

C. A. SPERATI (THE SPECIAL AGENCY) P.L.C.
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2010

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 Non-Executive Chairman
A J Lilley Managing Director
V Beeny

Secretary: V Beeny

Company Number: 00092343 (England and Wales)

Registered Office: 54 Westcombe Hill
Greenwich
London
SE10 0LR

Auditors: Baker Tilly UK Audit LLP
Statutory 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 2010**

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, 2010.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS AND ANALYSIS OF KEY PERFORMANCE INDICATORS

The company has had a disappointing year with turnover falling from £621,907 in the previous year to £360,032 this year, due mainly to the new buying procedural changes made by one of the company's largest customers.

The full years' pre tax loss was £107,546 and after tax was £97,892. At the half year in April 2010 we reported a loss of £79,269 after tax and £83,539 before tax. Whilst the second half of the year has seen a reducing rate of loss as compared with the first half of the year, trading conditions remain extremely challenging.

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 43 days supplies (2009: 25 days). Although this has increased, the company has not exceeded any credit terms offered by suppliers.

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

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £97,892 (2009: £13,418 profit).

During the year a dividend of 25 pence per share was paid in relation to the year ended 31 October, 2009.

The Company is not declaring a dividend for the year ended 31 October 2010.

DIRECTORS

The following directors have held office since 1 November, 2009

J B A Alexander	Non-Executive Chairman
A J Lilley	Managing Director
V Beeny	

In accordance with the company's Articles of Association, J B A Alexander retires by rotation and, being eligible, offers himself for re-election.

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

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2010

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	At 31 October, 2010 Ordinary Shares of 50p each	At 1 November, 2009 Ordinary Shares of 50p each
J B A Alexander	31,434	31,434
A J Lilley	160	160
V Beeny	160	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 1 February 2011.

	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	15.60%
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 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 in so far as appropriate to the size of the Company. A copy of the Combined Code 2008 is publicly available from www.frc.org.

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

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2010

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 A Alexander

Mr Alexander, aged 69 is a merchant banker. He is currently Chairman and Chief Executive of L.C.F. Edmond de Rothschild Securities Limited. Mr Alexander is only partially independent of the Company's management due mainly to his significant shareholding and length of time on the Company's board. He was first appointed a director of the Company in June 1986 and was appointed Chairman in March 2000.

DIRECTOR

V Beeny

Miss Beeny is aged 57. 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 J Lilley

Mr Lilley is aged 46. 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 and The Combined Code 2008 Sections C3.1-3.7, 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 2010**

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 remains 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, nor does any authority exist from shareholders for the purchase by the entity of its' own shares.

BOARD MEETINGS AND ATTENDANCE

The directors' met on eight separate occasions during the financial year 2009/2010.

<u>Director</u>	<u>Remuneration</u>	<u>Board</u>	<u>Totals</u>
J B A Alexander	2	2	4
A J Lilley	2	3	5
V Beeny	-	3	3

A Lilley and V Beeny had 17 further meetings, of which records have been kept.

SHARE CAPITAL

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

STATEMENT OF COMPLIANCE WITH THE 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.4.3 and 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 2010

- Code Provision A.6.1 - 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.
- Code Provision D.2.2 - there is no website available to give the results of votes at general meetings.

The code provisions above were not complied with throughout the whole year under review.

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2010**

GOING CONCERN

There has been a substantial fall in sales to one particular customer due to their own internal procedural changes, however a good relationship remains and they continue to purchase other products from the Company.

A different but another long established customer has placed orders for the next two garment seasons for our core product and new markets continue to be sought for this item.

The directors, after due consideration and including the above, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future as there are adequate cash resources available to meet all liabilities as they fall due for one year from the date of signing these financial statements. For this reason, the directors continued to adopt the going concern basis in the preparation of the accounts.

FUTURE DEVELOPMENTS

We are currently developing several new styles of our core product, in conjunction with one of our customers, with a view to increasing our historic business with them. These items would also be utilised for other customers.

