

C A SPERATI (THE SPECIAL AGENCY) P L C
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2009



Company No 00092343 (England and Wales)

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

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C A SPERATI (THE SPECIAL AGENCY) P L C

COMPANY INFORMATION

Directors	J B A Alexander A J Lilley V Beeny	Non-Executive Chairman Managing Director
Secretary	V Beeny	
Company Number	00092343 (England and Wales)	
Registered Office	54 Westcombe Hill Greenwich London SE10 0LR	
Auditors	Baker Tilly UK Audit LLP Registered Auditor Chartered Accountants Marlborough House Victoria Road South Chelmsford Essex CM1 1LN	

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2009

The Directors' submit their report and the financial statements of C A Sperati (The Special Agency) P L C for the year ended 31 October, 2009

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to trade as Button and Trimming Merchants

REVIEW OF THE BUSINESS

The better trend signalled at the half year has materialised, and the company is pleased to report a profit of £17,767 before tax and £13,418 after tax for the full year

Shareholders will recall that the company had sustained a loss of £22,690 at the half year, and your directors are encouraged by the performance in the second half of the year. However, turnover for the full year was £621,907 against £678,446 in the previous year

Margins have improved a little and savings have been made wherever possible. Your directors are recommending that the dividend be maintained at 25p per share as the company has a strong balance sheet with ample liquidity

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

At the year end, the amounts owing to Trade Creditors represented an average of 25 days supplies (2008 26 days)

RISK MANAGEMENT

Apart from purchasing Standard Life shares at flotation, at a beneficial rate, 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

The company has little exposure to cash flow, liquidity and price risk

The company is exposed to credit risk through its trade debtors and bank deposits. It is also exposed to foreign currency risk as the majority of trade creditors are denominated in US Dollars or Euros. See note 19 for details of how this risk is managed

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £13,418 (2008 £16,838 loss)

During the year a dividend of 25 pence per share was paid in relation to the year ended 31 October, 2008. The Board is recommending a dividend on the ordinary shares of 25 pence per share (amounting to £25,000), in relation to the year ended 31 October, 2009. This recommendation is given with the awareness of the year end results, cash requirements for the coming year and the possible increase in bank interest rates

DIRECTORS

The following directors have held office since 1 November, 2008

J B A Alexander
A J Lilley
V Beeny

Non-Executive Chairman
Managing Director

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

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2009

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	At 31 October, 2009 Ordinary Shares of 50p each	At 1 November, 2008 Ordinary Shares of 50p each
J B A Alexander	31,434	31,434
A J Lilley	160	-
V Beeny	160	-

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

No significant contracts subsisted during or at the end of the financial year in which any of the Directors were, or are, materially interested. Also, there have been no changes in directors' interests since the year end

SUBSTANTIAL SHAREHOLDINGS

According to notifications received, the following persons held 3% or more of the company's Issued Share Capital on 5 February 2010

	Number of Ordinary Shares of 50p each	Percentage of Issued Share Capital
J B A Alexander	31,434	31.43%
Mrs A Nash	31,434	31.43%
Barnard Nominees Limited	15,597	15.59%
Gilt Fund Securities Limited	6,922	6.92%

ENVIRONMENTAL MATTERS

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

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

The Environmental Committee, formed during the year, consists of two people. They continue to monitor and review the company's current circumstances, keeping the company up to date with any new regulations, legislation, and other codes of practice within our trade

EMPLOYEES SOCIAL AND COMMUNITY ISSUES

These two reviews are not shown in this report

CORPORATE GOVERNANCE

Details relating to the Governance of the Company are noted below and incorporate matters relating to the recommendations of the Combined Code 2008 effective from 1 November 2008 in so far as appropriate to the size of the Company. A copy of the combined code 2008 is available from www.frc.org

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2009**

THE BOARD OF DIRECTORS

The Board comprises 2 Executive Directors and 1 Non Executive Director and meets on a regular basis. It has reserved for its consideration and approval the Company's strategy, major items of capital expenditure and material contracts. In view of the Company's size and the close involvement of the Executive Directors, informal discussions and consultation provides effective control over the day to day running of the Company. However, the Board keeps under review the balance of the board and in view of the Combined Code the requirement for another non executive director.

