

Registered number: 06549359

CHARACTER WORLD BIDCO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 18 MONTHS ENDED 30 SEPTEMBER 2017

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CHARACTER WORLD BIDCO LIMITED

COMPANY INFORMATION

Directors	D E Schweiger M A H Schweiger
Company secretary	M A H Schweiger
Registered number	06549359
Registered office	c/o UHY Hacker Young St James Building 79 Oxford Street Manchester M1 6HT
Business address	Character House 1 Oak Green Stanley 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

CHARACTER WORLD BIDCO LIMITED

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CHARACTER WORLD BIDCO LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The directors present their report and the financial statements for the period ended 30 September 2017. During the period, the accounting reference date was changed from 31 March to 30 September.

Principal activity

The principal activity of the company continued to be that of an intermediate holding company.

Results and dividends

The loss for the period, after taxation, amounted to £3,831,281 (*year ended 31 March 2016: loss £1,335,562*).

The loss is stated after recording an impairment charge of £2,100,000 in respect of amounts due from group undertaking.

Directors

The directors who served during the period were:

D E Schweiger
M A H Schweiger

Directors' responsibilities statement

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 period. 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, including FRS 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 and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CHARACTER WORLD BIDCO LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors 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 the Company's auditor is aware of that information.

Auditor

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

29.6.18

and signed on its behalf.


M A H Schweiger
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARACTER WORLD BIDCO LIMITED

We have audited the financial statements of Character World Bidco Limited for the period ended 30 September 2017, which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 on page 1, 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 Financial Reporting Council'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 30 September 2017 and of its loss for the period 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARACTER WORLD BIDCO LIMITED
(CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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.
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Grant Thornton UK LLP

Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: *29 JUNE 2018*

CHARACTER WORLD BIDCO LIMITED

INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

		Period ended 30 September 2017 £	Year ended 31 March 2016 £
Administrative expenses		(2,100,199)	6
Operating (loss)/profit	4	(2,100,199)	6
Interest payable and similar expenses	7	(2,154,825)	(1,335,568)
Loss before taxation on ordinary activities		(4,255,024)	(1,335,562)
Taxation on loss on ordinary activities	8	423,743	-
Loss for the financial period/ year		(3,831,281)	(1,335,562)

The notes on pages 9 to 17 form part of these financial statements.

CHARACTER WORLD BIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 18 MONTHS ENDED 30 SEPTEMBER 2017

	Period ended 30 September 2017 £	Year ended 31 March 2016 £
Loss for the financial period/year	(3,831,281)	(1,335,562)
Other comprehensive income		
Total comprehensive income for the period/year	(3,831,281)	(1,335,562)

CHARACTER WORLD BIDCO LIMITED
REGISTERED NUMBER:06549359

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 £	31 March 2016 £
Fixed assets			
Investments	9	18,018,340	20,118,340
		<u>18,018,340</u>	<u>20,118,340</u>
Current assets			
Debtors: amounts falling due within one year	10	429,014	-
Cash at bank and in hand	11	759	958
		<u>429,773</u>	<u>958</u>
Creditors: amounts falling due within one year	12	(31,634,829)	(15,109,235)
Net current liabilities		<u>(31,205,056)</u>	<u>(15,108,277)</u>
Total assets less current liabilities		<u>(13,186,716)</u>	<u>5,010,063</u>
Creditors: amounts falling due after more than one year	13	-	(14,365,498)
Net liabilities		<u>(13,186,716)</u>	<u>(9,355,435)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(13,186,717)	(9,355,436)
		<u>(13,186,716)</u>	<u>(9,355,435)</u>

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



29.6.17

M A H Schweiger
 Director

The notes on pages 9 to 17 form part of these financial statements.

CHARACTER WORLD BIDCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTHS ENDED 30 SEPTEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	1	(9,355,436)	(9,355,435)
Comprehensive income for the period			
Loss for the period	-	(3,831,281)	(3,831,281)
Total comprehensive income for the period	-	(3,831,281)	(3,831,281)
At 30 September 2017	1	(13,186,717)	(13,186,716)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	1	(8,019,874)	(8,019,873)
Comprehensive income for the year			
Loss for the year	-	(1,335,562)	(1,335,562)
Total comprehensive income for the year	-	(1,335,562)	(1,335,562)
At 31 March 2016	1	(9,355,436)	(9,355,435)

The notes on pages 9 to 17 form part of these financial statements.

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

1. Company information

Character World Bidco Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is 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 cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

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 Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Ensco 1090 Limited as at 30 September 2017 and these financial statements may be obtained from Companies House.

2.3 Going concern

Given the current net liabilities position, in their consideration of the going concern assumption, the directors of the entity have obtained confirmation from the parent company that group support will be provided in order to support the company in repaying any liabilities as and when they fall due.

