

C.A. SPERATI (THE SPECIAL AGENCY) P L C
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2012

Company No. 00092343 (England and Wales)

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C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

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C.A SPERATI (THE SPECIAL AGENCY) P L C.

COMPANY INFORMATION

| | | |
|-----------|--------------------|--------------------|
| Directors | Oliver Fattal | (CEO) |
| | Kevin Jackson | (Chairman & CEO) |
| | Richard Woodbridge | (Finance Director) |

| | |
|-----------|---------------|
| Secretary | Valerie Beeny |
|-----------|---------------|

| | |
|----------------|------------------------------|
| Company Number | 00092343 (England and Wales) |
|----------------|------------------------------|

| | |
|-------------------|--|
| Registered Office | 54 Westcombe Hill Greenwich London SE10 0LR |
|-------------------|--|

| | |
|----------------------|---|
| Independent Auditors | Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD |
|----------------------|---|

C A SPERATI (THE SPECIAL AGENCY) P.L C

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2012

The Directors' present their report and the audited financial statements of C A Sperati (The Special Agency) P L C. for the year ended 31 October 2012

EGM NOTICE

Notice hereby given, in accordance with Companies Act 2006 CA Sperati (The Special Agency) P L C gives notice of an intention to hold an EGM on the 17th April 2013 at 11 30 a m at 54, Westcombe Hill, London SE10 OLR In accordance with Section 656 of the Companies Act 2006 this is to address a 'Serious Loss of capital' where net assets of the company are half or less of the called up share capital

It is a requirement of the Companies Act 2006 that where the net assets of a public company are half or less of its called up share capital, the Directors must call a general meeting of the Company to consider whether any, and if so what, steps should be taken to deal with the situation It has recently been brought to the attention of the Board that the value of Sperati's net assets are now less than half of its called up share capital and accordingly the Board will take the occasion of the EGM to briefly report on any progress on their proposals in relation to the serious loss of capital as set out below Shareholders are also referred to section of this report entitled "Review of the business and analysis using key performance indicators" where we refer to the current consideration by the Directors of selling the freehold property to free up working capital, which, given that the Directors consider that the market value of land is approximately £406,000 higher than the book value of £39,436, would create value for the Company

It should be noted that the statutory provision under the 2006 Act relating to "serious loss of capital" imposes no immediate consequent risk given the current solvency of the Company's balance sheet and cash flow No specific proposals or agenda are being proposed at the General Meeting, but the matter will be open for discussion and questions from Shareholders in accordance with the 2006 Act There are no additional requirements under the 2006 Act other than raising the matter at a general meeting As stated above, the Company is currently in no detailed discussions on any plans other than the possible sale of the Company's freehold property asset

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continues to be that of button and trimming merchants

REVIEW OF THE BUSINESS AND ANALYSIS USING KEY PERFORMANCE INDICATORS

The Company has had a further disappointing year with turnover falling from £260,101 in the previous year to £211,965 this year Anticipated increases in turnover did not materialise due to the tough economic climate and loss of customers going out of business or scaling back production levels

The full years' pre tax loss was £319,489 compared to a pre-tax loss of £367,137 for the year ended 31 October 2011 The cash position at the end of the year fell to £42,222 however the cash flow position is being addressed by the directors and increased sales focus on new client wins for 2012 / 2013 which is already resulting in an increase new clients accounts with the company The orderbook is strengthening and the short term outlook is improving

On an ongoing basis the company continues to closely measure turnover, gross profit and cash flow However, since the year end, and following an aggressive sales strategy, there has been a significant increase in sales forecast for the forthcoming year In addition the Company is in advance negotiations with various new customers and if these prove to be successful, turnover will increase substantially from previous years The Company's increased sales outlook has also been helped by the fact that one major competitor has recently gone in to liquidation which has opened up further order book opportunities

The directors acknowledge that trading conditions continue to be very tough in the current economic climate and that the existing buttons business has limited potential and are therefore still considering diversifying into other business activities or looking at other options to utilise the companies listing for the maximum benefit of shareholders The directors are considering the sale of the freehold property to free up working capital Further details are explained in this Report under Future Developments below A loan facility of £50,000 was made available to the Company by Mr K Jackson, a Director of the Company At the balance sheet date £30,000 of this loan facility had been drawn down by the Company The loan, which was made on 26 October 2012 is unsecured and accrues interest at 9% per annum The loan plus accrued interest has a repayment date of 26 October 2013

C.A. SPERATI (THE SPECIAL AGENCY) P L.C

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

KEY PERFORMANCE INDICATORS

The Board monitors the activities and performance of the Company on a regular basis. The Board uses financial indicators based on budget versus actual. The indicators set out below have been used by the Board to assess performance over the year to 31 October 2012. The main KPIs for the Company are listed as follows:

| | 2012 | 2011 |
|--|---------|---------|
| Cash and cash equivalent | 42,222 | 204,237 |
| Gross Profit (excluding exceptional items) | 98,549 | 120,749 |
| Turnover | 211,965 | 260,101 |

PRINCIPAL RISKS & UNCERTAINTIES

There is a low level of cash immediately available at the year end, and the Directors are currently relying on a loan facility provided by Mr K Jackson, a Director of the Company. Further details are provided in note 13 and in the statement of going concern.

COMPETITION

Although the Directors believe that there are few barriers to entry into the markets in which it operates, and there is a risk of new market entrants which may adversely affect the ability of the Company to achieve the market penetration it seeks. The Company faces competition in all its markets from suppliers of similar products and/or services and regularly bids against such competition and is aware that this may have a negative impact on the growth and margins achievable. One major competitor has recently gone in to liquidation which has opened up further orderbook opportunities.

RELIANCE ON KEY INDIVIDUALS & PERSONNEL

The Company is a small organisation which is heavily reliant on the General Manager of the Company for its market strategy and reliant on the 3 Directors for leadership and finance strategy. If any of these individuals were to leave the Company, then it could have a significant adverse effect on the growth prospects of the Company. The success of the Company depends on its ability to retain experienced staff. The loss of the services of key personnel or the inability to attract additional qualified personnel as the Company grows could have an adverse effect on the Company's business, financial condition and trading results.

GOING CONCERN

In considering the Company's ability to continue operations for the foreseeable future, the Directors have considered the Company's forecast operating cash flow for the period up to the end of March 2014.

As mentioned elsewhere in this Report, there has been an increase in sales forecast for the forthcoming year. The forecast increase in sales is expected to be generated through a general improvement within the industry for manufacturing and increased demand for UK products. In addition a rival company has recently gone into administration which has opened up further order book opportunities. The Directors are also in advance negotiations with various new customers and if these prove to be successful, turnover will increase substantially from previous years. As a result, the directors have therefore forecast sales to be increasing in the next year.

The directors acknowledge that trading conditions continue to be very tough. The existing buttons business has limited potential and the Directors are therefore still considering diversifying into other business activities or looking at other options to utilise the companies listing for the maximum benefit of shareholders.

From a liquidity point of view costs continue to be monitored very tightly and the directors have confirmed that they will continue to defer some of their salaries, where necessary, until the Company has sufficient funds available. In addition the directors believe that the Company may require an additional funding of up to £30,000 to finance ongoing working capital requirements in order to continue as a going concern at least until 31 March 2014.