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.

Executive Directors' remuneration is subject to the recommendations of the Remuneration Committee, comprising the Non Executive Chairman and the Managing Director.

NON EXECUTIVE DIRECTOR

J B Alexander

Mr Alexander, aged 68 is a merchant banker. He is currently Chairman and Chief Executive of L C F Edmond de Rothschild Securities Limited. Apart from his shareholding, Mr Alexander is independent of the Company's management with no business or other relationship with the Company's trade or connections which could materially influence exercise of his independent judgement.

DIRECTOR

V Beeny

Ms V Beeny is aged 56. She has worked for C A Sperati (T S A) P L C since joining the company in 1969. She became Company Secretary in 2002 and joined the Board of Directors in September 2005.

MANAGING DIRECTOR

A Lilley

Mr A Lilley is aged 45. He has worked for the company since 2002, prior to which a year was spent in the retail sector working for a Saville Row tailor. Joining the garment industry in 1990, he worked for 11 years as a Manufacturers Agent, dealing with C A Sperati (T S A) P L C on behalf of various suppliers. He was made a director of the company in July 2003 and became Managing Director in January 2006. He is currently an elected member of the Executive Committee for The Association of Button Merchants.

REPORTING AND CONTROLS

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

Detailed reviews of Cash Balances, Debtor Balances and Liabilities are regularly carried out which provides for an effective system of internal control and ensures that a going concern state of affairs will prevail.

The whole Board has discussions with the Auditors at least twice a year which has been seen in the past as obviating the need for an Audit Committee to be specifically appointed, however in the light of the Combined Code this matter is kept under review. This leads to non-compliance with the Disclosure and Transparency Rules section 7.1, as there is no audit committee.

The Board's specific responsibilities for reporting to Shareholders and for the Assets of the Company are set out on Page 11.

The financial reporting process is outsourced and overseen by the managing director.

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

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

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2009

COMPANY RULES FOR APPOINTMENT AND REPLACEMENT OF DIRECTORS

The company, due to its size has no specific rules and regulations for appointment and replacement of directors This is currently under review and policy wording is being prepared for future use

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

BOARD MEETINGS AND ATTENDANCE

The directors' met on eight separate occasions during the financial year 2008/2009

<u>Director</u>	<u>Remuneration</u>	<u>Board</u>	<u>Totals</u>
J Alexander	2	3	5
A Lilley	2	6	8
V Beeny	-	6	6

A Lilley and V Beeny had 22 further meetings, of which records have been kept

SHARE CAPITAL

The company only has one class of share, as disclosed in note 14 to the accounts

STATEMENT OF COMPLIANCE WITH THE COMBINED CODE

The company has not been fully compliant during the year given the needs and size of the business The directors acknowledge this and keep the matter under consideration

The main areas of non compliance were

- Code Provision A 1 3 - recommends that the chairman should meet with the non-executive directors without executive directors present This was not done The code also recommends that the senior independent director should lead the board in appraising the Chairman's effectiveness on an annual basis This is not possible because the Company has no independent directors
- Code Provision A 1 5 - the company does not hold appropriate insurance cover in respect of legal action against its directors
- Code Provision A 2 2 - the Chairman was not independent on appointment
- Code Provision A 3 1 to A 3 3 - the board has no independent directors whereas the code requires a minimum of two
- Code Provision A 4 1 to A 4 6 - there is no nomination committee Board appointments are considered by the entire Board and appointment procedures dealt with on an individual basis
- Code Provision A 4 4 - the terms and conditions of appointment of non-executive directors are not available for inspection

