

Company Registration No 04160087 (England and Wales)

CHARACTER WORLD LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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CHARACTER WORLD LIMITED

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CHARACTER WORLD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

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

The principal risks and uncertainties facing the company are its exposure to quick changes in trends and fashions, and its exposure to foreign currency markets

The directors closely monitor the popularity of current stock lines and continue to identify new products and licences which will generate future revenues. During 2009 a number of new licences were signed to ensure continuity of turnover. The directors also monitor foreign currency markets to ensure that fluctuations in currencies have the smallest possible effect on the company's trading results.

Our financial risk management objective is to ensure sufficient working capital for the company. This is achieved by careful management of our cash balances and overdraft facilities. In 2009 the company's stockholding base was significantly lowered, bringing a reduction in working capital required.

The company's main focus during the year has been to continue growing profitable business through the development of existing and new licensed products. In 2009 development of the Brands and Football area of the business continued with the signing of additional licences.

During the year the company expanded its range of licensed product lines particularly with the development of a range of Toddler and Single beds which will become available in 2010. The company has continued to distribute to the UK's leading retailers.

Turnover is a key performance indicator for our business as it measures the total output of the business at the prices we are able to charge our customers. Despite the economic uncertainty which affected the total UK market during 2009 the company experienced only a 6% decrease in turnover.

A Sales Director has been appointed during the year to co-ordinate an increase in sales effort and this is anticipated to produce a significant increase in turnover in 2010.

Financial position at the year end

The financial position at the year end was considered to be healthy by the directors. The cash position stood at £2,615,298 and shareholders' funds at £8,260,355.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a dividend.

Directors

The following directors have held office since 1 January 2009

D E Schweiger

M Schweiger

G Davies

(Appointed 1 August 2009)

S Farns

(Resigned 2 March 2010)

A Howarth

(Appointed 29 March 2010)

R Rowlands

CHARACTER WORLD LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Charitable donations

Contributions by the company during the year to United Kingdom charities amounted to £14,994 (2008 - £18,864)

Statement of directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

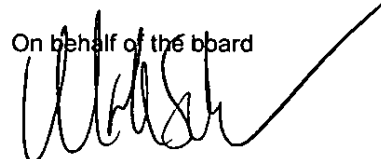
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



M Schweiger

Director

19 April 2010

CHARACTER WORLD LIMITED

INDEPENDENT AUDITORS' REPORT TO CHARACTER WORLD LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of Character World Limited for the year ended 31 December 2009 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



D Symonds
(Senior Statutory Auditor)
for and on behalf of

19 April 2010

UHY Hacker Young Manchester LLP
Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

CHARACTER WORLD LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	£	£
Turnover		19,543,829	20,812,642
Cost of sales		(12,635,995)	(14,861,871)
Gross profit		6,907,834	5,950,771
Distribution costs		(335,174)	(431,911)
Administrative expenses		(3,358,998)	(3,074,014)
Operating profit	2	3,213,662	2,444,846
Other interest receivable and similar income		1,285	2,650
Interest payable and similar charges	4	(1,040)	(60,690)
Profit on ordinary activities before taxation		3,213,907	2,386,806
Tax on profit on ordinary activities	5	(707,829)	(529,559)
Profit for the year	15	<u>2,506,078</u>	<u>1,857,247</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

CHARACTER WORLD LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009		2008	
		£	£	£	£
Fixed assets					
Intangible assets	6	585,646		634,450	
Tangible assets	7	351,256		372,970	
Investments	8	2		2	
		<u>936,904</u>		<u>1,007,422</u>	
Current assets					
Stocks	9	1,470,085		2,457,140	
Debtors	10	6,768,590		5,619,915	
Cash at bank and in hand		2,615,298		1,114,098	
		<u>10,853,973</u>		<u>9,191,153</u>	
Creditors, amounts falling due within one year	11	<u>(3,497,377)</u>		<u>(4,414,679)</u>	
Net current assets		<u>7,356,596</u>		<u>4,776,474</u>	
Total assets less current liabilities		<u>8,293,500</u>		<u>5,783,896</u>	
Provisions for liabilities	12	<u>(33,145)</u>		<u>(29,619)</u>	
		<u>8,260,355</u>		<u>5,754,277</u>	
Capital and reserves					
Called up share capital	14	765,003		765,003	
Profit and loss account	15	7,495,352		4,989,274	
Shareholders' funds	16	<u>8,260,355</u>		<u>5,754,277</u>	

