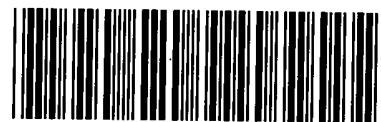


Financial Statements Character World Limited

For the Year Ended 31 March 2016

Registered number: 04160087

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Character World Limited
Registered number:04160087

Company Information

Directors	D E Schweiger M Schweiger A Howarth T R Kilby M Lacey A Niedergesaess K Creed
Company secretary	M Schweiger
Registered number	04160087
Registered office	c/o UHY Hacker Young St James Building 79 Oxford Street Manchester M1 6HT
Business address	Character House 1 Oak Green Stanely Green Business Park Cheadle Hulme Cheshire SK8 6QL
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
Bankers	National Westminster Bank Plc 23 Stamford New Road Altrincham Cheshire WA14 1DB

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Directors' report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 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.

Principal activity

The principal activity of the company continued to be the marketing and sales of licensed products and textiles.

Results

The profit for the year, after taxation, amounted to £1,481,631 (2015 - £1,669,048 for the period ended 31 March 2015).

Character World Limited

Directors' report
For the Year Ended 31 March 2016

Directors

The directors who served during the year were:

D E Schweiger
M Schweiger
A Howarth
T R Kilby
M Lacey
A Niedergesaess
K Creed (appointed 23 March 2016)
G Davies (resigned 28 September 2015)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

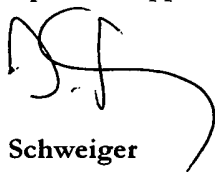
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 August 2016 and signed on its behalf.



D E Schweiger
Director

Strategic report

For the Year Ended 31 March 2016

Business review

The group's main focus during the period has been to grow profitable business through the development of existing and new licensed products. The company has continued to hold the major licences and distribute to the leading retailers and has revenue in 2016 of £32,063,752 compared to the 15 months to March 2015 revenue of £40,377,366. Whilst reported turnover has decreased by 21% this reflects the shorter reporting period. Profit on ordinary activities before taxation decreased from £1,788,015 in the 15 months to March 2015 to £1,660,386 in the 12 months to March 2016 – a reduction of 7%.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are its exposure to quick changes in trends and fashions, rising material and freight costs, interest rates affecting its bank loans, its exposure to minimum guarantee obligations, exposure to foreign currency markets and credit risks with its trade debtors.

The directors closely monitor the popularity of current stock lines and continue to identify new products and licences which will generate future revenues. During 2015 and 2016, a number of new licences were signed to ensure continuity of turnover. The directors also monitor LIBOR and foreign currency markets to ensure that fluctuations in interest and currency rates have the smallest possible effect on the group's trading results and cash flows. The directors have hedged exposure to interest rates by capping LIBOR increases for its bank loans. The company also maintains credit insurance.

The referendum vote to leave the European Union naturally introduces new uncertainties into an already challenging market place. At the signing date the company had reviewed the opportunities and risks this brings while reviewing the going concern assumption, which is judged to be unaffected despite the inherent uncertainty in the UK economy.

Key performance indicators

The directors consider that the Key Performance Indicators for the company are turnover and EBITDA.

Character World Limited
Registered number:04160087

Strategic report (continued)

For the Year Ended 31 March 2016

Future developments

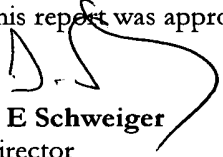
Since the year end, the company has won licences within the UK and Europe that will enable the group to expand its business.

Going concern

The company has a strong and stable client base. The directors believe that the company is well placed to manage its business risk successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

This report was approved by the board on **16 August 2016** and signed on its behalf.