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2009

- Code Provision A 6 1 - the code recommends that the board should provide details in the annual report as to how the performance appraisal of the board, committees and individual directors has been conducted No such disclosure has been made
- Code Provision A 7 1 - recommends that all the directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance Currently the managing director is not subject to retirement by rotation as per clause 84 of the company's Memorandum and New Articles of Association as adopted on 29 January, 1953
- Code Provision A 7 2 - non executive directors are not appointed for specified terms subject to re-election
- Code Provision B 2 1 - there is a remuneration committee but it is not headed by at least two independent non-executive directors as required by the code
- Code Provision C 2 1 - the code requires that the directors should undertake an annual review of the effectiveness of the internal controls and to report thereon No such review was undertaken
- Code Provisions C 3 1 to C 3 7 require an audit committee to be formed from at least two non-executive directors and give guidance to the operation of and roles and responsibilities of such a committee The company has no such committee
- Code Provision D 1 2 - there is no statement as to how the directors, and especially the non-executive directors, develop an understanding of the views of the major shareholders

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2009**

GOING CONCERN

The directors, after due consideration, are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continued to adopt the going concern basis in the preparation of the accounts.

FUTURE DEVELOPMENTS

During the first quarter of the financial year 2009/2010, turnover has risen slightly when compared with the same quarter last year.

Customers continue to be reluctant to restock and this leads us to believe that bank lending continues to be difficult to obtain.

Whilst the first three months have shown a very small improvement in the company's figures, it is too early to predict a sustained recovery.

INVESTOR RELATIONS

The Company is committed to the development of open and effective communications with all of its shareholders. The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Board aims to ensure that all directors are available at Annual General Meetings to answer questions.

FIXED ASSETS

The significant changes in fixed assets during the year are explained in note 8 to the financial statements.

An updated valuation of the freehold property has not been undertaken, but the Directors believe the property is worth considerably more than the book value of £42,646 (2008 £43,716).

TAXATION

The company is a close Company as defined by the Income and Corporation Taxes act 1970.

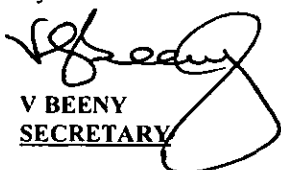
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

A resolution to re-appoint Baker Tilly UK Audit LLP as auditors of the company will be put to the members at the Annual General Meeting.

By order of the Board


V BEENY
SECRETARY

9 February 2010

**DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 OCTOBER 2009**

REMUNERATION COMMITTEE

The Committee, comprising the non-executive Chairman (Mr J B A Alexander) and the Managing Director (Mr A J Lilley) confirm that the company has complied with the best practice provisions of the listing rules so far as it is practicable having due regard to the Company's size. The Committee's principal function is to determine the Company's policy on remuneration including Directors' emoluments. Its remit is not restricted to basic salaries but includes consideration of bonuses and benefits.

REMUNERATION POLICY

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

SHARE OPTIONS (Auditable)

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

DIRECTORS' PENSIONS (Auditable)

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

Pension benefits (representing contributions payable for the year) earned by the directors currently within the Company's scheme are detailed on page 10.

No dependent Pensions or Benefits are provided. Pension increases after retirement are not specifically guaranteed.

Members of the Scheme have the opportunity to pay Additional Voluntary Contributions. Neither the Members Contributions nor the resulting benefits are included in the above mentioned table.

