

Company Number: 4628555

COBRA NETWORK LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

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COBRA NETWORK LIMITED

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COBRA NETWORK LIMITED

COMPANY INFORMATION

Directors: S M Burrows
G E Ringer
D G E Stanley
H Wong

Registered Office: 11th Floor
1 Minster Court
Mincing Lane
London
EC3R 7AA

Company Number: 4628555

Auditor: Crowe Clark Whitehill LLP
10 Palace Avenue
Maidstone
Kent
ME15 6NF

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report together with the audited financial statements for the year to 31 March 2016.

Directors

The directors who served during the period were as follows:

S M Burrows
G E Ringer
D G E Stanley
H Wong

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' 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.

Results and dividends

The profit on ordinary activities before taxation for the year was £261,493 (2015: £431,844).

The directors paid a dividend of £1,500,000 for the year (2015: £nil).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

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' third party indemnity provisions

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

Strategic Report

Information previously disclosed in the Directors' Report including the business review, the key performance indicators and risks and uncertainties are now disclosed in the Strategic Report.

Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors regard the going concern basis as remaining appropriate as they have assessed the company's financial performance and position. Based upon this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

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 auditor 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.

Auditor

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. They will be automatically re-appointed as auditor 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.

This report was approved by the board on 13 December 2016 and signed on its behalf.



D G E Stanley
Director

Date: 13 December 2016

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Introduction

The directors present the strategic report for the year ended 31 March 2016.

Principal activity

The principal activity of the company is that of the provision of a commercial insurance broking alliance to establish a partnership between insurer, broker and customer.

Results and review of business

The results for the company are set out on page 9.

The profit on ordinary activities before taxation for the year was £261,493 (2015: £431,844).

Development and performance of the business during the year

The company continues to grow both its member base and the gross written premium across its selected panel of insurers. Over the past year, further enhancements have been introduced for the benefit of its members and its place as the largest independent network continues to be maintained. The company prides itself on helping brokers who understand the concept of the network and works with members to create new and innovative facilities to enhance their businesses. In recent surveys amongst the membership, the company has achieved high accolades for its service, professionalism and attention to detail across all aspects of its facilities.

Whilst there are continual requests from new brokers to become members, Cobra Network Limited maintains its ethos to provide services for those brokers that wish to embrace the concept of membership and remains extremely selective for new entrants.

Key performance indicators

The directors of Alto Insurance Group Limited 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 Alto Insurance Group is set out in the Alto Insurance Group Limited's annual report which does not form part of this report. Alto Insurance Group Limited's report is available from Companies House.

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 brokers, employee retention and insurance premium levels. In addition, compliance continues to demand greater attention as the Financial Conduct Authority amends their regulation and compliance policies.

Financial risk management

The company's operations expose it to financial risks that include liquidity risk and interest rate risk. The company has long term debt in the form of finance leases and intercompany debt 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 Alto Insurance Group Limited's Board of directors.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

Pricing risk

Insurance 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.

This report was approved by the board on 13 December 2016 and signed on its behalf.

D G E Stanley
Director



Date: 13 December 2016

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
COBRA NETWORK LIMITED**

We have audited the financial statements of COBRA Network Limited for the year ended 31 March 2016 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 shareholders, 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 shareholders 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 shareholders 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' 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.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

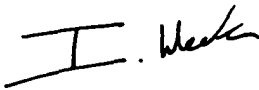
COBRA NETWORK LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
COBRA NETWORK 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.



Ian Weekes (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditors

10 Palace Avenue
Maidstone
Kent
ME15 6NF

13 December 2016

COBRA NETWORK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

		2016	2015
	Note	£	£
Revenue			
Commission	2	2,719,839	2,470,883
		2,719,839	2,470,883
Operating expenses			
Staff costs	3	(684,063)	(662,299)
Property costs		(90,823)	(86,522)
Other operating costs		(1,675,102)	(1,281,711)
		(2,449,988)	(2,030,532)
Operating profit	4	269,851	440,351
Finance costs	5	(8,358)	(8,507)
Profit before tax		261,493	431,844
Income tax (expense) / credit	6	(46,735)	4,473
Profit for the year and total comprehensive income		214,758	436,317

All amounts relate to continuing activities.

There were no recognised gains and losses for 2016 or 2015 other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 26 form part of these financial statements.

