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Company Registration No 05410975 (England and Wales)

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CREATIVITY ENTHUSIASM ENERGY VISION

**ACRE 983 LIMITED**

**DIRECTORS' REPORT AND GROUP ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

WEDNESDAY



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# ACRE 983 LIMITED

## COMPANY INFORMATION

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Directors	A J S Temple M A M Kerkhof
Secretary	M Brooker
Company number	05410975
Registered office	Grove House 27 Hammersmith Grove London W6 0JL
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER

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# ACRE 983 LIMITED

## CONTENTS

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	Page
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Group profit and loss account	4
Group balance sheet	5
Group cash flow statement	6
Notes to the group accounts	7 - 15

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# ACRE 983 LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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The directors present their report and group accounts for the year ended 31 December 2007

### Principal activities

The principal activity of the company continues to be that of a holding company

### Review of business

In its second full year of trading the group has continued to make good progress against planned objectives of integration and restructuring of company activities and despite some unforeseen set-backs, has achieved a growth in turnover of some 10%

In spite of the overall loss for the year that has been incurred, performance of the companies within the group has been above expectations with particularly strong sales growth in Rainbow Designs Limited. The loss incurred this year includes further investment in product development of over £179,000 which will enhance and bolster the trading position in the coming financial year

Going forward we expect to see the benefit from this investment delivering strong sales growth and further improved profitability as a consequence of improved margins from direct product sourcing from the Far East

### Directors

The directors who served during the year were

A J S Temple  
M A M Kerkhof

### Disclosure of information to auditors

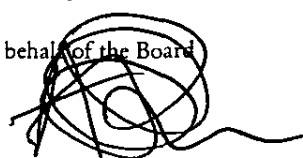
Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information

### Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the Board



A J S Temple  
Director  
Dated 23 May 2008

# ACRE 983 LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The directors are responsible for preparing the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group for that period.

In preparing these accounts, the directors are required to

- \* select suitable accounting policies and then apply them consistently,
- \* make judgements and estimates that are reasonable and prudent,
- \* state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ACRE 983 LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

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We have audited the accounts of Acre 983 Limited for the year ended 31 December 2007 set out on pages 4 to 15. These accounts have been prepared under the accounting policies set out on pages 7 to 8.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as described on page 2.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

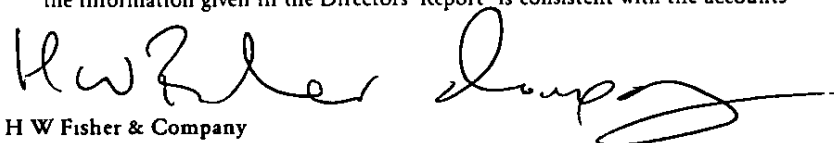
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Opinion

In our opinion:

- \* the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and of the company as at 31 December 2007 and of the group's loss for the year then ended,
- \* the accounts have been properly prepared in accordance with the Companies Act 1985, and
- \* the information given in the Directors' Report is consistent with the accounts.



H W Fisher & Company

Chartered Accountants  
Registered Auditor  
Acre House  
11-15 William Road  
London  
NW1 3ER

Dated 23 May 2008

# ACRE 983 LIMITED

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

	Notes	2007 £	2006 £
Turnover		3,750,316	3,392,984
Cost of sales		(2,483,990)	(2,203,204)
Gross profit		1,266,326	1,189,780
Distribution costs		(212,179)	(157,358)
Administrative expenses		(1,288,849)	(1,181,159)
Operating loss	3	(234,702)	(148,737)
Other income	6	1,861	2,400
Interest payable and similar charges	7	(46,789)	(17,761)
Loss on ordinary activities before taxation	3	(279,630)	(164,098)
Tax on loss on ordinary activities	8	-	-
Loss on ordinary activities after taxation		(279,630)	(164,098)
Accumulated loss brought forward		(456,796)	(292,698)
Accumulated loss carried forward		(736,426)	(456,796)

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

# ACRE 983 LIMITED

## GROUP BALANCE SHEET AS AT 31 DECEMBER 2007

		Group	2006	Company	2006
	Notes	2007	2006	2007	2006
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets		1	71,082	-	-
Tangible assets	10	60,445	67,103	-	-
Investments	11	-	-	201	201
		<u>60,446</u>	<u>138,185</u>	<u>201</u>	<u>201</u>
<b>Current assets</b>					
Stocks		486,587	415,875	-	-
Debtors	13	819,606	746,477	1,192,198	892,198
Cash at bank and in hand		128,912	91,630	-	-
		<u>1,435,105</u>	<u>1,253,982</u>	<u>1,192,198</u>	<u>892,198</u>
<b>Creditors' amounts falling due within one year</b>		<u>(1,231,977)</u>	<u>(848,963)</u>	<u>(303,258)</u>	<u>(3,108)</u>
<b>Net current assets/(liabilities)</b>		<u>203,128</u>	<u>405,019</u>	<u>888,940</u>	<u>889,090</u>
<b>Total assets less current liabilities</b>		<u>263,574</u>	<u>543,204</u>	<u>889,141</u>	<u>889,291</u>
<b>Creditors' amounts falling due after more than one year</b>	15	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>
<b>Capital and reserves</b>					
Called up share capital		167	167	167	167
Share premium account	17	669,833	669,833	669,833	669,833
Profit and loss account	17	(736,426)	(456,796)	(110,859)	(110,709)
<b>Shareholders' funds - equity interests</b>		<u>(66,426)</u>	<u>213,204</u>	<u>559,141</u>	<u>559,291</u>
<b>Creditors falling due after more than one year and equity</b>		<u>263,574</u>	<u>543,204</u>	<u>889,141</u>	<u>889,291</u>

