notes on pages 12 to 27 form part of these financial statements

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

1. Accounting policies and presentation of annual financial statements

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated. The Company is a limited liability Company and is incorporated and domiciled in England and Wales. Items included in these financial statements are presented and measured in Sterling being the functional currency of the primary economic environment in which the Company operates.

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

Going concern basis of accounting

The financial statements have been prepared on the going concern basis despite the loss for the year. The directors have obtained the continued support of the parent company in order to continue to meet the Company's liabilities as they fall due as a minimum for a period of at least 12 months from the date of approval of the financial statements. On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis.

If the Group were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and liabilities.

Functional currency and foreign exchange

Items included in the financial statements of the Company are presented and measured in Sterling being the functional currency of the primary economic environment in which the Company operates.

The Company had no transactions in a currency other than the functional currency during the year.

Significant judgements and estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. The principal area in which estimates are applied are in the estimation of the useful life of property, plant and equipment (note 9) and recoverability of trade receivables (note 12).

Revenue

Revenue represents commission and fees. Credit is taken for commission and fee income at the date on which the application is completed and accepted and renewals are recognised on their renewal date. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the costs of fulfilment of those obligations.

Interest income

Interest income is recognised as earned. As interest income forms an integral part of the Company's operating activities it is included in revenue.

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

1. Accounting policies and presentation of annual financial statements (continued)

Goodwill

The Company has taken the transitional provisions of IFRS 1 to allow business combinations undertaken prior to the date of transition to IFRS to be treated in accordance with previous GAAP. As a result, the goodwill previously recorded has not been reanalysed.

The net book value under previous GAAP at the date of transition has been taken as the deemed cost under IFRS.

Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any related goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

Property, plant and equipment

The costs of an item of property, plant and equipment is recognised as an asset when

- it is probable that future economic benefit associated with the item will flow to the Company, and
- the cost of the item can be reliably measured

Costs include costs incurred to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replacement part is derecognised.

Property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment

Depreciation is provided to write off the cost, less estimated residual values, of all items of property, plant and equipment evenly over their expected lives. It is calculated at the following rates:

Fixtures and fittings and computer equipment	25% or 33% on cost
Motor vehicles	25% on cost

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

1. Accounting policies and presentation of annual financial statements (continued)

Assets under finance leases

Where assets are financed by leasing agreements that give rights approximate to ownership (finance leases), the assets are treated as if they were purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement. Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income statement using the effective interest method.

Retirement benefit costs

Pension scheme contributions to the Company's money purchase schemes are charged to the income statement in the period to which they relate.

Operating leases

Leases other than finance leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

All incentives for the agreement of a new or renewed operating lease are recognised as part of net consideration, irrespective of nature, or form, or timing of payments. The aggregate benefit of any incentive is generally recognised as a reduction of rental expense over the lease term, on a straight-line basis.

Taxation

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The principal temporary differences arise from depreciation of property and equipment. The rates enacted or substantively enacted at the balance sheet date are used to determine the deferred tax.

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.

Financial Instruments

a) Cash and cash equivalents

Cash and cash equivalents are measured at fair value and comprise cash balances, cash deposits and cash on call.

b) Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

c) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. The amounts are unsecured, non-interest bearing, are normally settled within 60 days and are stated at cost.

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

1. Accounting policies and presentation of annual financial statements (continued)

Long term liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Life commission clawback

Under commission arrangements with insurers, the Company may be required to refund part of the commission earned on policies cancelled within the first four years. Provision for this claw back has been made by the directors based on their previous experience and their assessment of the probable extent of refunds due on policies written during the last four years.

Investments in associate

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. The Company's investment in its associate is stated at cost less provision for impairment.

Dividends are accounted for when the company becomes entitled to receive them. On disposal of the investment, the difference between the net proceeds and the carrying amount is charged or credited to the income statement.

Investments in subsidiaries

In the Company's balance sheet, investments in subsidiaries are valued at cost less provision for impairment.

Dividends are accounted for when the company becomes entitled to receive them. On disposal of the investment, the difference between the net proceeds and the carrying amount is charged or credited to the income statement.

Changes in accounting policies

New standards, interpretations and amendments effective from 1 April 2009

Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation

As a result of the application of this Amendment the Group have elected to present a single statement of comprehensive income, previously it presented an income statement and the statement of recognised income and expense. In addition, a statement of changes in equity is now presented as a primary statement where previously the information was included in a note. The Amendment does not change the recognition or measurement of transactions and balances in the financial statements.

