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QUALITY ENTREPRENEUR ENERGY VISION

ACRE 983 LIMITED
DIRECTORS' REPORT AND GROUP ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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ACRE 983 LIMITED

COMPANY INFORMATION

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

ACRE 983 LIMITED

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ACRE 983 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and group accounts for the year ended 31 December 2008.

Principal activities

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

Review of business

In its third full year of trading Acre 983 has achieved significant sales growth with an increase in sales revenue of 27% on the previous year. This growth has resulted from the group's investment in new products along with the development of existing and new customer accounts.

This increase in sales has improved profitability on ordinary activities by £281,425. This is despite significant price inflation from Far East suppliers, the weakening of Sterling against US Dollar, and the global economic uncertainty that has affected the group in the last quarter of the year.

With continued focus on our new product introduction programme and further reductions in product costs by strengthening our Far East sourcing capability, we are confidently forecasting continued sales growth and improved profitability in the coming year.

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:

21st May 2009

ACRE 983 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

We have audited the accounts of Acre 983 Limited for the year ended 31 December 2008 set out on pages 4 to 14. These accounts have been prepared under the accounting policies set out on page 7.

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 2008 and of the group's profit 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: 22 MAY 2009

ACRE 983 LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Turnover	2	4,780,248	3,750,316
Cost of sales		(3,039,534)	(2,483,990)
Gross profit		1,740,714	1,266,326
Distribution costs		(277,266)	(212,179)
Administrative expenses		(1,382,251)	(1,288,849)
Operating profit/(loss)	3	81,197	(234,702)
Other income	6	1,606	1,861
Interest payable and similar charges	7	(81,008)	(46,789)
Profit/(loss) on ordinary activities before taxation	3	1,795	(279,630)
Tax on profit/(loss) on ordinary activities	8	-	-
Profit/(loss) on ordinary activities after taxation		1,795	(279,630)
Accumulated loss brought forward		(736,426)	(456,796)
Accumulated loss carried forward		(734,631)	(736,426)

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 2008

		Group		Company	
	Notes	2008 £	2007 £	2008 £	2007 £
Fixed assets					
Intangible assets		-	1	-	-
Tangible assets	10	55,314	60,445	-	-
Investments	11	-	-	201	201
		<u>55,314</u>	<u>60,446</u>	<u>201</u>	<u>201</u>
Current assets					
Stocks	12	1,000,272	486,587	-	-
Debtors	13	865,752	819,606	1,192,198	1,192,198
Cash at bank and in hand		106,272	128,912	-	-
		<u>1,972,296</u>	<u>1,435,105</u>	<u>1,192,198</u>	<u>1,192,198</u>
Creditors: amounts falling due within one year	14	<u>(1,762,241)</u>	<u>(1,231,977)</u>	<u>(303,523)</u>	<u>(303,258)</u>
Net current assets		<u>210,055</u>	<u>203,128</u>	<u>888,675</u>	<u>888,940</u>
Total assets less current liabilities		<u>265,369</u>	<u>263,574</u>	<u>888,876</u>	<u>889,141</u>
Creditors: amounts falling due after more than one year	15	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>	<u>330,000</u>
Capital and reserves					
Called up share capital	16	167	167	167	167
Share premium account	17	669,833	669,833	669,833	669,833
Profit and loss account		(734,631)	(736,426)	(111,124)	(110,859)
Shareholders' funds - equity interests	18	<u>(64,631)</u>	<u>(66,426)</u>	<u>558,876</u>	<u>559,141</u>
Creditors falling due after more than one year and equity		<u>265,369</u>	<u>263,574</u>	<u>888,876</u>	<u>889,141</u>

The accounts were approved by the board on

21st May 2009

A J S Temple
Director

ACRE 983 LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Net cash (outflow)/inflow from operating activities	19	(310,776)	98,360
Returns on investments and servicing of finance			
Interest received	1,606	1,861	
Interest paid	(81,008)	(45,959)	
Interest element of hire purchase and finance lease rentals	-	(830)	
Net cash outflow from returns on investments and servicing of finance		(79,402)	(44,928)
Corporation tax		-	(2,563)
Capital expenditure			
Payments to acquire tangible fixed assets	(11,253)	(10,666)	
Net cash outflow from capital expenditure		(11,253)	(10,666)
Net cash (outflow)/inflow before financing		(401,430)	40,202
Financing			
Capital element of hire purchase and finance lease rentals	-	(2,920)	
Net cash outflow from financing		-	(2,920)
(Decrease)/increase in cash	20	(401,430)	37,282

ACRE 983 LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008. 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.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

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 2008

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.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2008 £	2007 £
Geographical segment		
United Kingdom	4,579,039	3,499,040
Rest of Europe	132,729	135,705
Rest of World	68,480	115,571
	<u>4,780,248</u>	<u>3,750,316</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2008 £	2007 £
Amortisation of intangible assets	-	71,082
Depreciation of owned tangible assets	16,384	17,324
Research and development expenditure	119,441	179,041
- Plant and machinery	3,886	-
Auditors' remuneration (company £7,250; 2007: £7,500.)	14,250	14,500
Remuneration of auditors for non-audit work	12,339	11,325