D E Schweiger
Director

Independent auditor's report to the members of Character World Limited

We have audited the financial statements of Character World Limited for the year ended 31 March 2016, which comprise the Income statement, the Statement of other comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. 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) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of Character World Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

Grant Thornton UK LLP

Stuart Muskett (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Manchester

Date: *22 AUGUST 2016*

Income statement

For the Year Ended 31 March 2016

		Year ended 31 March 2016 £	Period ended 31 March 2015 £
Turnover	4	32,063,752	40,377,366
Cost of sales		<u>(23,058,770)</u>	<u>(29,261,371)</u>
Gross profit		9,004,982	11,115,995
Distribution costs		(552,557)	(702,137)
Administrative expenses		<u>(7,052,023)</u>	<u>(8,474,012)</u>
Operating profit		1,400,402	1,939,846
Interest receivable /(payable) and similar charges	9	<u>259,984</u>	<u>(151,831)</u>
Profit on ordinary activities before taxation		1,660,386	1,788,015
Taxation on profit from ordinary activities	10	<u>(178,755)</u>	<u>(118,967)</u>
Profit for the year / period		<u>1,481,631</u>	<u>1,669,048</u>

The notes on pages 12 to 29 form part of these financial statements.

Statement of other comprehensive income

For the Year Ended 31 March 2016

	Year ended 31 March 2016	Period ended 31 March 2015
Note	£	£
Profit for the financial year /period	<u>1,481,631</u>	<u>1,669,048</u>
Other comprehensive income		
Total comprehensive income for the year / period	<u><u>1,481,631</u></u>	<u><u>1,669,048</u></u>

Statement of financial position

As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	280,622	329,426
Tangible assets	12	1,202,164	1,032,739
Investments	13	2	2
		<u>1,482,788</u>	<u>1,362,167</u>
Current assets			
Stocks	14	4,520,229	4,826,053
Debtors	15	24,626,937	19,498,836
Cash at bank and in hand	16	868,309	1,909,878
		<u>30,015,475</u>	<u>26,234,767</u>
Creditors: amounts falling due within one year	17	<u>(10,095,058)</u>	<u>(7,676,485)</u>
Net current assets		<u>19,920,417</u>	<u>18,558,282</u>
Total assets less current liabilities		<u>21,403,205</u>	<u>19,920,449</u>
Provisions for liabilities			
Deferred tax	19	(35,025)	(33,900)
		<u>(35,025)</u>	<u>(33,900)</u>
Net assets		<u><u>21,368,180</u></u>	<u><u>19,886,549</u></u>
Capital and reserves			
Called up share capital	20	765,003	765,003
Profit and loss account	21	20,603,177	19,121,546
		<u>21,368,180</u>	<u>19,886,549</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18 August 2016


D E Schweiger
 Director

The notes on pages 12 to 29 form part of these financial statements.

Statement of changes in equity

For the Year Ended 31 March 2016

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2015	765,003	19,121,546	19,886,549
Comprehensive income for the year			
Profit for the year	-	1,481,631	1,481,631
Total comprehensive income for the year	-	1,481,631	1,481,631
At 31 March 2016	765,003	20,603,177	21,368,180

Statement of changes in equity

For the Period Ended 31 March 2015

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2014	765,003	17,452,498	18,217,501
Comprehensive income for the period			
Profit for the period	-	1,669,048	1,669,048
Total comprehensive income for the period	-	1,669,048	1,669,048
At 31 March 2015	765,003	19,121,546	19,886,549

Notes to the financial statements

For the Year Ended 31 March 2016

1. General information

Character World Limited is a limited company incorporated in the UK and its registered office in Character World, c/o UHY Hacker Young, St James Building, 79 Oxford Street, Manchester, M1 6HT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The individual accounts of Character World Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes

The following principal accounting policies have been consistently applied:

2.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors report and the Strategic report.

The group has prepared forecasts and projections for a period in excess of twelve months following the approval of these financial statements. These forecasts show that the group will be able to operate within the level of its banking facilities for the foreseeable future.