SERVICE CONTRACTS

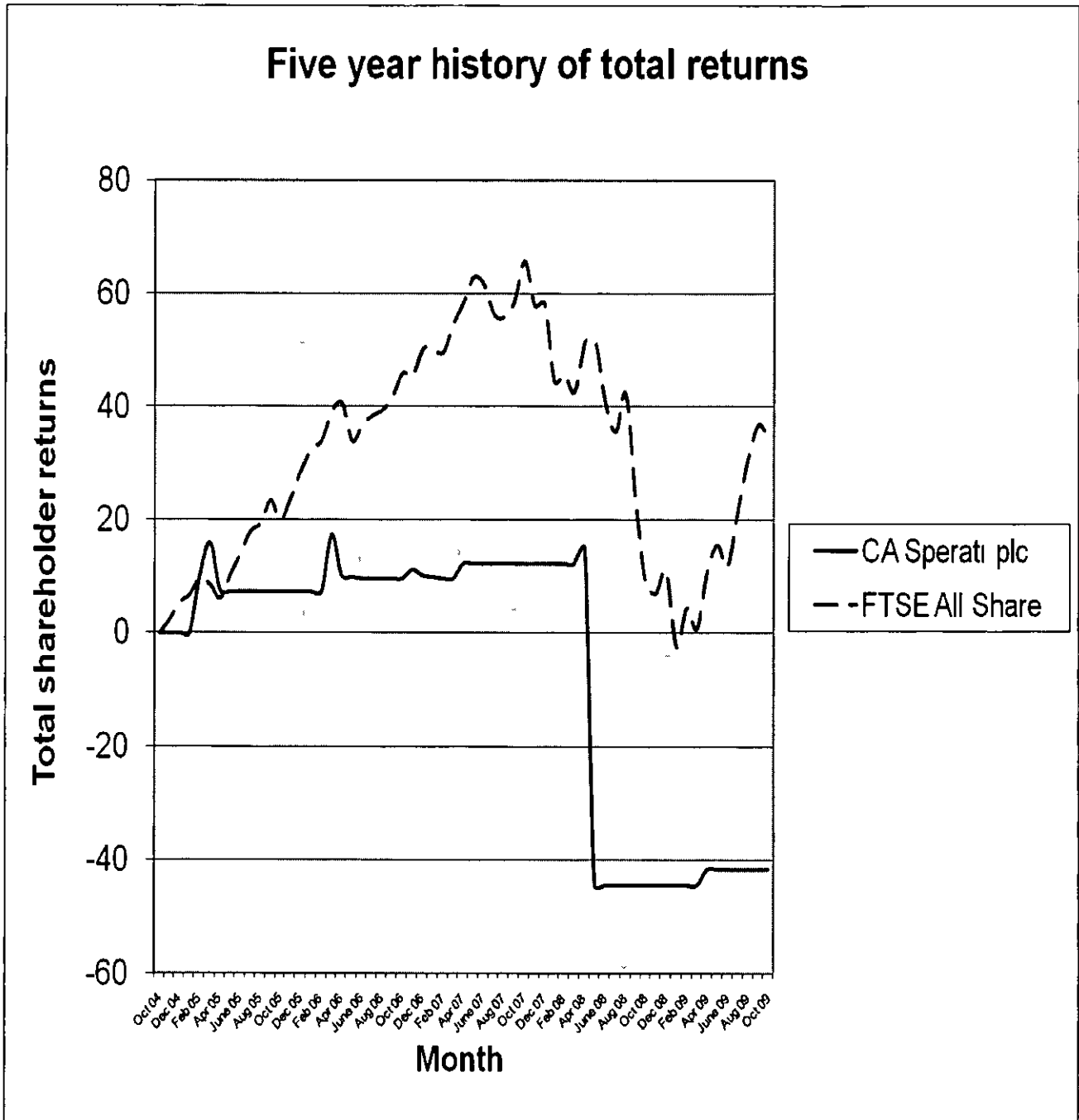
It is the Company's policy that all employees, directors included have contracts with an indefinite term with one months notice.

