



Financial Statements Character World Limited

For the 15 months ended 31 March 2015

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COMPANIES HOUSE

Registered number: 04160087

Character World Limited

Company Information

Directors

D E Schweiger
M Schweiger
A Howarth
T R Kilby
M Lacey
A Niedergesaess

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

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Income statement	7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10 - 11
Notes to the financial statements	12 - 30

Strategic report

For the 15 months ended 31 March 2015

PRINCIPAL ACTIVITY

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company 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 2014 and 2015, 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 company'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.

BUSINESS REVIEW

The company's main focus during the period has been to continue growing profitable business through the development of existing and new licensed products.

The company has continued to distribute to the leading retailers and increased revenue in 2015 to £40,377,366 (2013: £29,203,780). Turnover has increased by 38% of which only part is due to the longer reporting period.

The business closely monitors EBITDA performance, (earnings before interest, taxation, depreciation and amortisation). The company excludes certain one off items in calculating earnings.

A reconciliation of EBITDA for 2015 and 2013 is as follows:

	2015	2013
Operating Profit	£1,939,846	£4,272,751
Depreciation	£98,007	£69,345
Amortisation	£61,004	£48,804
One off items:		
Transactional costs	£1,516,709	-
Impairment of inventory	£1,565,619	-
EBITDA	£5,181,185	£4,390,900

EBITDA for the 15 months of 2015 was £5,181,185 and was 18% higher than the £4,390,900 for the 12 months of 2013. The company won several new European licences in the period that will deliver revenues from January 2015 onwards and the company brought in additional staff to support that new business.

On 5 December 2014, the company's parent company was acquired by Ensco 1090 Limited. Transactional costs of £1,516,709 were incurred due to the acquisition. The company also took the opportunity at that time to review the carrying levels of its stocks and write downs of £1,565,619 were made.

Character World Limited

Strategic report (continued)

KEY PERFORMANCE INDICATORS

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

Turnover for the company was 38% ahead of the previous year. This reflects the strong performance of the company's licence portfolio as well as the longer reporting period.

EBITDA for the company was 18% ahead of the previous year. This reflects the increase in gross profit from the higher turnover offset in part by increased staff costs to support new European licences that came into effect from January 2015.

This report was approved by the board on 11 March 2016 and signed on its behalf.



M Schweiger
Director

Directors' report

For the Period Ended 31 March 2015

The directors present their report and the financial statements for the 15 months ended 31 March 2015. The entity had a 15 month period to bring the reporting date in line with the rest of the group.

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 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 judgments 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.

Results and dividends

The profit for the period, after taxation, amounted to £1,669,048 (2013 - £4,123,306). The directors do not propose recommending a dividend (2013 - £nil).

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.

Character World Limited

Directors' report

For the Period Ended 31 March 2015

Directors

The directors who served during the period were:

D E Schweiger
M Schweiger
G Davies (resigned 28 September 2015)
A Howarth
T R Kilby
M Lacey
A Niedergesaess (appointed 1 September 2014)

Future developments

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

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 11 March 2016 and signed on its behalf.



M 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 period ended 31 March 2015, 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. 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 FRS 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, 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 2015 and of its profit 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.

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 period 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: *16 March 2016*

Income statement

For the 15 months ended 31 March 2015

	Note	2015 £	2013 £
Turnover	3	40,377,366	29,203,780
Cost of sales		<u>(29,261,371)</u>	<u>(19,789,403)</u>
Gross profit		11,115,995	9,414,377
Distribution costs		(702,137)	(557,555)
Administrative expenses		<u>(8,474,012)</u>	<u>(4,584,071)</u>
Operating profit		1,939,846	4,272,751
Interest payable and similar charges	8	<u>(151,831)</u>	<u>(350,124)</u>
Profit on ordinary activities before taxation		1,788,015	3,922,627
Taxation on profit on ordinary activities	9	<u>(118,967)</u>	<u>200,679</u>
Profit for the period		<u>1,669,048</u>	<u>4,123,306</u>

The notes on pages 12 to 30 form part of these financial statements.

