

C A SPERATI PLC

(Formerly C.A. Sperati (The Special Agency) PLC)

Annual Report and financial statements for the year ended 31 October 2013

C A SPERATI PLC

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C A SPERATI PLC

Company Information

Directors

Jason Drummond (Executive Chairman)
Nilesh Jagatia (Finance director)
Oliver Fattal (Non-Executive Director)

Secretary

Curzon Corporate Secretaries Limited
Ashford House
Grenadier Road
Exeter
EX1 3LH

Company Number

00092343 (England and Wales)

Registered Office

54 Westcombe Hill
Greenwich
London
SE10 0LR

Independent Auditors

Welbeck Associates
Statutory Auditor
30 Percy Street
London
W1T 2DB

Principal Bankers

Royal Bank of Scotland
5th Floor, Tay House
300 Bath Street
Glasgow
G2 4RS
Scotland

Solicitors to the Company

Ashfords LLP
Tower Wharf
Cheese Lane
Bristol
BS2 0JJ

Registrar

Share Registrars Ltd
Suite E, First Floor
9 Lion & Lamb Yard
Farnham, Surrey
GU9 7LL

Financial Adviser

Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street
London
EC2M 2SJ

Company Website

www.casperatiplc.com

Chairman's Statement

for the year ended 31 October 2013

During the relevant period, the sales and margin levels have both remained relatively static. The customer base is well established and there is currently little growth in the Company's sector. Cost reduction initiatives, during the year, have led to a lowering of the Company's cost base. However, the economic slump has had a negative impact on the demand for the Company's traditional products and long-term growth opportunities in the sector are limited.

The Company conducted a strategic review of its operations during the year which resulted in specific actions to reduce the cost base of the business. This also resulted in C A Sperati reviewing its portfolio of product offerings and the route to market of selling these. The Company recognised that although margins achieved in its existing markets were holding up well, there was little opportunity for growth in these areas without looking at complementary product offerings and alternative markets.

There were a significant number of new customers placing orders during the year which is encouraging, however it was recognised the Company needs to expand its offering to these clients in order to maximise their potential. The margins from these new clients although helpful, helped compensate for the reduction in business from some of the existing and more established customers.

This review was driven by the Company's recent poor performance and the significant cash reduction in the business over recent years. The cash reduction has been driven by trading losses as well as the costs of being a main market listed company and the costs of various attempts to take the company in a different direction, utilising its main market listing, which were ultimately not successful.

Due to the Company's recent poor performance, the Company has looked for alternative measures to enhance shareholder value and necessary working capital for operational purposes. The Company has disposed of its freehold property, as approved by shareholders post year end and as detailed in the Class One Circular sent to the shareholders. The total cash consideration receivable by the Company is £415,000 payable as to £315,000 on the completion date (which occurred on 20 January 2014) and a deferred payment of £100,000 on the date falling on the earlier of ten working days after the purchaser secures planning permission authorising redevelopment of Greenwich for mixed use purposes or within 12 months.

The Board believes that its cancellation from the premium segment of the Official List and to trading on the Main Market and a move to AIM, a market of that name, operated by the London Stock Exchange, will provide a market and environment more suited to the Company's current size and provide strategic intent to enhance Shareholder value by organic growth and acquisitive activity in the textile and clothing market. It will also simplify the on-going administrative and regulatory requirements of the Company. The move to AIM will offer greater flexibility to the Company, particularly with regard to corporate transactions, and should therefore enable the Company to execute certain transactions more quickly and cost effectively when compared to the requirements of being a Company on the premium segment of the Official List. Given the Company's strategy, the Board believes that the move is likely to be of benefit to the Company going forward.

A quotation on AIM will provide Shareholders with a market on which to trade their shares whilst, in the Directors' opinion, providing the Company with continued and arguably improved access to equity capital. Importantly, as a Main Market Company and due to its size and current market capitalisation, the Company is currently unable to raise sufficient funds in the market to grow either organically or by acquisition without having to publish a prospectus, an exercise that, without raising funds it cannot afford to do. The Directors will be in a stronger position to raise equity finance without the requirement to publish a prospectus. The Directors anticipate that raising equity finance will also help to increase liquidity though placing more shares into public hands.

In December 2013, the Company reorganised its share capital to be on a more appropriate basis for its size. The appropriate resolution was passed at the general meeting on 19 December 2013 and each existing share of 50 pence was reclassified into 100 shares of 0.5 pence each.

The Company has a long heritage in fashion working closely with iconic UK luxury brands and it is now looking to develop its own brand and accessory range.

During the period there were a number of changes made to the board of directors notably the resignation of Chairman and joint CEO Mr K Jackson and Finance Director Mr R Woodbridge. These positions were replaced on the board by Mr J Drummond as Chairman and Mr N Jagatia as Finance Director.

C A SPERATI PLC

Chairman's Statement

for the year ended 31 October 2013

The Directors would like to thank the shareholders for their continuing support as the Company continues to review investment opportunities that the Directors believe will bring long term sustainable value enhancement.

Jason Drummond
Chairman

24 January 2014

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

The Directors' present their report and the audited financial statements of C A Sperati plc for the year ended 31 October 2013.

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

A review of the business and the key performance indicators have been included within the Strategic Report on Page 16.

CHANGE OF NAME

On the 24 December 2013 the name of the Company changed to C A Sperati plc as a form of simplification from its previous name.

PRINCIPAL RISKS & UNCERTAINTIES

The Company is exposed to credit risk through its trade debtors and bank deposits. It is also exposed to foreign currency risk as some of the trade creditors are denominated in US Dollars or Euros. An adverse change in the position of its trade creditors or foreign exchange rates could have a material adverse effect on the Company's business, financial condition and trading results.

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. If payments cannot be deferred in line with current practice this could have an adverse effect on the Company's business, financial condition and trading results.

Future economic uncertainty or significant increases in the Company's operating costs could materially adversely impact the Company's business, funding position, financial performance and trading results. The success of the Company's operations depends to a significant extent upon factors that affect discretionary consumer spending (including economic conditions and perceptions of such conditions by consumers) within the economy as a whole and in regional and local markets where the Company operates. Retail and clothing sales in particular are sensitive to economic conditions. Any downturn in such conditions could have a material negative impact on the Company's business, funding position, financial performance and trading results.

COMPETITION

There are few barriers to entry into the market in which the Company operates and therefore there is a significant 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 is aware that this may have a negative impact on the growth and margins achievable. The Company's business, results, operations and financial condition could be materially adversely affected by the actions of its competitors (including their marketing strategies and product development).

The Company faces competition from other companies and brands. Some of the Company's competitors may have access to greater financial and technical resources which may give them a competitive advantage. New competitive products, designs or solutions may enter the market with different benefits, making them more attractive than the Company's products. If any of these events occur, the Company may not be able to compete effectively which could have a material adverse effect on the Company's business, financial condition and trading results.

RELIANCE ON KEY INDIVIDUALS & PERSONNEL

The Company is a small organisation which is heavily reliant on the 3 Directors for leadership, finance and marketing 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.

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

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 June 2015.