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 group of companies exists.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2009



DIRECTORS' REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2009

DIRECTORS REMUNERATION (Auditable)

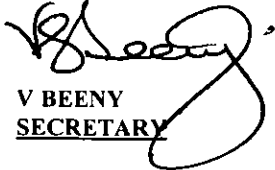
	Salary	Benefits	Bonus	Fees	Pension	2009	2008
	£	£	£	£	£	Total	Total
						£	£
V Beeny	32,445	887	3,550	50	1,880	38,812	36,750
A J Lilley	46,865	651	4,550	50	3,147	55,263	53,428
	<u>79,310</u>	<u>1,538</u>	<u>8,100</u>	<u>100</u>	<u>5,027</u>	<u>94,075</u>	<u>90,178</u>

The benefits amounts of £887 and £651 relate only to medical insurance

RELATED PARTIES TRANSACTIONS

There were no related party transactions during the year

This report was approved by the board of directors and authorised for issue on 9 February, 2010 and signed on its behalf by


V BEENY
SECRETARY

9 February 2010

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2009**

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. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors whose names and functions are listed in the Directors' Report confirms that, to the best of their knowledge

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

C A SPERATI (THE SPECIAL AGENCY) P L C

We have audited the financial statements on pages 14 to 26. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on the 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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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

- the financial statements and the part of the Director's 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 7), in relation to going concern, and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Handwritten signature in black ink that reads "Baker Tilly UK Audit LLP".

JAMES MARCHANT (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

10 February 2010

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

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2009**

	<u>Notes</u>	<u>2009</u> <u>£</u>	<u>2008</u> <u>£</u>
TURNOVER	1	621,907	678,446
Cost of Sales		(298,978)	(340,773)
Gross Profit		<u>322,929</u>	<u>337,673</u>
Other Operating Expenses	2	(318,635)	(376,107)
OPERATING PROFIT/ (LOSS)		<u>4,294</u>	<u>(38,434)</u>
Other Income		13,473	20,417
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>17,767</u>	<u>(18,017)</u>
Taxation	5	(4,349)	1,179
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>13,418</u>	<u>(16,838)</u>
Earnings/(loss) per share - basic and fully diluted	7	<u>13 4p</u>	<u>(16 8p)</u>

The operating profit/(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 with in the Profit and Loss Account

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

BALANCE SHEET

AS AT 31 OCTOBER 2009

	<u>Notes</u>	<u>2009</u> £	<u>2008</u> £
FIXED ASSETS			
Tangible Assets	8	66,531	74,369
CURRENT ASSETS			
Stocks	9	238,005	245,114
Debtors	10	174,020	125,800
Investments	11	4,099	4,099
Cash at Bank and in Hand		421,814	449,472
		<u>837,938</u>	<u>824,485</u>
CURRENT LIABILITIES			
CREDITORS			
Amounts falling due within one year	12	(88,298)	(70,781)
		<u>749,640</u>	<u>753,704</u>
NET CURRENT ASSETS			
		<u>749,640</u>	<u>753,704</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		816,171	828,073
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	(691)	(1,011)
NET ASSETS			
		<u>815,480</u>	<u>827,062</u>
CAPITAL AND RESERVES			
Called up Share Capital	14	50,000	50,000
Revaluation Reserve	15	22,128	22,128
Profit and Loss Account	16	743,352	754,934
SHAREHOLDERS' FUNDS			
	17	<u>815,480</u>	<u>827,062</u>

Approved and Authorised for Issue by the Board on 9 February 2010 and signed on its behalf by

A Lilley  Managing DirectorV Beeny  Director



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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2009**

	<u>Notes</u>	<u>2009</u> £	<u>2008</u> £
NET CASH (OUTFLOW)/IN FROM OPERATING ACTIVITIES	18	<u>(9,133)</u>	<u>15,993</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Received		3,968	20,191
Dividends Received		232	226
Net cash inflow from returns on investments and servicing of finance		<u>4,200</u>	<u>20,417</u>
TAXATION			
Corporation tax received/(paid)		<u>2,720</u>	<u>(7,645)</u>
CAPITAL EXPENDITURE			
Purchase of fixed assets		(445)	(746)
Sale of fixed assets		-	-
Purchase of Investments		-	-
Net cash outflow from capital expenditure		<u>(445)</u>	<u>(746)</u>
EQUITY DIVIDENDS PAID		<u>(25,000)</u>	<u>(25,000)</u>
(DECREASE)/INCREASE IN CASH	18	<u><u>(27,658)</u></u>	<u><u>3,019</u></u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT OF NET FUNDS			
(Decrease)/increase in cash in year		<u>(27,658)</u>	<u>3,019</u>
Movement in net funds		<u>(27,658)</u>	<u>3,019</u>
Net funds at 1 November 2008	18b	449,472	446,453
Net funds at 31 October 2009	18b	<u><u>421,814</u></u>	<u><u>449,472</u></u>