Mr K Jackson has agreed to defer repayment of the existing loan totalling £50,000 at the date of this Report until the Company has sufficient funds available and to provide a further loan facility of £30,000, when required, to cover ongoing working capital needs. For these reasons the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The Directors anticipate disposing the Company's freehold property to provide further working capital subject to shareholder approval.

C A SPERATI (THE SPECIAL AGENCY) P.L.C.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

POLICY ON PAYMENT OF SUPPLIERS

The Company's policy is to agree terms of payment with suppliers and abide by those terms subject to timely submission of acceptable invoices. Where prompt payment settlement discount is available it is the Company's policy to settle accounts whenever possible within the discount period. In order to manage their cash more effectively, where possible, the Company negotiates special terms with certain suppliers to delay payments.

At the year end, the amounts owing to trade creditors represented an average of 96 days (2011: 64 days).

FINANCIAL RISK MANAGEMENT

The Company's policy is to maximise the after tax return on cash deposits, to take all discounts available from the settlement of financial liabilities and to offer settlement discounts that result in the early payment of financial assets, thus minimising credit risk. The Company has exposure to cash flow risk & liquidity risk. It has minimal exposure to price risk.

The Company's principal risk is its exposure to credit risk through its trade debtors and bank deposits. It is also exposed to foreign currency risk as the majority of trade creditors are denominated in US Dollars or Euros. See note 20 for details of how this risk is managed.

CASHFLOW RISK

The company only has interest bearing liabilities in respect of loans from Directors which ensure certainty of future interest cash flows. The Directors will revisit these should the Company's operations change in size or nature. No interest was accrued in the year due to the timing of the receipt of the loan.

LIQUIDITY RISK

The Company does not actively maintain debt finance, however it manages liquidity risk through reviewing collection terms of debtors and deferring payments and interest where possible.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £319,489 (2011: £366,743).

No dividend is proposed for the year ended 31 October 2012.

DIRECTORS

The following directors have held office since 1 November 2011:

| | | |
|--------------|--------------------|--|
| D L Bloom | Executive Chairman | (Appointed 23 03 2011/Resigned 09 05 2012) |
| B Bloom | Executive | (Appointed 23 03 2011/Resigned 25 01 2012) |
| O Fattal | Executive | (Appointed 23 03 2011) |
| V Beeny | Executive | (Appointed 08 09 2005/Resigned 12 07 2012) |
| K Jackson | Executive | (Appointed 16 11 2011) |
| R Woodbridge | Finance Director | (Appointed 25 01 2012) |

In accordance with the company's Articles of Association, R Woodbridge retires by rotation & offers himself for re-election.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

Directors' interests in the shares of the company, including family interests, were as follows:

| | At 31 October 2012 Ordinary Shares of 50p each | At 1 November 2011 Ordinary Shares of 50p each |
|--------------|--|--|
| D L Bloom | 2,000 | 2,000 |
| B Bloom | 7,200 | 7,200 |
| Mrs B Bloom | 6,700 | 6,700 |
| O Fattal | 14,000 | 14,000 |
| V Beeny | 180 | 180 |
| R Woodbridge | 10 | - |
| K Jackson | 10 | - |

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

No Director has any non beneficial interest in the shares of the company

The only significant contract existing during or at the end of the financial year in which any of the Directors were, or are, materially interested in is the Loan facility in place between Mr K Jackson, a Director of the Company, and the Company at the balance sheet date There have been no further changes in Directors' interests since the year end

SUBSTANTIAL SHAREHOLDINGS

According to notifications received, the following persons held 3% or more of the Company's Issued Share Capital on 1 February 2013

| | Number of Ordinary Shares of 50p each | Percentage of Issued Share Capital |
|--------------------------|--|---------------------------------------|
| J B Alexander | 16,484 | 16.48% |
| Mrs A Nash | 16,484 | 16.48% |
| Barnard Nominees Limited | 14,384 | 14.38% |
| O Fattal | 14,000 | 14.00% |
| B Bloom | 7,200 | 7.20% |
| Mrs B Bloom | 6,700 | 6.70% |
| Gift Fund Securities | 6,922 | 6.92% |

ENVIRONMENTAL MATTERS

Whilst the Company has little impact on the environment, it realises that caring for the environment is now almost a prerequisite for business and endeavours to continue being aware of its station, particularly on any local issues

The Company aims to conserve resources by reducing waste and recycling materials wherever possible, appropriate and financially practical and to comply with environmental legislation and continue with the effective use of electricity, oil and water; currently undertaken on a daily basis

EMPLOYEES SOCIAL AND COMMUNITY ISSUES

Employees, social and community issues are not included in the Directors' Report as allowed under the Listing Rules

CORPORATE GOVERNANCE

The Company has not fully complied with corporate governance guidelines. It continues to ensure that it conducts its activities to the highest standards of honesty, integrity and openness. Copies of the UK Corporate Governance Code, to which the company is subject, are available from www.frc.org.uk

THE BOARD OF DIRECTORS

The Board comprises 3 Executive Directors who meet on a regular basis. It has reserved for its consideration and approval the Company's strategy, major items of capital expenditure and material contracts. In view of the Company's size and the close involvement of the Executive Directors, informal discussions and consultation provides effective control over the day to day running of the Company.

In the furtherance of their duties and responsibilities, the Directors take as deemed necessary independent legal, accounting and other professional advice at the Company's expense.

DIRECTORS' INDEMNITY

The Company has not provided qualifying third-party indemnities for the benefit of its Directors.

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

DIRECTORS BIOGRAPHIES

Mr K D G Jackson

Mr Jackson B Sc (Hons) Civil Engineering, aged 56, is an experienced property professional with significant commercial knowledge in acquisition, development, management and funding and has extensive knowledge of hotel, residential and commercial development having completed over 250 projects

Mr Jackson is a owner and partner of Chesterford Properties Limited (Chesterford LLP and Cuthbert LLP) which is a development/investment company Chesterford has completed some £100m of hotel projects for Travelodge, Whitbread and Accor He previously worked as Property Director for Travelodge (Main Board Director) where he was part of the successful Permira acquisition team that acquired Travelodge and Little Chef in a £750m buy out from Compass Plc.