There is limited cash in the Company, and the Directors are currently relying on the interest bearing director facility from Teather & Greenwood Ltd (a company wholly owned by Mr J Drummond a Director of the Company) for up to a maximum of £75,000 for working capital purposes. If the Company does not trade in line with current management expectations or this facility is withdrawn, this could have an adverse effect on the Company's working capital position.

The Company is currently loss making. The Directors believe that in order to generate sufficient revenues to become cash flow positive and become profitable it will need to grow by acquisition as well as through organic means. The Company's limited financial resources have restricted the Company's ability to exploit opportunities in the retail or wholesale market in the past. There can be no assurance that the market for the Company's products, both current and through brand development, will grow in line with the Directors' expectations nor that the Company will be successful in improving its marketing and sales performance in securing new consumer sales. Any failure to materially increase sales or make suitable acquisitions is likely to result in the Company continuing to remain loss making and require further funding in the future which might either not be forthcoming or only available on unattractive terms which could result in a substantial dilution of shareholders' interests in the Company.

However on 20 January 2014 the Company completed the disposal of the freehold property for total proceeds of £415,000, £315,000 of which has already been received, with the deferred payment of £100,000 to be received on the date falling on the earlier of ten working days after the purchaser secures planning authorisation development of the property and 12 months following completion. The majority of the disposal proceeds will be used to settle outstanding liabilities, with the remaining funds, together with the Teather & Greenwood facility providing working capital for the Company for the next 12 months. For that reason, as well as the fact that the Directors have confirmed that they will continue to defer some of their salaries until July 2015, the Directors have reason to believe that the Company will 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.

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 67 days (2012: 96 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 is primarily exposed to cash flow risk and liquidity risk. It has minimal exposure to price risk.

The Company is also exposed to credit risk through its trade debtors and bank deposits and to foreign currency risk as some of the trade creditors are denominated in US Dollars or Euros. See note 22 for details of how these risks are managed.

Cash flow risk

The Company only has interest bearing liabilities in respect of loans from Teather & Greenwood Limited which ensure certainty of future interest cash flows. The Directors will revisit these should the Company's operations change in size or nature.

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

FINANCIAL RISK MANAGEMENT (continued)

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 £294,127 (2012: £319,489).

No dividend is proposed for the year ended 31 October 2013 (2012:£nil).

DIRECTORS

The following directors have held office since 1 November 2012:

J K Drummond	Executive Chairman	(Appointed 12.08.2013)
O Fattal	Non-Executive Director	(Appointed 23.03.2011)
K Jackson	Chairman and Joint CEO	(Appointed 16.11.2011/Resigned 10.06.2013)
R Woodbridge	Finance Director	(Appointed 25.01.2012/Resigned 12.12.2013)
N Jagatia	Finance Director	(Appointed 17.12.2013)

In accordance with the Company's Articles of Association, O. Fattal retires by rotation and, being eligible, offers himself for re-election at the Annual General Meeting. J Drummond and N Jagatia, being appointed during the period offer themselves for election also at the Annual General Meeting.

Following the period end certain roles of Directors have changed. Mr J Drummond has moved from Non-Executive Chairman to Executive Chairman and Mr O Fattal has moved from Chief Executive Officer to Non-Executive Director.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

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

Director	As at 31 October 2013	As at 31 October 2012
	Ordinary Shares of 50p each	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	10
K Jackson	10	10

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 are the 2 loan facilities in place between Mr K Jackson, a former Director of the Company and a loan facility for £12,000 with Teather & Greenwood Ltd (a company wholly owned by Mr J Drummond a Director of the Company) at the balance sheet date.

ENVIRONMENTAL MATTERS

Whilst the Company has little impact on the environment, it realises that caring for the environment is now almost a pre-requisite 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.

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

SUBSTANTIAL SHAREHOLDINGS

According to notifications received, the following persons held 3% or more of the Company's Issued Share Capital on 23 January 2014:

Shareholder	Number of Ordinary Shares of 0.5p each	Percentage of Issued Share Capital
J B Alexander	1,648,400	15.07%
Mrs A Nash	1,648,400	15.07%
O Fattal	1,400,000	12.80%
Barnard Nominees Limited	1,446,400	13.22%
B Bloom	720,000	6.58%
Gilt Fund Securities	692,200	6.33%
Mrs B Bloom	670,000	6.12%
Schweco Nominees Limited	541,600	4.95%
Jim Nominees Limited	436,600	3.99%

CORPORATE GOVERNANCE

The Company has not fully complied with corporate governance guidelines. For a list of areas of non-compliance see the statement of compliance with the UK Corporate Governance Code below. The Company 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 2 Executive Directors and 1 Non-Executive Director 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 provide 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.

DIRECTORS BIOGRAPHIES

Mr J Drummond – Executive Chairman

Mr Drummond founded Virtual Internet plc (CODE:VET), an online intellectual property protection and web hosting Company, in 1996. Virtual Internet was admitted to AIM in January 1999 and subsequently combined a £27 million fundraising with a move to the Official List of the London Stock Exchange in March 2000. Mr Drummond is a high profile investor and founder of a number of successful technology companies including Coms plc (CODE:COMS) and is currently a Director of FairFX plc.

Mr N Jagatia – Finance Director

Mr Jagatia currently serves as Finance Director of AIM quoted Inspirit Energy Holdings plc and Clear Leisure plc and was Finance Director of Media Corporation plc for a period of 5 years until July 2012. Mr Jagatia has over 20 years' experience including senior financial roles in divisions of both Universal Music Group and Sanctuary Group Plc. He served as a Finance Director for an independent record label that expanded into the US. Mr Jagatia is a qualified accountant and holds a degree in finance.

Mr O Fattal – Non Executive Director

Mr Fattal is a Co-founder in Fattal Capital Ltd and he has a reputation for spotting and buying undervalued assets. He currently directs new project acquisitions and developments throughout Europe. Some of these locations include London, Cannes, Tel Aviv and other major European cities. In addition to new project acquisitions, Mr Fattal actively oversees current and new property portfolios. In 2011, Oliver acquired a 14% stake in C A Sperati plc, Oliver was appointed to the Board of C A Sperati plc as CEO and has been a director of the company since then.

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

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 on-going 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 should 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. The Directors have established an Audit Committee that will be implemented for appropriate corporate governance which will be formally adopted on admission to AIM.

There is currently no internal audit function as this has previously not been deemed necessary, however the Directors going forward are looking to implement the function.

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.

COMPANY RULES FOR APPOINTMENT AND REPLACEMENT OF DIRECTORS

The appointment and removal of directors was governed by the Company's Memorandum and Articles of Association. New Articles of Association were adopted in December 2013 and the appointment and removal of directors are now governed by these.

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 2013

Director	Attendance at Board Meetings
O Fattal	7
J Drummond	2
K Jackson	1
R Woodbridge	7

SHARE CAPITAL

The Company only has one class of share, as disclosed in note 16 to the accounts. There are no securities carrying special rights or any voting right restrictions on any shares in the Company.

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

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 the 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 non-executive director during the period was considered sufficiently independent, but since the year end has been appointed executive chairman. The appointment of a new independent non-executive director was made concurrently. We believe the new non-executive director to be sufficiently independent, notwithstanding the fact that he was formerly the executive chairman of the Company and holds 12.80% of the Company's ordinary shares.