COBRA NETWORK LIMITED

Company Number: 4628555

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
ASSETS			
Non-current assets			
Property, plant and equipment	7	125,632	224,361
Investments	8	878,782	878,782
		<u>1,004,414</u>	<u>1,103,143</u>
Current assets			
Trade and other receivables	9	2,762,694	3,888,813
Cash and cash equivalents		18,438	46,738
		<u>2,781,132</u>	<u>3,935,551</u>
Total assets		<u>3,785,546</u>	<u>5,038,694</u>
EQUITY AND LIABILITIES			
Non-current liabilities			
Borrowings	11	68,004	121,341
Deferred tax	10	3,251	8,756
		<u>71,255</u>	<u>130,097</u>
Current liabilities			
Borrowings	11	53,336	88,404
Current tax payable		23,148	5,908
Trade and other payables	12	3,080,581	2,971,817
		<u>3,157,065</u>	<u>3,066,129</u>
Total liabilities		<u>3,228,320</u>	<u>3,196,226</u>
Equity			
Share capital	13	1,111	1,111
Retained earnings		556,115	1,841,357
Total equity		<u>557,226</u>	<u>1,842,468</u>
Total equity and liabilities		<u>3,785,546</u>	<u>5,038,694</u>

The notes on pages 13 to 26 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2016 and are signed on its behalf by:

D G E Stanley
Director
Date: 13 December 2016



COBRA NETWORK LIMITED

**STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital £	Retained earnings £	Total £
At 31 March 2014	1,111	1,405,040	1,406,151
Profit for the year	-	436,317	436,317
At 31 March 2015	1,111	1,841,357	1,842,468
Profit for the year	-	214,758	214,758
Dividends	-	(1,500,000)	(1,500,000)
At 31 March 2016	1,111	556,115	557,226

The notes on pages 13 to 26 form part of these financial statements.

COBRA NETWORK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	2016	2015
	£	£
Cash generated from operations		
Profit before taxation	261,493	431,841
Depreciation of property, plant and equipment	87,432	81,843
(Profit)/ loss on disposal of fixed assets	(1,884)	-
Finance costs	8,358	8,507
Changes in working capital:		
Trade and other receivables	1,126,120	(518,079)
Trade and other payables	(1,391,236)	155,932
	<u>90,283</u>	<u>160,044</u>
Cash flows from operating activities		
Cash generated from operations	90,283	160,044
Income taxes paid	(35,000)	(1,931)
Finance costs	(8,358)	(8,507)
Net cash from operating activities	<u>46,925</u>	<u>149,606</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(513)	(71,168)
Net cash from investing activities	<u>(513)</u>	<u>(71,168)</u>
Cash flows from financing activities		
Payment of finance lease liabilities	(74,712)	(73,604)
Net cash used by financing activities	<u>(74,712)</u>	<u>(73,604)</u>
 (Decrease) / increase in cash and cash equivalents	 (28,300)	 4,834
Cash and cash equivalents at the beginning of the year	46,738	41,904
Cash and cash equivalents at the end of the year	<u>18,438</u>	<u>46,738</u>

The notes on pages 13 to 26 form part of these financial statements.

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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.

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 and accordingly, consolidated financial statements have not been prepared.

The financial statements have been prepared under the historical cost convention.

Going concern basis of accounting

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors regard the going concern basis as remaining appropriate as they have assessed the company's financial performance and position. Based upon this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Functional currency and foreign exchange

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 areas in which judgement is applied is recoverability of trade receivables (note 9), the accrued network commission and the estimation of the useful life of property, plant and equipment (note 7).

Revenue

Revenue represents commission from insurers based on the gross premiums placed by Network members. Credit is taken for commission income at the date of contractual entitlement. Other fees and other income receivable, including profit share and commission overrides, are recognised in the period to which they relate and when they can be measured with reasonable certainty, and all servicing obligations have been met.

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Taxation

The current tax credit 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, plant and equipment. The rates enacted or substantively enacted at the statement of financial position date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Dividends

Dividends are recognised as a liability and a deduction from equity in the period in which they have been declared and approved by the company's shareholders. Interim dividends are recognised as a deduction from equity in the period in which they are paid.

Impairment of assets

The company assesses at each statement of financial position 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 the profit or loss in the statement of comprehensive income.

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.

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Depreciation of property, plant and equipment

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

Computer equipment	33% straight line
Fixtures and fittings	25% straight line
Motor vehicles	20% straight line

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 profit or loss in the statement of comprehensive income. Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit or loss in the statement of comprehensive income using the effective interest method.

