

COMPANY REGISTRATION NUMBER 1804778

**SABREWATCH LIMITED**  
**ABBREVIATED ACCOUNTS**  
**31 MARCH 2009**

TUESDAY



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30/03/2010  
COMPANIES HOUSE

**FILER KNAPPER LLP**  
Chartered Accountants & Registered Auditors  
10 Bridge Street  
Christchurch  
Dorset  
BH23 1EF

**REGISTRAR  
OF COMPANIES**

**SABREWATCH LIMITED**  
**ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

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# **SABREWATCH LIMITED**

## **COMPANY INFORMATION**

**The board of directors**                      Mr L Lucas (non-executive)  
Mr J Hurrell

**Company secretary**                      Mr J Erskine

**Registered office**                      10 Bridge Street  
Christchurch  
Dorset  
BH23 1EF

**Auditors**                      Filer Knapper LLP  
Chartered Accountants  
& Registered Auditors  
10 Bridge Street  
Christchurch  
Dorset  
BH23 1EF

**Bankers**                      Lloyds TSB Bank PLC  
1-3 London Road  
East Grinstead  
West Sussex  
RH19 1AH

**Solicitors**                      Harold G Walker Solicitors  
21 Oxford Road  
Bournemouth  
Dorset  
BH8 8ET

# SABREWATCH LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2009

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the provision of security services

The directors report a difficult and damaging year due to the continued action taken by the new industry regulator and particularly its refusal to grant Sabrewatch Limited Approved Contractor Status (ACS), and the legal action taken by the industry regulator against the company. Despite the directors' confidence that this matter would be successfully resolved, and the company's substantial spend on professional advice and legal representation, the case was heard in January and February 2010 and the company's defence was unsuccessful. The guarding operation was temporarily suspended during the legal action.

### RESULTS AND DIVIDENDS

The loss for the year amounted to £3,169,021. The directors have not recommended a dividend.

### THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

	Ordinary Shares of £1 each	
	At 31 March 2009	At 1 April 2008
Mr L Lucas (non-executive)	11,312	11,312
Mr J Hurrell	—	—

### FIXED ASSETS

Due to the events mentioned under the Business Review, and the substantial down-sizing of the company's activities, the directors carried out an impairment review of the fixed assets in the year ended 31 March 2006, and had written down the value of the assets in the accounts, with the exception of the freehold land and buildings, as set out in note 8. It is still felt by the directors that this is the most prudent policy and that the fixed assets, with the exception of the vehicle purchased during the year, remain impaired.

**SABREWATCH LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 MARCH 2009**

**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**DONATIONS**

During the year the company made no charitable donations or political contributions.

**AUDITORS**

Filer Knapper LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Signed by order of the directors



MR L LUCAS  
Director

Approved by the directors on 22/3/10

## **SABREWATCH LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO SABREWATCH LIMITED**

#### **UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, together with the financial statements of Sabrewatch Limited for the year ended 31 March 2009 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

#### **BASIS OF OPINION**

We conducted our work in accordance with Bulletin 2006/3 "The special auditors' report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

#### **OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

*Filer Knapper LLP*

10 Bridge Street  
Christchurch  
Dorset  
BH23 1EF

FILER KNAPPER LLP  
Chartered Accountants  
& Registered Auditors

24 March 2010

**SABREWATCH LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
<b>GROSS (LOSS)/PROFIT</b>		<b>(136,598)</b>	301,005
Administrative expenses		<u>2,975,253</u>	<u>1,125,549</u>
<b>OPERATING LOSS</b>	<b>2</b>	<b>(3,111,851)</b>	<b>(824,544)</b>
Exceptional items	<b>3</b>	<u>(1,310,000)</u>	<u>4,268,750</u>
		<b>(4,421,851)</b>	<b>3,444,206</b>
Interest receivable and similar income		<u>617,194</u>	<u>604,687</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(3,804,657)</b>	<b>4,048,893</b>
Tax on (loss)/profit on ordinary activities	<b>6</b>	<u>(635,636)</u>	<u>536,866</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>(3,169,021)</u></b>	<b><u>3,512,027</u></b>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the  
year as set out above

The notes on pages 8 to 16 form part of these abbreviated accounts.

