

Registered number: 06542144

CHARACTER WORLD HOLDCO LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED 30 SEPTEMBER 2017**



CHARACTER WORLD HOLDCO LIMITED

COMPANY INFORMATION

Directors	D E Schweiger M A H Schweiger
Company secretary	M A H Schweiger
Registered number	06542144
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 HOLDCO LIMITED

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CHARACTER WORLD HOLDCO LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The directors present their report and the financial statements for the 18 month 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 is that of an intermediate holding company.

Results and dividends

The loss for the 18 month period, after taxation, amounted to £3,919,117 (*year ended 31 March 2016 - profit £1,232,286*).

The loss is stated after recording an impairment charge of £5,650,000 in respect of investments in subsidiaries.

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 to enable them 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.

Future developments

There have not been any significant matters affecting the company since the period end.

CHARACTER WORLD HOLDCO 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 a director 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 HOLDCO LIMITED

We have audited the financial statements of Character World Holdco Limited for the 18 month 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. 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 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 18 month 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial 18 month period for which the financial statements are prepared is consistent with those financial statements;
- and the Directors' report has been prepared in accordance with applicable legal requirements.



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

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

In the light of our 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Grant Thornton UK LLP

Stuart Muskett (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Manchester

Date: *29 JUNE 2018*

CHARACTER WORLD HOLDCO LIMITED

INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

		Period ended 30 September 2017 £	Year ended 31 March 2016 £
Administrative expenses		(5,650,199)	6
Operating (loss)/ profit		(5,650,199)	6
Interest receivable and similar income	7	2,154,825	1,335,568
Interest payable and similar charges	8	-	(103,288)
(Loss)/profit on ordinary activities before taxation		(3,495,374)	1,232,286
Taxation on (loss)/profit on ordinary activities	9	(423,743)	-
(Loss)/Profit for the period/ year		(3,919,117)	1,232,286

The notes on pages 9 to 18 form part of these financial statements.

CHARACTER WORLD HOLDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Period ended 30 September 2017 £	Year ended 31 March 2016 £
(Loss)/profit for the financial period/year	(3,919,117)	1,232,286
Other comprehensive income		
Total comprehensive income for the period/year	(3,919,117)	1,232,286

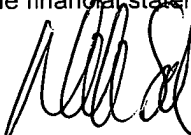
CHARACTER WORLD HOLDCO LIMITED
REGISTERED NUMBER:06542144

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	30 September 2017 £	31 March 2016 £
Fixed assets			
Investments	10	10,897,453	14,392,628
		<u>10,897,453</u>	<u>14,392,628</u>
Current assets			
Debtors: amounts falling due within one year	11	7,104,394	7,104,394
Cash at bank and in hand	12	5,989	6,188
		<u>7,110,383</u>	<u>7,110,582</u>
Creditors: amounts falling due within one year	13	(25,816,931)	(24,299,900)
Net current liabilities		<u>(18,706,548)</u>	<u>(17,189,318)</u>
Total assets less current liabilities		<u>(7,809,095)</u>	<u>(2,796,690)</u>
Creditors: amounts falling due after more than one year	14	-	(1,093,288)
Net liabilities		<u><u>(7,809,095)</u></u>	<u><u>(3,889,978)</u></u>
Capital and reserves			
Called up share capital	15	102,000	102,000
Share premium account	16	918,000	918,000
Profit and loss account	16	(8,829,095)	(4,909,978)
		<u>(7,809,095)</u>	<u>(3,889,978)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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


M A H Schweiger
 Director

29.6.18

The notes on pages 9 to 18 form part of these financial statements.

CHARACTER WORLD HOLDCO LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 31 March 2015	102,000	918,000	(4,909,978)	(3,889,978)
Comprehensive income for the year				
Loss for the period	-	-	(3,919,117)	(3,919,117)
Total comprehensive loss for the year	-	-	(3,919,117)	(3,919,117)
At 30 September 2017	102,000	918,000	(8,829,095)	(7,809,095)

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2015	102,000	918,000	(6,142,264)	(5,122,264)
Comprehensive loss for the year				
Profit for the year	-	-	1,232,286	1,232,286
Total comprehensive loss for the year	-	-	1,232,286	1,232,286
At 31 March 2016	102,000	918,000	(4,909,978)	(3,889,978)

The notes on pages 9 to 18 form part of these financial statements.

CHARACTER WORLD HOLDCO LIMITED

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

1. General information

Character World Holdco Limited is a private company limited by shares and incorporated in the 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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

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

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.

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.

CHARACTER WORLD HOLDCO LIMITED

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

2. Accounting policies (continued)

2.4 Valuation of investments

Investments are held as fixed assets are shown at cost less provision for impairment

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 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.

2.8 Finance costs

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

2.9 Interest income

Interest income is recognised in the Income statement using the effective interest method.