Retirement benefit costs

Pension scheme contributions to the company's money purchase schemes are charged to the profit or loss in the statement of comprehensive income 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 profit or loss in the statement of comprehensive income 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.

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 fair 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 yet billed to the company. The amounts are unsecured, non-interest bearing, are normally settled within 60 days and are stated at cost. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 and the redemption value is recognised in the profit or loss in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Investments in subsidiaries

In the company's statement of financial position, 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 profit or loss in the statement of comprehensive income.

New IFRSs, interpretations and amendments not yet effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors are still assessing whether the application of IFRS 9, IFRS 15 and IFRS 16, once effective, will have a material impact on the results of the company. Application of these standards may result in changes in presentation of information within the company's financial statements.

2. Revenue

The revenue and profit before tax are attributable to the principal activity of the company, and all arose in the United Kingdom.

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2016	2015
	No.	No.
Number of sales staff	6	6
Number of administrative staff	4	3
	<u>10</u>	<u>9</u>

	£	£
The aggregate payroll costs of the above were:		
Wages and salaries	585,076	563,887
Social security costs	75,308	73,810
Other benefits in kind	6,714	6,853
Other pension costs	16,965	17,749
	<u>684,063</u>	<u>662,299</u>

The remuneration of key management and directors is described in note 16.

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. Operating profit

	2016	2015
	£	£
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	87,432	81,843
Operating lease costs- land and buildings	65,064	63,039
Auditor's remuneration - audit costs	7,742	6,946
Auditor's remuneration - tax services	<u>1,366</u>	<u>1,226</u>

5. Finance costs

	2016	2015
	£	£
Bank charges	453	222
Interest expense on debt finance	29	-
Finance charges	<u>7,876</u>	<u>8,285</u>
	<u>8,358</u>	<u>8,507</u>

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6. Income tax expense

	2016	2015
	£	£
Major components of the tax expense		
Income tax expense – current period	23,148	6,667
Over provision in prior year	29,092	(759)
Adjusted tax expense – current period	<u>52,240</u>	<u>5,908</u>
 Deferred tax – current period	 (13,636)	 (10,381)
Adjustment in respect of prior periods	9,020	-
Effect of tax rate change on opening balance	(889)	-
Adjusted deferred tax expense – current period	<u>(5,505)</u>	<u>(10,381)</u>
 Income tax expense	 <u>46,735</u>	 <u>(4,473)</u>

Taxation differs from the standard rate of corporation tax in the UK 20% (2015: 21%) as applied to the profits as explained below:

	2016	2015
	£	£
Profit/ (loss) before tax	<u>261,493</u>	<u>431,844</u>
Profit multiplied by the standard rate of tax in the UK of 20% (2015: 21%)	52,299	90,686
Effects of:		
Expenses not deducted for tax purposes	7,399	7,801
Adjustments to tax charge in respect of previous periods	38,112	(759)
Adjust deferred tax to average rate of 20%	(171)	520
Marginal tax rates	-	(333)
Share scheme deduction under Part 12 CTA 2009	(478)	-
Group relief surrendered / (claimed)	<u>(50,426)</u>	<u>(102,388)</u>
Income tax expense / (credit)	<u>46,735</u>	<u>(4,473)</u>

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7. Property, plant and equipment

	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost			
At 31 March 2015	210,868	132,447	343,315
Additions	513	-	513
Disposals	(1,813)	(29,958)	(31,771)
At 31 March 2016	209,568	102,489	312,057
Accumulated depreciation			
At 31 March 2015	90,055	28,899	118,954
Charge for the year	61,442	25,990	87,432
On disposal	(1,813)	(18,148)	(19,961)
At 31 March 2016	149,684	36,741	186,425
Net book value at 31 March 2016	59,884	65,748	125,632

Assets under finance leases

Included within the net book value are motor vehicles of £65,749 (2015: £42,819) and computer equipment of £53,952 (2015: £nil) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £80,530 (2015: £12,974).