**SABREWATCH LIMITED**  
**ABBREVIATED BALANCE SHEET**

**31 MARCH 2009**

	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	7	15,003	18,128
<b>CURRENT ASSETS</b>			
Debtors	10	237,371	250,701
Cash at bank and in hand		12,109,051	13,789,277
		<u>12,346,422</u>	<u>14,039,978</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>880,613</u>	<u>707,467</u>
<b>NET CURRENT ASSETS</b>		<b>11,465,809</b>	<b>13,332,511</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,480,812</b>	<b>13,350,639</b>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	12	41,048	54,866
Other provisions	13	1,905,672	592,660
		<u>9,534,092</u>	<u>12,703,113</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	12,056	12,056
Share premium account	18	98,236	98,236
Other reserves	19	2,828	2,828
Profit and loss account	20	9,420,972	12,589,993
<b>SHAREHOLDERS' FUNDS</b>	21	<u>9,534,092</u>	<u>12,703,113</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors and authorised for issue on 22/3/10, and are signed on their behalf by



MR L LUCAS  
 Director

Company Registration Number 1804778



**SABREWATCH LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 MARCH 2009**

	Note	2009 £	2008 £
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>22</b>	<b>(2,450,412)</b>	<b>327,850</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>22</b>	<b>617,194</b>	<b>799,760</b>
<b>TAXATION</b>	<b>22</b>	<b>145,411</b>	<b>—</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>22</b>	<b>7,581</b>	<b>6,345,324</b>
<b>(DECREASE)/INCREASE IN CASH</b>	<b>22</b>	<b><u>(1,680,226)</u></b>	<b><u>7,472,934</u></b>

The notes on pages 8 to 16 form part of these abbreviated accounts.

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets

It is the directors' intention to continue to trade now that the litigation, which was heard in January and February 2010, is completed. The directors consider the company to have sufficient funds to support the costs of the litigation and its future trading activities, and these financial statements include a provision for the legal fees, awarded costs, fines and penalties arising from the litigation. The directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

**Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

**Turnover**

The turnover shown in the profit and loss account represents amounts receivable for the year, exclusive of Value Added Tax.

**Tangible Fixed Assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and provision for permanent diminution in value. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, or valuation less estimated residual value, of each asset over its expected useful life as follows:

Computer equipment	-	33% straight line
Plant and machinery	-	50% straight line and 15% reducing balance
Fixtures and fittings	-	50% straight line and 15% reducing balance
Motor vehicles	-	25% reducing balance

Impairment reviews are carried out annually.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Contribution to Employer-financed retirement benefit scheme**

The amounts charged to the profit and loss account for the year represent contributions to the employer-financed retirement benefit scheme set up during the year, for the benefit of the company's directors and employees, the assets of which are held and controlled separately from those of the company, by the trustees of the scheme.

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**1. ACCOUNTING POLICIES** *(continued)*

**Taxation**

Corporation tax payable is provided on taxable profits at the current rate

Full provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

**Investments**

Fixed asset investments are shown at cost less provision for permanent diminution in value

**2. OPERATING LOSS**

Operating loss is stated after charging/(crediting)

	2009	2008
	£	£
Depreciation of owned fixed assets	5,477	7,721
Profit on disposal of fixed assets	(9,933)	(78,433)
Auditors' remuneration		
- as auditors	4,500	12,000
- other services	6,570	6,500
	<u>          </u>	<u>          </u>

**3. EXCEPTIONAL ITEMS**

	2009	2008
	£	£
Court costs, fines and penalties (see note 23)	1,310,000	—
Funds from subsidiaries	—	201,896
Profit on disposal of freehold properties	—	4,066,854
	<u>1,310,000</u>	<u>4,268,750</u>

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**4. PARTICULARS OF EMPLOYEES**

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

	2009	2008
	No	No
Number of administrative staff	5	5
Number of security guards	16	85
	<u>21</u>	<u>90</u>

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	311,392	2,199,238
Social security costs	31,491	224,711
Contribution to employer-financed retirement benefits scheme	2,000,000	—
	<u>2,342,883</u>	<u>2,423,949</u>

Two employer-financed retirement benefits schemes were set up in the year and a contribution of £2 million was made by the company to one of these schemes, for the benefit of the company's directors and employees. At the balance sheet date, no benefits had been provided by the trustees to any of the company's directors or employees.