Mr Jackson has also served previously as Property Director for Compass Plc managing a portfolio of some 800 properties, and previously Property Development Manager for Granada Plc

Mr R J Woodbridge

Mr Woodbridge BA Hons (Accountancy and Finance), CIMA is aged 40 Following senior positions with Lloyds TSB, BT and Equiniti Ltd, Mr Woodbridge has over recent years provided finance directorate services to a range of small to medium sized companies

Mr O Fattal

Mr Fattal is aged 30 Mr Oliver Fattal has worked in the personal training business based at the famous Chelsea Harbour club in London

Mr Fattal's family has been successfully involved in the property industry for many years, and with family support he decided to become involved in the property industry After a period working for commercial property agency Tuckerman in Victoria, followed by a period with Rickman Property agents in Kensington, he started to acquire commercial and residential properties and has built up a private portfolio

REPORTING AND CONTROLS

The Board is fully aware of its duty to present a balanced and understandable assessment of the Company's position

There is an ongoing process for identifying, evaluating and managing significant risks faced by the Company through detailed reviews of cash balances, debtor balances and liabilities These are regularly carried out which provides for an effective system of internal control and ensures that a going concern state of affairs will prevail

The Board had discussions with the previous auditors during the year which has been seen in the past as obviating the need for an Audit Committee to be specifically appointed, however in the light of the UK Corporate Governance Code this matter is kept under review This leads to non-compliance with the Disclosure and Transparency Rules section 7.1 and the UK Corporate Governance Code sections C3.1-3.8, as there is no audit committee

The Board's specific responsibilities for reporting to shareholders and the assets of the Company are set out on Page 14

There is currently no internal audit function as this is not deemed necessary due to the size and nature of organisation

The Directors acknowledge their responsibility for the Company's systems of internal controls and for reviewing their effectiveness These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication Whilst the Directors are aware that no system can provide absolute assurance against material misstatement or loss, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective

The Directors have reviewed the Company's system of internal controls and consider them to adequate for the size and complexity of the business

C.A SPERATI (THE SPECIAL AGENCY) P.L.C

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

COMPANY RULES FOR APPOINTMENT AND REPLACEMENT OF DIRECTORS

The appointment and removal of directors is governed by the Company's Memorandum and Articles of Association. It is intended to update the Memorandum and Articles during 2013.

DIRECTORS POWERS AT YEAR END TO ISSUE OR BUY BACK SHARES

There are currently no powers given to the directors to issue or buy back shares, other than general powers conferred through the Companies Act.

BOARD MEETINGS AND ATTENDANCE

The directors' met regularly during the financial year ended 31 October 2012.

| <u>Director</u> | <u>Board Meetings</u> |
|-----------------|-----------------------|
| D L Bloom | 3 |
| B Bloom | 1 |
| O Fattal | 7 |
| V Beeny | 4 |
| K Jackson | 6 |
| R Woodbridge | 7 |

SHARE CAPITAL

The Company only has one class of share, as disclosed in note 15 to the accounts. There are no securities carrying special rights or any voting right restrictions on any shares in the company.

STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company has not been fully compliant during the year. The directors acknowledge this and keep the matter under consideration. Although there are a number of areas where the company does not comply with the guidelines set out in corporate governance code, the directors are satisfied that the levels of control and mandate management are to high standards and commensurate with the size of the company.

The main areas of non compliance are as follows -

- Code Provision A 1.3 – the Company does not have appropriate insurance cover in respect of legal action against its directors.
- Code Provision A 3.1 – the chairman was not independent on appointment.
- Code Provisions A 4.1, 4.2 and 4.3 – the Company does not have any independent non-executive directors where the code requires a minimum of 2.
- Code Provisions B 1.2, 2.1, 2.2, 2.3, 2.4, 3.1, 3.2, and 7.2 – the Company does not have any independent non-executive directors where the code requires a minimum of 2. As a result the company does not have a nomination committee for board appointments or recommendations to the board.
- Code Provision B 6.1 and 6.3 – the board does not state in the annual report how performance evaluation of the board, its committees and its individual directors has been conducted, and there are no non-executive directors to evaluate the performance of the chairman.
- Code Provision B 7.1 and 7.2 – all directors are not subject to election by shareholders at the first AGM after their appointment.
- Code Provisions C 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8 – the Company does not have any independent non-executive directors where the code requires a minimum of 2 and as a result has not formed an audit committee.

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

- Code Provisions D 1 1, D 1 3, 1 4, 2 1, 2 2, and 2 3 – the Company does not have independent non-executive directors where the code requires a minimum of 2 and as a result has not formed a remuneration committee or a remuneration policy for non-executive directors
- Code Provision E 1 1 and 1 2 – the Company does not comply with the requirements as it does not have any non-executive directors
- Code Provision E2 3 – in the absence of a remuneration or audit committee the chairman cannot arrange for members of these committees to be available at the AGM to answer questions for shareholders

FUTURE DEVELOPMENTS

The Company has an ongoing project of seeking new clients and markets in an attempt to establish a broader client base

The new management is addressing this with vigour. There are a number of clients won since the year end and more potential clients in the advanced stages of negotiations. Some of which we hope will significantly increase turnover.

Trading currently continues to be challenging, but there are indications of improvement. The directors are considering the sale of the freehold property to free up working capital. The business could then be moved in to more suitable rented premises. The directors anticipate the disposal of the property within the year.

The directors remain of the opinion that the existing business has limited potential and are therefore still considering diversifying into other business activities or looking at other options to utilise the company's listing for the maximum benefit of shareholders.

INVESTOR RELATIONS

The Company is committed to the development of open and effective communications with all of its shareholders. Shareholders are welcome to meet or speak with directors at anytime. Contact the company for further information.

MARKET VALUE OF LAND AND BUILDINGS

The changes in fixed assets during the year are explained in note 9 to the financial statements.

The Directors consider that the market value of land is approximately £406,000 higher than the book value of £39,436. If the land was to be sold at this higher amount, the estimated taxation liability would be £48,000.

POST BALANCE SHEET EVENTS

Subsequent to the year end, the Company has drawn down a further £20,000 of the £50,000 loan facility entered into with Mr K Jackson, a Director of the Company, at the balance sheet date. This loan is repayable by 26 October 2013. Details on this loan facility can be found on the Company announcement dated 7 December 2012.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

C A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

AUDITORS

Baker Tilly UK Audit LLP resigned during the year and Littlejohn LLP were appointed. A resolution to re-appoint Littlejohn LLP as auditors of the Company will be put to the members at the Annual General Meeting.

By order of the Board

KEVIN JACKSON

DIRECTOR

28 February 2013



C A SPERATI (THE SPECIAL AGENCY) P.L.C.

**DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 OCTOBER 2012**

REMUNERATION COMMITTEE

The Directors appointed during 2012 have not drawn salaries but have accrued salaries which have not yet been paid. There is not currently a remuneration committee.

It is envisaged that a remuneration committee will be formed during 2013.

REMUNERATION POLICY

The Company's policy is to retain and motivate its staff with rewards linked to performance, results and the interest of shareholders. The basic salary element of remuneration is set in relation to responsibilities, length of service and contribution to the Company's activities. Bonus awards for employees are assessed annually taking into account the Company results. Bonus awards are in place for directors subject to company performance related to the share price.

SHARE OPTIONS (Auditable)

No share option scheme is provided nor is any long term incentive scheme in place.

DIRECTORS' PENSIONS (Auditable)

The Company provides a defined contribution and fully insured pension scheme which provides for a pension entitlement at the age of 65.

Pension benefits (representing contributions payable for the year) earned by the directors currently within the Company's scheme are detailed on page 12.

No dependent pensions or benefits are provided. Pension increases after retirement are not specifically guaranteed.

Members of the scheme have the opportunity to pay additional voluntary contributions. Neither the Members Contributions nor the resulting benefits are included in the above mentioned table.