	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost			
At 31 March 2014	41,829	64,868	106,697
Additions	3,590	-	3,590
Transferred from subsidiary	165,449	67,579	233,028
At 31 March 2015	210,868	132,447	343,315
Accumulated depreciation			
At 31 March 2014	26,223	9,075	35,298
Charge for the year	62,019	19,824	81,843
Transferred from subsidiary	1,813	-	1,813
At 31 March 2015	90,055	28,899	118,954
Net book value at 31 March 2015	120,813	103,548	224,361

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. Investments

£

Cost

At 31 March 2015 and 31 March 2016 878,782

Net book value

At 31 March 2015 and 31 March 2016 878,782

The investment represents the company's holdings of 100% of the issued ordinary share capital in COBRA GAL (Holdings) Limited.

	Country of incorporation	Class of holding	% Voting rights	Profit/(Loss) 12 months to 31 March 2016 £	Capital & reserves as at 31 March 2016 £
COBRA GAL (Holdings) Limited	England and Wales	Ordinary shares	100%	-	1,217,763

COBRA GAL (Holdings) Limited is an investment holding company that remained dormant throughout the year.

9. Trade and other receivables

	2016	2015
	£	£
Amounts due from group undertakings (note 15)	1,994,733	3,189,164
Trade receivables	750,893	514,434
Prepayments and other receivables	17,068	185,215
	<u>2,762,694</u>	<u>3,888,813</u>

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

10. Deferred taxation

Deferred taxation is calculated in full on temporary timing differences under the liability method. The movement on the deferred taxation account is shown below:

	2016	2015
	£	£
At 31 March 2015	8,756	(2,590)
Transfer from parent	-	21,727
Deferred tax (expense) / credit to the income statement	(5,505)	(10,381)
At 31 March 2016	<u>3,251</u>	<u>8,756</u>

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

11. Borrowings

The company has the following commitments under finance lease agreements:

	2016	2015
	£	£
No later than 1 year	58,245	96,280
Later than 1 year and no later than 5 years	69,781	128,026
	<u>128,026</u>	<u>224,306</u>
Future finance charges	(6,686)	(14,561)
Present value of finance lease liabilities	<u>121,340</u>	<u>209,745</u>
Shown as:		
Current liabilities – no later than 1 year	53,336	88,404
Non-current liabilities – later than 1 year and no later than 5 years	68,004	121,341
	<u>121,340</u>	<u>209,745</u>

There is no material difference between the total of the future minimum lease payments at the statement of financial position date and their present values.

The company leases its motor vehicles and 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.

12. Trade and other payables

	2016	2015
	£	£
Other taxation and social security	14,588	14,549
Amounts due to group undertakings (note 15)	2,165,463	2,079,052
Other payables	12,751	26,945
Accruals	887,779	851,271
	<u>3,080,581</u>	<u>2,971,817</u>

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

13. Share capital

	2016	2015
	£	£
Authorised:		
5,000 Ordinary 'A' shares of £0.10 each	500	500
5,000 Ordinary 'B' shares of £0.10 each	500	500
1,112 Ordinary 'C' shares of £0.10 each	111	111
	<u>1,111</u>	<u>1,111</u>

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13. Share capital (continued)

	2016 £	2015 £
Allotted, called up and fully paid:		
11,112 Ordinary shares of £0.10 each	1,111	1,111
	<u>1,111</u>	<u>1,111</u>

14. Reserves

Share premium	- The share premium reserve comprises the premium paid over the nominal value of the shares for shares issued.
Retained earnings	- The retained earnings reserve represents the cumulative surplus or deficit of the company.

15. Related parties

	2016 £	2015 £
The following related party balances due to / (from) the company were:		
COBRA Holdings Limited	422,255	1,884,295
COBRA Financial Services	11,315	5,127
COBRA London Markets Limited	1,561,163	1,299,742
	<u>1,994,733</u>	<u>3,189,164</u>
 Alto Insurance Group Limited	(170,000)	-
COBRA Resource Management Limited	(1,394,655)	(1,101,368)
COBRA Insurance Brokers Limited	(355,308)	(634,052)
COBRA Underwriting Agencies Limited	(240,238)	(343,632)
BKG West Limited	(3,669)	-
Philip Paul Associates Limited	(1,251)	-
Robert Edward (Southern) Limited	(342)	-
	<u>(2,165,463)</u>	<u>(2,079,052)</u>
 Expenses recharged by:		
COBRA Holdings Limited	269,680	210,707
COBRA Resource Management Limited	11,543	15,863
COBRA London Markets Limited	75,587	160,109
COBRA Financial Services Limited	-	50
COBRA Underwriting Agencies Limited	148	-
COBRA Insurance Brokers Limited	319	-
	<u>357,277</u>	<u>386,729</u>

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15. Related parties (continued)

Expenses recharged to:

COBRA Holdings Limited	9,729	45,571
COBRA London Markets Limited	29,809	19,335
COBRA Financial Services Limited	6,188	3,888
COBRA Insurance Brokers Limited	32,861	2,648
COBRA Underwriting Agencies Limited	3,542	3,502
COBRA Resource Management Limited	3,139	353
	85,268	75,297

At the balance sheet date the company was owed £nil (2015: £12,963) from Alligator UK Limited, a company in which S Burrows is a director.