The Company has an ongoing project of seeking new markets in an attempt to establish a broader client base thus increasing turnover.

Trading currently continues in the same vein as the previous year.

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

An updated valuation of the freehold property has not been undertaken due to the costs that would be incurred, whilst the company has a current policy of keeping the overheads as low possible at the current time. The Directors believe the property is worth considerably more than the book value of £41,576 (2009 £42,646).

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
4 February 2011

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

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 OCTOBER 2010

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

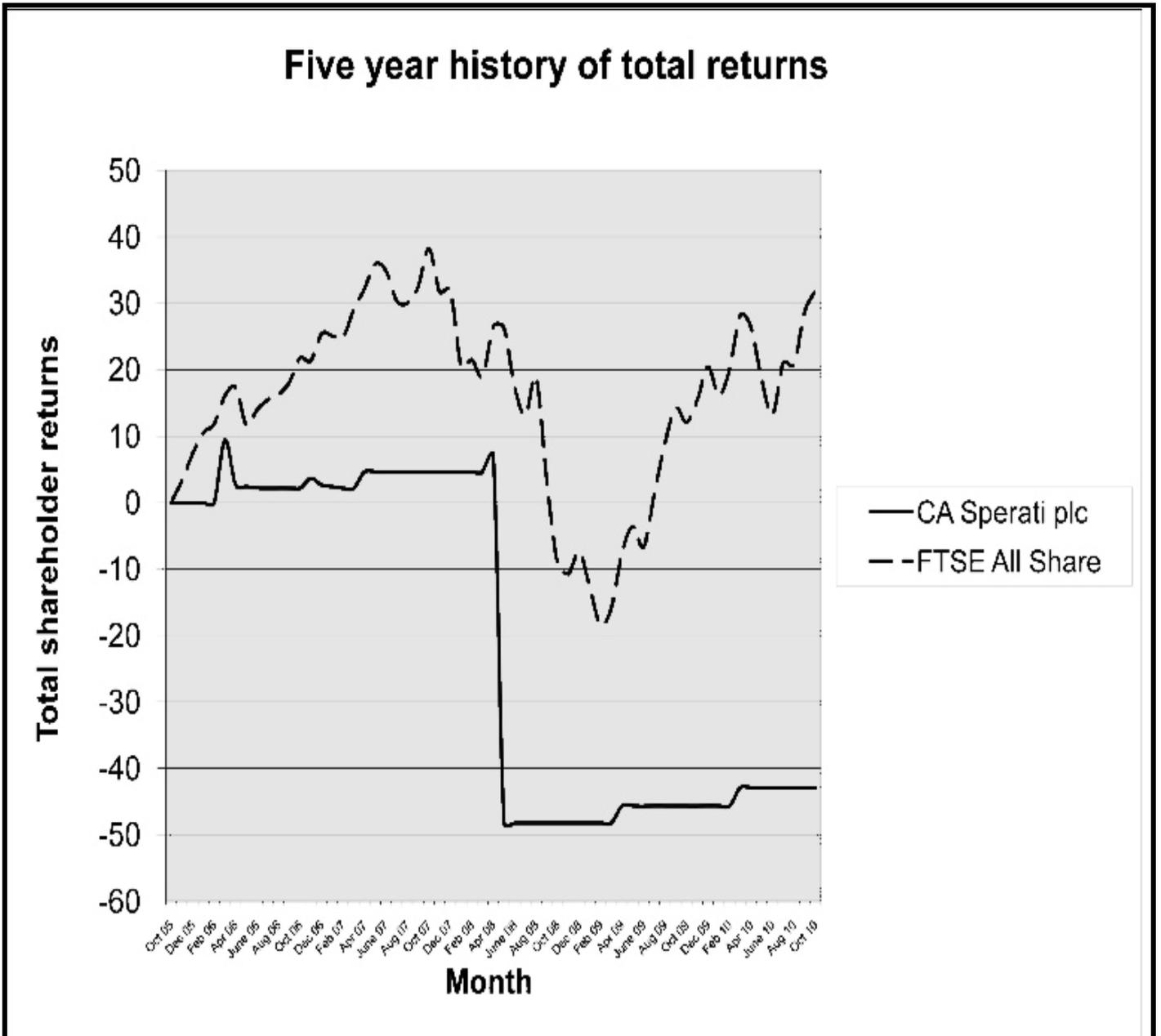
It is the Company's policy that all employees, directors included, have contracts with an indefinite term with one month's notice. There are no contractual termination payments for any employees or directors.