SERVICE CONTRACTS

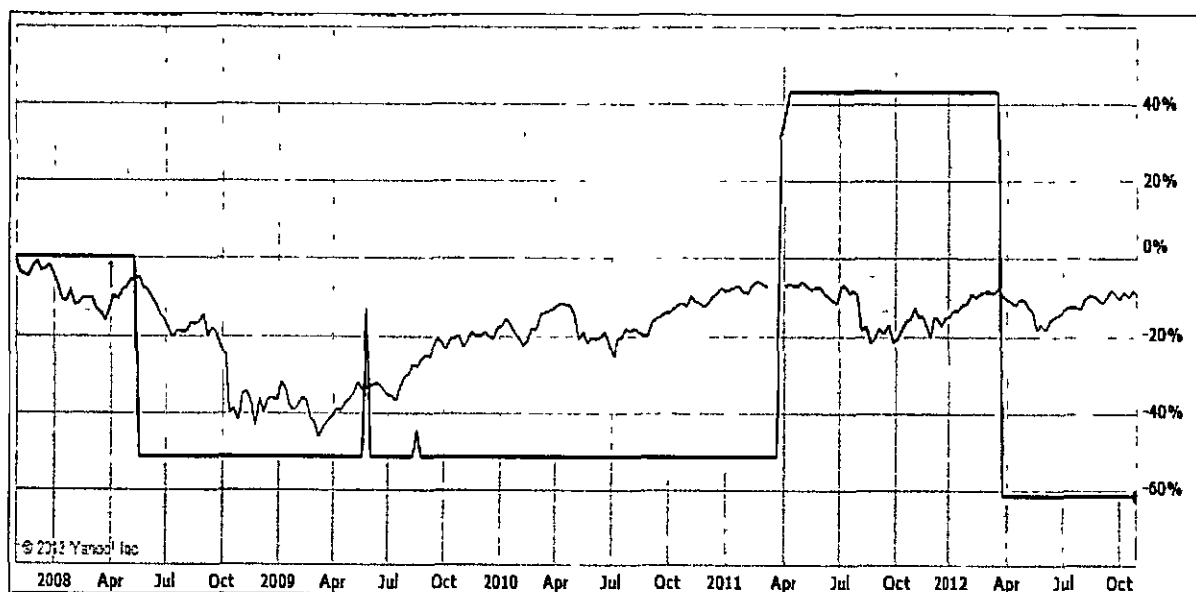
It is the Company's policy that all employees have contracts with an indefinite term with one month's notice. The directors have contracts with an indefinite term with twelve months notice. The Company will review this position at such time as it becomes necessary and appropriate.

C.A. SPERATI (THE SPECIAL AGENCY) P L.C

**DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 OCTOBER 2012**

PERFORMANCE GRAPH

The following graph shows the Company's performance measured by total shareholder return, compared with the performance of the FTSE All Share Index also measured by shareholder return which has been selected by the Board as being the most appropriate measure as no readily identifiable benchmark Company of companies exist



C A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**DIRECTORS' REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

DIRECTORS REMUNERATION (Auditable)

| | Salary £ | Benefits £ | Bonus £ | Fees £ | Pension £ | 2012 Total £ | 2011 Total £ |
|--------------|----------------|---------------|------------|---------------|--------------|--------------------|--------------------|
| V Beeny | 23,793 | 950 | - | 50 | 2,099 | 26,892 | 38,216 |
| R Woodbridge | 23,333 | | | 2,500 | | 25,833 | |
| K Jackson | 32,000 | | | | | 32,000 | |
| O Fattal | 23,333 | | | 22,000 | | 45,333 | |
| A J Lilley | | | | | | | 53,974 |
| | <u>102,459</u> | <u>950</u> | <u>-</u> | <u>24,550</u> | <u>2,099</u> | <u>130,058</u> | <u>92,190</u> |

The benefit amount of £950 relates only to medical insurance

The above £22,000 (2011 nil) were paid to Mr O Fattal and £2,500 (2011 nil) to Mr R Woodbridge for consultancy services in relation to performing services as directors

The Directors have agreed to waive the 5% interest accruing on any deferred salaries at the year end

Details of Directors long term incentives schemes are as follows

- R Woodbridge
 - £25,000 based on sale, reverse takeover or similar change in control at a time when Company share price has reached £10 per share
 - £50,000 based on sale, reverse takeover or similar change in control at a time when Company share price has reached £15 per share
 - Pro-rata by reference to the amounts above based on sale, reverse takeover or similar change in control at a time when Company share price has reached between £10 to £15 per share
- K Jackson
 - £40,000 based on sale, reverse takeover or similar change in control at a time when Company share price has reached £10 per share
 - £80,000 based on sale, reverse takeover or similar change in control at a time when Company share price has reached £15 per share
 - Pro-rata by reference to the amounts above based on sale, reverse takeover or similar change in control at a time when Company share price has reached between £10 to £15 per share
- O Fattal
 - £40,000 based on sale, reverse takeover or similar change in control at a time when Company share price has reached £10 per share
 - £80,000 based on sale, reverse takeover or similar change in control at a time when Company share price has reached £15 per share
 - Pro-rata by reference to the amounts above based on sale, reverse takeover or similar change in control at a time when Company share price has reached between £10 to £15 per share

It is the Directors intention to review the long term incentive scheme, currently unapproved, and seek approval from the shareholders for a new scheme

C.A SPERATI (THE SPECIAL AGENCY) P.L C

**DIRECTORS' REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

RELATED PARTY TRANSACTIONS

No dividends were received by directors during the financial year in relation to their shareholdings in the Company

A loan of £50,000 was made available to the Company by Mr K Jackson, a Director of the Company. At the balance sheet date £30,000 of this loan facility had been drawn down by the Company. The loan, which was made on 26 October 2012 is unsecured and accrues interest at 9% per annum. The loan plus accrued interest has a repayment date of 26 October 2013.

This report was approved by the board of directors and authorised for issue on 28 February, 2013 and signed on its behalf by

**K JACKSON
DIRECTOR**



28 February 2013

C A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

The directors are responsible for preparing the Directors' Report, the Directors' Remuneration 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).

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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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 and the Directors' Remuneration Report comply with 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.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge

- a the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and loss of the company, and
- b the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that it faces.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.**

We have audited the financial statements of C A Sperati (The Special Agency) PLC for the year ended 31 October 2012, which comprise of the profit and loss account, the balance sheet, the cash flow statement and related notes on pages 20 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 14, 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 (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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 October 2012 and of its loss for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006,
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements,

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
C A. SPERATI (THE SPECIAL AGENCY) P.L.C**

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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

Under the Listing Rules we are required to review

- the directors' statement, set out on page 3, in relation to going concern,
- the part of the Corporate Governance Statement within the Directors Report relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on directors' remuneration



Nicholas Light (Senior Statutory Auditor)
For and on behalf of Littlejohn LLP, Statutory Auditor
Chartered Accountants
1 Westferry Circus
Canary Wharf
London E14 4HD