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.2.1 – the Company has not divided the responsibilities between the Chairman and Chief Executive and agreed by the board the responsibilities established.
- Code Provision A.3.1 – the Company has not consulted major shareholders in advance for the reasons of appointing the Chief Executive as Chairman.
- Code Provisions A.4.1, 4.2 and 4.3 – the Company had only 1 independent non-executive director where the code requires a minimum of 2 for the financial year ended 31 October 2013.
- Code Provisions B.1.2, 2.1, 2.2, 2.3, 2.4, 3.1, 3.2, and 7.2 – the Company had only 1 independent non-executive director where the code requires a minimum of 2 for smaller companies. As a result the Company had not formally adopted a nomination committee for board appointments or recommendations to the board for the financial year ended 31 October 2013.
- Code Provision B.6.1 – the board does not state in the annual report how performance evaluation of the board, its committees and its individual Directors has been conducted.
- Code Provisions C.3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8 – the Company had only 1 independent non-executive director where the code requires a minimum of 2 for smaller companies and as a result had not formally adopted an audit committee for the financial year ended 31 October 2013. The Chairman is allowed to be a member of the committee, but not a chair, and this is in addition to the 2 non-executive directors required.
- Code Provisions D.1.1, D.1.3, 1.4, 2.1, 2.2, and 2.3 – the Company had only 1 independent non-executive director where the code requires a minimum of 2 and as a result had not formally adopted a remuneration committee or a remuneration policy for non-executive directors for the financial year ended 31 October 2013. The Chairman is allowed to be a member of the committee, but not a chair, and this is in addition to the 2 non-executive directors required.

FUTURE DEVELOPMENTS

The information of future developments is contained within the Strategic Report on Page 16.

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 any time. Contact the Company for further information.

MARKET VALUE OF LAND AND BUILDINGS

The changes in fixed assets during the year are explained in note 10 to the financial statements.

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

The Directors consider that the market value of land is approximately £430,000, being higher than the book value of £38,366. If the land was to be sold at this higher amount, it is estimated that after taking into account indexation allowance available and expected taxable results of the current financial year no tax liability will arise as a result of the disposal of the freehold land and premises in Greenwich.

POST BALANCE SHEET EVENTS

On 26 November 2013 a circular was distributed to shareholders detailing the Company's proposed cancellation of admission to the premium segment of the Official List and to the trading on the main market for listed securities of the London Stock Exchange, proposed admission to trading on AIM, proposed disposal of the Company's freehold land and premises in Greenwich, share capital reorganisation, adoption of new articles, change of name, the subscription for 541,600 ordinary shares of 0.5 pence each at 4 pence per share and issue of ordinary shares of 0.5 pence each for historic services.

The Company completed the disposal for a total consideration of £415,000 on 20 January 2014. £315,000 of the consideration was received on 20 January 2014, at which date the Company no longer held the asset which was valued by an independent valuer as at 25 November 2013 at £430,000. This asset was held on the Company's balance sheet in the unaudited interim accounts for the 6 months ended 30 April 2013 at a total value of £38,901. The Company is due to be paid the remaining £100,000 consideration on the date falling on the earlier of ten working days after the purchaser secures planning permission authorising redevelopment of the premises for mixed use purposes and 20 January 2015.

On 21 November 2013 a settlement agreement was reached between the Company and Kevin Jackson (former Director) relating to the termination of his employment with the Company under which terms were agreed in full and final settlement of any claim he may have in respect of such termination. He shall receive the sum of £20,000 no later than seven days following the completion of the disposal. Subject to admission to AIM, he shall be issued ordinary shares having an aggregate value of £44,000 on the first placing of the ordinary shares following admission to AIM be granted a warrant to subscribe for ordinary shares having an aggregate value of £44,000 for a period of three years from when the first placing by the Company (following admission to AIM) becomes unconditional; in each case each such share to be issued or exercised at the first placing price. On completion of the disposal, his loans in the sum of £62,200 (including interest) are repayable by the Company. He shall be reimbursed for expenses incurred by him during the course of his employment in the sum of £3,259 within seven days of completion of the disposal.

On 25 November 2013 an agreement was reached relating to an unsecured loan by Teather & Greenwood Limited (a company wholly owned by director Jason Drummond) to the Company of up to a maximum principal sum of £75,000 accruing interest at the rate of 9 per cent per annum on the monies drawn down and outstanding from time to time, with such principle and interest being repayable on 1 July 2015.

On 12 December 2013 the Company entered into a resignation agreement with Richard Woodbridge (former Finance Director) relating to the termination of his employment with the Company under which the following terms were agreed in full and final settlement of any claim he may have in respect of such termination. He shall be entitled to 50 per cent of the outstanding salary payable to him in cash within 14 days of completion of the Disposal in the sum of £27,708, the issue of 692,700 ordinary shares of 0.5 pence each in the Company at 4 pence per share in satisfaction of the other 50 per cent to the sum of £27,708. By mutual agreement there will be no salary due during his notice period and an additional £5,000 of warrants to subscribe for a maximum of 125,000 ordinary shares of 0.5 pence each in the Company with an exercise price of 4 pence each and an exercise period of 1 year from the date of the grant.

On 20 December 2013 the Company reorganised its share capital to be on a more appropriate basis for its size. Each existing share of 50 pence was reclassified into 100 shares of 0.5 pence each.

On 20 December 2013 the Company raised gross proceeds of £21,664 by way of a subscription of 541,600 ordinary shares at the subscription price of 4 pence per ordinary share of 0.5 pence.

On 20 December 2013 the Company issued 400,000 ordinary shares of 0.5 pence pursuant to an agreement between the Company and Cornhill Capital Limited, where Cornhill agreed to receive these shares at a price of 4 pence per share, totalling £16,000 for services provided by them in connection with their engagement letter.

C A SPERATI PLC

Directors' Report

for the year ended 31 October 2013

POST BALANCE SHEET EVENTS (continued)

Following the period end Oliver Fattal agreed that he will not receive any salary (in respect of his previous salary) or fee as a Non-Executive Director for the period from 1 October 2013 to 1 July 2015.

Both Oliver Fattal and Richard Woodbridge (a former Director) are each owed the sum of £55,416 as accrued and outstanding salary for the period of 19 months from 1 March 2012 to 30 September 2013. Oliver Fattal and Richard Woodbridge agreed with the Company that 50 per cent. of such outstanding accrued salary (amounting to the sum of £27,708 each) shall be paid in cash in monthly instalments over a period of 10 months commencing on completion of the disposal of the Company's freehold land and premises in Greenwich and the remainder (again amounting to the sum of £27,708 each) shall be satisfied by the issue of 692,700 ordinary shares of 0.5 pence each to each of them at a price of 4 pence per such ordinary share (subject to (i) sufficient shareholder authority existing at the relevant time; (ii) such exercise not triggering a mandatory offer under Rule 9 of the City Code; and (iii) such issue not requiring a prospectus under section 85 of FSMA or any other applicable law or regulation). In relation to Richard Woodbridge this agreement was confirmed as part of his resignation agreement detailed above.