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

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 OCTOBER 2009**

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for freehold land and buildings which are stated at their historic revalued amounts as detailed below

The financial statements have been prepared on a consistent basis with prior years

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

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	20% 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

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.

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2009

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit 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 Company's liability for current tax 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 taxation is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

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

PENSIONS CONTRIBUTIONS

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

TURNOVER

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

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2009

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 do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of trade. The amount of the allowance is the difference between the carrying amount of the trade debtor and the estimated future cash flows and is recognised in the profit and loss account.

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

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

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

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

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

LIQUID RESOURCES

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2009

1 **TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company's turnover and profit/(loss) were all derived from its principal activity undertaken in the United Kingdom

2	OTHER OPERATING EXPENSES (NET)	<u>2009</u> £	<u>2008</u> £
	Distribution costs and administration expenses	318,635	376,107
		<u> </u>	<u> </u>
3	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2009</u> £	<u>2008</u> £
	Profit/(Loss) on ordinary activities before taxation is stated after charging		
	Depreciation and amount written off tangible fixed assets		
	Charge for the year		
	Owned assets	8,283	10,389
	(Profit)/Loss on foreign exchange transactions	(1,566)	7,501
	Auditor's remuneration		
	Statutory audit services - current auditor	19,950	24,020
		<u> </u>	<u> </u>
4	EMPLOYEES	<u>2009</u> No	<u>2008</u> No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Office Management	4	4
	Selling and Distribution	3	3
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		<u>2009</u> £	<u>2008</u> £
	Staff Costs for the above persons		
	Wages and salaries	188,941	200,663
	Social security costs	19,169	20,250
	Other pension costs - defined contribution scheme	6,447	6,113
		<u>214,557</u>	<u>227,026</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2009

4	EMPLOYEES (CONTINUED)	<u>2009</u>	<u>2008</u>
		<u>£</u>	<u>£</u>
	DIRECTORS' REMUNERATION		
	Fees	100	100
	Emoluments for qualifying services	88,948	85,265
	Company pension contributions to money purchase schemes	5,027	4,813
		<u>94,075</u>	<u>90,178</u>
	The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 2 (2008 2)		
5	TAXATION	<u>2009</u>	<u>2008</u>
		<u>£</u>	<u>£</u>
	UK Corporation Tax		
	Current tax on profit/(loss) for the year	4,669	(2,720)
	Adjustment for prior years	-	2,086
		<u>4,669</u>	<u>(634)</u>
	Current tax charge	4,669	(634)
	Deferred tax charge	(320)	(545)
		<u>4,349</u>	<u>(1,179)</u>
	Factors affecting the tax charge for the year		
	Profit/(Loss) on ordinary activities before taxation	<u>17,767</u>	<u>(18,017)</u>
	Profit/(Loss) on ordinary activities before taxation multiplied by the rate of UK Corporation Tax applicable to small companies of 21% (2008 20%)	3,731	(3,603)
	Effects of		
	Non deductible expenses	431	85
	Depreciation/Loss on disposal	1,739	2,078
	Capital Allowances	(1,175)	(1,290)
	Marginal Rate Adjustment	-	10
	Adjustment for prior year	-	2,086
	Other Income	(57)	-
	Current tax charge	<u>4,669</u>	<u>(634)</u>
6	DIVIDENDS	<u>2009</u>	<u>2008</u>
		<u>£</u>	<u>£</u>
	Ordinary		
	Final paid in respect of 2008 - 25p per share (2007 25p per share)	<u>25,000</u>	<u>25,000</u>