28 February 2013

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2012**

| | <u>Notes</u> | <u>2012</u> | <u>2011</u> |
|---|--------------|-------------------------|-------------------------|
| | | <u>£</u> | <u>£</u> |
| TURNOVER | 1 | 211,965 | 260,101 |
| Cost of Sales | | (113,416) | (139,352) |
| Cost of Sales – exceptional | 22 | - | (144,721) |
| Total Cost of Sales | | <u>(113,416)</u> | <u>(284,073)</u> |
| Gross Profit /(Loss) | | 98,549 | (23,972) |
| Administrative Expenses | 2 | <u>(420,888)</u> | <u>(346,723)</u> |
| OPERATING LOSS | | <u>(322,339)</u> | <u>(370,695)</u> |
| Other Operating Income | 3 | <u>2,850</u> | <u>3,558</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | <u>(319,489)</u> | <u>(367,137)</u> |
| Taxation | 6 | <u>-</u> | <u>394</u> |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION | | <u><u>(319,489)</u></u> | <u><u>(366,743)</u></u> |
| Loss per share – basic and fully diluted | 8 | <u><u>(319 5)</u></u> | <u><u>(366 7p)</u></u> |

The operating loss for the year arises from the company's continuing operations

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt within the Profit and Loss Account

The loss for the year has been calculated on the historical cost basis

The Accounting Policies and notes on pages 20 to 31 form part of these Financial Statements

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

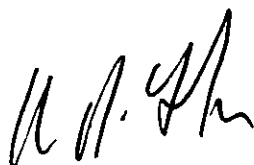
BALANCE SHEET
AS AT 31 OCTOBER 2012

| | <u>Notes</u> | <u>2012</u> | <u>2011</u> |
|---------------------------------------|--------------|--------------|----------------|
| FIXED ASSETS | | <u>£</u> | <u>£</u> |
| Tangible Assets | 9 | 56,759 | 54,001 |
| CURRENT ASSETS | | | |
| Stocks | 10 | 73,307 | 72,951 |
| Debtors | 11 | 50,216 | 55,466 |
| Investment | 12 | - | 4,099 |
| Cash at Bank and in Hand | | 42,222 | 204,237 |
| TOTAL CURRENT ASSETS | | 165,745 | 336,753 |
| CREDITORS | | | |
| Amounts falling due within one year | 13 | (215,911) | (64,672) |
| NET CURRENT (LIABILITIES)/ASSETS | | (50,166) | 272,081 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 6,593 | 326,082 |
| PROVISION FOR LIABILITIES | 14 | (237) | (237) |
| NET ASSETS | | <u>6,356</u> | <u>325,845</u> |
| CAPITAL AND RESERVES | | | |
| Called up Share Capital | 15 | 50,000 | 50,000 |
| Revaluation Reserve | 16 | 22,128 | 22,128 |
| Profit and Loss Account | 17 | (65,772) | 253,717 |
| TOTAL SHAREHOLDERS' FUNDS | 18 | <u>6,356</u> | <u>325,845</u> |

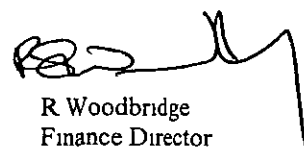
The Accounting Policies and notes on pages 20 to 31 form part of these Financial Statements

The financial statements on pages 17 to 19 were approved and authorised for Issue by the Board on 28 February 2013 and signed on its behalf by

K Jackson
Chairman



R Woodbridge
Finance Director



C.A. SPERATI (THE SPECIAL AGENCY) P.L.C

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2012**

| | <u>Notes</u> | <u>2012</u> | <u>2011</u> |
|--|--------------|-------------|-------------|
| | | <u>£</u> | <u>£</u> |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | 19a | (186,873) | (149,524) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest Received | | 1,154 | 3,286 |
| Dividends Received | | 272 | 256 |
| Interest Received – Corporation Tax | | - | 16 |
| Net cash inflow from returns on investments and servicing of finance | | 1,426 | 3,558 |
| TAXATION | | | |
| Corporation tax repayment/(paid) | | - | 9,594 |
| CAPITAL EXPENDITURE | | | |
| Purchase of fixed assets (Net) | | (12,091) | (787) |
| Sale of fixed assets | | - | 476 |
| Proceeds of sale of investment | | 5,523 | - |
| Net cash outflow from capital expenditure | | (6,568) | (311) |
| EQUITY DIVIDENDS PAID | | - | - |
| FINANCING | | | |
| Increase in short term borrowing | 13 | 30,000 | - |
| DECREASE IN CASH | 19b | (162,015) | (136,683) |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENT OF NET FUNDS | | <u>2012</u> | <u>2011</u> |
| | | <u>£</u> | <u>£</u> |
| Decrease in cash in year | | (162,015) | (136,683) |
| Movement in net funds | | (162,015) | (136,683) |
| Net funds at 1 November 2011 | 19b | 204,237 | 340,920 |
| Net funds at 31 October 2012 | 19b | 42,222 | 204,237 |

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 OCTOBER 2012

BASIS OF ACCOUNTING

The financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards and under the historical cost convention except for freehold land and buildings which are stated at their historic revalued amounts as detailed below, and in accordance with Companies Act 2006

The principal accounting policies are set out below and have been applied consistently throughout the year. Listed companies are required to present consolidated financial statements prepared in accordance with International Financial Reporting Standards. However, it is optional as to whether individual company accounts are presented in accordance with International Financial Reporting Standards or UK Generally Accepted Accounting Practice and the company elects to present its financial statements in accordance with UK Generally Accepted Accounting Practice.

TANGIBLE FIXED ASSETS

Tangible fixed assets are held at historical cost or valuation, net of depreciation and provisions for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value, over their expected useful life, as follows:

| | |
|----------------------------------|-------------------------|
| Freehold Properties | 2% on valuation |
| Fixtures, Fittings and Equipment | 33% on reducing balance |
| Motor Vehicles | 25% on reducing balance |

REVALUATION OF PROPERTIES

The freehold property was professionally valued on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. On adoption of FRS 15 the company followed the transitional provisions to retain the book value of land and buildings which were revalued in 1979 by Messrs Hindwood Clarke & Esplin Limited, Chartered Surveyors. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is based on the average cost of purchase of stock held. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for slow moving items.

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies have been recorded at the rate of exchange ruling at the date of the transaction. All differences are taken to the profit and loss account.

TAXATION

The tax expense represents the sum of the tax currently payable or recoverable together with deferred tax.

The tax currently recoverable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Corporation Tax recoverable is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

C A. SPERATI (THE SPECIAL AGENCY) P L.C.

**ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred taxation is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSIONS CONTRIBUTIONS

The Company provides a fully insured defined contribution pension scheme. Premiums payable for the year are charged in the profit and loss account.

TURNOVER

Turnover represents the fair value of the consideration received or receivable for goods in the ordinary course of business, and is stated net value added tax. Turnover is recognised on despatch of the goods to the customer.

GOING CONCERN

In considering the Company's ability to continue operations for the foreseeable future, the Directors have considered the Company's forecast operating cash flow for the period up to the end of March 2014.

As mentioned elsewhere in this Report, there has been an increase in sales forecast for the forthcoming year. The forecast increase in sales is expected to be generated through a general improvement within the industry for manufacturing and increased demand for UK products. In addition a rival company has recently gone into administration which has opened up further order book opportunities. The Directors are also in advance negotiations with various new customers and if these prove to be successful, turnover will increase substantially from previous years. As a result, the directors have therefore forecast sales to be increasing in the next year.