The following new standards, interpretations and amendments, applied for the first time from 1 April 2009, have not had a material effect on the financial statements:

- Amendments to IFRS 7
- Amendments to IFRS 8 Operating Segments
- Amendment to IAS 23 Borrowing Costs
- Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations
- Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation
- Improvements to IFRSs (2009)
- IFRIC 15: Agreements for the Construction of Real Estate
- Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

1. Accounting policies and presentation of annual financial statements (continued)

Future accounting developments

Certain new standards, amendments to standards and interpretations have been published that are mandatory to the Company's future accounting periods but have not been adopted early in these financial statements. These are set out below.

Title	Implementation
Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	Periods commencing on or after 30 June 2009
IFRS 3 (Revised) Business Combinations	Periods commencing on or after 1 July 2009
Amendments to IAS 27 Consolidated and Separate Financial Statements	Periods commencing on or after 1 July 2009
IFRIC 17 Distribution of Non-cash Assets to Owners	Periods commencing on or after 1 July 2009 Early adoption permitted
IFRIC 18 Transfer of Assets from Customers	Transfer of assets from customers received on or after 1 July 2009
Amendments to IAS 39 Financial Instruments Recognition and Measurement Eligible Hedged Items*	Periods commencing on or after 1 July 2009 Early adoption permitted
IFRS 2 (Amendment) Group Cash –settled Share-based Payment Transactions	Periods commencing on or after 1 January 2010 Early adoption is permitted
Improvements to IFRSs (2010)	Periods commencing on or after 1 January 2010 Early adoption is permitted
IAS 32 (Amendment) Financial Instruments Presentation	Periods commencing on or after 1 February 2010 Early adoption is permitted
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*	Periods commencing on or after 1 July 2010 Early adoption is permitted
Improvements to IFRSs (2011)	Periods commencing on or after 1 January 2011 Early adoption is permitted
IAS 24 (Revised) Related Party Disclosures *	Periods commencing on or after 1 January 2011 Early adoption is permitted
IFRS 9 Financial Instruments*	Periods commencing on or after 1 January 2013 Early adoption is permitted

(*) – not currently endorsed for use in the European Union

None of the future accounting developments are anticipated to have a material effect on the company.

2. Revenue

All revenue derives from the United Kingdom, and was obtained from the provision of financial services.

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

3. Staff costs

The average number of staff employed by the Company during the financial period amounted to

	12 months ended 31 March 2010 No.	12 months ended 31 March 2009 No.
Number of administrative staff	<u>21</u>	<u>20</u>

The aggregate payroll costs of the above were:

	£	£
Wages and salaries	841,589	793,978
Social security costs	100,239	88,175
Benefits in kind	17,772	-
Other pension costs	31,463	36,671
	<u>991,063</u>	<u>918,824</u>

The remuneration of key management and directors is described in note 19. Management have decided to re-classify benefits in kind in the year. In the previous year these were included in wages and salaries and amounted to £14,051.

4. Operating profit/(loss)

	12 months ended 31 March 2010 £	12 months ended 31 March 2009 £
Operating profit/(loss) is stated after charging / (crediting)		
Depreciation of owned property, plant and equipment	57,983	68,928
Profit on disposal of fixed assets	(3,756)	-
Auditor's remuneration		
- Audit services	10,737	5,232
- Taxation services	1,342	1,886
- Other services	1,342	-
Operating lease costs of land and buildings	<u>65,697</u>	<u>71,125</u>

5. Interest and investment income

	12 months ended 31 March 2010 £	12 months ended 31 March 2009 £
Bank interest receivable	<u>-</u>	<u>653</u>

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

6. Finance costs

	12 months ended 31 March 2010 £	12 months ended 31 March 2009 £
Bank interest payable	4,152	2,579
Finance lease interest	7,815	12,930
	<u>11,967</u>	<u>15,509</u>

7. Income tax expense

	12 months ended 31 March 2010 £	12 months ended 31 March 2009 £
Major components of the tax expense		
Income tax expense - current tax	-	-
(Over) / under provision in prior period / year	(1,552)	623
Tax expense – current year / period	<u>(1,552)</u>	<u>623</u>
Deferred tax - current year	(5,510)	6,864
Under provision in prior period / year	30	-
Deferred tax (note 22)	<u>(5,480)</u>	<u>6,864</u>
Income tax (credit) / expense	<u><u>(7,032)</u></u>	<u><u>7,487</u></u>