The company proposes to pay a final dividend in respect of the year ended 31 October 2009 of 25p per share, totalling £25,000 subject to approval by the members

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2009

7 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on profit on ordinary activities after taxation of £13,418 (2008 loss £16,838) and on 100,000 ordinary shares in issue throughout the whole of the year

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

8 TANGIBLE FIXED ASSETS

	Freehold Land & Building £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 11 2008	74,746	42,009	41,355	158,110
Additions	-	445	-	445
At 31 10 2009	<u>74,746</u>	<u>42,454</u>	<u>41,355</u>	<u>158,555</u>
DEPRECIATION				
At 1 11 2008	31,030	31,240	21,471	83,741
Charge for the Year	1,070	2,243	4,970	8,283
At 31 10 2009	<u>32,100</u>	<u>33,483</u>	<u>26,441</u>	<u>92,024</u>
NET BOOK VALUE				
At 31 10 2009	<u>42,646</u>	<u>8,971</u>	<u>14,914</u>	<u>66,531</u>
At 31 10 2008	<u>43,716</u>	<u>10,769</u>	<u>19,884</u>	<u>74,369</u>

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

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

	<u>2009</u> £	<u>2008</u> £
Cost	<u>51,372</u>	<u>51,372</u>
Aggregate Depreciation	<u>30,813</u>	<u>29,786</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2009

9. STOCKS	<u>2009</u> £	<u>2008</u> £
Goods for Resale	234,208	241,346
Expense Materials	3,797	3,768
	<u>238,005</u>	<u>245,114</u>
The amount of 'goods for resale' written down in the year was £ Nil (2008 £7,021)		
10. DEBTORS	<u>2009</u> £	<u>2008</u> £
Due within one year		
Trade Debtors	158,919	108,198
Corporation Tax Recoverable	-	2,720
Prepayments and Accrued Income	15,101	14,882
	<u>174,020</u>	<u>125,800</u>
11. CURRENT ASSET INVESTMENTS	<u>2009</u> £	<u>2008</u> £
Cost - Listed Investments	<u>4,099</u>	<u>4,099</u>
The market value of investments at the balance sheet date was £4,292 (2008 £4,686)		
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2009</u> £	<u>2008</u> £
Trade Creditors	19,706	11,318
Corporation Tax	4,669	-
Other Taxation and Social Security Costs	26,853	22,832
Accruals and Deferred Income	37,070	36,631
	<u>88,298</u>	<u>70,781</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2009

13. PROVISIONS FOR LIABILITIES AND CHARGES		<u>Deferred Taxation</u> £
Balance at 1 November 2008		1,011
Movement in year		(320)
Balance at 31 October 2009		<u>691</u>
The deferred tax balance arises from accelerated capital allowances		
No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on sale of properties where potentially taxable gains have been rolled over into replacement assets. Such estimated tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £7,300 (2008 £7,300). At present, it is not envisaged that any tax will become payable in the foreseeable future.		
14. SHARE CAPITAL	<u>2009</u> £	<u>2008</u> £
Authorised 150,000 Ordinary Shares of 50p each	<u>75,000</u>	<u>75,000</u>
Allotted, issued and fully paid 100,000 Ordinary Shares of 50p each	<u>50,000</u>	<u>50,000</u>
15. REVALUATION RESERVE	<u>2009</u> £	<u>2008</u> £
As at 1 November 2008	<u>22,128</u>	<u>22,128</u>
As at 31 October 2009	<u>22,128</u>	<u>22,128</u>
16. PROFIT AND LOSS ACCOUNT	<u>2009</u> £	<u>2008</u> £
Balance at 1 November 2008	754,934	796,772
Profit/(Loss) for the year	13,418	(16,838)
Dividends	(25,000)	(25,000)
Balance at 31 October 2009	<u>743,352</u>	<u>754,934</u>
17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>2009</u> £	<u>2008</u> £
Profit/(Loss) for the year	13,418	(16,838)
Dividends	(25,000)	(25,000)
	<u>(11,582)</u>	<u>(41,838)</u>
Opening shareholders' funds	827,062	868,900
Closing Shareholders' funds	<u>815,480</u>	<u>827,062</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2009