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 2010



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

DIRECTORS' REMUNERATION REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2010

DIRECTORS REMUNERATION (Auditable)

	Salary	Benefits	Bonus	Fees	Pension	2010	2009
	£	£	£	£	£	Total	Total
						£	£
V Beeny	32,445	973	-	50	2,841	36,309	38,812
A J Lilley	46,865	702	-	50	3,806	51,423	55,263
	<u>79,310</u>	<u>1,675</u>	<u>-</u>	<u>100</u>	<u>6,647</u>	<u>87,732</u>	<u>94,075</u>

The benefits amounts of £973 and £702 relate only to medical insurance.

RELATED PARTY TRANSACTIONS

The following dividends were received by directors during the financial year in relation to their shareholdings in the Company.

	<u>2010</u>	<u>2009</u>
	£	£
J B A Alexander	7,859	7,859
V Beeny	40	25
A J Lilley	40	25

This report was approved by the board of directors and authorised for issue on 4 February, 2011 and signed on its behalf by:

V BEENY
SECRETARY

4 February 2011

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

**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 OCTOBER 2010

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 and loss account of the company for that period.

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

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

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

Directors' statement pursuant to the Disclosure and Transparency Rules

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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

We have audited the financial statements 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 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 auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 11, 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

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 2010 and of its loss 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 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 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; and
- certain elements of the report to Shareholders by the Board on directors' remuneration.

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

February 2011

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

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2010**

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
TURNOVER	1	360,032	621,907
Cost of Sales		(165,028)	(298,978)
Gross Profit		<u>195,004</u>	<u>322,929</u>
Other Operating Expenses	2	(307,828)	(318,635)
OPERATING (LOSS)/PROFIT		<u>(112,824)</u>	<u>4,294</u>
Other Income	3	5,278	13,473
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>(107,546)</u>	<u>17,767</u>
Taxation	6	9,654	(4,349)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(97,892)</u>	<u>13,418</u>
(Loss)/earnings per share - basic and fully diluted	8	<u>(97.9p)</u>	<u>13.4p</u>

The operating (loss)/profit 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 2010**

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
FIXED ASSETS			
Tangible Assets	9	60,475	66,531
CURRENT ASSETS			
Stocks	10	231,111	238,005
Debtors	11	117,451	174,020
Investments	12	4,099	4,099
Cash at Bank and in Hand		340,920	421,814
		<u>693,581</u>	<u>837,938</u>
CURRENT LIABILITIES			
CREDITORS:			
Amounts falling due within one year	13	(60,837)	(88,298)
		<u>632,744</u>	<u>749,640</u>
NET CURRENT ASSETS			
		693,219	816,171
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISIONS FOR LIABILITIES	14	(631)	(691)
NET ASSETS		<u>692,588</u>	<u>815,480</u>
CAPITAL AND RESERVES			
Called up Share Capital	15	50,000	50,000
Revaluation Reserve	16	22,128	22,128
Profit and Loss Account	17	620,460	743,352
SHAREHOLDERS' FUNDS	18	<u>692,588</u>	<u>815,480</u>

Approved and Authorised for Issue by the Board on 4 February 2011 and signed on its behalf by