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 19 April 2010



M Schweiger
Director

Company Registration No. 04160087

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

1.2 Turnover

Turnover represents amounts receivable from sales of licensed and unlicensed products and textiles net of VAT and trade discounts

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, being 20 years

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Alteration to leasehold	5% / 10% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	33 3% straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.7 Stock

Stock is valued at the lower of cost and net realisable value. The cost of stock represents the purchase value of the goods and costs to bring it to its current location, and the net realisable value of the stock is the actual value the stock can be sold for

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies (continued)

1 9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at a contracted rate. All differences are taken to profit and loss account.

1 10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Character World Holdco Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Operating profit **2009** **2008**
£ £

Operating profit is stated after charging

Amortisation of intangible assets	48,804	48,804
Depreciation of tangible assets	76,339	78,875
Operating lease rentals	172,200	139,358
Auditors' remuneration (including expenses)	41,325	23,715

and after crediting

Profit on foreign exchange transactions	(46,372)	(421,932)
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3 Investment income **2009** **2008**
£ £

Bank interest	1,285	2,650
	<u>1,285</u>	<u>2,650</u>

4 Interest payable **2009** **2008**
£ £

On bank loans and overdrafts	867	57,057
Hire purchase interest	173	230
Other interest	-	3,403
	<u>1,040</u>	<u>60,690</u>

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

5 Taxation	2009	2008
	£	£
Domestic current year tax		
UK corporation tax	719,749	527,367
Adjustment for prior years	(15,446)	-
	<u>704,303</u>	<u>527,367</u>
Current tax charge	704,303	527,367
Deferred tax		
Deferred tax charge/credit current year	3,526	2,192
	<u>707,829</u>	<u>529,559</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>3,213,907</u>	<u>2,386,806</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	<u>899,894</u>	<u>668,306</u>
Effects of		
Non deductible expenses	21,646	21,714
Depreciation add back	21,375	22,479
Capital allowances	(23,105)	(26,571)
Adjustments to previous periods	(15,446)	-
Group relief	(197,843)	(170,891)
Other tax adjustments	(2,218)	12,330
	<u>(195,591)</u>	<u>(140,939)</u>
Current tax charge	<u>704,303</u>	<u>527,367</u>

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2009 & at 31 December 2009	976,078
Amortisation	
At 1 January 2009	341,628
Charge for the year	48,804
At 31 December 2009	390,432
Net book value	
At 31 December 2009	585,646
At 31 December 2008	634,450

7 Tangible fixed assets

	Alteration to leasehold £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2009	299,432	262,238	561,670
Additions	52,279	2,346	54,625
At 31 December 2009	351,711	264,584	616,295
Depreciation			
At 1 January 2009	25,786	162,914	188,700
Charge for the year	21,619	54,720	76,339
At 31 December 2009	47,405	217,634	265,039
Net book value			
At 31 December 2009	304,306	46,950	351,256
At 31 December 2008	273,646	99,324	372,970

The net book value of tangible fixed assets includes £nil (2008 - £1,717) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £nil (2008 - £1,717).

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

8 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 January 2009 & at 31 December 2009	772,464
Provisions for diminution in value	
At 1 January 2009 & at 31 December 2009	772,462
Net book value	
At 31 December 2009	2
At 31 December 2008	2

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
T D S Enterprises Limited	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2009 £	Profit/(loss) for the year 2009 £
	Principal activity		
T D S Enterprises Limited	Dormant	2	-