The accounts were approved by the board on 23 May 2008

  
A J S Temple  
Director

# ACRE 983 LIMITED

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

		2007	2006
	Notes	£	£
Net cash inflow/(outflow) from operating activities	20	98,360	(329,470)
Returns on investments and servicing of finance			
Interest received	1,861	2,400	
Interest paid	(45,960)	(16,420)	
Interest element of hire purchase and finance lease rentals	(830)	(1,341)	
Net cash outflow from returns on investments and servicing of finance		(44,929)	(15,361)
Corporation tax		(2,563)	1,316
Capital expenditure			
Payments to acquire tangible fixed assets	(10,666)	(13,347)	
Receipts from sales of tangible fixed assets	-	7,425	
Net cash outflow from capital expenditure		(10,666)	(5,922)
Net cash inflow/(outflow) before financing		40,202	(349,437)
Financing			
Capital element of hire purchase and finance lease rentals	(2,920)	(7,991)	
Net cash outflow from financing		(2,920)	(7,991)
Increase/(decrease) in cash	21	37,282	(357,428)

# ACRE 983 LIMITED

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

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention

#### 1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 31 December 2007. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.3 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

#### 1.4 Goodwill

Acquired goodwill is amortised over a period of two years.

#### 1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	15-25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

#### 1.7 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

#### 1.8 Stock

Work in progress is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

# ACRE 983 LIMITED

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

### 1 9 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### 1 10 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating loss	2007 £	2006 £
	Operating loss is stated after charging		
	Amortisation of intangible assets	71,082	92,826
	Depreciation of owned tangible assets	17,324	17,212
	Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	-	3,350
	Research and development expenditure	179,041	123,948
	Auditors' remuneration (company £7,500, 2006 £7,000 )	14,500	13,500
	Remuneration of auditors for non-audit work	11,325	19,154
		<u>71,082</u>	<u>92,826</u>
4	Directors' emoluments	2007 £	2006 £
	Aggregate emoluments	<u>15,500</u>	<u>13,833</u>

# ACRE 983 LIMITED

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

### 5 Employees

#### Number of employees

The average monthly number of employees during the year was

	2007 Number	2006 Number
Sales	7	4
Distribution	5	4
Administration	9	8
	<u>21</u>	<u>16</u>

#### Employment costs

	£	£
Wages and salaries	529,794	409,378
Social security costs	58,190	44,915
Other pension costs	4,437	2,833
	<u>592,421</u>	<u>457,126</u>

### 6 Other income

	2007 £	2006 £
Interest receivable and similar income	<u>1,861</u>	<u>2,400</u>

### 7 Interest payable and similar charges

	2007 £	2006 £
Interest payable on		
Bank loans and overdrafts	45,959	16,420
Finance lease and hire purchase contracts	830	1,341
	<u>46,789</u>	<u>17,761</u>

# ACRE 983 LIMITED

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

<b>8</b>	<b>Tax on loss on ordinary activities</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(279,630)	(164,098)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	(83,889)	(49,229)
	Effects of		
	Expenses not deductible for tax purposes	2,337	-
	Capital allowances for period in excess of depreciation	9,464	13,716
	Movement in tax losses	72,088	35,513
	<b>Current tax charge</b>	<b>-</b>	<b>-</b>

## **9** Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these accounts. The loss for the financial year is made up as follows:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Holding company's loss for the financial year	150	700

## **10** Intangible fixed assets

### Group

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2007 and at 31 December 2007	185,627
<b>Amortisation</b>	
At 1 January 2007	114,544
Charge for year	71,082
At 31 December 2007	185,626
<b>Net book value</b>	
At 31 December 2007	1
At 31 December 2006	71,082

# ACRE 983 LIMITED

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

### 11 Tangible fixed assets

#### Group

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2007	12,405	84,877	2,279	100	99,661
Additions	933	9,733	-	-	10,666
<b>At 31 December 2007</b>	<b>13,338</b>	<b>94,610</b>	<b>2,279</b>	<b>100</b>	<b>110,327</b>
<b>Depreciation</b>					
At 1 January 2007	2,162	29,707	660	29	32,558
Charge for the year	1,537	15,364	405	18	17,324
<b>At 31 December 2007</b>	<b>3,699</b>	<b>45,071</b>	<b>1,065</b>	<b>47</b>	<b>49,882</b>
<b>Net book value</b>					
<b>At 31 December 2007</b>	<b>9,639</b>	<b>49,539</b>	<b>1,214</b>	<b>53</b>	<b>60,445</b>
At 31 December 2006	10,243	55,170	1,619	71	67,103

#### Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £- (2006 - £2,920) in respect of assets held under finance leases or hire purchase contracts

# ACRE 983 LIMITED

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

### 12 Fixed asset investments

#### Company

Shares in  
subsidiary  
undertakings  
£

Cost

At 1 January 2007 and at 31 December 2007

201

At 31 December 2006

201

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Rainbow Designs Limited	United Kingdom	Ordinary	100
DRi Licensing Limited	United Kingdom	Ordinary	100
One Hundred to One Limited	United Kingdom	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

#### Principal activity

Rainbow Designs Limited	Production and distribution of high quality children's toys
DRi Licensing Limited	Licensing Agents
One Hundred to One Limited	Licensing Agents

### 13 Stocks

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Finished goods and goods for resale	486,587	415,875	-	-

# ACRE 983 LIMITED

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

### 14 Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	604,044	548,404	-	-
Amounts owed by group undertakings	-	-	1,192,198	892,198
Other debtors	52,277	55,150	-	-
Prepayments and accrued income	163,285	142,923	-	-
	<u>819,606</u>	<u>746,477</u>	<u>1,192,198</u>	<u>892,198</u>

### 15 Creditors - amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Net obligations under finance lease and hire purchase contracts	-	2,920	-	-
Trade creditors	612,150	476,931	-	-
Amounts owed to group undertakings	-	-	3,057	2,907
Corporation tax	-	2,563	-	-
Taxes and social security costs	66,288	85,529	-	-
Directors current accounts	59,826	101,562	-	-
Other creditors	300,201	30,201	300,201	201
Accruals and deferred income	193,512	149,257	-	-
	<u>1,231,977</u>	<u>848,963</u>	<u>303,258</u>	<u>3,108</u>

### 16 Creditors - amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Preference shares	330,000	330,000	330,000	330,000
	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>

Preference shares are entitled to a fixed cumulative dividend equal to 4% of the subscription price paid for each preference share in respect of each financial year commencing after 31 December 2007 in which it is in issue until redemption

The preference shares are redeemable at par value at any time at the discretion of Acre 983 Limited. If not otherwise redeemed earlier, the preference shares shall be redeemed quarterly at a rate of £27,500 at par value from 30 June 2011

# ACRE 983 LIMITED

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

<b>17</b>	<b>Share capital</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	1,000,000 Ordinary "A" shares of 1p each	10,000	10,000
	666,600 Ordinary "B" shares of 1p each	6,666	6,666
	330,000 Preference shares of £1 each	330,000	330,000
		<u>346,666</u>	<u>346,666</u>
	<b>Allotted, called up and fully paid</b>		
	10,000 Ordinary "A" shares of 1p each	100	100
	6,700 Ordinary "B" shares of 1p each	67	67
		<u>167</u>	<u>167</u>
<b>18</b>	<b>Statement of movements on profit and loss account</b>		
			<b>Share premium account</b>
			<b>£</b>
	<b>Balance at 1 January 2007 and at 31 December 2007</b>		<u><u>669,833</u></u>
<b>19</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
	<b>Group</b>	<b>£</b>	<b>£</b>
	Profit/(loss) for the financial year	(279,630)	(164,098)
	Opening shareholders' funds	213,204	377,302
		<u>(66,426)</u>	<u>213,204</u>
<b>20</b>	<b>Net cash inflow/(outflow) from operating activities</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Reconciliation to operating loss</b>		
	Operating loss	(234,702)	(148,737)
	Depreciation of tangible fixed assets	17,324	20,562
	Amortisation of intangible fixed assets	71,082	92,826
	Profit on disposal of tangible fixed assets	-	3,445
	Increase in stocks	(70,712)	(119,879)
	Increase in debtors	(73,129)	(267,138)
	Increase in creditors	388,497	89,451
		<u>98,360</u>	<u>(329,470)</u>

# ACRE 983 LIMITED

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

21	Reconciliation of net cash flow to movement in net debt		2007	2006
			£	£
	Increase/(decrease) in cash		37,282	(357,428)
	Capital element of hire purchase and finance lease rentals		2,920	7,991
	Movement in net debt		40,202	(349,437)
	Net debt at 1 January 2007		(241,290)	108,147
	Net debt at 31 December 2007		(201,088)	(241,290)
22	Analysis of net debt			
		At 1 January 2007	Cash flow	Non-cash changes
				At 31 December 2007
		£	£	£
	Cash at bank and in hand	91,630	37,282	-
				128,912
			37,282	
	Debt due after one year	(330,000)	-	-
	Hire purchase and finance leases	(2,920)	2,920	-
		(241,290)	40,202	-
				(201,088)