A Lilley Managing Director

V Beeny Director

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2010**

	<u>Notes</u>	<u>2010</u> £	<u>2009</u> £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19a	(55,833)	(9,133)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest Received		5,037	3,968
Dividends Received		241	232
Net cash inflow from returns on investments and servicing of finance		<u>5,278</u>	<u>4,200</u>
TAXATION			
Corporation tax (paid)/received		<u>(4,669)</u>	<u>2,720</u>
CAPITAL EXPENDITURE			
Purchase of fixed assets		(1,396)	(445)
Sale of fixed assets		726	-
Net cash outflow from capital expenditure		<u>(670)</u>	<u>(445)</u>
EQUITY DIVIDENDS PAID		<u>(25,000)</u>	<u>(25,000)</u>
DECREASE IN CASH	19b	<u>(80,894)</u>	<u>(27,658)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT OF NET FUNDS			
		<u>2010</u> £	<u>2009</u> £
Decrease in cash in year		(80,894)	(27,658)
Movement in net funds		<u>(80,894)</u>	<u>(27,658)</u>
Net funds at 1 November 2009	19b	421,814	449,472
Net funds at 31 October 2010	19b	<u>340,920</u>	<u>421,814</u>

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 OCTOBER 2010

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

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.

ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2010

TAXATION

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

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

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 2010

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

LIQUID RESOURCES

Liquid resources are money market term 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 2010

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

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

2. OTHER OPERATING EXPENSES (NET)

	<u>2010</u>	<u>2009</u>
	£	£
Distribution costs and administration expenses	307,828	318,635

3. OTHER INCOME

	<u>2010</u>	<u>2009</u>
	£	£
Bank Interest Receivable	5,037	3,968
Dividends Receivable	241	232
Insurance Claim	-	9,273
	<u>5,278</u>	<u>13,473</u>

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2010</u>	<u>2009</u>
	£	£

(Loss)/Profit on ordinary activities before taxation is stated after charging:

Depreciation and amounts written off tangible fixed assets:

Charge for the year:

Owned assets	6,726	8,283
Loss/(profit) on foreign exchange transactions	1,163	(1,566)
Auditor's remuneration		
Statutory audit services - current auditor	19,950	19,950

There was no profit or loss on fixed asset disposals that occurred in the year.

5. EMPLOYEES

	<u>2010</u>	<u>2009</u>
	No.	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>7</u>	<u>7</u>

	<u>2010</u>	<u>2009</u>
	£	£
Staff Costs for the above persons:		
Wages and salaries	168,896	188,941
Social security costs	16,255	19,169
Other pension costs - defined contribution scheme	8,880	6,447
	<u>194,031</u>	<u>214,557</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2010

5. EMPLOYEES (CONTINUED)	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
DIRECTORS' REMUNERATION		
Fees	100	100
Emoluments for qualifying services	80,985	88,948
Company pension contributions to money purchase schemes	6,647	5,027
	<u>87,732</u>	<u>94,075</u>

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 2 (2009: 2).

6. TAXATION	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
UK Corporation Tax		
Current tax on (loss)/profit for the year	(9,594)	4,669
Deferred tax charge	(60)	(320)
	<u>(9,654)</u>	<u>4,349</u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	<u>(107,546)</u>	<u>17,767</u>
(Loss)/profit on ordinary activities before taxation multiplied by the rate of UK Corporation Tax applicable to small companies of 21% (2009 : 21%).	(22,585)	3,731
Effects of:		
Non deductible expenses	182	431
Depreciation/Loss on disposal	1,412	1,739
Capital Allowances	(1,128)	(1,175)
Other Income	(51)	(57)
Difference in tax rate on losses carried back	358	-
Tax losses carried forward	12,218	-
Current tax charge	<u>(9,594)</u>	<u>4,669</u>

Tax losses totalling £58,183 (2009: £Nil) have been carried forward for use against future taxable profits.