Both J Drummond and N Jagatia have agreed not to receive their salaries, and in the case of J Drummond any outstanding fee, until 1 July 2015, although their salaries shall still accrue until 1 July 2015 and along with the outstanding fee, be payable on this date. If any of their fees or salaries are outstanding for a period of one month once due and payable, both J Drummond and N Jagatia shall be entitled to be granted an option to subscribe for ordinary shares in the Company in an amount equal to such outstanding fee and salary (but the exercise of such option shall be subject to (i) sufficient Shareholder authority existing at the relevant time; (ii) such exercise not triggering a mandatory offer under Rule 9 of the City Code; and (iii) not requiring a prospectus under section 85 of FSMA or any other applicable law or regulation). In calculating the aggregate value of such ordinary shares subject to such option, the middle market price for the period of 30 days prior to the day before such shares are to be issued shall be used. Other than payment in lieu of consideration, the Directors are not entitled to receive any compensation on termination of their appointment and, do not participate in any share, bonus or pension schemes of the Company.

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.

AUDITORS

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

By order of the Board

J DRUMMOND
DIRECTOR

24 January 2014

Directors' Remuneration Report

for the year ended 31 October 2013

REMUNERATION COMMITTEE

The Directors appointed during 2013 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 established formally on admission to AIM.

REMUNERATION POLICY

The Company's current and future policy is to retain and motivate its staff with rewards linked to performance, results and the interest of shareholders. Bonus awards for employees are assessed annually taking into account the Company results. Bonus awards were in place until these policies were waived as a settlement as detailed in the circular that was distributed on 26 November 2013 .

Policy Table:

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary ¹	Reflects level of responsibility and achievement of individual	Base salary is set annually on 1 January Salary levels are reviewed on an annual basis by reference to the median for comparable positions in Main Market and AIM companies of a similar market capitalisation and with similar revenues to the Company. Broadly the Company seeks to pitch base salary around the median level for such comparable positions without tracking it mechanistically.	Broadly pitched around the median level for comparable positions without tracking it mechanistically. When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Board will take into consideration: - Reference to the increases provided to executives in the comparator group. - Pay and employment conditions of employees throughout the Company, including increases provided to the employee population - Inflation	N/A
Annual Bonus	The annual bonus aligns reward to key Company strategic objectives and drives short-term performance	Bonus awards for employees are assessed annually taking into account the Company results. Bonus awards were in place until these policies were waived as a settlement as detailed in the circular that was distributed on 26 November 2013	Maximum 100 per cent of base salary. At threshold levels of performance, 0 per cent of base salary can be earned, with a straight-line pro-rate allocation between threshold and maximum.	Bonus performance conditions: Company profit Company cash Personal objectives

¹ The basic salary element of remuneration is set in relation to responsibilities, length of service and contribution to the Company's activities.

C A SPERATI PLC

Directors' Remuneration Report

for the year ended 31 October 2013

Policy Table (continued)

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Other benefits	To provide competitive levels of employment benefits.	Futures benefits may include: <ul style="list-style-type: none"> - Private medical insurance. - Permanent health insurance. - Life assurance of two times base salary. The level of benefits provided is reviewed annually to ensure they remain market competitive.	Cost of providing life assurance private medical insurance and permanent health insurance.	N/A
Shareholding policy	To ensure that Executive Directors' and other senior executives' interests are aligned with those of shareholders over a longer time horizon.	Requirement to build and maintain a holding of at least 10,000 C A Sperati shares at 0.5p per share. Executive Directors may be required to forfeit up to 20 per cent of their base salary if the shareholding requirement is not met within 3 years of appointment.	N/A	N/A
Non-Executive Directors - Fees	To attract Non-Executive Directors with the requisite skills and experience to perform the role.	Fee levels are set at the level paid for comparable roles at companies of a similar size and complexity to C A Sperati within the Main Market and AIM. The Non-Executive Director fee structure is a matter for the full Board. The Non-Executive Directors' fees were not increased in November 2013.	Fee levels are set by reference to the median of this peer group. Fee levels are reviewed annually in November. When considering any increases to fee levels in the normal course, the Board will take into consideration: <ul style="list-style-type: none"> - Increases provided to comparable roles in the comparator group; - Pay and employment conditions of employees throughout the Company, including increases provided to the employee population; and - Inflation. 	N/A

AUDITED INFORMATION

The following information has been reviewed by the Company's appointed auditor during the year:

Share options

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

Directors' pensions

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

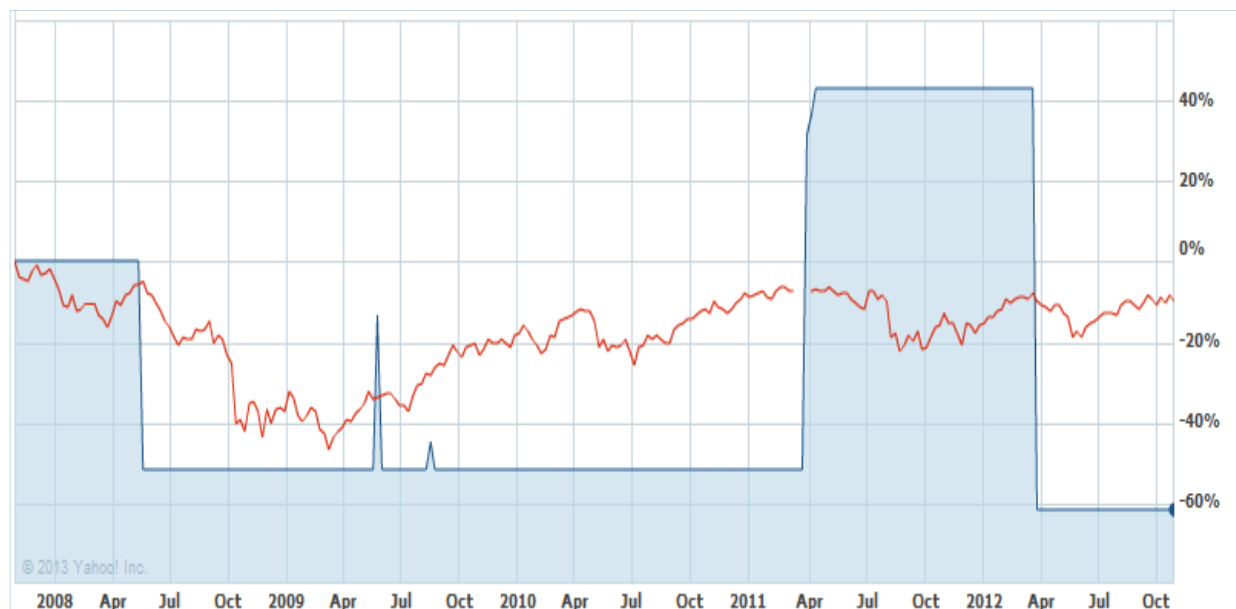
No dependent pensions or benefits are provided. Pension increases after retirement are not specifically guaranteed.

Directors' Remuneration Report

for the year ended 31 October 2013

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 of companies exists.



