

Registered number 2050843

AARDMAN ANIMATIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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AARDMAN ANIMATIONS LIMITED

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AARDMAN ANIMATIONS LIMITED

COMPANY INFORMATION

DIRECTORS	D A Sproxton P D F Lord N W Park
COMPANY SECRETARY	D A Sproxton
COMPANY NUMBER	2050843
REGISTERED OFFICE	Gas Ferry Road Bristol BS1 6UN
AUDITORS	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor Portwall Place Portwall Lane Bristol BS1 6NA
BANKERS	Coutts & Co Media Banking 440 Strand London WC2R 0QS

AARDMAN ANIMATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of film, broadcast and commercial producers and distributors

The directors are satisfied with the performance of the business during the year and the position of the company at the year end

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

The directors have not recommended a dividend (2009 - £nil)

FINANCIAL RISK MANAGEMENT

Prudent liquidity risk management implies maintaining sufficient cash on deposit and the availability of funding through an adequate amount of committed credit facilities

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of Aardman Holdings Limited manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the group's risks would not be appropriate for an understanding of the development, performance or position of Aardman Animations Limited's business. The principal risks and uncertainties of the Aardman Holdings Limited group, which include those of the company, are discussed on page 3 of the group's annual report which does not form part of this report.

KEY PERFORMANCE INDICATORS

The directors of Aardman Holdings Limited manage the group's operations on a group basis. For this reason the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Aardman Animations Limited. The development, performance and position of the group is discussed on pages 2 and 3 of the group's annual report which does not form part of this report.

DIRECTORS

The directors who served during the year were

D A Sproxtton
P D F Lord
N W Park

AARDMAN ANIMATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

EMPLOYEES

The directors acknowledge the importance of good communications and relations with their employees, and believe that they should be aware of matters which affect the company which employs them. Employees are provided with regular information by various means and are represented at discussions concerning their welfare.

The company recognises its obligations towards less able people and endeavours to provide as much employment as the demands of the group's operations and the abilities of the less able persons allow. Applications for employment from less able people are studied with care, and if existing employees became less able, every effort is made to find appropriate employment within the group. Opportunities are offered to less able employees to develop their knowledge and skills and undertake greater responsibility.

PROVISION OF INFORMATION TO AUDITORS

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 auditors are 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

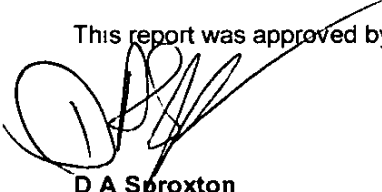
AARDMAN ANIMATIONS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

AUDITORS

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

A handwritten signature in black ink, appearing to read 'D A Sproxton', is written over the text 'This report was approved by the board and signed on its behalf'.

D A Sproxton
Secretary

Date 26 September 2011

AARDMAN ANIMATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARDMAN ANIMATIONS LIMITED

We have audited the financial statements of Aardman Animations Limited for the year ended 31 December 2010, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. 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).

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 AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 December 2010 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.

AARDMAN ANIMATIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARDMAN ANIMATIONS 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



Ian Cooper
Senior Statutory Auditor

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

26 September 2011

AARDMAN ANIMATIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 (restated) £
TURNOVER	2	19,825,026	16,902,579
Cost of sales		(10,989,395)	(9,181,615)
GROSS PROFIT		8,835,631	7,720,964
Distribution costs		(23,440)	(24,216)
Administrative expenses		(9,246,738)	(9,541,662)
Other operating income	3	2,946,537	2,554,029
OPERATING PROFIT	4	2,511,990	709,115
Interest receivable and similar income		5,412	3,245
Interest payable and similar charges	7	(5,155)	(5,771)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,512,247	706,589
Tax on profit on ordinary activities	8	(716,036)	(236,202)
PROFIT FOR THE FINANCIAL YEAR	16	1,796,211	470,387

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss account

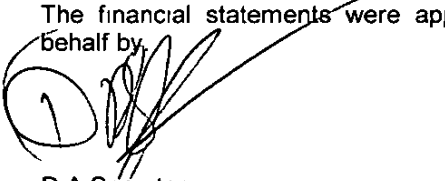
The notes on pages 9 to 20 form part of these financial statements