Statement of comprehensive income

For the 15 months ended 31 March 2015

	Note	2015 £	2013 £
Profit for the financial period		<u>1,669,048</u>	<u>4,123,306</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u><u>1,669,048</u></u>	<u><u>4,123,306</u></u>

Statement of financial position

As at 31 March 2015

	Note	31 March 2015 £	31 December 2013 £
Fixed assets			
Intangible assets	10	329,425	390,430
Tangible assets	11	1,032,738	355,150
		<u>1,362,163</u>	<u>745,580</u>
Current assets			
Stocks	12	4,826,053	3,692,290
Debtors	13	19,498,836	20,041,997
Cash at bank and in hand		1,909,878	1,173,368
		<u>26,234,767</u>	<u>24,907,655</u>
Creditors: amounts falling due within one year	14	(7,676,481)	(7,421,490)
		<u>18,558,286</u>	<u>17,486,165</u>
Net current assets		<u>18,558,286</u>	<u>17,486,165</u>
Total assets less current liabilities		<u>19,920,449</u>	<u>18,231,745</u>
Provisions for liabilities			
Other provisions	17	(33,900)	(14,244)
		<u>(33,900)</u>	<u>(14,244)</u>
Net assets		<u><u>19,886,549</u></u>	<u><u>18,217,501</u></u>
Capital and reserves			
Called up share capital	19	765,003	765,003
Profit and loss account		19,121,546	17,452,498
		<u>19,886,549</u>	<u>18,217,501</u>

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

11 March 2016



M Schweiger
Director

The notes on pages 12 to 30 form part of these financial statements.

Statement of changes in equity

For the 15 months 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

Statement of changes in equity

For the year ended 31 December 2013

	Share capital £	Retained earnings £	Total equity £
At 1 January 2013	765,003	13,329,192	14,094,195
Comprehensive income for the year			
Profit for the year	-	4,123,306	4,123,306
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,123,306	4,123,306
	<hr/>	<hr/>	<hr/>
At 31 December 2013	765,003	17,452,498	18,217,501

The notes on pages 12 to 30 form part of these financial statements.

Notes to the financial statements

For the 15 months ended 31 March 2015

1. Accounting policies

1.1 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.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015, but may be applied early to periods ending on or after 31 December 2012. Character World Limited has taken the option to apply the standard early in the preparation of these financial statements.

Information on the impact first-time adoption of FRS 102 is given in note 22.

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 2).

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 applied:

1.2 Company information

Character World Limited is a limited company incorporated in the UK and its registered office is Character House, 1 Oak Green, Stanley Green Business Park, Cheadle Hulme, Cheshire, SK8 6QL

1.3 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 Report of the directors and the Strategic report.

The company 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 company 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 foregoing and have concluded that there is a reasonable expectation that the company 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.

Notes to the financial statements

For the 15 months ended 31 March 2015

1. Accounting policies (continued)

1.4 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.

1.5 Tangible fixed assets

Tangible fixed assets 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. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

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 statement of comprehensive income.

Notes to the financial statements

For the 15 months ended 31 March 2015

1. Accounting policies (continued)

1.6 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.

1.7 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.

1.8 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.

1.9 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.

Notes to the financial statements

For the 15 months ended 31 March 2015

1. Accounting policies (continued)

1.10 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.

1.11 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.

1.12 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.

1.13 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest rate 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.

1.14 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.

No assets are held under finance leases.

1.15 Borrowing costs

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

Notes to the financial statements

For the 15 months ended 31 March 2015

1. Accounting policies (continued)

1.16 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.

1.17 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.18 Foreign currency translation

The functional and presentational currency of the entity is £ Sterling. Transactions in currencies other than the functional currency of (foreign currencies) 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 15 months ended 31 March 2015

1. Accounting policies (continued)

1.19 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 loss.

2. Judgments 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 judgments and estimates have been made include:

- Bad debt provisions
- Stock provisions
- Guaranteed minimum royalty provisions

Notes to the financial statements

For the 15 months ended 31 March 2015

3. Analysis of turnover

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Sale of goods	40,377,366	29,203,780
	<u>40,377,366</u>	<u>29,203,780</u>

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
United Kingdom	37,983,439	26,660,596
Rest of Europe	2,393,927	2,543,184
	<u>40,377,366</u>	<u>29,203,780</u>

4. Operating profit

The operating profit is stated after charging/(crediting):

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Depreciation of tangible fixed assets	98,007	69,345
Amortisation of intangible assets, including goodwill	61,004	48,804
Operating lease commitments	294,639	225,432
Exchange differences	(82,857)	47,344
Transactional costs	1,516,709	-
Impairment of stocks	1,565,619	-
	<u>1,565,619</u>	<u>-</u>

Notes to the financial statements

For the 15 months ended 31 March 2015

5. Auditor's remuneration

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	31,000	24,600
	<u>31,000</u>	<u>24,600</u>
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	26,600	6,150
All other services	16,500	19,500
	<u>43,100</u>	<u>25,650</u>

6. Employees

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

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Wages and salaries	3,744,217	2,531,593
Social security costs	386,700	275,129
Cost of defined contribution scheme	-	469
	<u>4,130,917</u>	<u>2,807,191</u>

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

	15 months ended 31 March 2015	Year ended 31 December 2013
	No.	No.
Directors	7	6
Administration & Design	64	55
	<u>71</u>	<u>61</u>

Notes to the financial statements

For the 15 months ended 31 March 2015

7. Directors' remuneration

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Directors' emoluments	1,062,647	831,875
	<u>1,062,647</u>	<u>831,875</u>

The highest paid director received remuneration of £241,130 for the 15 month period (2013 - £181,257 for the year).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2013 - £NIL).