The directors acknowledge that trading conditions continue to be very tough. The existing buttons business has limited potential and the Directors are therefore still considering diversifying into other business activities or looking at other options to utilise the companies listing for the maximum benefit of shareholders.

From liquidity point of view costs continue to be monitored very tightly and the directors have confirmed that they will continue to defer some of their salaries, where necessary, until the Company has sufficient funds available. In addition the directors believe that the Company may require an additional funding of up to £30,000 to finance ongoing working capital requirements in order to continue as a going concern at least until 31 March 2014.

Mr K Jackson has agreed to defer repayment of the existing loan totalling £50,000 at the date of this Report until the Company has sufficient funds available and provide a further loan facility of £30,000, when required, to cover ongoing working capital needs.

For these reasons the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors anticipate disposing the Company's freehold property to provide further working capital subject to shareholders approvals.

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2012**

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's balance sheet when the Company has become a party to the contractual provisions of the instrument

Trade debtors Trade debtors are classified as loans and receivables and are initially recognised at fair value then amortised cost. They do not carry any interest.

An allowance is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the carrying amount of the trade debtor and the estimated future cash flows and is recognised in the profit and loss account.

Investments Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at cost, including transaction costs.

Current asset investments are stated at the lower of cost and net realisable value.

Trade creditors and accruals Trade creditors are not interest bearing and are stated at their nominal value in the currency they are denominated in. Accruals relating to contractual obligations to pay for services already received are recognised on the balance sheet in line with the matching and accruals concepts.

Cash at bank and in hand Cash deposits are recognised and stated at their nominal value.

Equity instruments Equity instruments issued by the company are recorded at the fair value of the proceeds received, net of direct issue costs.

Liquid resources Liquid resources are money market term resources which are immediately available without financial penalty.

Borrowings Interest bearing loans from Directors are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

C.A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

1. TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company's turnover and loss were all derived from its principal activity undertaken in the United Kingdom, to which all net assets relate

2. ADMINISTRATION EXPENSES

| | <u>2012</u> | <u>2011</u> |
|-------------------------|-------------|-------------|
| | <u>£</u> | <u>£</u> |
| Administration expenses | 420,888 | 346,723 |

3. OTHER OPERATING INCOME

| | <u>2012</u> | <u>2011</u> |
|-------------------------------------|--------------|--------------|
| | <u>£</u> | <u>£</u> |
| Interest Received – Corporation Tax | - | 16 |
| Bank Interest Receivable | 1,154 | 3,286 |
| Dividends Receivable | 272 | 256 |
| Profit on sale of investment | 1,424 | - |
| | <u>2,850</u> | <u>3,558</u> |

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | <u>2012</u> | <u>2011</u> |
|--|---------------|---------------|
| | <u>£</u> | <u>£</u> |
| Loss on ordinary activities before taxation is stated after charging | | |
| Depreciation and amounts written off tangible fixed assets | | |
| Charge for the year | | |
| Owned assets | 7,433 | 6,488 |
| Loss on foreign exchange transactions | 641 | 1,102 |
| Auditor's remuneration | | |
| Statutory audit services – current auditor | 9,000 | - |
| Statutory audit services – previous auditor | - | 26,065 |
| Loss on disposals of fixed assets | 1,900 | 297 |
| | <u>12,974</u> | <u>28,652</u> |

5. EMPLOYEES

| | <u>2012</u> | <u>2011</u> |
|---|----------------|----------------|
| | <u>No</u> | <u>No</u> |
| The average monthly number of persons (including directors) employed by the company during the year was | | |
| Office Management | 4 | 3 |
| Selling and Distribution | 3 | 3 |
| | <u>7</u> | <u>6</u> |
| | <u>2012</u> | <u>2011</u> |
| | <u>£</u> | <u>£</u> |
| Staff Costs for the above persons | | |
| Wages and salaries | 206,323 | 165,353 |
| Social security costs | 21,870 | 16,123 |
| Other pension costs – defined contribution scheme | 9,954 | 9,646 |
| | <u>238,147</u> | <u>191,122</u> |

C. A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

5 EMPLOYEES (CONTINUED)

DIRECTORS' REMUNERATION

| | <u>2012</u> | <u>2011</u> |
|---|----------------|----------------|
| | <u>£</u> | <u>£</u> |
| Sums paid to third parties for directors services | 24,500 | 41,224 |
| Fees | - | 100 |
| Emoluments for qualifying services | 102,459 | 84,907 |
| Company pension contributions to money purchase schemes | 2,099 | 7,183 |
| | <u>129,058</u> | <u>133,414</u> |

6. TAXATION

UK Corporation Tax

| | <u>2012</u> | <u>2011</u> |
|--|------------------|------------------|
| | <u>£</u> | <u>£</u> |
| Current tax on loss for the year | - | - |
| Deferred tax charge | - | 394 |
| | <u>-</u> | <u>394</u> |
| Factors affecting the tax charge for the year | | |
| Loss on ordinary activities before taxation | <u>(319,489)</u> | <u>(367,137)</u> |
| Loss on ordinary activities before taxation multiplied by the rate of UK Corporation Tax applicable to small companies of 20% (2011 20%) | <u>(63,898)</u> | <u>(74,946)</u> |
| Effects of | | |
| Non deductible expenses | 168 | 195 |
| Depreciation/Loss on disposal | 1,831 | 1,385 |
| Capital Allowances | - | (790) |
| Other Income | - | (52) |
| Difference in tax rate on losses carried back | - | - |
| Tax losses carried forward | 61,899 | 74,208 |
| Current tax charge | <u>Nil</u> | <u>Nil</u> |

Tax losses totalling £731,199 (2011 £421,704) have been carried forward for use against future taxable profits

The Government's intention to reduce both the main and small companies rates of taxation will impact future tax charges

7. DIVIDENDS

| | <u>2012</u> | <u>2011</u> |
|--|-------------|-------------|
| | <u>£</u> | <u>£</u> |
| Ordinary | | |
| Final paid in respect of 2012 nil (2011 nil) | <u>-</u> | <u>-</u> |

C. A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

8 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on loss on ordinary activities after taxation of £319,489 (2011 loss £366,743) and on 100,000 ordinary shares in issue throughout the whole of the year

There are no share options or other potentially dilutive items, so diluted earnings per share is the same as the basic earnings per share