The directors have considered the going concern assumption in the light of the above and have concluded that there is a reasonable expectation that the company and the group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

The referendum vote to leave the European Union naturally introduces new uncertainties into an already challenging market place. At the signing date the company had reviewed the opportunities and risks this brings while reviewing the going concern assumption, which is judged to be unaffected despite the inherent uncertainty in the UK economy.

2.3 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of its identifiable assets and liabilities at the date of acquisition. Goodwill is amortised on a straight line basis to the Income statement over its useful economic life, which is considered to be 20 years.

Notes to the financial statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Alterations to leasehold	- 5% - 10% straight line
Fixtures & fittings	- 10% - 33.3% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

2.5 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the financial statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.6 Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplies during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods. Revenue is measured at fair value of the consideration received, excluding discounts, rebated, VAT and other sales taxes or duty.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form.

Notes to the financial statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.12 Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique, using quoted forward rates based on the maturity of contracts, with any gains or losses being reported in profit or loss. A hedge accounting policy has not been adopted. Outstanding derivatives at each reporting date are included under the fair value of derivatives heading.

2.13 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.15 Borrowing costs

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

Notes to the financial statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.16 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are not discounted.

2.17 Foreign currency translation

The functional and presentational currency of the entity is £ Sterling. Transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Notes to the financial statements

For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.18 Royalties payable

Royalties payable in accordance with licensing agreements are recognised as costs of sale when the associated revenue is recognised.

Where a licence requires royalties to be paid in advance, this is initially deferred and allocated to cost of sales as the associated revenue is recognised.

Certain licences require a guaranteed level of royalties to be paid. Where the forecast level of sales associated with a licence is anticipated to result in a loss on the licence, provision is made immediately for the anticipated cost.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these significant judgements and estimates have been made include:

- The useful expected lives of intangible fixed assets
- The valuation of intangible fixed assets
- Stock provisions
- Guaranteed minimum royalty provisions

Notes to the financial statements

For the Year Ended 31 March 2016

4. Turnover

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Sale of goods	32,063,752	40,377,366
	<u>32,063,752</u>	<u>40,377,366</u>

Analysis of turnover by country of destination:

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
United Kingdom	24,086,026	37,983,439
Rest of Europe	7,887,868	2,393,927
Rest of the world	89,858	-
	<u>32,063,752</u>	<u>40,377,366</u>

Notes to the financial statements

For the Year Ended 31 March 2016

5. Profit on ordinary activities

The profit on ordinary activities is stated after charging/(crediting):

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Transactional costs	-	1,516,709
Impairment of inventory	-	1,565,619
Foreign exchange gains	(153,614)	(82,857)
Amortisation of intangible fixed assets	48,803	61,004
Depreciation of tangible fixed assets	186,797	98,007
Operational lease rentals	239,083	298,367
Non recurring advisory costs	144,694	-
Legal costs to defend business intellectual property	227,015	-
Restructuring costs	181,920	-
Stock re-work costs	229,896	-
	<u>2,229,802</u>	<u>3,896,563</u>

6. Auditor's remuneration

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	26,100	31,000
	<u>26,100</u>	<u>31,000</u>
Fees payable to the company's auditor and its associates in respect of:		
Fees payable to the company's auditor and its associates in respect of:	-	-
Other services relating to taxation	23,850	26,600
All other services	-	16,500
	<u>23,850</u>	<u>43,100</u>

Notes to the financial statements

For the Year Ended 31 March 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 March 2016	Period ended 31 March 2015
	£	£
Wages and salaries	3,527,917	3,744,217
Social security costs	302,762	386,700
Cost of defined contribution scheme	18,487	-
	<u>3,849,166</u>	<u>4,130,917</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 March 2016	Period ended 31 March 2015
	No.	No.
Directors	7	7
Administration & Design	76	64
	<u>83</u>	<u>71</u>

Notes to the financial statements

For the Year Ended 31 March 2016

8. Directors' remuneration

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Directors' emoluments	908,740	1,062,647
	<u>908,740</u>	<u>1,062,647</u>

The highest paid director received remuneration of £200,000 (2015 - £241,130).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2015 - £Nil).