Directors' remuneration

	Salary	Benefits	Bonus	Fees	Pension	2013 Total	2012 Total
	£	£	£	£	£	£	£
V Beeny	-	-	-	-	-	-	26,892
R Woodbridge	35,000					35,000	25,833
K Jackson	48,000					48,000	32,000
O Fattal	35,000			-		35,000	45,333
	118,000	-	-	-	-	118,000	130,058

As described in note 25 to the financial statements, a circular was distributed on 26 November 2013 detailing agreements with Directors and former Directors in relation to historic and deferral of future salaries and fees and waiver of bonuses

Related party transactions

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

A loan facility of £50,000 was made available to the Company by Mr K Jackson, a former Director of the Company. At the balance sheet date £50,000 of this loan facility had been drawn down by the Company. The loan, which was originally made on 26 October 2012, was unsecured and accrued interest at a rate of 9% per annum. Subsequent to the year end, the Company and Mr K Jackson came to an agreement to repay the loan (and accrued interest) as per his settlement agreement in respect of his termination of employment, as further detailed in note 25 to the accounts.

A loan facility of £5,000 accruing interest at a rate of 15 per cent, with a minimum interest payment of £100 per month was made available to the Company by Mr K Jackson on 25 March 2013. Subsequent to the year end, the Company and Mr K Jackson came to an agreement to repay the loan as per the settlement agreement in respect of his termination of employment as further detailed in note 25 to the accounts.

C A SPERATI PLC

Directors' Remuneration Report

for the year ended 31 October 2013

On 8 August 2013 an unsecured convertible loan of £12,000 was made available to the Company by Teather & Greenwood Limited, a company which is wholly owned by Executive Chairman Jason Drummond. The loan is repayable 18 months from the date the loan was granted. It is convertible into a maximum of 300,000 ordinary shares of 0.5 pence if not repaid within 18 months or on the occurrence of certain investment events.

On 25 November 2013 an agreement was reached relating to an unsecured loan by Teather & Greenwood Limited (a company wholly owned by director Jason Drummond) to the Company of up to a maximum principal sum of £75,000 accruing interest at the rate of 9 per cent per annum on the monies drawn down and outstanding from time to time, with such principle and interest being repayable on 1 July 2015.

This report was approved by the Board of Directors and authorised for issue on 24 January, 2014 and signed on its behalf by:

J DRUMMOND
EXECUTIVE CHAIRMAN

24 January 2014

C A SPERATI PLC

Strategic Report

for the year ended 31 October 2013

REVIEW OF THE BUSINESS AND ANALYSIS USING KEY PERFORMANCE INDICATORS

The Company has had a relatively stable year in regards to turnover with a slight decrease from £211,965 in the previous year to £200,700 this year. Due to the nature of the industry turnover levels are not expected to increase drastically in the long run, as a result the Company has monitored costs.

The full years' pre-tax loss was £294,127 compared to a pre-tax loss of £319,489 for the year ended 31 October 2012.

The cash position at the end of the year fell to £2,931 from £42,222 as at 31 October 2012, however the cash flow position is being addressed by the sale of the freehold property to improve working capital and the cash position. As well the Directors have been monitoring costs and look to raise funds over the next period to further enhance the business.

The Directors acknowledge that trading conditions have been stagnant in the current economic climate, so following a strategic review of the Company, the Board adopted a strategy to build upon the Company's "heritage brand" under C A Sperati name, as a combination of organic growth and selective complementary acquisitions. This will include investigating new ways in which to sell the Company's products and looking to expand both the product base and their customer base and to include selling directly to individuals via on-line sales. This strategy will include an emphasis on the Company's authentic British heritage and the expanding consumer interest in "affordable luxury" brands.

The Directors believe that in order to generate sufficient revenues to become cash flow positive and become profitable it will need to grow by acquisition as well as through organic means. The Company's financial resources have restricted the Company's ability to exploit opportunities in the retail or wholesale market in the past. There can be no assurance that the market for the Company's products, both current and through brand development, will grow in line with the Directors expectations nor that the Company will be successful in improving its marketing and sales performance in securing new consumer sales. Any failure to increase materially sales or make suitable acquisitions is likely to result in the Company continuing to remain loss making and require further funding in the future which might either not be forthcoming or only available on unattractive terms which could result in a substantial dilution of Shareholders' interests in the Company.

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 2013. The main KPIs for the Company are listed as follows:

	2013	2012
Cash and cash equivalent	2,931	42,222
Gross Profit (excluding exceptional items)	92,489	98,549
Turnover	200,700	211,965

FUTURE DEVELOPMENTS

The Company has an on-going project of seeking new clients and business opportunities in line with its strategy as set out above. The new management has addressed previous problems in the business model and looks for improvements over the course of the next year.

The Company conducted a strategic review of its operations during the year which resulted in specific actions to reduce the cost base of the business. This also resulted in C A Sperati reviewing its portfolio of product offerings and the route to market of selling these. The Company recognised that although margins achieved in its existing markets were holding up well, there was little opportunity for growth in these areas without looking at complementary product offerings and alternative markets.

The Board believes that its cancellation from the premium segment of the Official List and to trading on the Main Market and a move to AIM, a market of that name, operated by the London Stock Exchange, will provide a market and

FUTURE DEVELOPMENTS (continued)

environment more suited to the Company's current size and provide strategic intent to enhance Shareholder value by organic growth and acquisitive activity in the textile and clothing market. The move to AIM will offer greater flexibility to the Company, particularly with regard to corporate transactions, and should therefore enable the Company to execute certain transactions more quickly and cost effectively when compared to the requirements of being a Company on the premium segment of the Official List. Given the Company's strategy, the Board believes that the move is likely to be of benefit to the Company going forward and through issuing shares provide the capital to bring in complementary businesses and the means of incentivising and growing the management team through share ownership arrangements.

A quotation on AIM will provide Shareholders with a market on which to trade their shares whilst, in the Directors' opinion, providing the Company with continued and arguably improved access to equity capital. Importantly, as a Main Market Company and due to its size and current market capitalisation, the Company is currently unable to raise sufficient funds in the market to grow either organically or by acquisition without having to publish a prospectus, an exercise that, without raising funds it cannot afford to do. The Directors will be in a stronger position to raise equity finance without the requirement to publish a prospectus. The Directors anticipate that raising equity finance will also help to increase liquidity through placing more shares into public hands.

Statement of Directors' Responsibilities in the preparation of the Financial statements

for the year ended 31 October 2013

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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 current Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge:

- 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
- 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.

C A SPERATI PLC

Report of the Independent Auditor

to the members of C.A. Sperati plc

We have audited the financial statements of C A Sperati plc for the year ended 31 October 2013, which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes on pages 21 to 34. 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 18 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Auditor commentary

Without modifying our opinion, we highlight the following matters that are, in our judgement, to be the most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures.

Our assessment of risks significant to our audit

We identified the following risks that we believe to have had the greatest impact on our audit strategy and scope:

- The assessment of the carrying value of the land and buildings
- Revenue recognition including the timing of revenue recognition, the recognition of revenue on a gross or net basis and the treatment of discounts, incentives and commissions.
- The role of management override of internal control. International Standards on Auditing (UK and Ireland) state that this risk must always be treated as significant.