9 TANGIBLE FIXED ASSETS

| | Freehold Land & Building £ | Fixtures, Fittings & Equipment £ | Motor Vehicles £ | Total £ |
|--------------------------|---|---|---------------------------------|--------------------|
| COST OR VALUATION | | | | |
| At 1 11 2011 | 74,746 | 43,606 | 39,560 | 157,912 |
| Additions | - | - | 15,291 | 15,291 |
| Disposals | - | - | (30,060) | (30,060) |
| At 31 10 2012 | <u>74,746</u> | <u>43,606</u> | <u>24,791</u> | <u>143,143</u> |
| DEPRECIATION | | | | |
| At 1 11 2011 | 34,240 | 38,092 | 31,579 | 103,911 |
| Disposals | - | - | (24,960) | (24,960) |
| Charge for the Year | <u>1,070</u> | <u>1,820</u> | <u>4,543</u> | <u>7,433</u> |
| At 31 10 2012 | <u>35,310</u> | <u>39,912</u> | <u>11,162</u> | <u>86,384</u> |
| NET BOOK VALUE | | | | |
| At 31 10 2012 | <u>39,436</u> | <u>3,694</u> | <u>13,629</u> | <u>56,759</u> |
| At 31 10 2011 | <u>40,506</u> | <u>5,514</u> | <u>7,981</u> | <u>54,001</u> |

Freehold land and buildings includes property at a professional valuation prepared in 1979 of £73,500

On an historical cost basis freehold properties would have been included at

| | <u>2012</u> | <u>2011</u> |
|------------------------|--------------------|--------------------|
| | <u>£</u> | <u>£</u> |
| Cost | <u>51,372</u> | <u>51,372</u> |
| Aggregate Depreciation | <u>33,894</u> | <u>32,867</u> |

The transitional rules set out in FRS15 'Tangible Fixed Assets' have been applied on implementing FRS15 accordingly, the book values at implementation have been retained Land with a value of £21,000 is not depreciated

C. A SPERATI (THE SPECIAL AGENCY) P.L C

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

| | | | |
|------------|--------------------------------|--------------------|--------------------|
| 10 | STOCK | <u>2012</u> | <u>2011</u> |
| | | <u>£</u> | <u>£</u> |
| | Goods for Resale | 73,307 | 69,196 |
| | Expense Materials | - | 3,755 |
| | | <u>73,307</u> | <u>72,951</u> |
| 11. | DEBTORS | <u>2012</u> | <u>2011</u> |
| | | <u>£</u> | <u>£</u> |
| | Due within one year | | |
| | Trade Debtors | 50,216 | 47,266 |
| | Prepayments and Accrued Income | - | 8,200 |
| | | <u>50,216</u> | <u>55,466</u> |

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above

The ageing of trade debtors is as follows

| | | |
|----------------------|--------------------|--------------------|
| | <u>2012</u> | <u>2011</u> |
| | <u>£</u> | <u>£</u> |
| Up to 3 Months | 51,410 | 42,969 |
| 3 – 6 Months | (190) | 2,707 |
| 6-12 months | 16,084 | 1,590 |
| Older than 12 months | 1,590 | - |
| Total | <u>68,894</u> | <u>47,266</u> |

At 31 October 2012, trade debtors of £18,678 (31 October 2011 nil) were impaired and provided for. The amount of the provision was £18,678 as of 31 October 2012 (2011 nil). The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic circumstances.

The ageing of the impaired trade debtors is as follows

| | | |
|---------------|--------------------|--------------------|
| | <u>2012</u> | <u>2011</u> |
| | <u>£</u> | <u>£</u> |
| 6 – 12 Months | 18,678 | - |
| Total | <u>18,678</u> | <u>-</u> |

C. A. SPERATI (THE SPECIAL AGENCY) P.L.C.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

| | | |
|--------------------------------------|--------------------|--------------------|
| 12. CURRENT ASSET INVESTMENTS | <u>2012</u> | <u>2011</u> |
| | <u>£</u> | <u>£</u> |
| Cost – Listed Investments | - | 4,099 |
| | <u> </u> | <u> </u> |

The market value of investments at the balance sheet date was £nil (2011 £4,155)

| | | |
|--|--------------------|--------------------|
| 13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | <u>2012</u> | <u>2011</u> |
| | <u>£</u> | <u>£</u> |
| Trade Creditors | 60,956 | 21,817 |
| Other Taxation and Social Security Costs | 4,912 | 6,680 |
| Accruals and Deferred Income | 120,043 | 36,175 |
| Loan | 30,000 | - |
| | <u>215,911</u> | <u>64,672</u> |
| | <u> </u> | <u> </u> |

A facility of £50,000 was made available to the Company by one of the directors, K Jackson. At the balance sheet date £30,000 of this loan facility had been drawn down by the Company. The loan, which was made on 26 October 2012 is unsecured and accrues interest at 9% per annum. The loan plus accrued interest has a repayment date of 26 October 2013.

| | |
|---------------------------------------|-------------------------------------|
| 14. PROVISIONS FOR LIABILITIES | <u>Deferred Taxation</u> |
| | <u>£</u> |
| Balance at 1 November 2011 | 237 |
| Movement in year | - |
| Balance at 31 October 2012 | <u>237</u> |
| | <u> </u> |

No provision has been made for deferred tax as it will be indexation allowances.

A deferred tax asset in respect of losses carried forward of £146,240 (2011 £86,180) has not been recognised on the basis of uncertainty over the timing of future taxable profits.

| | | |
|-------------------------------------|--------------------|--------------------|
| 15. SHARE CAPITAL | <u>2012</u> | <u>2011</u> |
| | <u>£</u> | <u>£</u> |
| Authorised | | |
| 150,000 Ordinary Shares of 50p each | 75,000 | 75,000 |
| | <u> </u> | <u> </u> |
| Allotted, issued and fully paid | | |
| 100,000 Ordinary Shares of 50p each | 50,000 | 50,000 |
| | <u> </u> | <u> </u> |

| | | |
|--------------------------------|--------------------|--------------------|
| 16. REVALUATION RESERVE | <u>2012</u> | <u>2011</u> |
| | <u>£</u> | <u>£</u> |
| As at 1 November 2011 | 22,128 | 22,128 |
| As at 31 October 2012 | <u>22,128</u> | <u>22,128</u> |
| | <u> </u> | <u> </u> |

C. A SPERATI (THE SPECIAL AGENCY) P.L.C

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

| | | | |
|------------|--|--------------------|-----------------------|
| 17. | PROFIT AND LOSS ACCOUNT | <u>2012</u> | <u>2011</u> |
| | | <u>£</u> | <u>£</u> |
| | Balance as 1 November 2011 | 253,717 | 620,460 |
| | Loss for the year | (319,489) | (366,743) |
| | Dividends | - | - |
| | Balance at 31 October 2012 | <u>65,772</u> | <u>253,717</u> |
| 18 | RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS | <u>2012</u> | <u>2011</u> |
| | | <u>£</u> | <u>£</u> |
| | Loss for the year | (319,489) | (366,743) |
| | Dividends | - | - |
| | | <u>(319,489)</u> | <u>(366,743)</u> |
| | Opening shareholders' funds | 325,846 | 692,587 |
| | Closing shareholders' funds | <u>6,357</u> | <u>325,846</u> |
| 19. | CASH FLOWS | | |
| a | Reconciliation of operating loss to net cash outflow from operating activities | | |
| | | <u>2012</u> | <u>2011</u> |
| | | <u>£</u> | <u>£</u> |
| | Operating Loss | (322,339) | (370,695) |
| | Depreciation | 7,433 | 6,488 |
| | Loss on disposal of fixed assets | 1,900 | 297 |
| | (Increase)/Decrease in Stocks | (356) | 158,160 |
| | Decrease in Debtors | 5,250 | 52,391 |
| | Increase in Creditors | 121,239 | 3,835 |
| | Net cash outflow from operating activities | <u>(186,873)</u> | <u>(149,524)</u> |
| b | Analysis of Net Funds | <u>2012</u> | <u>2011</u> |
| | | <u>£</u> | <u>£</u> |
| | Cash at Bank and in Hand | <u>42,222</u> | <u>204,237</u> |
| | | | <u>Change</u> |
| | | | <u>in year</u> |
| | | | <u>£</u> |
| | | | <u>(162,015)</u> |