9. Interest (receivable)/ payable and similar charges

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Bank interest payable	164,963	110,500
Fair value movement in relation to forward contracts	(424,947)	41,331
	<u>(259,984)</u>	<u>151,831</u>

Notes to the financial statements

For the Year Ended 31 March 2016

10. Taxation

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Corporation tax		
Current tax on profits for the year	177,630	99,311
Adjustments in respect of previous periods	-	19,656
	<u>177,630</u>	<u>118,967</u>
Total current tax	<u>177,630</u>	<u>118,967</u>
Deferred tax		
Origination and reversal of timing differences	1,125	-
Total deferred tax	<u>1,125</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>178,755</u>	<u>118,967</u>

Notes to the financial statements

For the Year Ended 31 March 2016

10. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21.4%). The differences are explained below:

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Profit on ordinary activities before tax	<u>1,660,386</u>	<u>1,788,015</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21.4%)	332,077	382,635
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,106	41,489
Capital allowances for year/period in excess of depreciation	1,905	-
Non-taxable income	-	(65,488)
Fixed asset differences	-	1,252
Other differences leading to a decrease in the tax charge	(3,891)	(1,409)
Group relief	<u>(163,442)</u>	<u>(239,512)</u>
Total tax charge for the year/period	<u>178,755</u>	<u>118,967</u>

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. The Finance Act 2015 included changes which will also affect future tax charges. The rate of Corporation tax will reduce to 19% from 1 April 2017 and to 18% from 1 April 2018. On 16 March 2016 it was announced that the rate will be further reduced to 17% from 1 April 2020.

Notes to the financial statements

For the Year Ended 31 March 2016

11. Intangible assets

	Goodwill £
Cost	
At 1 April 2015	976,078
At 31 March 2016	<u>976,078</u>
Amortisation	
At 1 April 2015	646,653
Charge for the year	48,803
At 31 March 2016	<u>695,456</u>
Net book value	
At 31 March 2016	<u>280,622</u>
At 31 March 2015	<u>329,426</u>

12. Tangible fixed assets

	Alterations to leasehold £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 April 2015	442,730	1,166,105	1,608,835
Additions	20,150	336,073	356,223
At 31 March 2016	<u>462,880</u>	<u>1,502,178</u>	<u>1,965,058</u>
Depreciation			
At 1 April 2015	176,099	399,998	576,097
Charge owned for the period	31,660	155,137	186,797
At 31 March 2016	<u>207,759</u>	<u>555,135</u>	<u>762,894</u>
Net book value			
At 31 March 2016	<u>255,121</u>	<u>947,043</u>	<u>1,202,164</u>
At 31 March 2015	<u>266,631</u>	<u>766,108</u>	<u>1,032,739</u>

Notes to the financial statements

For the Year Ended 31 March 2016

13. Fixed asset investments

	Other fixed asset investments
	£
Cost or valuation	
At 1 April 2015	2
At 31 March 2016	<u>2</u>
Net book value	
At 31 March 2016	<u>2</u>
At 31 March 2015	<u>2</u>

Character World Limited holds 100% of shares of Character World China Holdings Limited, a company incorporated in the UK which holds 100% of Character World Trading (Shanghai) Limited, a company incorporated in China.

Notes to the financial statements

For the Year Ended 31 March 2016

14. Stocks

	2016 £	2015 £
Finished goods and goods for resale	4,520,229	4,826,053
	<u>4,520,229</u>	<u>4,826,053</u>

Stock recognised in cost of sales during the year as an expense was £15,459,050 (2015: £18,890,631).

A credit of £827,144 (2015: charge of £1,565,619) was recognised in cost of sales relating to the release/ utilisation of stock losses in prior year.

