

Company Registration No 04160087 (England and Wales)

**CHARACTER WORLD LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# CHARACTER WORLD LIMITED

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# CHARACTER WORLD LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2007

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The directors present their report and financial statements for the year ended 31 December 2007

#### **Principal activities and review of the business**

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

The principal risk and uncertainty facing the company is its exposure to quick changes in trends and fashions. The directors closely monitor the popularity of current stock lines and continue to identify new products and licences which will generate future revenues

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

The company's main focus during the year has been to continue growing profitable business through new licensed product development

During the year the company expanded its range of licensed product lines and 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. During the year we were able to increase turnover by 110% on the previous year

Other key performance indicators are the gross and net margins we achieve on our sales. Gross profit margins have remained steady compared to the previous year and net margins have improved by 7%. Administrative expenses have only increased by 33% resulting in the improvement in the net margin

The directors anticipate that 2008 will be another year of growth. Post year end results show turnover for the first quarter up by 54% on the same period in 2007

#### **Results and dividends**

The results for the year are set out on page 4

#### **Directors**

The following directors have held office since 1 January 2007

T D Schweiger	(Resigned 4 April 2008)
D E Schweiger	
H J Schweiger	
M Schweiger	
S Farris	
R Rowlands	(Appointed 16 October 2007)

# CHARACTER WORLD LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

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### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

29.10.08

# CHARACTER WORLD LIMITED

## INDEPENDENT AUDITORS' REPORT TO CHARACTER WORLD LIMITED

### UNDER SECTION 247B OF THE COMPANIES ACT 1985

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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 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

#### Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" 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 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



UHY Hacker Young Manchester LLP

Chartered Accountants  
Registered Auditor

29108108

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

# CHARACTER WORLD LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

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		2007	2006
	Notes	£	£
<b>Gross profit</b>		5,505,890	2,616,983
Distribution costs		(365,899)	(175,165)
Administrative expenses		(2,626,418)	(1,976,824)
<b>Operating profit</b>	<b>2</b>	<u>2,513,573</u>	<u>464,994</u>
Other interest receivable and similar income		1,108	732
Interest payable and similar charges	<b>4</b>	<u>(51,529)</u>	<u>(23,538)</u>
<b>Profit on ordinary activities before taxation</b>		2,463,152	442,188
Tax on profit on ordinary activities	<b>5</b>	<u>(787,306)</u>	<u>(148,015)</u>
<b>Profit for the year</b>	<b>14</b>	<u><u>1,675,846</u></u>	<u><u>294,173</u></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

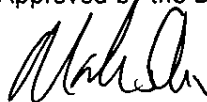
## ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007		2006	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	6		683,254		732,058
Tangible assets	7		349,057		152,441
			<u>1,032,311</u>		<u>884,499</u>
<b>Current assets</b>					
Stocks	8	1,651,018		812,707	
Debtors	9	4,861,577		2,682,308	
Cash at bank and in hand		622,920		341,520	
		<u>7,135,515</u>		<u>3,836,535</u>	
<b>Creditors amounts falling due within one year</b>	10	<u>(4,932,715)</u>		<u>(3,173,040)</u>	
<b>Net current assets</b>			<u>2,202,800</u>		<u>663,495</u>
<b>Total assets less current liabilities</b>			<u>3,235,111</u>		<u>1,547,994</u>
<b>Creditors amounts falling due after more than one year</b>	11		(83,118)		(99,274)
<b>Provisions for liabilities</b>	12		<u>(27,427)</u>		-
			<u>3,124,566</u>		<u>1,448,720</u>
<b>Capital and reserves</b>					
Called up share capital	13		765,001		765,001
Profit and loss account	14		2,359,565		683,719
<b>Shareholders' funds</b>	15		<u>3,124,566</u>		<u>1,448,720</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 29/08/08



M Schweiger  
Director

# CHARACTER WORLD LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	£	2007 £	£	2006 £
<b>Net cash inflow from operating activities</b>		908,663		171,472
<b>Returns on investments and servicing of finance</b>				
Interest received	1,108		732	
Interest paid	(51,529)		(23,538)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(50,421)		(22,806)
<b>Taxation</b>		(153,997)		(25,321)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(249,838)		(146,316)	
<b>Net cash outflow for capital expenditure</b>		(249,838)		(146,316)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		454,407		(22,971)
<b>Financing</b>				
New long term bank loan	-		124,021	
Other new short term loans	-		175,979	
Repayment of long term bank loan	(14,439)		(92,494)	
Repayment of other short term loans	(144,317)		(23,248)	
Capital element of hire purchase contracts	(1,717)		(429)	
<b>Net cash (outflow)/inflow from financing</b>		(160,473)		183,829
<b>Increase in cash in the year</b>		293,934		160,858