C A. SPERATI (THE SPECIAL AGENCY) P.L.C

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

20 FINANCIAL INSTRUMENTS

The Company's financial assets comprise investments, trade debtors and cash at bank whilst the Company's financial liabilities comprise of trade creditors and accruals both of which arise directly from its operations

An equity instrument is any contract that gives a residual interest in the assets of the Company after deducting all of its liabilities. Instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Management objectives and policies

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken

The Company's policy is to maximise the after tax return on cash deposits, to take all discounts available from the settlement of financial liabilities and to offer settlement discounts, that result in the early payment of financial assets, thus minimising credit risk

Information relating to financial assets and liabilities

Trade debtors are receivable within 30 days from the date of invoice and do not bear interest. Trade creditors are repayable between 30 and 60 days from the date of invoice, provided that they are paid by their due date, they are interest free. Trade creditors are denominated primarily in US Dollars, HK Dollars or Euros

Details of the carrying value of the financial assets and liabilities are given in the balance sheet and the related notes. The carrying value of these approximate to their fair value

The main risks arising from the Company's instruments are interest rate, credit risk, and foreign currency risk. The policy for managing these risks are summarised below and have been applied throughout the year

INTEREST RATES

Cash deposits are denominated in sterling and held in interest bearing bank accounts which currently require no notice and are with recognised clearing banks. The accounts have been selected to achieve the maximum possible interest rate whilst meeting the Company's daily working capital requirements and are regularly reviewed. The interest rates vary with the bank's base rate

FOREIGN CURRENCY RATE

The Company trades in several countries within the Far East and throughout Europe. As a result, the Company's balance sheet could be affected by movement in the Euro, HK dollar and US dollar to the UK Pound Sterling exchange rate. The loss on foreign exchange recognised in these accounts amounted to £641 (2011 £1,102). These sums reflect the difference in the rates of exchange between the figure issued by HM Revenue & Customs at the time of importation and the rates charged at point of payment. The Company does not hedge against foreign currency fluctuations. However, an awareness of exchange rates is maintained so that the movements can be built into our pricing decisions

C A SPERATI (THE SPECIAL AGENCY) P.L.C.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

20 FINANCIAL INSTRUMENTS (CONTINUED)

CREDIT RISK

Credit risk is the potential financial loss due to a customer failing to meet its contractual obligations against an invoice issued. The majority of the Company's customers have been trading with the Company for several years and losses have happened infrequently. The Company has an established credit policy under which new customers are analysed for creditworthiness before accounts are offered or granted. The Company method is through issuing trading terms and conditions, the completion of credit application forms, the requesting of references and dependent on the results, a further external companies inspection could be undertaken.

Certain customers are experiencing financial difficulties. Credit risk has increased during the year and the position is liable to continue to worsen.

The analysis of trade debtor allowance is as follows

| | <u>2012</u> <u>£</u> | <u>2011</u> <u>£</u> |
|-------------------------------|-------------------------|-------------------------|
| Opening balance at 1 November | - | - |
| Allowance made in the year | 18,678 | - |
| Unused allowance reversed | - | - |
| | <u>18,678</u> | <u>-</u> |

Of the trade debtors at the year end £19,529 was overdue. There are no significant credit risks arising from financial assets that are neither past due nor impaired.

The Company has exposure to cash flow & liquidity, which it is managing through collection terms and deferring payments and interest where possible. It has minimal exposure to price risk.

THE COMPANY'S EXPOSURE TO FOREIGN CURRENCY RISK IS SUMMARISED BELOW

Net monetary liabilities that are not denominated in the Company's functional currency are as follows

| | 2012 | 2011 | 2012 | 2011 |
|----------------------|--------------|--------------|---------------|--------------|
| | Euro | | US Dollar | |
| Currency liabilities | | | | |
| Trade Creditors | 1,957 | 8,681 | 17,960 | 2,124 |
| | <u>1,957</u> | <u>8,681</u> | <u>17,960</u> | <u>2,124</u> |

The Company has exposure to cash flow & liquidity, which it is managing through collection terms and deferring payments and interest where possible. It has minimal exposure to price risk.

21 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge amounted to £9,954 (2011 £9,646).

C. A. SPERATI (THE SPECIAL AGENCY) P.L.C

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2012**

22. EXCEPTIONAL ITEM (COST OF SALES)

The exceptional loss in the prior year was as a result of the Directors thorough assessment of the resale value of the stock given the customer base had been changing. The Directors believed this thorough assessment gave a more realistic assessment of the stock value given the existing customer base. The resultant write down in the value of the stock is not expected to recur.

23. RELATED PARTY TRANSACTIONS

A loan facility of £50,000 was made available to the Company by Mr K Jackson, a Director of the Company. At the balance sheet date £30,000 of this loan facility had been drawn down by the Company. The loan, which was made on 26 October 2012 is unsecured and accrues interest at 9% per annum. The loan plus accrued interest has a repayment date of 26 October 2013.

24. POST BALANCE SHEET EVENTS

Subsequent to the year end, the Company has drawn down a further £20,000 of the £50,000 loan facility entered into with Mr K Jackson, a Director of the Company, at the balance sheet date. This loan is repayable by 26 October 2013. Details of this loan facility can be found on the Company announcement dated 7 December 2012.

C.A SPERATI (THE SPECIAL AGENCY) P.LC.

NOTICE HEREBY GIVEN that the 106th Annual General Meeting of the Shareholders of the above named company will be held at 54, Westcombe Hill, Greenwich, SE10 0LR on 17th April 2013 at 10 30 am for the following purposes

- 1 To receive the Directors' Report and the Audited Accounts for the year ended 31 October 2012 and the report of the Auditors thereon
- 2 To receive and approve the Directors' Remuneration Report for the year ended 31 October 2012
- 3 To re-elect Mr R Woodbridge as a Director
- 4 To appoint Littlejohn LLP of 1 Westferry Circus, Canary Wharf, London E14 4HD as Auditors of the company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' Remuneration
- 5 To transact any other ordinary business of the company

NOTICE HEREBY GIVEN that an EGM of the Shareholders of the above named company will be held at 54, Westcombe Hill, Greenwich, SE10 0LR on 17th April 2013 at 11 30 am for the following purposes

- 1 To discuss 'Serious loss of capital' issue in accordance with section 656 of the Companies Act 2006

BY ORDER OF THE BOARD

K JACKSON

DIRECTOR

28 February 2013



54 Westcombe Hill
Greenwich, SE10 0LR

A Member entitled to attend and vote may appoint a proxy who need not be a Shareholder