15. Debtors

	2016 £	2015 £
Trade debtors	6,493,887	6,461,144
Amounts owed by group undertakings	16,300,608	12,325,087
Other debtors	-	39
Prepayments and accrued income	1,327,116	137,760
Tax recoverable	475,495	574,806
Financial instruments - forward currency contracts	29,831	-
	<u>24,626,937</u>	<u>19,498,836</u>

All amounts owed by group undertakings are repayable on demand.

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	868,309	1,909,878
	<u>868,309</u>	<u>1,909,878</u>

Notes to the financial statements

For the Year Ended 31 March 2016

17. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Invoice discounting facility	3,128,431	-
Trade creditors	2,837,579	4,645,253
Amounts owed to group undertakings	1,328,920	2
Corporation tax	177,630	99,311
Taxation and social security	155,182	94,473
Proceeds of factored debts	-	283,460
Other creditors	257,257	372,274
Accruals and deferred income	2,210,059	1,786,596
Financial instruments - forward currency contracts	-	395,116
	<u>10,095,058</u>	<u>7,676,485</u>

The revolving credit facility was repaid during the year and replaced with an invoice discounting facility of up to £8,000,000 which is subject to a non-utilisation fee of 1%. The bank loans and invoice discounting facility are secured by legal charges over certain of the group's assets which include trade receivables.

18. Financial instruments

	2016	2015
	£	£
Financial assets		
Derivative financial instruments measured at fair value	29,831	-
Financial assets that are debt instruments measured at amortised cost	23,662,804	20,696,149
	<u>23,692,635</u>	<u>20,696,149</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(9,762,247)	(6,804,125)
Derivative financial instruments measured at fair value	-	(395,116)
	<u>(9,762,247)</u>	<u>(7,199,241)</u>

Derivative financial instruments, designated at fair value through profit or loss, comprise of foreign currency forward contracts which are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract.

Notes to the financial statements

For the Year Ended 31 March 2016

19. Deferred taxation

	Deferred tax £
At 1 April 2015	(33,900)
Charged to the profit or loss	(1,125)
At 31 March 2016	(35,025)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(35,025)	(33,900)
	<u>(35,025)</u>	<u>(33,900)</u>

20. Share capital

	2016 £	2015 £
Authorised		
234,997 Ordinary shares of £1 each	234,997	234,997
255,003 Ordinary A shares of £1 each	255,003	255,003
255,000 Ordinary B shares of £1 each	255,000	255,000
255,000 Ordinary C shares of £1 each	255,000	255,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
255,003 Ordinary A shares of £1 each	255,003	255,003
255,000 Ordinary B shares of £1 each	255,000	255,000
255,000 Ordinary C shares of £1 each	255,000	255,000
	<u>765,003</u>	<u>765,003</u>

All shares rank pari passu.

21. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

Notes to the financial statements

For the Year Ended 31 March 2016

22. Leasing commitments

The group's future minimum operating lease payments are as follows:

	2016	2015
	£	£
Expiry Date		
Within 1 year	257,600	277,428
Between 2 and 5 years	980,504	1,046,170
After more than 5 years	117,856	117,856
	<u>1,355,960</u>	<u>1,441,454</u>

Operating lease commitments during the year consisted of 2 properties, several company vehicles and office equipment.

23. Related party transactions

The company has taken advantage of the exemption in FRS 102 (section 33) "Related Party Disclosure" not to disclose transactions with other members of the group.

24. Controlling party

Palatine Private Equity are considered to be the ultimate controlling party by virtue of their majority shareholding in the ultimate company. The immediate parent company is Character World Bidco Limited. The ultimate parent company is Ensco 1090 Limited.

Ensco 1090 Limited prepares group financial statements and copies can be obtained from Character House, 1 Oak Green, Stanley Green Business Park, Cheadle Hulme, Cheshire, SK8 6QL.