# CHARACTER WORLD LIMITED

## NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

1	Reconciliation of operating profit to net cash inflow from operating activities	2007	2006
		£	£
	Operating profit	2,513,573	464,994
	Depreciation of tangible assets	53,222	14,067
	Amortisation of intangible assets	48,804	48,804
	Increase in stocks	(838,311)	(418,273)
	Increase in debtors	(2,179,269)	(494,083)
	Increase in creditors within one year	1,310,644	555,963
	<b>Net cash inflow from operating activities</b>	<b>908,663</b>	<b>171,472</b>

2	Analysis of net funds/(debt)	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	341,520	281,400	-	622,920
	Bank overdrafts	(245,766)	12,534	-	(233,232)
		<u>95,754</u>	<u>293,934</u>	<u>-</u>	<u>389,688</u>
	Bank deposits	-	-	-	-
	Debt				
	Finance leases	(4,721)	1,717	-	(3,004)
	Debts falling due within one year	(245,165)	144,317	-	(100,848)
	Debts falling due after one year	(96,270)	14,439	-	(81,831)
		<u>(346,156)</u>	<u>160,473</u>	<u>-</u>	<u>(185,683)</u>
	<b>Net (debt)/funds</b>	<b>(250,402)</b>	<b>454,407</b>	<b>-</b>	<b>204,005</b>

3	Reconciliation of net cash flow to movement in net funds/(debt)	2007	2006
		£	£
	Increase in cash in the year	293,934	160,858
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	160,473	(188,979)
	<b>Movement in net funds/(debt) in the year</b>	<b>454,407</b>	<b>(28,121)</b>
	Opening net debt	(250,402)	(222,281)
	<b>Closing net funds/(debt)</b>	<b>204,005</b>	<b>(250,402)</b>

# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Turnover

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

#### 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% 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

#### 1.6 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 the net realisable value of the stock is the actual value the stock can be sold for

#### 1.7 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

#### 1.8 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 the rate ruling at the date of the transaction. All differences are taken to profit and loss account

### 2 Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Amortisation of intangible assets	48,804	48,804
Depreciation of tangible assets	53,222	14,067
Loss on foreign exchange transactions	7,112	-
Auditors' remuneration	21,907	9,200
Non-audit fees payable to the auditors	767	-
	<u>          </u>	<u>          </u>

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# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

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<b>3</b>	<b>Investment income</b>	<b>2007</b>	<b>2006</b>
		£	£
	Bank interest	1,108	732
		<u>1,108</u>	<u>732</u>
		<u><u>1,108</u></u>	<u><u>732</u></u>
<b>4</b>	<b>Interest payable</b>	<b>2007</b>	<b>2006</b>
		£	£
	On bank loans and overdrafts	51,300	23,481
	Hire purchase interest	229	57
		<u>51,529</u>	<u>23,538</u>
		<u><u>51,529</u></u>	<u><u>23,538</u></u>

# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

5 Taxation	2007 £	2006 £
<b>Domestic current year tax</b>		
UK corporation tax	752,159	144,247
Adjustment for prior years	7,720	3,768
	<u>759,879</u>	<u>148,015</u>
<b>Current tax charge</b>		
	759,879	148,015
<b>Deferred tax</b>		
Deferred tax charge/credit current year	27,427	-
	<u>787,306</u>	<u>148,015</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	2,463,152	442,188
	<u>2,463,152</u>	<u>442,188</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	738,946	132,656
	<u>738,946</u>	<u>132,656</u>
Effects of		
Non deductible expenses	27,491	7,383
Depreciation add back	15,967	18,861
Capital allowances	(29,954)	(16,030)
Adjustments to previous periods	7,720	5,145
Other tax adjustments	(291)	-
	<u>20,933</u>	<u>15,359</u>
<b>Current tax charge</b>	<u>759,879</u>	<u>148,015</u>

# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

6 Intangible fixed assets		Goodwill £		
<b>Cost</b>				
At 1 January 2007 & at 31 December 2007		976,078		
<b>Amortisation</b>				
At 1 January 2007		244,020		
Charge for the year		48,804		
At 31 December 2007		292,824		
<b>Net book value</b>				
At 31 December 2007		683,254		
At 31 December 2006		732,058		
7 Tangible fixed assets		Alteration to leasehold	Fixtures, fittings and equipment	Total
		£	£	£
<b>Cost</b>				
At 1 January 2007		64,223	128,940	193,163
Additions		183,697	66,141	249,838
At 31 December 2007		247,920	195,081	443,001
<b>Depreciation</b>				
At 1 January 2007		803	39,919	40,722
Charge for the year		12,396	40,826	53,222
At 31 December 2007		13,199	80,745	93,944
<b>Net book value</b>				
At 31 December 2007		234,721	114,336	349,057
At 31 December 2006		63,420	89,021	152,441

The net book value of other tangible fixed assets includes £3,433 (2006 - £5,150) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £1,717 (2006 - £-) for the year.

# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

<b>8</b>	<b>Stocks</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Finished goods and goods for resale	1,651,018	812,707
		<u>          </u>	<u>          </u>
<b>9</b>	<b>Debtors</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Trade debtors	4,041,139	1,912,304
	Other debtors	724,031	700,045
	Prepayments and accrued income	96,407	69,959
		<u>          </u>	<u>          </u>
		4,861,577	2,682,308
		<u>          </u>	<u>          </u>
	Amounts falling due after more than one year and included in the debtors above are		
		<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Amounts owed by participating interests	680,045	700,045
		<u>          </u>	<u>          </u>
<b>10</b>	<b>Creditors amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	334,080	490,931
	Net obligations under hire purchase contracts	1,717	1,717
	Trade creditors	1,499,119	695,728
	Corporation tax	750,129	144,247
	Other taxes and social security costs	643,970	70,021
	Other creditors	1,271,176	1,515,740
	Accruals and deferred income	432,524	254,656
		<u>          </u>	<u>          </u>
		4,932,715	3,173,040
		<u>          </u>	<u>          </u>

# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

11 Creditors amounts falling due after more than one year	2007 £	2006 £
Bank loans	81,831	96,270
Net obligations under hire purchase contracts	1,287	3,004
	<u>83,118</u>	<u>99,274</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	182,679	341,435
	<u>182,679</u>	<u>341,435</u>
Included in current liabilities	(100,848)	(245,165)
	<u>81,831</u>	<u>96,270</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	182,679	158,756
In more than two years but not more than five years	-	182,679
	<u>182,679</u>	<u>182,679</u>
Bank loans and overdrafts are secured by way of a mortgage dated 13 October 2003 Hire Purchase facilities are secured on the assets to which they relate		
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	1,717	1,717
Repayable between one and five years	1,287	3,004
	<u>3,004</u>	<u>4,721</u>
Included in liabilities falling due within one year	(1,717)	(1,717)
	<u>1,287</u>	<u>3,004</u>

# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 12 Provisions for liabilities

	Deferred tax liability £
Profit and loss account	27,427
Balance at 31 December 2007	<u>27,427</u>

The deferred tax liability is made up as follows

	2007 £	2006 £
Accelerated capital allowances	<u>27,427</u>	<u>-</u>

### 13 Share capital

	2007 £	2006 £
<b>Authorised</b>		
234,999 Ordinary shares of £1 each	234,999	234,999
255,001 Ordinary A shares of £1 each	255,001	255,001
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>
<b>Allotted, called up and fully paid</b>		
255,001 Ordinary A shares of £1 each	255,001	255,001
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>765,001</u>	<u>765,001</u>



# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 14 Statement of movements on profit and loss account

Profit and  
loss  
account  
£

Balance at 1 January 2007	683,719
Profit for the year	1,675,846
Balance at 31 December 2007	<u>2,359,565</u>

### 15 Reconciliation of movements in shareholders' funds

2007

2006

£

£

Profit for the financial year	1,675,846	294,173
Opening shareholders' funds	1,448,720	1,154,547
Closing shareholders' funds	<u>3,124,566</u>	<u>1,448,720</u>

### 16 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 Limited and TDS Enterprises Limited dated 1 Feb 2006. At the 31 December 2007, the maximum potential liability under this guarantee was £131,110 (2006 - £96,636).

# CHARACTER WORLD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

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### 17 Transactions with directors

T D Schweiger and H J Schweiger are interested in TDS Enterprises Limited as directors and shareholders D E Schweiger, M Schweiger and S Farris are interested in TDS Enterprises Limited as directors

During the year TDS Enterprises Limited charged management charges amounting to £1,615,720 (2006 - £1,386,323)

All transactions were carried out at arms length

Included in other creditors is a balance of £1,089,353 (2006 - £1,245,866) owing to TDS Enterprises Limited

D E Schweiger and M Schweiger are interested in TDM Properties Limited as directors and shareholders T D Schweiger is interested in TDM Properties Limited as a director

Included in other debtors is a balance of £680,045 (2006- £700,045) due from TDM Properties Limited

During the year Character World Limited paid rent to TDM Properties Limited of £142,383 (2006 - £33,984)

The balances due from TDM Properties Limited and to TDS Enterprises Limited, do not attract interest and are repayable on demand

### 18 Employees

#### Number of employees

There were no employees during the year apart from the directors

### 19 Post balance sheet events

On the 4 April 2008 the company acquired 100% of the share capital in TDS Enterprises Limited by way of a share for share exchange

On the same day Character World (Bidco) Limited acquired 100% of the share capital of Character World Limited The share capital of Character World (Bidco) Limited was acquired by Character World (Holdco) Limited which in turn is 52% owned by RJD Partners Limited