CHARACTER WORLD HOLDCO LIMITED

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

2. Accounting policies (continued)

2.10 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 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 that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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

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

Deferred tax assets and liabilities are not discounted.

2.11 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.

2.12 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.

CHARACTER WORLD HOLDCO LIMITED

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

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 10)

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 or loss.

2. Impairment of loans to subsidiaries (note 10)

At the end of each reporting period, loans to subsidiaries are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised immediately in profit or loss.

4. Operating (loss)/profit

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

Operating loss is stated after charging £5,650,000 (*year ended 31 March 2016: £nil*) in respect of impairment of investments.

CHARACTER WORLD HOLDCO LIMITED

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

5. Auditor's remuneration

The audit fee is borne by another group entity.

6. Employees

The company has no employees other than the directors.

7. Interest receivable

	Period ended 30 September 2017 £	Year ended 31 March 2016 £
Investment loan due from group undertakings	<u>2,154,825</u>	<u>1,335,568</u>

8. Interest payable and similar charges

	Period ended 30 September 2017 £	Year ended 31 March 2016 £
Other loans	<u>-</u>	<u>103,288</u>

CHARACTER WORLD HOLDCO LIMITED

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

9. Taxation

	Period ended 30 September 2017 £	Year ended 31 March 2016 £
Corporation tax		
Current tax on (loss)/ profit for the period/ year	423,743	-
	423,743	-
Deferred tax		
Total deferred tax	-	-
Taxation on (loss)/profit on ordinary activities	423,743	-

Factors affecting tax charge for the period/year

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

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	(3,495,374)	1,214,286
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.67% (2016 - 20%)	(687,540)	242,857
Effects of:		
Expenses not deductible for tax purposes	1,111,283	20,658
Group relief	-	(263,515)
Total tax charge 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 HOLDCO LIMITED

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

10. Fixed asset investments

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 April 2016	27,130	14,365,498	14,392,628
Additions	-	2,154,825	2,154,825
At 30 September 2017	<u>27,130</u>	<u>16,520,323</u>	<u>16,547,453</u>
Impairment			
Charge for the period	27,130	5,622,870	5,650,000
At 30 September 2017	<u>27,130</u>	<u>5,622,870</u>	<u>5,650,000</u>
Net book value			
At 30 September 2017	<u>-</u>	<u>10,897,453</u>	<u>10,897,453</u>
At 31 March 2016	<u>27,130</u>	<u>14,365,498</u>	<u>14,392,628</u>

The addition in the period relates to accrued interest on loan notes to Character World Bidco Limited being capitalised.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Character World Bidco Limited	England and Wales	Ordinary	100 %	Intermediate holding company
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	China	Ordinary	100 %	Quality control and sourcing product

CHARACTER WORLD HOLDCO LIMITED

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

11. Debtors

	30 September 2017 £	31 March 2016 £
Amounts owed by group undertakings	7,103,520	7,103,520
Prepayments and accrued income	874	874
	<u>7,104,394</u>	<u>7,104,394</u>

12. Cash and cash equivalents

	30 September 2017 £	31 March 2016 £
Cash at bank and in hand	5,989	6,188

13. Creditors: Amounts falling due within one year

	30 September 2017 £	31 March 2016 £
Amounts due to group undertakings	25,816,825	24,299,794
Corporation tax	15	15
Other taxation and social security	91	91
	<u>25,816,931</u>	<u>24,299,900</u>

All amounts due to group undertakings are repayable on demand.

CHARACTER WORLD HOLDCO LIMITED

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

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

	30 September 2017	<i>31 March 2016</i>
	£	£
Other loans	-	1,093,288
	<u> </u>	<u> </u>

Analysis of the maturity of loans is given below:

	30 September 2017	<i>31 March 2016</i>
	£	£
Amounts falling due after more than 5 years		
Other loans	-	1,093,288
	<u> </u>	<u> </u>

Other loans are made up of the accrued interest on the previously held loan notes owed to management which have been transferred to the ultimate parent undertaking in the period to match the corresponding loan note balance.

15. Share capital

	30 September 2017	<i>31 March 2016</i>
	£	£
Allotted, called up and fully paid		
522,500 Ordinary A shares of £0.10 each	52,250	52,250
477,500 Ordinary B shares of £0.10 each	47,750	47,750
20,000 Ordinary C shares of £0.10 each	2,000	2,000
	<u> </u>	<u> </u>
	102,000	<i>102,000</i>
	<u> </u>	<u> </u>

The rights attached to the various classes of shares referred to above are set out in the company's Articles of Association, copies of which can be obtained from Character House, 1 Oak Green, Stanley Green Business Park, Cheadle Hulme, Cheshire, SK8 6QL.

16. Reserves

Share premium - represents all amounts paid in excess of the nominal value of share capital issued.

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

CHARACTER WORLD HOLDCO LIMITED

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

17. 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.

18. 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 Ensco 1089 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.