The directors consider it appropriate to prepare the financial statements on a going concern basis. After making enquiries, the directors have a reasonable expectation that the company has adequate support from its parent undertaking to continue in existence for the foreseeable future.

Accordingly, they adopt the going concern basis in preparing the financial statements.

2.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.5 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.

2.6 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.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.8 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.

2.9 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.

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

2. Accounting policies (continued)

2.10 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 requirements to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Ensco 1090 Limited, a company registered in England and Wales, and is included in the consolidated accounts of that company.

2.11 Interest-bearing loans and borrowings

All interest bearing loans are initially recorded at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in the period. Finance costs of debt are allocated over the term of the debt at a constant rate in the carrying amount.

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

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

1. Impairment of investments (note 9)

Where there are indicators of investment impairment, the company performs impairment tests based on net present value calculations. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss.

4. Operating (loss)/profit

During the period, no director received any emoluments (*year ended 31 March 2016: £nil*).

Operating loss is stated after charging a £2,100,000 impairment to reduce the value of investments in subsidiaries.

5. Auditor's remuneration

The audit fee is borne by another group company.

6. Employees

The company has no employees other than the directors.

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

7. Interest payable and similar charges

	Period ended 30 September 2017 £	Year ended 31 March 2016 £
Loan due to group undertaking	<u>2,154,825</u>	<u>1,335,568</u>

8. Taxation

	Period ended 30 September 2017 £	Year ended 31 March 2016 £
Corporation tax		
Group relief	(423,743)	-
	<u>(423,743)</u>	<u>-</u>
Total current tax	<u>(423,743)</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(423,743)</u>	<u>-</u>

CHARACTER WORLD BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

8. Taxation (continued)

Factors affecting tax charge for the period/year

The tax credit assessed for the period is lower than (*year ended 31 March 2016 - lower than*) the standard rate of corporation tax in the UK of 19.67%% (2016 - 20%). The differences are explained below:

	Period ended 30 September 2017 £	<i>Year ended 31 March 2016 £</i>
Loss on ordinary activities before tax	(4,255,024)	(1,335,562)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.67%% (2016 - 20%)	(836,821)	(267,112)
Effects of:		
Non-tax deductible impairment of investments	413,000	-
Deferred tax not recognised	78	-
Group relief	-	267,112
Total tax credit for the period/year	(423,743)	-

Factors that may affect future tax charges

The Finance Act 2015 included changes which will affect future tax charges. The rate of Corporation tax will reduce to 18% from 1 April 2018 and will be further reduced to 17% from 1 April 2020.

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

9. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2016	20,118,340
At 30 September 2017	<u>20,118,340</u>
Impairment	
Charge for the period	2,100,000
At 30 September 2017	<u>2,100,000</u>
Net book value	
At 30 September 2017	<u>18,018,340</u>
At 31 March 2016	<u>20,118,340</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Character World Limited	England and Wales	Ordinary	100 %	Marketing and sales of licensed products
Character World China Holdings Limited	England and Wales	Ordinary	100 %	Intermediate holding company
Character World Trading (Shanghai) Limited	England and Wales	China	100 %	Quality control and sourcing product

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

10. Debtors

	30 September 2017 £	31 March 2016 £
Prepayments and accrued income	5,271	-
Group relief	423,743	-
	<u>429,014</u>	<u>-</u>

11. Cash and cash equivalents

	30 September 2017 £	31 March 2016 £
Cash at bank and in hand	759	958
	<u>759</u>	<u>958</u>

12. Creditors: Amounts falling due within one year

	30 September 2017 £	31 March 2016 £
Loans due to group undertakings	31,531,297	15,005,703
Other taxation and social security	80,413	80,413
Accruals and deferred income	23,119	23,119
	<u>31,634,829</u>	<u>15,109,235</u>

Loans due to group undertakings of £15,010,974 (31 March 2016: £15,005,703) bear no interest and have no fixed repayment date.

CHARACTER WORLD BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

13. Creditors: Amounts falling due after more than one year

	30 September 2017 £	31 March 2016 £
Loans due to group undertakings	-	14,365,498

Further loans due to group undertakings of £Nil (2016: £14,365,498 due after more than one year) bear interest at 10% per annum which is rolled up into the principal in half yearly intervals.

14. Share capital

	30 September 2017 £	31 March 2016 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

15. Reserves

Profit and loss account - includes all current and prior year period retained profits and losses.

16. 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.

17. Controlling party

Palatine Private Equity LLP is considered to be the ultimate controlling party by virtue of the funds it controls having a majority shareholding in the ultimate company, The immediate parent company is Character World Holdco 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.