Taxation differs from the standard rate of corporation tax of 28% (2009 28%) in the UK as applied to the loss as explained below

Profit / (Loss) before tax	<u>36,456</u>	<u>(292,375)</u>
Tax on ordinary activities at standard rate of 28% (2009 28%)	10,208	(81,865)
Effects of:		
Expenses not deductible for tax purposes	2,150	6,192
Group relief	(17,868)	83,160
Adjustment in respect of prior year	(1,522)	-
Income tax expense	<u><u>(7,032)</u></u>	<u><u>7,487</u></u>

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

8. Goodwill

	2010	2009
	£	£
Cost and net book value	<u>200,175</u>	<u>200,175</u>
At 31 March 2010 and 31 March 2009		

The recoverable amount of the cash-generating units is determined based on a value-in-use calculation using cash flow forecasts. The Company prepares cash flow forecasts for each cash generating unit, based on the most recent financial budget approved by management and extrapolates cash flows for a period of ten years. Growth rates are based on actual growth rates achieved in similar businesses in the COBRA Group on a like for like basis and are adjusted to recognise local factors and current economic conditions. Revenues are projected to grow at 5% per annum for five years and then stay flat. The growth rate reflects management's strategic plans for each of the cash generating units. Costs are projected to grow at 3% per annum based on the average RPI since 2000.

The cash flows were discounted at a pre-tax rate of 8 per cent per annum (2009 7%), which is the composite cost of capital derived from the COBRA Group's borrowing rate and commission payable on raising equity.

Sensitivities

Sensitivity analysis has been undertaken on each goodwill impairment review by increasing the risk element of the discount rate and other applicable variables for each cash generating unit.

It was noted that reducing the annual growth rate percentage to zero did not cause the carrying value of goodwill to be impaired. Discount rates would have to be increased to 12% to cause impairment.

9. Property, plant and equipment

	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2009	258,726	142,677	401,403
Additions during the year	3,894	-	3,894
Disposal during the year	-	(31,068)	(31,068)
At 31 March 2010	<u>262,620</u>	<u>111,609</u>	<u>374,229</u>
Accumulated depreciation			
At 1 April 2009	177,252	53,035	230,287
Charge for the year	30,081	27,902	57,983
On disposals	-	(22,654)	(22,654)
At 31 March 2010	<u>207,333</u>	<u>58,283</u>	<u>265,616</u>
Net book value at 31 March 2010	<u>55,287</u>	<u>53,326</u>	<u>108,613</u>

Included within the net book values are amounts of £85,490 (2009 £132,647) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £43,513 (2009 £75,286).

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

9. Property, plant and equipment (continued)

	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2008	177,971	101,927	279,898
Transfer on business combination	12,777	650	13,427
Additions during the period	67,978	63,138	131,116
Disposal during the period	-	(23,038)	(23,038)
At 31 March 2009	<u>258,726</u>	<u>142,677</u>	<u>401,403</u>
Depreciation			
At 1 April 2008	136,679	41,955	178,634
Charge for the period	40,573	28,355	68,928
On disposals	-	(17,275)	(17,275)
At 31 March 2009	<u>177,252</u>	<u>53,035</u>	<u>230,287</u>
Net book value at 31 March 2009	<u>81,474</u>	<u>89,642</u>	<u>171,116</u>

10 Investments in subsidiary

	2010 £	2009 £
Cost and net book value		
At 31 March 2010 and 31 March 2009	<u>100</u>	<u>100</u>

The investment comprises of a 100% holding of the issued share capital of COBRA Capital Release Limited (formerly BKG Mortgages Limited) comprising £1 ordinary shares COBRA Capital Release Limited Limited, whose principal activity is that of insurance and reinsurance broking

The aggregate capital and reserves of COBRA Capital Release Limited, as at 31 March 2010 was £100 (2009 £nil) The profit for the year ended 31 March 2010 was £nil (2009 profit £nil) No provision for diminution in value is considered necessary

11. Investment in associate

	2010 £	2009 £
Cost and net book value		
At 31 March 2010 and 31 March 2009	<u>1,620</u>	<u>1,620</u>

The investment represents

- 49% holding in the issued share capital of CLB Wealth Management Limited, comprising 490 £1 ordinary shares The company was dissolved on 27 August 2008
- 50% of the issued share capital of Connection Financial Services Limited, comprising 500 £1 ordinary shares The company is registered in England & Wales and is dormant