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

7. DIVIDENDS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Ordinary		
Final paid in respect of 2009 - 25p per share (2008: 25p per share)	<u>25,000</u>	<u>25,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2010

8. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on loss on ordinary activities after taxation of £97,892 (2009 profit £13,418) and on 100,000 ordinary shares in issue throughout the whole of the year.

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

9. TANGIBLE FIXED ASSETS

	Freehold Land & Building £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1.11.2009	74,746	42,454	41,355	158,555
Additions	-	670	726	1,396
Disposals	-	-	(1,795)	(1,795)
At 31.10.2010	<u>74,746</u>	<u>43,124</u>	<u>40,286</u>	<u>158,156</u>
DEPRECIATION				
At 1.11.2009	32,100	33,483	26,441	92,024
Disposals	-	-	(1,069)	(1,069)
Charge for the Year	1,070	1,928	3,728	6,726
At 31.10.2010	<u>33,170</u>	<u>35,411</u>	<u>29,100</u>	<u>97,681</u>
NET BOOK VALUE				
At 31.10.2010	<u>41,576</u>	<u>7,713</u>	<u>11,186</u>	<u>60,475</u>
At 31.10.2009	<u>42,646</u>	<u>8,971</u>	<u>14,914</u>	<u>66,531</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>2010</u> £	<u>2009</u> £
Cost	<u>51,372</u>	<u>51,372</u>
Aggregate Depreciation	<u>31,840</u>	<u>30,813</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 2010**

10. STOCKS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Goods for Resale	227,103	234,208
Expense Materials	4,008	3,797
	<u>231,111</u>	<u>238,005</u>
11. DEBTORS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Due within one year		
Trade Debtors	92,763	158,919
Corporation Tax Recoverable	9,594	-
Prepayments and Accrued Income	15,094	15,101
	<u>117,451</u>	<u>174,020</u>
12. CURRENT ASSET INVESTMENTS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Cost - Listed Investments	4,099	4,099
	<u>4,099</u>	<u>4,099</u>
The market value of investments at the balance sheet date was £4,470 (2009: £4,292).		
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Trade Creditors	18,150	19,706
Corporation Tax	-	4,669
Other Taxation and Social Security Costs	11,813	26,853
Accruals and Deferred Income	30,874	37,070
	<u>60,837</u>	<u>88,298</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2010

14. PROVISIONS FOR LIABILITIES		<u>Deferred Taxation</u>
		<u>£</u>
Balance at 1 November 2009		691
Movement in year		(60)
Balance at 31 October 2010		<u>631</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 £4,909 (2009: £7,300). At present, it is not envisaged that any tax will become payable in the foreseeable future.		
A deferred tax asset in respect of losses carried forward of £12,218 (2009: £Nil) has not been recognised on the basis of uncertainty over the timing of future taxable profits.		
15. SHARE CAPITAL	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</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>
16. REVALUATION RESERVE	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
As at 1 November 2009	22,128	22,128
As at 31 October 2010	<u>22,128</u>	<u>22,128</u>
17. PROFIT AND LOSS ACCOUNT	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Balance at 1 November 2009	743,352	754,934
(Loss)/profit for the year	(97,892)	13,418
Dividends	(25,000)	(25,000)
Balance at 31 October 2010	<u>620,460</u>	<u>743,352</u>
18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
(Loss)/profit for the year	(97,892)	13,418
Dividends	(25,000)	(25,000)
	<u>(122,892)</u>	<u>(11,582)</u>
Opening shareholders' funds	815,480	827,062
Closing Shareholders' funds	<u>692,588</u>	<u>815,480</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2010