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	2009	2008
	£	£
Emoluments receivable	11,942	54,886
	<u>11,942</u>	<u>54,886</u>

**6. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2009	2008
	£	£
Current tax		
UK Corporation tax based on the results for the year	—	577,166
(Over)/under provision in prior year	(621,818)	—
Total current tax	(621,818)	577,166
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	(13,818)	(40,300)
Tax on (loss)/profit on ordinary activities	<u>(635,636)</u>	<u>536,866</u>

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**6. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

	2009 £	2008 £
(Loss)/profit on ordinary activities before taxation	<u>(2,198,163)</u>	<u>4,048,893</u>
(Loss)/profit on ordinary activities by rate of tax	(659,449)	1,214,668
Other expense adjustments	150,000	57
Depreciation and impairment	1,643	2,316
Capital allowances	(12,481)	(19,086)
Other adjustments to profits	(2,980)	(620,789)
Effect of losses carried back to prior years	523,267	-
Total current tax (note 6(a))	<u>-</u>	<u>577,166</u>

**7. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>COST</b>				
At 1 April 2008	40,444	6,238	87,736	134,418
Additions	-	-	20,000	20,000
Disposals	(9,500)	-	(31,283)	(40,783)
<b>At 31 March 2009</b>	<u>30,944</u>	<u>6,238</u>	<u>76,453</u>	<u>113,635</u>
<b>DEPRECIATION</b>				
At 1 April 2008	40,443	6,237	69,610	116,290
Charge for the year	-	-	5,477	5,477
On disposals	(9,500)	-	(13,635)	(23,135)
<b>At 31 March 2009</b>	<u>30,943</u>	<u>6,237</u>	<u>61,452</u>	<u>98,632</u>
<b>NET BOOK VALUE</b>				
<b>At 31 March 2009</b>	<u>1</u>	<u>1</u>	<u>15,001</u>	<u>15,003</u>
At 31 March 2008	<u>1</u>	<u>1</u>	<u>18,126</u>	<u>18,128</u>

Impairment tests on tangible fixed assets are carried out as and when required by FRS 11, and in 2006 resulted in an impairment loss in the year, see note 8. This impairment is shown within brought forward depreciation.

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**8. IMPAIRMENT**

Following a material change in the shape and size of the group in the year ended 31 March 2006, a potential indicator of impairment was deemed to have occurred. In assessing whether an asset has been impaired, the carrying value of each group of assets is compared with the recoverable amount for that group. The recoverable amount is the higher of fair value less costs to sell and value in use. It was the opinion of the directors that certain fixed assets had negligible recoverable amounts, and as a result the net book value of those assets was adjusted.

The directors continue to consider the impairment of the fixed assets to be relevant and the only adjustment this year to the impairment provision created in the year end 31 March 2006 relates to assets scrapped and disposed of. This reduced the brought forward impairment provision by £9,500. The value of the impairment provision carried forward is £37,182.

**9. INVESTMENTS**

At 31 March 2009 the company owned all of the issued ordinary share capital of Sabrewatch Processing Limited, a company incorporated in England and Wales. The company ceased trading in 2006 and was dissolved on 12 May 2009. The value of this investment is considered to be nil. A second subsidiary, Sabrewatch (Ireland) Limited, ceased trading in 2007, and was dissolved on 25 April 2008.

**10. DEBTORS**

	2009 £	2008 £
Trade debtors	–	229,950
Corporation tax repayable	30,011	–
VAT recoverable	54,934	–
Other debtors	150,874	5,400
Prepayments and accrued income	1,552	15,351
	<u>237,371</u>	<u>250,701</u>

The debtors above include the following amounts falling due after more than one year

	2009 £	2008 £
Other debtors (note 15)	<u>65,000</u>	–

**11. CREDITORS: Amounts falling due within one year**

	2009 £	2008 £
Trade creditors	309,111	90,393
Corporation tax	–	446,396
Other taxation and social security	3,524	83,979
Other creditors and accruals	567,978	86,699
	<u>880,613</u>	<u>707,467</u>

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**12. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was

	2009 £	2008 £
Provision brought forward	54,866	95,166
Profit and loss account movement arising during the year	(13,818)	(40,300)
Provision carried forward	<u>41,048</u>	<u>54,866</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	41,048	54,866
	<u>41,048</u>	<u>54,866</u>

The potential liability and provision are based on a corporation tax rate of 30% (2008 30%)

**13. OTHER PROVISIONS**

	2009 £
<b>Provision for legal fees and court costs:</b>	
Balance brought forward	592,660
Movement for year	1,313,012
	<u>1,905,672</u>

The provision has been made for the company's legal fees in connection with the litigation up to the end of the hearing in February 2010 (see Note 24), along with the costs awarded against the company, the penalties and fines arising. Transfer of economic benefit of this provision has occurred regularly since the year end