16. Emoluments of key management

Key management are considered to be the company directors. 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 Alto Insurance Group Limited. The financial statements are available by request from Alto Insurance Group Limited, 11th Floor, 1 Minster Court, Mincing Lane, London, EC3R 7AA.

The directors' aggregate emoluments in respect of qualifying services were:

	2016	2015
	£	£
Emoluments receivable	138,766	135,431
Benefits in kind	14,048	13,058
Pension contributions	11,669	11,108
	164,483	159,597

The highest paid director received emoluments (including benefits-in-kind) as follows:

	2016	2015
	£	£
Emoluments receivable	88,290	88,290
Benefits in kind	14,048	13,058
Pension contributions	6,622	6,622
	108,960	107,970

The number of directors accruing retirement benefits was 2 (2015: 2).

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

17. 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:

	Assets	
	2016 £	2015 £
Loans and receivables at amortised cost:		
Cash and cash equivalents	18,438	46,738
Trade receivables (note 9)	750,893	514,434
Amounts owed by group companies (note 15)	1,994,733	3,189,164
	<u>2,764,064</u>	<u>3,750,336</u>
	Liabilities	
	2016 £	2015 £
Financial liabilities at amortised cost:		
Borrowings	121,340	209,745
Amounts owed to group companies (note 15)	2,165,463	2,079,052
	<u>2,286,803</u>	<u>2,288,797</u>

Financial risk management objectives and policies

The company's financial instruments, which are recognised in the statement of financial position, comprise cash and cash equivalents, receivables and payables, finance lease obligations and other financial liabilities. The accounting policies and methods adopted, including the basis of measurement applied are disclosed in note 1, 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 statement of financial position.

Liquidity risk

The company actively manages its operating cash flows and the availability of funding so as to ensure 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 sufficient assets and liquid resources. This is managed by continuously monitoring forecast and actual cash flows.

At 31 March 2016 the company had cash and cash equivalents of £18,438 (2015: £46,738).

Interest rate risk

The company exposure to interest rate risk is minimal as the significant loans are with group companies and are interest free.

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

17. Financial instruments (continued)

Foreign currency exchange risk

The company does not engage in foreign currency denominated transactions.

Capital risk

The company is part of the Alto Insurance Group Limited 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 Alto Insurance Group Limited.

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 predominately relates to the commissions due from the major insurers the risk being mitigated in that they are major companies with high credit ratings. 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:

	2016	2015
	£	£
Not past due	750,893	514,434
Past due 0 – 30 days	-	-
Past due 31 – 60 days	-	-
More than 60 days	-	-
	<u>750,893</u>	<u>514,434</u>

No impairment losses for trade receivables have been recognised in the accounts.

Management maintain a policy of periodically reviewing all receivable balances for recoverability. Adjustments are made only where the balance is deemed to be wholly irrecoverable. In this respect, charges in the profit or loss in the statement of comprehensive income represent receivable write offs. Other classes within trade and other receivables do not contain impaired assets.

The fair values of trade and other receivables do not differ from the values at which they are carried in the financial statements.

The company's maximum exposure to credit risk is £769,331 being cash and cash equivalents and trade receivables (2015: £561,172).

COBRA NETWORK LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

18. Commitments under operating leases

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

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	22,741	-	11,496
Within 2 to 5 years	-	38,741	-	20,118
Over 5 years	-	-	-	-
	<u>-</u>	<u>61,482</u>	<u>-</u>	<u>31,614</u>

The building in which the company operates is leased from a fellow subsidiary.

19. Ultimate parent company

The ultimate parent company is Alto Insurance Group Limited, 11th Floor, 1 Minster Court, Mincing Lane, London, EC3R 7AA, 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 Alto Insurance Group are available to the public and may be obtained from 11th Floor, 1 Minster Court, Mincing Lane, London EC3R 7AA.