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 2013 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.

C A SPERATI PLC

Report of the Independent Auditor

to the members of C.A. Sperati plc

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.

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, including the strategic report 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 5, in relation to going concern;
- the part of 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

Jonathan Bradley-Hoare, FCA (Senior Statutory Auditor)

For and on behalf of Welbeck Associates

Chartered Accountants and Statutory Auditor

30 Percy Street

London

W1T 2DB

24 January 2014

C A SPERATI PLC**Profit and Loss Account**

for the year ended 31 October 2013

	Notes	2013 £	2012 £
Continuing operations			
Turnover	1	200,700	211,965
Cost of sales		(108,211)	(113,416)
Gross profit		92,489	98,549
Administrative expenses	2	(379,616)	(420,888)
Operating loss		(287,127)	(322,339)
Other operating income	3	-	2,850
Finance costs		(7,000)	-
Loss on ordinary activities before taxation	4	(294,127)	(319,489)
Taxation	7	-	-
Loss on ordinary activities after taxation		(294,127)	(319,489)
Loss per share – basic and fully diluted	9	(294.1)p	(319.5)p

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 24 to 34 form part of these Financial Statements.

C A SPERATI PLC

Balance sheet

as at 31 October 2013

	Notes	2013 £	2012 £
Assets			
Fixed assets			
Tangible fixed assets	10	<u>14,433</u>	<u>56,759</u>
Current assets			
Stock	11	41,810	73,307
Debtors	12	63,087	50,216
Assets held for sale	13	38,366	-
Cash at bank and in hand	21	<u>2,931</u>	<u>42,222</u>
		146,194	165,745
Current liabilities			
Creditors amounts falling due within one year	14	<u>(436,159)</u>	<u>(215,911)</u>
Net current liabilities		<u>(289,965)</u>	<u>(50,166)</u>
Total assets less current liabilities		<u>(275,532)</u>	<u>6,593</u>
Non-current liabilities			
Provisions	15	(237)	(237)
Long term loans	15	<u>(12,000)</u>	<u>-</u>
Net assets		(287,769)	6,356
Share capital and reserves			
Called up share capital	16	50,000	50,000
Revaluation reserve	17	22,128	22,128
Profit and loss reserves	18	<u>(359,897)</u>	<u>(65,770)</u>
Equity shareholders' funds	19	(287,769)	6,358

The Accounting Policies and notes on pages 24 to 34 form part of these Financial Statements.

The financial statements on pages 21 to 34 were approved and authorised for Issue by the Board on 24 January 2014 and signed on its behalf by:

J Drummond
Chairman

N Jagatia
Finance Director

C A SPERATI PLC**Cash Flow Statement**

for the year ended 31 October 2013

	Notes	2013 £	2012 £
Net cash outflow from operating activities	20	(83,291)	(186,873)
Returns on investments and servicing of finance			
Interest received		-	1,154
Dividends received		-	272
		-	1,426
Taxation recovered / (paid)		-	-
Capital expenditure			
Purchase of fixed assets		-	(12,091)
Proceeds of sale of investment		-	5,523
		-	(6,568)
Dividends paid		-	-
Financing			
Increase in short term borrowings	14	25,000	30,000
Increase in long term borrowings	15	12,000	-
Interest on short term borrowings		7,000	-
Decrease in cash		(39,291)	(162,015)
Cash brought forward	21	42,222	204,237
Cash carried forward	21	2,931	42,222

C A SPERATI PLC

Accounting Policies

for the year ended 31 October 2013

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.

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.

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 tax is measured at the average tax rates that are expected to apply in the periods in which timing differences

C A SPERATI PLC

Accounting Policies

for the year ended 31 October 2013

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 of 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 June 2015.

There is limited cash in the Company, and the Directors are currently relying on the interest bearing Director facility from Teather & Greenwood Ltd (a company wholly owned by Mr J Drummond a Director of the Company) for up to a maximum of £75,000 for working capital purposes. If the Company does not trade in line with current management expectations or this facility is withdrawn, this could have an adverse effect on the Company's working capital position.

The Company is currently loss making. The Directors believe that in order to generate sufficient revenues to become cash flow positive and become profitable it will need to grow by acquisition as well as through organic means. The Company's limited financial resources have restricted the Company's ability to exploit opportunities in the retail or wholesale market in the past. There can be no assurance that the market for the Company's products, both current and through brand development, will grow in line with the Directors expectations nor that the Company will be successful in improving its marketing and sales performance in securing new consumer sales. Any failure to materially increase sales or make suitable acquisitions is likely to result in the Company continuing to remain loss making and require further funding in the future which might either not be forthcoming or only available on unattractive terms which could result in a substantial dilution of shareholders' interests in the Company.

However on 20 January 2014 the Company completed the disposal of the freehold property for total proceeds of £415,000, £315,000 of which has already been received, with the deferred payment of £100,000 to be received on the date falling on the earlier of ten working days after the purchaser secures planning authorisation development of the property and 12 months following completion. The majority of the disposal proceeds will be used to settle outstanding liabilities, with the remaining funds, together with the Teather & Greenwood facility providing working capital for the Company for the next 12 months. For that reason, as well as the fact that the Directors have confirmed that they will continue to defer some of their salaries until July 2015, the Directors have reason to believe that the Company will 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.

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.

C A SPERATI PLC

Accounting Policies

for the year ended 31 October 2013

Trade creditors and accruals	Trade creditors are not interest bearing 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 PLC

Notes to the financial statements

For the year ended 31 October 2013

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

	2013	2012
	£	£
Administrative expenses	<u>379,616</u>	<u>420,888</u>

3. OTHER OPERATING INCOME

	2013	2012
	£	£
Bank interest receivable	-	1,154
Dividends receivable	-	272
Profit on sale of investment	-	1,424
	<u>-</u>	<u>2,850</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off tangible fixed assets	3,960	7,433
Loss on foreign exchange transactions	-	641
Auditor's remuneration		
Statutory audit services – current auditor	8,000	-
Statutory audit services – previous auditor	-	9,000
Loss on disposals of fixed assets	<u>-</u>	<u>1,900</u>

5. EMPLOYEES

	2013	2012
	No.	No.
The average number of persons (including Directors) employed by the Company during the year was:		
Office management	4	4
Selling and distribution	3	3
	<u>7</u>	<u>7</u>
	2013	2012
	£	£
Staff costs for the above persons was as follows:		
Wages and salaries	150,446	206,323
Social security costs	18,354	21,870
Other pension costs – defined contribution scheme	4,714	9,954
	<u>173,514</u>	<u>238,147</u>

C A SPERATI PLC

Notes to the financial statements

For the year ended 31 October 2013

6. DIRECTORS REMUNERATION

	2013	2012
	£	£
Sums paid to third parties for directors services	-	41,224
Fees	-	100
Emoluments for qualifying services	118,000	84,907
Company pension contributions to money purchase schemes	-	7,183
	<u>118,000</u>	<u>133,414</u>

Subsequent to the year end the Company has agreed with Directors during the period to defer fees and salary as per note 25 to the financial statements.