ACRE 983 LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

4	Directors' emoluments	2008	2007
		£	£
	Aggregate emoluments	<u>58,593</u>	<u>15,500</u>
5	Employees		
	Number of employees		
	The average monthly number of employees during the year was:		
		2008	2007
		Number	Number
	Sales	8	7
	Distribution	6	5
	Administration	13	9
		<u>27</u>	<u>21</u>
	Employment costs		
		£	£
	Wages and salaries	704,214	529,794
	Social security costs	66,284	58,190
	Other pension costs	4,983	4,437
		<u>775,481</u>	<u>592,421</u>
6	Other income	2008	2007
		£	£
	Interest receivable and similar income	<u>1,606</u>	<u>1,861</u>
7	Interest payable and similar charges	2008	2007
		£	£
	Interest payable on:		
	Bank loans and overdrafts	81,008	45,959
	Finance lease and hire purchase contracts	-	830
		<u>81,008</u>	<u>46,789</u>

ACRE 983 LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

8 Tax on profit/(loss) on ordinary activities	2008	2007
	£	£
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>1,795</u>	<u>(279,630)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.00% (2007: 30.00%)	521	(83,889)
Effects of:		
Expenses not deductible for tax purposes	648	2,337
Capital allowances for period in excess of depreciation	1,055	9,464
Movement in tax losses	<u>(2,224)</u>	<u>72,088</u>
Current tax charge	<u>-</u>	<u>-</u>

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:

	2008	2007
	£	£
Holding company's loss for the financial year	<u>265</u>	<u>150</u>

10 Tangible fixed assets Group

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2008	13,338	94,610	2,279	100	110,327
Additions	-	11,253	-	-	11,253
At 31 December 2008	<u>13,338</u>	<u>105,863</u>	<u>2,279</u>	<u>100</u>	<u>121,580</u>
Depreciation					
At 1 January 2008	3,699	45,071	1,065	47	49,882
Charge for the year	1,446	14,621	304	13	16,384
At 31 December 2008	<u>5,145</u>	<u>59,692</u>	<u>1,369</u>	<u>60</u>	<u>66,266</u>
Net book value					
At 31 December 2008	<u>8,193</u>	<u>46,171</u>	<u>910</u>	<u>40</u>	<u>55,314</u>
At 31 December 2007	<u>9,639</u>	<u>49,539</u>	<u>1,214</u>	<u>53</u>	<u>60,445</u>

ACRE 983 LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

11 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 January 2008 and at 31 December 2008	201
At 31 December 2007	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	Class	Shares held
			%
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	Developers of intellectual property.

12 Stocks

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Finished goods and goods for resale	1,000,272	486,587	-	-

ACRE 983 LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

13 Debtors

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	657,709	604,044	-	-
Amounts owed by group undertakings	-	-	1,192,198	1,192,198
Other debtors	51,977	52,277	-	-
Prepayments and accrued income	156,066	163,285	-	-
	<u>865,752</u>	<u>819,606</u>	<u>1,192,198</u>	<u>1,192,198</u>

14 Creditors : amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank overdrafts	378,790	-	-	-
Trade creditors	653,054	612,150	-	-
Amounts owed to group undertakings	-	-	3,322	3,057
Taxes and social security costs	76,753	66,288	-	-
Directors current accounts	62,478	59,826	-	-
Other creditors	300,201	300,201	300,201	300,201
Accruals and deferred income	290,965	193,512	-	-
	<u>1,762,241</u>	<u>1,231,977</u>	<u>303,523</u>	<u>303,258</u>

15 Creditors : amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
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 2008 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 2008

16	Share capital	2008	2007
		£	£
	Authorised		
	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>
	Allotted, called up and fully paid		
	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>
17	Statement of movements on profit and loss account		
			Share premium account
			£
	Balance at 1 January 2008 and at 31 December 2008		<u>669,833</u>
18	Reconciliation of movements in shareholders' funds	2008	2007
	Group	£	£
	(Loss)/profit for the financial year	1,795	(279,630)
	Opening shareholders' funds	(66,426)	213,204
		<u>(64,631)</u>	<u>(66,426)</u>
	Closing shareholders' funds		
19	Net cash (outflow)/inflow from operating activities	2008	2007
		£	£
	Reconciliation to operating profit/(loss):		
	Operating profit/(loss)	81,197	(234,702)
	Depreciation of tangible fixed assets	16,384	17,324
	Amortisation of intangible fixed assets	-	71,082
	Increase in stocks	(513,685)	(70,712)
	Increase in debtors	(46,146)	(73,129)
	Increase in creditors	151,474	388,497
		<u>(310,776)</u>	<u>98,360</u>

ACRE 983 LIMITED

NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008

20	Reconciliation of net cash flow to movement in net debt	2008	2007
		£	£
	(Decrease)/increase in cash	(401,430)	37,282
	Capital element of hire purchase and finance lease rentals	-	2,920
	Movement in net debt	(401,430)	40,202
	Net debt at 1 January 2008	(201,088)	(241,290)
	Net debt at 31 December 2008	<u>(602,518)</u>	<u>(201,088)</u>

21	Analysis of net debt	At 1 January 2008	Cash flow	Non-cash changes	At 31 December 2008
		£	£	£	£
	Cash at bank and in hand	128,912	(22,640)	-	106,272
	Bank overdrafts	-	(378,790)	-	(378,790)
			<u>(401,430)</u>		
	Debt due after one year	<u>(330,000)</u>	<u>-</u>	<u>-</u>	<u>(330,000)</u>
		<u>(201,088)</u>	<u>(401,430)</u>	<u>-</u>	<u>(602,518)</u>

22 Related party disclosures

A group subsidiary has a £400,000 overdraft facility which is guaranteed equally by A J S Temple, a director, and by Mercis B.V., a shareholder in the company.