19. CASH FLOWS

a	Reconciliation of operating (loss)/profit to net cash (outflow) from operating activities		
		<u>2010</u>	<u>2009</u>
		£	£
	Operating (Loss)/profit	(112,824)	4,294
	Depreciation	6,726	8,283
	Insurance Claim	-	9,273
	Decrease in Stocks	6,894	7,109
	Decrease/(Increase) in Debtors	66,163	(50,940)
	(Decrease)/Increase in Creditors	(22,792)	12,848
		<u>(55,833)</u>	<u>(9,133)</u>
b	Analysis of Net Funds		
		<u>2010</u>	<u>2009</u>
		£	£
	Cash at Bank and in Hand	340,920	421,814
		<u>340,920</u>	<u>421,814</u>
			<u>Change</u>
			<u>in year</u>
			£
			(80,894)

20. FINANCIAL INSTRUMENTS

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

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

Management objectives and policies

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

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

Information relating to financial assets and liabilities

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

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 approximate to their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2010

20. 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 loss on foreign exchange recognised in these accounts amounted to £1,163 (2009 £1,566 profit). 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>2010</u>	<u>2009</u>
	£	£
Opening balance at 1 November	2,185	2,012
Allowance made in the year	-	173
Unused allowance reversed	<u>(2,185)</u>	-
Closing balance at 31 October	<u>-</u>	<u>2,185</u>

Of the trade debtors at the year end, £48,838 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:

	2010	2009	2010	2009
	Euro		US Dollar	
Currency liabilities				
Trade creditors	821	1,245	20,051	19,200
	<u>821</u>	<u>1,245</u>	<u>20,051</u>	<u>19,200</u>

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

21. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge amounted to £8,880 (2009: £6,447).

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

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2010**

	<u>2010</u>	<u>2009</u>
	<u>£</u>	<u>£</u>
Sales	360,032	621,907
	<hr/>	<hr/>
Cost of Sales		
Opening Stock	238,005	245,114
Purchases	155,454	287,419
Duty	2,680	4,450
Closing Stock	(231,111)	(238,005)
	<hr/>	<hr/>
	165,028	298,978
	<hr/>	<hr/>
Gross Profit	195,004	322,929
Sundry Income	5,278	13,473
Overheads	(307,828)	(318,635)
	<hr/>	<hr/>
(Loss)/Profit on Ordinary Activities	<u>(107,546)</u>	<u>17,767</u>

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

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2010**

	<u>2010</u> £	<u>2009</u> £
Sundry Income		
Interest Receivable	5,037	3,968
Dividends	241	232
Insurance Claim	-	9,273
	<u>5,278</u>	<u>13,473</u>
Overheads		
Payroll Costs	194,031	214,557
Rates and Water	7,852	7,556
Light and Heat	3,301	3,274
Insurance	13,980	12,896
Repairs, Maintenance and Cleaning	6,385	4,773
Printing and Stationery	1,595	1,778
Telephone and Postage	4,518	5,259
Carriage and Packing	5,813	6,258
Advertising and Promotional	471	1,328
Commission Payable	-	526
Discount Allowed	6,037	5,529
Travel and Entertaining	12,769	12,342
Audit and Accountancy	27,429	27,429
Professional Charges	12,618	10,692
Bank Charges	1,793	2,231
Trade and Sundry Expenses	1,915	2,425
Depreciation	6,726	8,283
Subscription and Donations	278	184
Discounts Received	(417)	(1,030)
Postage and Carriage	(6,717)	(6,233)
Bad Debts	6,288	144
Loss/Profit on Foreign Exchange	1,163	(1,566)
	<u>307,828</u>	<u>318,635</u>

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

NOTICE HEREBY GIVEN that the 104th 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 2011 at 12.00 pm for the following purposes:

1. To receive the Directors' Report and the Audited Accounts for the year ended 31 October 2010 and the report of the Auditors thereon.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 October 2010.
3. To re-elect Mr J B A Alexander as a Director.
4. 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.
5. To transact any other ordinary business of the Company.

BY ORDER OF THE BOARD

Miss V Beeny

Secretary

4 February 2011

54 Westcombe Hill
Greenwich, SE10 0LR

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