9 Stocks

	2009 £	2008 £
Finished goods and goods for resale	1,470,085	2,457,140

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

10 Debtors	2009	2008
	£	£
Trade debtors	4,023,973	4,676,449
Amounts owed by parent and fellow subsidiary undertakings	2,574,076	797,192
Prepayments and accrued income	170,541	146,274
	<u>6,768,590</u>	<u>5,619,915</u>
11 Creditors. amounts falling due within one year	2009	2008
	£	£
Net obligations under hire purchase contracts	-	1,287
Trade creditors	2,103,460	2,178,598
Amounts owed to parent	270,073	310,745
Corporation tax	116,287	318,890
Other taxes and social security costs	393,924	603,413
Other creditors	409,342	488,135
Accruals and deferred income	204,291	513,611
	<u>3,497,377</u>	<u>4,414,679</u>
Net obligations under hire purchase contracts		
Repayable within one year	<u>-</u>	<u>1,287</u>
	<u>-</u>	<u>1,287</u>

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

12 Provisions for liabilities

	Deferred tax liability £
Balance at 1 January 2009	29,619
Profit and loss account	3,526
	<hr/>
Balance at 31 December 2009	33,145
	<hr/> <hr/>

The deferred tax liability is made up as follows.

	2009 £	2008 £
Accelerated capital allowances	33,145	29,619
	<hr/> <hr/>	<hr/> <hr/>

13 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2009 £	2008 £
Contributions payable by the company for the year	6,900	6,054
	<hr/> <hr/>	<hr/> <hr/>

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

14 Share capital	2009	2008
	£	£
Authorised		
234,999 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>
15 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2009		4,989,274
Profit for the year		2,506,078
		<u>7,495,352</u>
16 Reconciliation of movements in shareholders' funds	2009	2008
	£	£
Profit for the financial year	2,506,078	1,857,247
Proceeds from issue of shares	-	2
Movements on other reserves	-	772,462
	<u>2,506,078</u>	<u>2,629,711</u>
Net addition to shareholders' funds	2,506,078	2,629,711
Opening shareholders' funds	5,754,277	3,124,566
	<u>8,260,355</u>	<u>5,754,277</u>

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

17 Contingent liabilities

The company has entered into a number of contracts which guarantee minimum levels of future royalty payments. These guarantees apply where minimum levels of sales on which royalties are paid are not reached. In circumstances where the directors consider that payments under the guarantees will be required, full provision for these payments has been made in the financial statements. However, where the directors consider that minimum levels of sales required by contracts will be reached, no provision for payments under the guarantees has been made. Should future levels of sales be less than anticipated by the directors further provisions for liabilities under these contracts may be required.

The bank has an inter-company guarantee between Character World Holdco Limited, Character World Bidco Limited, Character World Limited and T D S Enterprises Limited dated 4 April 2008. At 31 December 2009, the maximum potential liability under this guarantee was £4,900,000 (2008 - £6,300,000).

18 Financial commitments

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010:

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Operating leases which expire				
Between two and five years	-	-	11,090	12,437
In over five years	200,425	167,875	-	-
	<u>200,425</u>	<u>167,875</u>	<u>11,090</u>	<u>12,437</u>

As at 31 December 2009 Character World Limited had entered into, and was bound by, two forward contracts to purchase foreign currency amounting to £5,240,358.

19 Capital commitments

	2009	2008
	£	£
At 31 December 2009 the company had capital commitments as follows:		
Authorised but not contracted for	<u>15,000</u>	<u>42,000</u>

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

20 Directors' emoluments	2009 £	2008 £
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Emoluments for qualifying services	<u>573,067</u>	<u>607,537</u>
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Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	<u>176,900</u>	<u>181,908</u>
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21 Transactions with directors

D E Schweiger and M Schweiger are interested in TDM Properties Limited as directors and shareholders. During the year Character World Limited paid rent to TDM Properties Limited of £172,200 (2008 - £139,358) and property service charges of £14,683 (2008 - £7,854).

22 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Directors	4	5
Administration & Design	<u>48</u>	<u>42</u>
	<u>52</u>	<u>47</u>

Employment costs	2009 £	2008 £
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Wages and salaries	1,877,634	1,769,348
Social security costs	198,343	185,086
Other pension costs	<u>6,900</u>	<u>6,054</u>
	<u>2,082,877</u>	<u>1,960,488</u>

CHARACTER WORLD LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

23 Ultimate parent company

The immediate parent company is Character World Bidco Limited. The ultimate parent company is Character World Holdco Limited.

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