AARDMAN ANIMATIONS LIMITED
REGISTERED NUMBER 2050843

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible assets	9		2,099,680		2,108,004
Investments	10		102		102
			<u>2,099,782</u>		<u>2,108,106</u>
CURRENT ASSETS					
Stocks	11	3,374,479		4,347,709	
Debtors	12	4,521,917		3,206,463	
Cash at bank and in hand		3,150,424		2,055,833	
		<u>11,046,820</u>		<u>9,610,005</u>	
CREDITORS amounts falling due within one year	13	(3,398,286)		(3,766,006)	
NET CURRENT ASSETS			<u>7,648,534</u>		<u>5,843,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,748,316</u>		<u>7,952,105</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Profit and loss account	16		9,747,316		7,951,105
SHAREHOLDERS' FUNDS	17		<u>9,748,316</u>		<u>7,952,105</u>

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


D A Sproxton
Director

Date 26 September 2011

The notes on pages 9 to 20 form part of these financial statements

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EU and, in accordance with section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. Accordingly the accounts present information about the company as an individual undertaking and not about its group.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The comparative turnover and administrative expenses figures have been restated to reflect a reclassification of specific job costs relating to the prior year. There is no impact on reported profit or net assets in either period.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Improvements to property	-	over the period of the lease
Short life studio equipment	-	33% on cost
Studio equipment	-	15% on reducing balance
Fixtures & fittings	-	15% on reducing balance
Motor vehicles	-	25% on reducing balance
Computer equipment	-	33% on cost
Bicycles	-	100% on cost

Assets in the course of construction are not depreciated.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

1.6 Stocks and work in progress

Stock reflects the production cost of completed films, broadcasts, commercials and other projects. Production costs are matched with income and charged through the profit and loss account over the recoupment period as specified in the production agreements, except where the conditions of UITF40 are met and the costs and income can be matched against the work performed in accordance with the relevant contracts.

Work in progress reflects the cost of films, broadcasts, commercials and other projects which are still in production and also includes development expenditure on feature film projects not yet in production.

1.7 Royalties received

Royalty income is included on a receivable basis, calculated on distribution income and sales of merchandise arising during each accounting period, as reported by licensees.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

1 11 Fees received in advance

Monies received in respect of films and other projects in progress at the balance sheet date are initially treated as deferred income. Income is recognised on contract completion or when the right to consideration is earned, in accordance with UITF 40.

1 12 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1 13 Commission receivable

Commission income is included on a receivable basis.

1 14 Investments

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

2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company.

A geographical analysis of turnover is as follows:

	2010	2009 (restated)
	£	£
United Kingdom	11,092,423	10,754,009
European Union	3,790,575	1,649,755
United States of America	3,366,019	3,500,277
Other	1,576,009	998,538
	<u>19,825,026</u>	<u>16,902,579</u>

3 OTHER OPERATING INCOME

	2010	2009
	£	£
Royalty receivable	276,497	236,981
Bike lease scheme	15,418	6,132
Commissions receivable	2,654,622	2,310,916
	<u>2,946,537</u>	<u>2,554,029</u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

4. OPERATING PROFIT

Operating profit is stated after charging

	2010 £	2009 £
Depreciation	663,050	745,040
Auditor's remuneration	15,900	15,700
Auditor's remuneration - non-audit	12,859	16,570
Difference on foreign exchange	36,583	8,937
Loss on sale of tangible assets	7,227	348,812
Impairment	-	152,899
Other operating lease costs	89,124	220,417

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	9,078,795	9,659,858
Social security costs	611,569	1,031,897
Other pension costs	142,442	340,958
	9,832,806	11,032,713

The average monthly number of employees, including the directors, during the year was as follows

	2010 No	2009 No
Core staff	113	107
Project related freelancers	126	158
	239	265

6 DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	115,776	97,582
Company pension contributions to defined contribution pension schemes	10,853	10,903