**14. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2009 £	2008 £
Operating leases which expire		
Within 2 to 5 years	<u>1</u>	<u>1</u>

Following the sale of the company's head office and training centre in 2008, the company entered into a lease with the purchaser to remain within part of the premises until March 2010 for the total rental of one peppercorn. Rates and utility expenses incurred by the purchaser during the rental period are recharged to the company

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**15. TRANSACTIONS WITH THE DIRECTORS, CONNECTED AND RELATED PARTIES**

During the year, Mr L Lucas, a director of Sabrewatch Limited, sold a motor vehicle to the company for £20,000 which was at market value

During the year Sabrewatch Limited entered in to a loan agreement for two million pounds with RM Global Limited, a company under the control of the director. The amount loaned during the year, and the amount outstanding at the balance sheet date was £65,000. The remainder was paid after the year end. Interest is payable on the loan at commercial rates.

**16. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party of the company is Mr L Lucas

**17. SHARE CAPITAL****Authorised share capital:**

	2009 £	2008 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**Allotted, called up and fully paid:**

	2009 No	£	2008 No	£
12,056 Ordinary shares of £1 each	<u>12,056</u>	<u>12,056</u>	<u>12,056</u>	<u>12,056</u>

**18. SHARE PREMIUM ACCOUNT**

There was no movement on the share premium account during the financial year

**19. OTHER RESERVES**

	2009 £	2008 £
Capital redemption reserve	<u>2,828</u>	<u>2,828</u>

The capital redemption reserve arose when the company repurchased 2,828 shares with a nominal value of £1 each on 11 July 2003

**20. PROFIT AND LOSS ACCOUNT**

	2009 £	2008 £
Balance brought forward	12,589,993	8,716,450
(Loss)/profit for the financial year	(3,169,021)	3,512,027
Transfer from revaluation reserve	—	361,516
Balance carried forward	<u>9,420,972</u>	<u>12,589,993</u>



**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009 £	2008 £
(Loss)/profit for the financial year	(3,169,021)	3,512,027
Transfer from revaluation reserve	–	361,516
Transfer to profit and loss account	–	(361,516)
Net (reduction)/addition to shareholders' funds	(3,169,021)	3,512,027
Opening shareholders' funds	12,703,113	9,191,086
Closing shareholders' funds	<u>9,534,092</u>	<u>12,703,113</u>

**22. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH  
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2009 £	2008 £
Operating loss	(3,111,851)	(824,544)
Depreciation	5,477	7,721
Profit on disposal of fixed assets	(9,933)	(78,433)
Decrease in debtors	43,341	880,727
Increase/(decrease) in creditors	619,542	(250,281)
Increase in provisions	3,012	592,660
Net cash (outflow)/inflow from operating activities	<u>(2,450,412)</u>	<u>327,850</u>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2009 £	2008 £
Income from subsidiary undertaking	–	201,896
Interest received	617,194	597,864
Net cash inflow from returns on investments and servicing of finance	<u>617,194</u>	<u>799,760</u>

**TAXATION**

	2009 £	2008 £
Taxation	<u>145,411</u>	<u>–</u>

**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2009 £	2008 £
Payments to acquire tangible fixed assets	(20,000)	(24,133)
Receipts from sale of fixed assets	27,581	6,369,457
Net cash inflow for capital expenditure and financial investment	<u>7,581</u>	<u>6,345,324</u>

**SABREWATCH LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 MARCH 2009**

**22. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	2009 £	2008 £
(Decrease)/increase in cash in the year	<u>(1,680,226)</u>	<u>7,472,934</u>
Movement in net funds in the year	<u>(1,680,226)</u>	<u>7,472,934</u>
Net funds at 1 April 2008	<u>13,789,277</u>	<u>6,316,343</u>
Net funds at 31 March 2009	<u><u>12,109,051</u></u>	<u><u>13,789,277</u></u>

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Apr 2008 £	Cash flows £	At 31 Mar 2009 £
Net cash			
Cash in hand and at bank	<u>13,789,277</u>	<u>(1,680,226)</u>	<u>12,109,051</u>
Net funds	<u><u>13,789,277</u></u>	<u><u>(1,680,226)</u></u>	<u><u>12,109,051</u></u>

**23. POST BALANCE SHEET EVENT**

The industry regulator, the SIA, continued its litigation against the company, and this was heard in January and February 2010. The SIA were successful, and as a result the company has been charged with the SIA's costs, a penalty and fines, to the value of £1,310,000. These, along with the company defence costs, have been fully provided for in these financial statements (see Note 14).