

# Financial Statements

## Character World Holdco Limited

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**For the Year Ended 31 March 2016**

**Registered number: 06542144**



**Character World Holdco Limited**  
**Registered number:06542144**

## Company Information

<b>Directors</b>	D E Schweiger M Schweiger
<b>Company secretary</b>	M Schweiger
<b>Registered number</b>	06542144
<b>Registered office</b>	c/o UHY Hacker Young St James Building 79 Oxford Street Manchester M1 6HT
<b>Business address</b>	Character House 1 Oak Green Stanley Green Business Park Cheadle Hulme Cheshire SK8 6QL
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB
<b>Bankers</b>	National Westminster Bank Plc 23 Stamford New Road Altrincham Cheshire WA14 1DB

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# Directors' Report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

## **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 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 they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

## **Principal activity**

The principal activity of the company is that of an intermediate holding company.

## **Results and dividends**

The profit for the year, after taxation, amounted to £1,232,286 (2015 - loss £317,084).

## **Directors**

The directors who served during the year were:

D E Schweiger

M Schweiger

M Hancox (resigned 30 June 2015)

## **Future developments**

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

# Directors' Report

For the Year Ended 31 March 2016

## **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

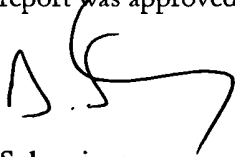
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## **Auditors**

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

In preparing their 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 **18 August 2016** and signed on its behalf.



**D E 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 year ended 31 March 2016, which comprise the Income statement, the Statement of other 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.

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](http://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 2016 and of its profit for the year 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Character World Holdco 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.
- 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: *22 AUGUST 2016*

**Income Statement**  
**For the Year Ended 31 March 2016**

	<b>Year ended</b>	<b>Period ended</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2016</b>	<b>2015</b>
<b>Note</b>	<b>£</b>	<b>£</b>
Administrative income/(expenses)	<u>6</u>	<u>(63,210)</u>
<b>Operating profit/(loss)</b>	<b>6</b>	<b>(63,210)</b>
Interest receivable and similar income	6 <b>1,335,568</b>	-
Interest payable and similar charges	7 <b>(103,288)</b>	<b>(248,877)</b>
<b>Profit/ (loss) on ordinary activities before taxation</b>	<b>1,232,286</b>	<b>(312,087)</b>
Taxation on profit/(loss) on ordinary activities	8 <b>-</b>	<b>(4,997)</b>
<b>Profit/ (loss) for the year/ period</b>	<b><u>1,232,286</u></b>	<b><u>(317,084)</u></b>

The notes on pages 10 to 18 form part of these financial statements.



**Character World Holdco Limited**  
**Registered number:06542144**

## Statement of Other Comprehensive Income

For the Year Ended 31 March 2016

	<b>Year ended 31 March 2016 £</b>	<b>Period ended 31 March 2015 £</b>
Profit/(loss) for the financial year/period	<b>1,232,286</b>	<b>(317,084)</b>
<b>Other comprehensive income</b>		
<b>Total comprehensive income /(loss) for the year/period</b>	<b>1,232,286</b>	<b>(317,084)</b>

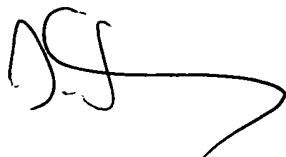
## Statement of Financial Position

As at 31 March 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	9	14,392,628	13,057,060
		<u>14,392,628</u>	<u>13,057,060</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	7,104,394	874
Cash at bank and in hand	11	6,188	6,182
		<u>7,110,582</u>	<u>7,056</u>
Creditors: amounts falling due within one year	12	(24,299,900)	(17,196,380)
<b>Net current liabilities</b>		<u>(17,189,318)</u>	<u>(17,189,324)</u>
<b>Total assets less current liabilities</b>		<u>(2,796,690)</u>	<u>(4,132,264)</u>
Creditors: amounts falling due after more than one year		(1,093,288)	(990,000)
<b>Net liabilities</b>		<u>(3,889,978)</u>	<u>(5,122,264)</u>
<b>Capital and reserves</b>			
Called up share capital	15	102,000	102,000
Share premium account	16	918,000	918,000
Profit and loss account	16	(4,909,978)	(6,142,264)
		<u>(3,889,978)</u>	<u>(5,122,264)</u>

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

18 August 2016



**D E Schweiger**  
 Director

The notes on pages 10 to 18 form part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 March 2016

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

## Statement of Changes in Equity

For the period ended 31 March 2015

	Share capital	Share premium	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2014	102,000	918,000	(5,825,180)	(4,805,180)
<b>Comprehensive loss for the period</b>				
Loss for the period	-	-	(317,084)	(317,084)
<b>Total comprehensive loss for the period</b>	-	-	(317,084)	(317,084)
At 31 March 2015	102,000	918,000	(6,142,264)	(5,122,264)

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## **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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates (see Note 2).