During the year retirement benefits were accruing to 1 director (2009 - 1) in respect of defined contribution pension schemes

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

7 INTEREST PAYABLE

	2010 £	2009 £
On bank loans and overdrafts	5,155	5,771

8 TAXATION

	2010 £	2009 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	721,050	320,208
Adjustments in respect of prior periods	(6,850)	9,423
	714,200	329,631
Double taxation relief	(58,436)	(30,644)
	655,764	298,987
Foreign tax on income for the year	58,436	30,644
Total current tax	714,200	329,631
Deferred tax		
Capital allowances	-	(125,549)
Other	1,836	32,120
Total deferred tax (see note 14)	1,836	(93,429)
Tax on profit on ordinary activities	716,036	236,202

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

8 TAXATION (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2009 - *higher than*) the standard rate of corporation tax in the UK of 28% (2009 - 28%). The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>2,512,247</u>	<u>706,589</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	703,429	197,845
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,443	12,379
Depreciation for year in excess of capital allowances	10,087	142,105
Adjustments to tax charge in respect of prior periods	(6,850)	9,423
Other timing differences leading to an increase (decrease) in taxation	(1,512)	(32,121)
Non-taxable income	(397)	-
Group relief claimed before payment	-	(29,643)
Payment for group relief	-	29,643
Current tax charge for the year (see note above)	<u>714,200</u>	<u>329,631</u>

Factors that may affect future tax charges

Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011, and its impact is reflected above. On 23 March 2011 the Government announced its intention to further reduce the main rate of corporation tax from 1 April 2011 to 26% with further annual reductions of 1% each year culminating in a rate of 23% on 1 April 2014.

It has not yet been possible to quantify the full anticipated effect of these proposed changes combined with other announced reductions to rates of capital allowances, although this will further reduce the company's future current tax charge and reduce the company's deferred tax balances accordingly.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Short life studio equipment £	Studio equipment £	Fixtures & fittings £
Cost				
At 1 January 2010	583,382	-	3,759,192	564,918
Additions	-	97,574	141,609	49,735
Disposals	-	-	(168,243)	-
At 31 December 2010	583,382	97,574	3,732,558	614,653
Depreciation				
At 1 January 2010	583,382	-	2,049,773	422,878
Charge for the year	-	32,525	279,937	28,767
On disposals	-	-	(107,043)	-
At 31 December 2010	583,382	32,525	2,222,667	451,645
Net book value				
At 31 December 2010	-	65,049	1,509,891	163,008
At 31 December 2009	-	-	1,709,419	142,040
	Motor vehicles £	Computer equipment £	Bicycles £	Total £
Cost				
At 1 January 2010	83,129	2,664,458	11,986	7,667,065
Additions	4,984	408,285	13,739	715,926
Disposals	-	-	(8,141)	(176,384)
At 31 December 2010	88,113	3,072,743	17,584	8,206,607
Depreciation				
At 1 January 2010	76,652	2,414,390	11,986	5,559,061
Charge for the year	2,865	305,217	13,739	663,050
On disposals	-	-	(8,141)	(115,184)
At 31 December 2010	79,517	2,719,607	17,584	6,106,927
Net book value				
At 31 December 2010	8,596	353,136	-	2,099,680
At 31 December 2009	6,477	250,068	-	2,108,004

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

10 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2010 and 31 December 2010	102
Net book value	
At 31 December 2010	102
At 31 December 2009	102

Subsidiary undertakings

	Business	Country of Incorporation	Holding
Morph Limited	Dormant	England	100%
Aardman Creature Comforts USA Limited	Dormant	England	100%

The aggregate of the share capital and reserves as at 31 December 2010 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

	Aggregate of share capital and reserves £	Profit/(loss) £
Morph Limited	100	-
Aardman Creature Comforts USA Limited	2	-

11. STOCKS

	2010 £	2009 £
Work in progress	1,559,008	3,841,747
Finished goods	1,815,471	505,962
	<u>3,374,479</u>	<u>4,347,709</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12 DEBTORS