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

12. Trade and other receivables

	2010	2009
	£	£
Trade receivables	269,267	230,291
Amounts owed by group undertakings (note 17)	203,630	197,716
Other receivables and prepayments	11,139	15,570
	<u>484,036</u>	<u>443,577</u>

The directors consider that the carrying value of trade and other receivables approximated their fair value

13. Other payables

	2010	2009
	£	£
Trade payables	18,666	-
Amounts owed to Group undertakings (note 17)	377,425	284,068
Other taxation and social security	43,385	25,572
Accruals	73,547	29,508
	<u>513,023</u>	<u>339,148</u>

The directors consider that the carrying value of other payables approximated their fair value

14. Borrowings

	2010	2009
	£	£
Non-current		
Finance lease obligations	<u>58,385</u>	<u>97,620</u>
Current		
Bank overdrafts (note 18)	-	57,464
Finance lease obligations	<u>40,167</u>	<u>40,534</u>
	<u>40,167</u>	<u>97,998</u>
Total borrowings	<u>98,552</u>	<u>195,618</u>

Finance lease obligations

Details of finance lease obligations are as follows

	2010	2009
	£	£
No later than 1 year	45,885	48,076
Later than 1 year and no later than 5 years	<u>60,445</u>	<u>105,080</u>
	106,330	153,156
Future finance charges	<u>(7,778)</u>	<u>(15,002)</u>
Present value of finance lease liabilities	<u>98,552</u>	<u>138,154</u>

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

14. Borrowings (continued)

Shown as:

Current liabilities – no later than 1 year	40,167	40,534
Non-current liabilities – later than 1 year and no later than 5 years	58,385	97,620
	<u>98,552</u>	<u>138,154</u>

The total future minimum lease payments at the balance sheet date approximate their present values

The Company leases its motor vehicles (net carrying value of £53,326) and computer equipment (net carrying value of £32,166). Such assets are generally classified as finance leases as the rental period amounts to the estimated useful life of the assets concerned and often the Company has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

15. Commitments under operating leases

The total of future minimum lease payments under non-cancellable operating leases are as follows

	2010 Land and buildings £	2009 Land and buildings £
Operating leases which expire:		
Within 1 year	97,500	97,500
Within 2 to 5 years	73,125	170,625
	<u>170,625</u>	<u>268,125</u>

16. Share Capital

	2010 £	2009 £
Authorised:		
1,000,000 Ordinary shares of 10p each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
704,470 Ordinary shares of 10p each	<u>70,447</u>	<u>70,447</u>

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

17 Related parties

	2010	2009
	£	£
Related party balances:		
Due to:		
COBRA Holdings PLC	(273,182)	(176,659)
COBRA Opal Mortgage Life and Pensions Limited	(103,355)	(103,663)
COBRA Corporate Solutions Limited	(888)	(3,746)
	<u>(377,425)</u>	<u>(284,068)</u>
Due from:		
COBRA Insurance Brokers Limited	193,745	191,985
COBRA Underwriting Agencies Limited	8,970	2,674
COBRA Network Limited	915	3,057
	<u>203,630</u>	<u>197,716</u>
Commissions paid to:		
COBRA Holdings PLC	1,000	-
COBRA Corporate Solutions Limited	10,086	-
COBRA Insurance Brokers Limited	30,368	-
COBRA Underwriting Agencies Limited	44	-
Expenses recharged by		
COBRA Corporate Solutions Limited	-	3,746
COBRA Insurance Brokers Limited	-	36,798
COBRA Holdings PLC	276,844	186,395
Expenses recharged to:		
COBRA Holdings PLC	-	43,874
COBRA Corporate Solutions Limited	2,858	-
COBRA Insurance Brokers Limited	1,761	-
COBRA Underwriting Agencies Limited	6,296	15,665
COBRA Network Limited	1,320	3,620

18 Cash and cash equivalents

	2010	2009
	£	£
Bank overdrafts	-	(57,464)
Cash at bank and in hand	<u>108,358</u>	<u>6,248</u>
	<u>108,358</u>	<u>(51,216)</u>

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

19. Emoluments of key management

Key management are considered to be the Company Directors. Key management remuneration includes the remuneration of W R Fairchild and L G Wallis. S Burrows and D Stanley are also directors of a number of other subsidiaries in the Group, and it is not practicable to allocate their remuneration across these companies. S Burrows' and D Stanley's remuneration is included in the disclosure of key management remuneration of COBRA Holdings PLC. The financial statements are available by request from COBRA Holding PLC, 110 Fenchurch Street, London EC3M 5JT.