18. CASH FLOWS

a	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	<u>2009</u>	<u>2008</u>
		£	£
	Operating Profit/(Loss)	4,294	(38,434)
	Depreciation	8,283	10,389
	Insurance Claim	9,273	-
	Decrease/(Increase) in Stocks	7,109	30,770
	(Increase)/Decrease in Debtors	(50,940)	43,231
	Increase/(Decrease) in Creditors	12,848	(29,963)
		<u>(9,133)</u>	<u>15,993</u>
b	Analysis of Net Funds		Change
		<u>2009</u>	<u>2008</u>
		£	£
	Cash at Bank and in Hand	<u>421,814</u>	<u>449,472</u>
			<u>(27,658)</u>

19. FINANCIAL INSTRUMENTS

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

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

Management objectives and policies

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

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

Information relating to financial assets and liabilities

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

The company's investment comprises shares in a company listed on the London Stock Exchange. The investments are stated at cost, which is not materially different from their fair value

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 approximates to their fair value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2009

19. FINANCIAL INSTRUMENTS (CONTINUED)

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

INTEREST RATES

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

FOREIGN CURRENCY RATE

The Company trades in several countries within the Far East and throughout Europe. As a result, the Company's balance sheet could be affected by movement in the Euro, HK dollar and US dollar to the UK Pound Sterling exchange rate. The profit on foreign exchange recognised in these accounts amounted to £1,566 (2008 £7,501 loss). 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.

The analysis of trade debtor allowance is as follows:

	<u>2009</u>	<u>2008</u>
	£	£
Opening balance at 1 November	2,012	21,017
Allowance made in the year	173	1,517
Unused allowance reversed	-	(20,522)
Closing balance at 31 October	<u>2,185</u>	<u>2,012</u>

Of the trade debtors at the year end, £43,539 was overdue. There are no significant credit risks arising from financial assets that are neither past due nor impaired.

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:

	2009	2008	2009	2008
	Euros		US Dollar	
Currency liabilities				
Trade creditors	1,245	5,262	19,200	-
	<u>1,245</u>	<u>5,262</u>	<u>19,200</u>	<u>-</u>

The Company has little exposure to cash flow, liquidity, price risk.

20. 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 £6,447 (2008 £6,113).

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

NOTICE HEREBY GIVEN that the 103rd Annual General Meeting of the Shareholders of the above named Company will be held at the Registered Office of the Company 54 Westcombe Hill, Greenwich, SE10 0LR on 10 March 2010 at 12 00 pm for the following purposes

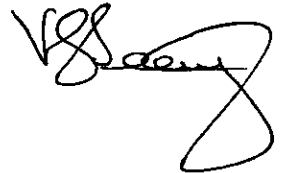
- 1 To receive the Directors' Report and the Audited Accounts for the year ended 31 October, 2009 and the report of the Auditors thereon
- 2 To receive and approve the Directors' Remuneration Report for the year ended 31 October, 2009
- 3 To declare a dividend of 25p per share, payable on 14 May 2010
- 4 To re-elect Miss V Beeny as a Director
- 5 To appoint Baker Tilly UK Audit LLP of Marlborough House, Victoria Road South, Chelmsford, Essex CM1 1LN as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' Remuneration
- 6 To transact any other ordinary business of the Company

BY ORDER OF THE BOARD

Miss V Beeny

Secretary

9 February 2010



54 Westcombe Hill
Greenwich, SE10 0LR

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