	2010 £	2009 £
Trade debtors	2,558,197	1,098,638
Amounts owed by group undertakings	860,046	389,624
Other debtors	2,325	9,612
Prepayments and accrued income	751,699	702,718
Amounts recoverable on long term contracts	340,885	995,270
Deferred tax asset (see note 14)	8,765	10,601
	<u>4,521,917</u>	<u>3,206,463</u>

13 CREDITORS

Amounts falling due within one year

	2010 £	2009 £
Trade creditors	448,933	771,196
Amounts owed to group undertakings	2,015	446,553
Corporation tax	523,849	227,406
Social security and other taxes	580,948	616,173
Other creditors	31,444	42,840
Accruals and deferred income	1,811,097	1,661,838
	<u>3,398,286</u>	<u>3,766,006</u>

14. DEFERRED TAX ASSET

	2010 £	2009 £
At beginning of year	10,601	(82,828)
(Charge for)/released during year	(1,836)	93,429
	<u>8,765</u>	<u>10,601</u>

The deferred tax asset is made up as follows

	2010 £	2009 £
Other timing differences	<u>8,765</u>	<u>10,601</u>

There is an unprovided deferred tax asset of £36,393 (2009 - £27,375) in respect of accelerated capital allowances

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

15 SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

16. RESERVES

	Profit and loss account £
At 1 January 2010	7,951,105
Profit for the year	<u>1,796,211</u>
At 31 December 2010	<u>9,747,316</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	7,952,105	7,481,718
Profit for the year	<u>1,796,211</u>	<u>470,387</u>
Closing shareholders' funds	<u>9,748,316</u>	<u>7,952,105</u>

18 PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £364,243 (2009 - £340,958). Contributions totalling £31,859 (2009 - £28,690) were payable to the fund at the balance sheet date and are included in creditors.

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

19. OPERATING LEASE COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2010	2009	2010	2009
	£	£	£	£
Expiry date				
Within 1 year	-	50,000	23,053	1,012
Between 2 and 5 years	396,040	297,915	57,055	72,361
After more than 5 years	-	-	7,187	13,419

20. RELATED PARTY TRANSACTIONS

The following information is provided in accordance with Financial Reporting Standard 8, Related Party Transactions -

Year ended 31 December 2010

Name of Related Party	Relationship	Type of transaction	Value of transaction £	Debtor at 31.12 10 £
Wallace & Gromit Ltd	Fellow subsidiary	Commissions payable	249,181	22,506
		Recharge of cost of sales	30,076	-

Year ended 31 December 2009

Name of Related Party	Relationship	Type of transaction	Value of transaction £	Debtor at 31 12 09 £
Wallace & Gromit Ltd	Fellow subsidiary	Commissions payable	196,865	12,110
		Settled balance	16,975	-
		Recharge of cost of sales	175,529	-

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

20 RELATED PARTY TRANSACTIONS (continued)

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 from disclosing transactions with other wholly owned group companies on the grounds that it is itself a wholly owned subsidiary and its parent published consolidated accounts

During the year the company acted as guarantor for the 1998 Aardman Holdings Limited Approved Profit Sharing Scheme. At the year end £207,885 (2009 - £206,615) was secured by the company, and was the maximum amount secured during the year

During the year the company was charged £5,192 (2009 - £251,250) for royalty payments by N W Park, a director of the company. At 31 December 2010 an amount of £nil (2009 - £nil) was outstanding

The company is controlled by its parent company, Aardman Holdings Limited, which is itself controlled by D A Sproston and P D F Lord, directors of the company

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is Aardman Holdings Limited, a company registered in England and Wales. Copies of the parent's consolidated accounts may be obtained from Aardman Holdings Limited, Gas Ferry Road, Bristol, BS1 6UN

22 CONTINGENCIES

The company is party to a composite guarantee dated 19 December 2007 with Aardman Holdings Limited, Aardman Features Limited and Wallace & Gromit Limited. A mortgage debenture is provided over the fixed and floating assets of the company

At 31 December 2010 total borrowings subject to this agreement were £6,057,885 (2009 - £6,906,615)