8. Interest payable and similar charges

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Bank interest payable	110,500	44,105
Changes in fair value of derivatives	41,331	306,019
	<u>151,831</u>	<u>350,124</u>

Notes to the financial statements

For the 15 months ended 31 March 2015

9. Taxation

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Current tax on profits for the period	99,311	-
Adjustments in respect of previous periods	-	(183,168)
	<u>99,311</u>	<u>(183,168)</u>
Total current tax	<u>99,311</u>	<u>(183,168)</u>
Deferred tax		
Origination and reversal of timing differences	19,656	(14,321)
Changes to tax rates	-	(4,285)
Adjustments in respect of prior periods	-	1,095
	<u>19,656</u>	<u>(17,511)</u>
Total deferred tax	<u>19,656</u>	<u>(17,511)</u>
	<u>118,967</u>	<u>(200,679)</u>
Taxation on profit on ordinary activities	<u>118,967</u>	<u>(200,679)</u>

Notes to the financial statements

For the 15 months ended 31 March 2015

9. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.4% (2013 - 23.25%). The differences are explained below:

	15 months ended 31 March 2015	Year ended 31 December 2013
	£	£
Profit on ordinary activities before tax	1,788,015	3,922,627
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.4% (2013 - 23.25%)	<u>382,635</u>	<u>912,011</u>
Effects of:		
Fixed asset differences	1,252	-
Expenses not deductible for tax purposes,	41,489	24,921
Tax credits	(33)	-
Adjustments to tax charge in respect of prior periods	-	(182,072)
Non-taxable income	(65,488)	71,149
Adjust closing deferred tax to average rate of 21.4%	(1,376)	(1,958)
Group relief	(239,512)	(1,024,730)
Total tax charge for the period/year	<u><u>118,967</u></u>	<u><u>(200,679)</u></u>

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. Following Budget 2015 announcements, there will be a further reduction in the main rate of corporation tax to 20% from 1 April 2016.

Notes to the financial statements

For the 15 months ended 31 March 2015

10. Intangible assets

	Goodwill £
Cost	
At 1 January 2014	976,078
At 31 March 2015	<u>976,078</u>
Amortisation	
At 1 January 2014	585,649
Charge for the period	61,004
At 31 March 2015	<u>646,653</u>
Net book value	
At 31 March 2015	<u>329,425</u>
At 31 December 2013	<u><u>390,430</u></u>

11. Tangible fixed assets

	Alterations to leasehold £	Fixtures & fittings £	Total £
Cost			
At 1 January 2014	380,700	452,539	833,239
Additions	62,030	713,566	775,596
At 31 March 2015	<u>442,730</u>	<u>1,166,105</u>	<u>1,608,835</u>
Depreciation			
At 1 January 2014	144,864	333,226	478,090
Charge for the period	31,235	66,772	98,007
At 31 March 2015	<u>176,099</u>	<u>399,998</u>	<u>576,097</u>
At 31 March 2015	<u><u>266,631</u></u>	<u><u>766,107</u></u>	<u><u>1,032,738</u></u>
At 31 December 2013	<u><u>235,836</u></u>	<u><u>119,314</u></u>	<u><u>355,150</u></u>

Notes to the financial statements

For the 15 months ended 31 March 2015

12. Stocks

	31 March 2015 £	31 December 2013 £
Finished goods and goods for resale	4,826,053	3,692,290
	<u>4,826,053</u>	<u>3,692,290</u>

Stock recognised in cost of sales during the period as an expense was £18,890,631 (2013: £13,523,059).

An impairment loss of £1,565,619 (2013: £nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

The total carrying amount of stock is pledged as security for the company's borrowings.