7. TAXATION

	2013	2012
	£	£
UK Corporation Tax	-	-
Current tax on loss for the year	-	-
Deferred tax charge	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(294,127)	(319,489)
Loss on ordinary activities before taxation multiplied by the rate of UK Corporation Tax applicable to small companies of 20% (2012: 20%)	(58,825)	(63,898)
Effects of:		
Non-deductible expenses	-	168
Depreciation / Loss on disposal	792	1,831
Capital allowances	-	-
Other income	-	-
Tax losses carried forward	<u>58,033</u>	<u>61,899</u>
Current tax charge	<u>-</u>	<u>-</u>

Tax losses totalling £1,019,564 (2012:£731,199) have been carried forward for use against future taxable profits.

8. DIVIDENDS

	2013	2012
	£	£
Ordinary final paid in respect of year	<u>-</u>	<u>-</u>

The directors have decided to not pay dividends during the current period (2012:£nil)

9. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on loss on ordinary activities after taxation of £294,127 (2012 loss £319,489) and on 100,000 ordinary shares in issue throughout the whole of the year (2012: 100,000).

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

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10. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£
Cost or Valuation				
At 1.11.12 and	74,746	43,606	24,791	143,143
Transferred to Available for Sale				
Investments	(74,746)	-	-	(74,746)
As at 31.10.13	-	43,606	24,791	68,397
Depreciation				
As at 1.11.2012	35,310	39,912	11,162	86,384
Charge for the year	1,070	1,070	1,820	3,960
Transferred to Available for Sale				
Investments	(36,380)	-	-	(36,380)
As at 31.10.2013	-	40,982	12,982	53,964
Net Book Value				
As at 31.10.2013	-	2,624	11,809	14,433
As at 31.10.2012	39,436	3,694	13,629	56,759

Freehold land and buildings included property at a professional valuation prepared in 1979 of £73,500. This was transferred to Current assets following the decision by the Directors to dispose of the property. The sale of the property was post year end.

On 25 November 2013 the freehold land and buildings were valued by an independent valuer at £430,000. The Directors have decided to not revalue the asset in accordance with UK GAAP and have transferred to the fixed asset to held for sale.

11. STOCK

	2013	2012
	£	£
Goods for resale	41,810	73,307

12. DEBTORS

	2013	2012
	£	£
Trade debtors	63,087	50,216

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

The ageing of trade debtors is as follows:

Up to 3 months	27,858	51,410
3-6 months	34,455	(190)
6-12 months	4,338	16,084
Older than 12 months	712	1,590
	67,363	68,894

At 31 October 2013, trade debtors of £4,276 (2012: £18,678) were impaired and provided for in full. The individually impaired receivables mainly relate to customers who are in unexpectedly difficult economic circumstances. The ageing of the impaired trade debtors for both 2013 and 2012 was 6-12 months.

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Notes to the financial statements

For the year ended 31 October 2013

13. ASSETS HELD FOR SALE

	2013	2012
	£	£
Freehold property	38,366	-

The market value of investments at the balance sheet date was £38,366 (2012: £nil).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade creditors	128,532	60,956
Other taxation and social security costs	18,354	4,912
Accruals and deferred income	234,273	120,043
Loan	55,000	30,000
	436,159	215,911

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 £50,000 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. Subsequent to the year end, the Company and Mr K Jackson came to an agreement to repay the loan as per the settlement agreement in respect of his termination of employment as set out in note 25 to the financial statements.

A loan facility of £5,000 accruing interest at a rate of 15 per cent, with a minimum interest payment of £100 per month was made available to the Company by Mr K Jackson on 25 March 2013. Subsequent to the year end, the Company and Mr K Jackson came to an agreement to repay the loan as per the settlement agreement in respect of his termination of employment as set out in note 25 to the financial statements.

Included within accruals and deferred income above is a balance of £7,000 which relates to interest on the settlement of the 2 loan facilities made available to the Company by Mr Jackson as detailed above.

15. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2013	2012
	£	£
Deferred tax provision	237	237
Long term loan	12,000	-
	12,237	237

On 8 August 2013 an unsecured convertible loan of £12,000 was made available to the Company by Teather & Greenwood Limited, a company which is wholly owned by Executive Chairman Jason Drummond. The loan is repayable 18 months from the date the loan was granted. It is convertible into a maximum of 300,000 ordinary shares of 0.5 pence each if not repaid within 18 months or on the occurrence of certain investment events.

No provision has been made for deferred tax as there was no significant increase in valuation.

A deferred tax asset in respect of losses carried forward of £204,265 (2012: £146,240) has not been recognised on the basis of uncertainty over the timing of future taxable profits.

16. SHARE CAPITAL

	2013	2012
	£	£
Allotted issued and fully paid:		
100,000 ordinary shares of 50p each (2012: 100,000 shares of 50p each)	50,000	50,000

17. REVALUATION RESERVE

	2013	2012
	£	£
Freehold property	22,128	22,128

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For the year ended 31 October 2013

18. PROFIT AND LOSS ACCOUNT

	2013 £	2012 £
Balance brought forwards	(65,770)	253,719
Loss for the year	(294,127)	(319,489)
Dividends declared	-	-
Balance carried forward	<u>(359,897)</u>	<u>(65,770)</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Loss for the year	(294,127)	(319,489)
Dividends declared	-	-
	<u>(294,127)</u>	<u>(319,489)</u>
Opening shareholders' funds	6,358	325,847
Closing shareholders' funds	<u>(287,769)</u>	<u>6,358</u>

20. CASH FLOW

Reconciliation of operating loss to net cash outflow from operating activities

	2013 £	2012 £
Operating loss	(294,127)	(322,339)
Depreciation	3,960	7,433
Loss on disposal of fixed assets	-	1,900
Decrease / (Increase) in stocks	31,497	(356)
(Increase) / Decrease in stocks	(12,871)	5,250
Increase in creditors	188,250	121,239
Net cash outflow from operating activities	<u>(83,291)</u>	<u>(186,873)</u>

21. ANALYSIS OF NET FUNDS

	2013 £	2012 £
Cash at bank and in hand	<u>2,931</u>	<u>42,222</u>

22. 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 pounds sterling.

Notes to the financial statements

For the year ended 31 October 2013

22. FINANCIAL INSTRUMENTS (continued)

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 and US dollar to the UK Pound Sterling exchange rate. The loss on foreign exchange recognised in these accounts amounted to £1,204 (2012 £641).

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.

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:

	2013	2012
	£	£
Allowance made in the year	4,276	18,678
Unused allowance reversed	-	-

Of the trade debtors at the year end £5,121 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:

	2013	2012	2013	2012
	Euro		US Dollar	
Currency Liabilities				
Trade creditors	4,265	1,957	2,029	17,960

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.

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For the year ended 31 October 2013

23. 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 £4,714 (2012:£9,954).

24. RELATED PARTY TRANSACTIONS

A loan facility of £50,000 was made available to the Company by Mr K Jackson, a former Director of the Company. At the balance sheet date £50,000 of this loan facility had been drawn down by the Company. The loan, which was originally made on 26 October 2012, was unsecured and accrued interest at a rate of 9% per annum. Subsequent to the year end, the Company and Mr K Jackson came to an agreement to repay the loan (and accrued interest) as per his settlement agreement in respect of his termination of employment as further detailed in note 25 to the accounts.