The financial statements are presented in Sterling (£).

The individual accounts of Character World Holdco 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 consistently applied:

### **1.2 Company information**

Character World Holdco Limited is a limited company incorporated in the UK and its registered office is Character World, c/o UHY Hacker Young, St James Building, 79 Oxford Street, Manchester, M1 6HT.

### **1.3 Investments**

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

### **1.4 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.

### **1.5 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.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## **1. Accounting policies (continued)**

### **1.6 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.

### **1.7 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.

### **1.8 Interest income**

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

### **1.9 Borrowing costs**

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

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## **1. Accounting policies (continued)**

### **1.10 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.

### **1.11 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.

## Notes to the Financial Statements

For the Year Ended 31 March 2016

### 1. Accounting policies (continued)

#### 1.12 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.

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

Management have not been required to make significant judgements and estimates in the preparation of the financial statements.

### 3. Operating profit/(loss)

During the year, no director received any emoluments (2015 - £NIL).

### 4. Auditor's remuneration

The audit fee is borne by another group entity.

### 5. Employees

The company has no employees other than the directors.

### 6. Interest receivable

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Other interest receivable	1,335,568	-
	<u>1,335,568</u>	<u>-</u>

### 7. Interest payable and similar charges

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Loan note interest	103,288	248,877
	<u>103,288</u>	<u>248,877</u>



# Notes to the Financial Statements

For the Year Ended 31 March 2016

## 8. Taxation

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	4,997
<b>Total deferred tax</b>	<u>-</u>	<u>4,997</u>
<b>Taxation on profit on ordinary activities</b>	<u>-</u>	<u>4,997</u>

### Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21.5%). The differences are explained below:

	Year ended 31 March 2016 £	Period ended 31 March 2015 £
Profit/ (loss) on ordinary activities before tax	<u>1,214,286</u>	<u>(312,087)</u>
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21.5%)	242,857	(66,787)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	20,658	212,069
Adjustments to tax charge in respect of prior periods	-	(350)
Group relief	<u>(263,515)</u>	<u>(139,935)</u>
<b>Total tax charge for the year/period</b>	<u>-</u>	<u>4,997</u>

### Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. The Finance Act 2015 included changes which will also affect future tax charges. The rate of Corporation tax will reduce to 19% from 1 April 2017 and to 18% from 1 April 2018. On 16 March 2016 it was announced that the rate will be further reduced to 17% from 1 April 2020.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## 9. Fixed asset investments

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
<b>Cost or valuation</b>			
At 1 April 2015	27,130	13,029,930	13,057,060
Additions	-	1,335,568	1,335,568
At 31 March 2016	<u>27,130</u>	<u>14,365,498</u>	<u>14,392,628</u>
<b>Net book value</b>			
At 31 March 2016	<u>27,130</u>	<u>14,365,498</u>	<u>14,392,628</u>
At 31 March 2015	<u>27,130</u>	<u>13,029,930</u>	<u>13,057,060</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

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## 10. Debtors

	2016 £	2015 £
<b>Due within one year</b>		
Amounts owed by group undertakings	7,103,520	-
Prepayments and accrued income	874	874
	<u>7,104,394</u>	<u>874</u>

## 11. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	6,188	6,182
	<u>6,188</u>	<u>6,182</u>

## 12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	24,299,794	17,196,274
Corporation tax	15	15
Taxation and social security	91	91
	<u>24,299,900</u>	<u>17,196,380</u>

All amounts owed to group are repayable on demand.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

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

Analysis of the maturity of loans is given below:

	31 March 2016 £	31 March 2015 £
<b>Amounts falling due after more than 5 years</b>		
Other loans	1,093,288	990,000
	<u>1,093,288</u>	<u>990,000</u>

Other loans are made up of the accrued interest on the previously held loan notes owed to management. This interest arose when the previously held loan notes were rolled over on the acquisition of Character World Holdco Limited by Ensco 1089 Limited. The accrued interest continues to accrue interest of 10% which is rolled up into the total loan every six months.

## 14. Financial instruments

	31 March 2016 £	31 March 2015 £
<b>Financial assets</b>		
Financial assets that are measured at amortised cost	7,109,708	6,182
	<u>7,109,708</u>	<u>6,182</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(25,393,082)	(18,186,274)
	<u>(25,393,082)</u>	<u>(18,186,274)</u>

Financial assets measured at amortised cost comprise intercompany loans repayable on demand and cash.

Financial liabilities measured at amortised cost comprise of intercompany loans repayable on demand.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## 15. Share capital

	2016	2015
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
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
	<hr/>	<hr/>
	<b>102,000</b>	102,000
	<hr/> <hr/>	<hr/> <hr/>

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

Called-up share capital – represents the nominal value of shares that have been issued.

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.

## 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 are considered to be the ultimate controlling party by virtue of their 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.