13. Debtors

	31 March 2015 £	31 December 2013 £
Due within one year		
Trade debtors	6,461,144	7,418,572
Amounts owed by group undertakings	12,325,087	12,192,009
Other debtors	39	1,367
Prepayments and accrued income	137,760	248,045
Tax recoverable	574,806	182,004
	<u>19,498,836</u>	<u>20,041,997</u>

Notes to the financial statements

For the 15 months ended 31 March 2015

14. Creditors: Amounts falling due within one year

	31 March 2015 £	31 December 2013 £
Bank overdrafts	-	1,463,152
Trade creditors	4,645,253	2,331,414
Corporation tax	99,311	-
Taxation and social security	94,473	791,692
Proceeds of factored debts	283,460	1,136,399
Other creditors	372,272	684,674
Accruals and deferred income	1,786,596	660,374
Financial instruments	395,116	353,785
	<u>7,676,481</u>	<u>7,421,490</u>

15. Financial instruments

	31 March 2015 £	31 December 2013 £
Financial assets that are debt instruments measured at amortised cost	18,786,271	19,611,947
	<u>18,786,271</u>	<u>19,611,947</u>
Financial liabilities measured at amortised cost	(6,804,123)	(5,139,613)
Derivative financial instruments measured at fair value	(395,116)	(353,785)
	<u>(7,199,239)</u>	<u>(5,493,398)</u>

Derivative financial instruments, designated as 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 15 months ended 31 March 2015

16. Deferred taxation

	Deferred tax £
At 1 January 2014	(14,244)
Charged to the profit or loss	(19,656)
At 31 March 2015	<u>(33,900)</u>

The provision for deferred taxation is made up as follows:

17. Provisions

	Deferred tax £
At 1 January 2014	14,244
Charged to the profit or loss	19,656
At 31 March 2015	<u>33,900</u>

Deferred taxation

The provision for deferred taxation is made up as follows:

	31 March 2015 £	31 December 2013 £
Accelerated capital allowances	(33,900)	(18,860)
Short term timing differences	-	4,616
	<u>(33,900)</u>	<u>(14,244)</u>

18. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

Notes to the financial statements

For the 15 months ended 31 March 2015

19. Share capital

	31 March 2015 £	31 December 2013 £
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.

20. Financial Commitments

At 31 March 2015, the company's future minimum operating lease payments are as follows:

	Land and Buildings		Other	
	2015 £	2013 £	2015 £	2013 £
Expiry Date				
Within 1 year	235,711	235,711	41,717	53,517
Between 2 and 5 years	1,011,728	1,123,692	34,442	90,424
After more than 5 years	117,856	629,348	-	-
	<u>1,365,295</u>	<u>1,988,751</u>	<u>76,159</u>	<u>143,941</u>

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

Notes to the financial statements

For the 15 months ended 31 March 2015

21. 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.

22. 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.

Character World Limited

Notes to the financial statements

For the Period Ended 31 March 2015

23. First time adoption of FRS 102

	As previously stated 1 January 2013 £	Effect of transition 1 January 2013 £	FRS 102 (as restated) 1 January 2013 £	As previously stated 31 December 2013 £	Effect of transition 31 December 2013 £	FRS 102 (as restated) 31 December 2013 £
Fixed assets	787,599	-	787,599	745,581	-	745,581
Current assets	19,672,353	-	19,672,353	24,907,653	-	24,907,653
Creditors: amounts falling due within one year	(6,286,235)	(47,766)	(6,334,001)	(7,067,700)	(353,789)	(7,421,489)
Net current assets	13,386,118	(47,766)	13,338,352	17,839,953	(353,789)	17,486,164
Total assets less current liabilities	14,173,717	(47,766)	14,125,951	18,585,534	(353,789)	18,231,745
Provisions for liabilities	(31,755)	-	(31,755)	(14,244)	-	(14,244)
Net Assets	14,141,962	(47,766)	14,094,196	18,571,290	(353,789)	18,217,501
Capital and reserves	14,141,962	(47,766)	14,094,196	18,571,287	(353,786)	18,217,501

Notes to the financial statements

For the 15 months ended 31 March 2015

23. First time adoption of FRS 102 (continued)

	As previously stated 31 December 2013 £	Effect of transition 31 December 2013 £	FRS 102 (as restated) 31 December 2013 £
Turnover	29,203,780	-	29,203,780
Cost of sales	(19,789,403)	-	(19,789,403)
	<u>9,414,377</u>	<u>-</u>	<u>9,414,377</u>
Distribution expenses	(557,555)	-	(557,555)
Administrative expenses	(4,584,071)	-	(4,584,071)
	<u>4,272,751</u>	<u>-</u>	<u>4,272,751</u>
Operating profit	4,272,751	-	4,272,751
Interest payable and similar charges	(44,105)	(306,019)	(350,124)
Taxation	200,679	-	200,679
	<u>4,429,325</u>	<u>(306,019)</u>	<u>4,123,306</u>
Profit on ordinary activities after taxation and for the financial year	4,429,325	(306,019)	4,123,306

Explanation of changes to previously reported profit and equity:

- 1 Foreign exchange forward contracts are now recognised at fair value at the end of the period within the statement of financial position, with changes based on forward rates and maturities being recognised in the profit or loss. Previously foreign exchange contracts were not recognised in the statement of financial position, and therefore no changes were required to be reflected in the profit or loss.