A loan facility of £5,000 accruing interest at a rate of 15 per cent, with a minimum interest payment of £100 per month was made available to the Company by Mr K Jackson on 25 March 2013. Subsequent to the year end the Company and Mr K Jackson came to an agreement to repay the loan as per the settlement agreement in respect of his termination of employment, as referred to in note 25 to the financial statements.

On 8 August 2013 an unsecured convertible loan of £12,000 was made available to the Company by Teather & Greenwood Limited, a company which is wholly owned by Executive Chairman Jason Drummond. The loan is repayable 18 months from the date the loan was granted. It is convertible into a maximum of 300,000 ordinary shares of 0.5 pence each if not repaid within 18 months or on the occurrence of certain investment events.

On 25 November 2013 an agreement was reached relating to an unsecured loan by Teather & Greenwood Limited (a company wholly owned by director Jason Drummond) to the Company of up to a maximum principal sum of £75,000 accruing interest at the rate of 9 per cent per annum on the monies drawn down and outstanding from time to time, with such principle and interest being repayable on 1 July 2015.

25. POST BALANCE SHEET EVENTS

On 26 November 2013 a circular was distributed to shareholders detailing the Company's proposed cancellation of admission to the premium segment of the Official List and to the trading on the main market for listed securities of the London Stock Exchange, proposed admission to trading on AIM, proposed disposal of the Company's freehold land and premises in Greenwich, share capital reorganisation, adoption of new articles, change of name, the subscription for 541,600 ordinary shares of 0.5 pence each at 4 pence per share and issue of ordinary shares of 0.5 pence each for historic services.

The Company completed the disposal for a total consideration of £415,000 on 20 January 2014. £315,000 of the consideration was received on 20 January 2014, at which date the Company no longer held the asset which was valued by an independent valuer as at 25 November 2013 at £430,000. This asset was held on the Company's balance sheet in the unaudited interim accounts for the 6 months ended 30 April 2013 at a total value of £38,901. The Company is due to be paid the remaining £100,000 consideration on the date falling on the earlier of ten working days after the purchaser secures planning permission authorising redevelopment of the premises for mixed use purposes and 20 January 2015.

On 21 November 2013 a settlement was reached agreement between the Company and Kevin Jackson (former Director) relating to the termination of his employment with the Company under which terms were agreed in full and final settlement of any claim he may have in respect of such termination. He shall receive the sum of £20,000 no later than seven days following the completion of the disposal. Subject to admission to AIM, he shall be issued ordinary shares having an aggregate value of £44,000 on the first placing of the ordinary shares following admission to AIM be granted a warrant to subscribe for ordinary shares having an aggregate value of £44,000 for a period of three years from when the first placing by the Company (following admission to AIM) becomes unconditional; in each case each such share to be issued or exercised at the first placing price. On completion of the disposal, his loans in the sum of £62,200 (including interest) are repayable by the Company. He shall be reimbursed for expenses incurred by him during the course of his employment in the sum of £3,259 within seven days of completion of the disposal.

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25. POST BALANCE SHEET EVENTS (continued)

On 25 November 2013 an agreement was reached relating to an unsecured loan by Teather & Greenwood Limited (a company wholly owned by director Jason Drummond) to the Company of up to a maximum principal sum of £75,000 accruing interest at the rate of 9 per cent per annum on the monies drawn down and outstanding from time to time, with such principle and interest being repayable on 1 July 2015.

On 12 December 2013 the Company entered into a resignation agreement with Richard Woodbridge (former Finance Director) relating to the termination of his employment with the Company under which the following terms were agreed in full and final settlement of any claim he may have in respect of such termination. He shall be entitled to 50 per cent of the outstanding salary payable to him in cash within 14 days of completion of the Disposal in the sum of £27,708, the issue of 692,700 ordinary shares of 0.5 pence each in the Company at 4 pence per share in satisfaction of the other 50 per cent to the sum of £27,708. By mutual agreement there will be no salary due during his notice period and an additional £5,000 of warrants to subscribe for a maximum of 125,000 ordinary shares of 0.5 pence each in the Company with an exercise price of 4 pence each and an exercise period of 1 year from the date of the grant.

On 20 December 2013 the Company reorganised its share capital to be on a more appropriate basis for its size. Each existing share of 50 pence was reclassified into 100 shares of 0.5 pence each.

On 20 December 2013 the Company raised gross proceeds of £21,664 by way of a subscription of 541,600 ordinary shares at the subscription price of 4 pence per ordinary share of 0.5 pence.

On 20 December 2013 the Company issued 400,000 ordinary shares of 0.5 pence pursuant to an agreement between the Company and Cornhill Capital Limited, where Cornhill agreed to receive these shares at a price of 4 pence per share, totalling £16,000 for services provided by them in connection with their engagement letter.

Following the period end Oliver Fattal agreed that he will not receive any salary (in respect of his previous salary) or fee as a Non-Executive Director for the period from 1 October 2013 to 1 July 2015.

Both Oliver Fattal and Richard Woodbridge (a former Director) are each owed the sum of £55,416 as accrued and outstanding salary for the period of 19 months from 1 March 2012 to 30 September 2013. Oliver Fattal and Richard Woodbridge agreed with the Company that 50 per cent. of such outstanding accrued salary (amounting to the sum of £27,708 each) shall be paid in cash in monthly instalments over a period of 10 months commencing on completion of the disposal of the Company's freehold land and premises in Greenwich and the remainder (again amounting to the sum of £27,708 each) shall be satisfied by the issue of 692,700 ordinary shares of 0.5 pence each to each of them at a price of 4 pence per such ordinary share (subject to (i) sufficient shareholder authority existing at the relevant time; (ii) such exercise not triggering a mandatory offer under Rule 9 of the City Code; and (iii) such issue not requiring a prospectus under section 85 of FSMA or any other applicable law or regulation). In relation to Richard Woodbridge this agreement was confirmed as part of his resignation agreement detailed above.

Both J Drummond and N Jagatia have agreed not to receive their salaries, and in the case of J Drummond any outstanding fee, until 1 July 2015, although their salaries shall still accrue until 1 July 2015 and along with the outstanding fee, be payable on this date. If any of their fees or salaries are outstanding for a period of one month once due and payable, both J Drummond and N Jagatia shall be entitled to be granted an option to subscribe for ordinary shares in the Company in an amount equal to such outstanding fee and salary (but the exercise of such option shall be subject to (i) sufficient Shareholder authority existing at the relevant time; (ii) such exercise not triggering a mandatory offer under Rule 9 of the City Code; and (iii) not requiring a prospectus under section 85 of FSMA or any other applicable law or regulation). In calculating the aggregate value of such ordinary shares subject to such option, the middle market price for the period of 30 days prior to the day before such shares are to be issued shall be used. Other than payment in lieu of consideration, the Directors are not entitled to receive any compensation on termination of their appointment and, do not participate in any share, bonus or pension schemes of the Company.