The directors' aggregate emoluments in respect of qualifying services were

	12 months ended 31 March 2010	12 months ended 31 March 2009
	£	£
Emoluments receivable	244,192	226,109
Benefits in kind	14,487	18,005
Pension contributions	17,000	17,000
	<u>275,679</u>	<u>261,114</u>

The number of directors accruing retirement benefits was 2 (2009: 2)

20. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments by category:

	2010 £	2009 £
Assets as per balance sheet		
Cash and cash equivalents (note 18)	108,358	6,248
Trade receivables (note 12)	<u>269,267</u>	<u>230,291</u>
	<u>377,625</u>	<u>236,539</u>
	2010 £	2009 £
Liabilities as per balance sheet		
Trade payables (note 13)	18,666	-
Borrowings (note 14)	<u>98,552</u>	<u>195,618</u>
	<u>117,218</u>	<u>195,618</u>

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

20. Financial instruments (continued)

Financial risk management objectives and policies

The Company's financial instruments, which are recognised in the balance sheet, comprise cash and cash equivalents, receivables, finance lease obligations. The accounting policies and methods adopted, including the basis of measurement applied are disclosed in note 1 above, where relevant. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes above, where applicable.

The Company does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Group to which the Company belongs has a risk management function which manages and continually monitors the financial risks relating to the Group's and Company's operations. The Group's senior management meets regularly to review and, if appropriate, approve the implementation of optimal strategies for effective management of financial risk.

There were no financial instruments not recognised in the balance sheet.

Liquidity risk

The Company actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. In order to mitigate any liquidity risk that the Company may face, the Company's policy has been to maintain substantial assets and liquid resources to ensure that sufficient funds are available to cover its obligations. This is managed by continuously monitoring forecast and actual cashflows.

At 31 March 2010, the Company had cash at bank and in hand of £108,358 (2009 £6,248).

The maturity analysis of the Company's contractual undiscounted cashflows on financial liabilities are set out in note 14.

Interest rate risk

The Company's exposure to interest rate risk is minimal as the Company's primary borrowings are fixed rate finance loans.

Foreign currency exchange risk

The Company does not currently engage in foreign currency denominated transactions.

Capital risk

The Company is part of the COBRA Holdings PLC Group whose objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The details can be found in the published financial statements of COBRA Holdings PLC.

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

20. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Company's exposure to this risk is minimised by the size and rating of the majority of its product providers. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The ageing of trade receivables at the reporting date was

	2010	2009
	£	£
Not past due	141,956	134,252
Past due 0 – 30 days	32,675	43,050
Past due 31 – 60 days	9,887	17,502
More than 60 days	84,749	35,487
	<u>269,267</u>	<u>230,291</u>

The fair value of trade receivables is approximated by the carrying values in the financial statements.

The Company's maximum exposure to credit risk is £377,625 being cash at bank and in hand and trade receivables (2009 £236,539).

21. Capital commitments and contingent liabilities

The Company has provided a guarantee in favour of Aviva PLC, Wainford Holdings Limited and Svenska Handelsbanken AB (publ) to secure various loans to COBRA Holdings PLC of £11,946,806.

22. Deferred taxation

Deferred taxation is calculated in full on temporary timing differences under the liability method and relates wholly to accelerated capital allowances. The movement on the deferred taxation account is shown below.

	2010	2009
	£	£
At 1 April 2009	3,772	(3,092)
(Credit)/ charge to income statement (note 7)	(5,480)	6,864
At 31 March 2010	<u>(1,708)</u>	<u>3,772</u>

23. Ultimate parent company

The ultimate parent company is COBRA Holdings PLC, 110 Fenchurch Street, London, EC3M 5JT, a company incorporated in the United Kingdom, which is the parent of both the smallest and the largest groups of which the Company is a member. Copies of the consolidated financial statements of COBRA Holdings PLC are available from the website, www.cobraholdings.co.uk.

COBRA Financial Services Limited

Notes forming part of the financial statements for the year ended 31 March 2010

24. Acquisition of subsidiaries

	2010 £	2009 £
Total purchase consideration	-	-
Less non-cash consideration	-	-
Additional costs on prior year acquisitions	-	-
Consideration paid in cash	-	-
Less cash & cash equivalents acquired net of overdrafts	-	151,953
Net cash inflow on acquisition	-	151,953

The cash was acquired on the transfer of the assets of OPAL Mortgage Life and Pensions Limited. The purchase consideration was shown in the financial statements of the parent, COBRA Holdings PLC.