
AARDMAN ANIMATIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



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
REGISTERED NUMBER	02050843
REGISTERED OFFICE	Gas Ferry Road Bristol BS1 6UN
INDEPENDENT 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 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of film, broadcast, commercial and digital creators, 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

The loss for the year, after taxation, amounted to £300,986 (2011 - profit £108,847)

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 in the Directors' Report 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 in the Directors' Report 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 Sproxton
P D F Lord
N W Park

AARDMAN ANIMATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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 accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

DISCLOSURE 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 relevant audit information 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 2012**

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

D A Sproxton
Director

Date 27 September 2013

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 2012, which comprise the Profit and Loss Account, the Balance Sheet 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).

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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss 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



Carl Deane
Senior Statutory Auditor

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

27 September 2013

AARDMAN ANIMATIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	2	16,072,403	14,861,699
Cost of sales		<u>(9,939,878)</u>	<u>(7,396,674)</u>
GROSS PROFIT		6,132,525	7,465,025
Distribution costs		<u>(20,025)</u>	<u>(21,684)</u>
Administrative expenses		<u>(9,163,813)</u>	<u>(9,589,751)</u>
Other operating income	3	<u>2,661,482</u>	<u>2,363,418</u>
OPERATING (LOSS)/PROFIT	4	(389,831)	217,008
Interest receivable and similar income		<u>3,941</u>	<u>4,684</u>
Interest payable and similar charges	7	<u>(4,556)</u>	<u>(1,464)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(390,446)	220,228
Tax on (loss)/profit on ordinary activities	8	<u>89,460</u>	<u>(111,381)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u><u>(300,986)</u></u>	<u><u>108,847</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

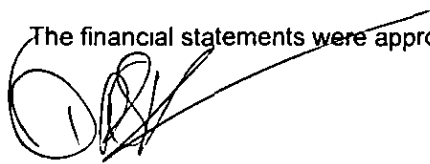
The notes on pages 9 to 20 form part of these financial statements

AARDMAN ANIMATIONS LIMITED
REGISTERED NUMBER 02050843

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	9		1,260,880		1,868,964
Investments	10		102		102
			<u>1,260,982</u>		<u>1,869,066</u>
CURRENT ASSETS					
Stocks	11	2,259,786		4,276,977	
Debtors	12	3,519,944		4,378,327	
Cash at bank and in hand		4,927,098		2,193,542	
		<u>10,706,828</u>		<u>10,848,846</u>	
CREDITORS , amounts falling due within one year	13	(2,411,633)		(2,860,749)	
NET CURRENT ASSETS			<u>8,295,195</u>		<u>7,988,097</u>
NET ASSETS			<u>9,556,177</u>		<u>9,857,163</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Profit and loss account	16		9,555,177		9,856,163
SHAREHOLDERS' FUNDS	17		<u>9,556,177</u>		<u>9,857,163</u>

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



D A Sproxtton
Director

Date 27 September 2013

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 2012

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.

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
Motor vehicles	-	25% on reducing balance
Fixtures & fittings	-	15% on reducing balance
Bicycles	-	100% on cost
Computer equipment	-	33% on cost

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.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

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

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

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1 ACCOUNTING POLICIES (continued)

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

	2012 £	2011 £
United Kingdom	8,779,670	8,216,712
European Union	2,178,806	1,596,048
United States of America	2,615,783	3,416,786
Other	2,498,144	1,632,153
	<u>16,072,403</u>	<u>14,861,699</u>

3 OTHER OPERATING INCOME

	2012 £	2011 £
Royalty receivable	417,419	178,018
Bike lease scheme	1,403	3,204
Commissions receivable	2,242,660	2,182,196
	<u>2,661,482</u>	<u>2,363,418</u>

4 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2012 £	2011 £
Depreciation	548,109	635,552
Fees payable to the company's auditor for the audit of the company's accounts	16,200	16,200
Difference on foreign exchange	100,342	(10,829)
Loss on sale of tangible assets	86,191	17,779
Other operating lease costs	410,672	132,723
	<u>1,161,514</u>	<u>785,425</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	8,827,255	9,226,767
Social security costs	889,509	1,098,936
Other pension costs	325,344	362,097
	<u>10,042,108</u>	<u>10,687,800</u>

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

	2012 No	2011 No
Core staff	100	113
Project related freelancers	122	126
	<u>222</u>	<u>239</u>

6. DIRECTORS' REMUNERATION

	2012 £	2011 £
Remuneration	<u>116,165</u>	<u>115,970</u>
Company pension contributions to defined contribution pension schemes	<u>8,733</u>	<u>9,970</u>

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

7. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	3,943	1,464
On other loans	613	-
	<u>4,556</u>	<u>1,464</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

8. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	104,479
Adjustments in respect of prior periods	(30,301)	5,600
	<u>(30,301)</u>	<u>110,079</u>
Double taxation relief	-	(103,625)
	<u>(30,301)</u>	<u>6,454</u>
Foreign tax on income for the year	<u>68,063</u>	<u>103,631</u>
Total current tax	<u>37,762</u>	<u>110,085</u>
Deferred tax		
Origination and reversal of timing differences	(94,259)	647
Effect of tax rate change on opening balance	3,516	649
Adjustment in respect of prior periods	(36,479)	-
Total deferred tax (see note 14)	<u>(127,222)</u>	<u>1,296</u>
Tax on (loss)/profit on ordinary activities	<u>(89,460)</u>	<u>111,381</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

8 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - *higher than*) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(390,446)</u>	<u>220,228</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	(95,659)	58,360
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,369	6,960
Depreciation for year in excess of capital allowances	38,449	40,486
Adjustments to tax charge in respect of prior periods	(30,301)	5,600
Other timing differences leading to a decrease in taxation	(2,177)	(686)
Non-taxable income	-	(616)
Additional deduction for R&D expenditure	(66,640)	-
Unrelieved tax losses and other deductions arising in the period	138,333	-
Foreign tax credits not used	68,063	(19)
Withholding tax expensed	(16,675)	-
Current tax charge for the year (see note above)	<u><u>37,762</u></u>	<u><u>110,085</u></u>

Factors that may affect future tax charges

Finance Act 2012 included legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012, and to 23% from April 2013, and its impact is reflected above

Finance Act 2013 included legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The full anticipated effect of these changes is not considered material

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9. TANGIBLE FIXED ASSETS

	Property Improvements £	Short life studio equipment £	Studio equipment £	Fixtures & fittings £
Cost				
At 1 January 2012	583,382	196,161	3,665,398	626,599
Additions	-	27,701	29,373	1,423
Disposals	-	-	(639,052)	-
At 31 December 2012	583,382	223,862	3,055,719	628,022
Depreciation				
At 1 January 2012	583,382	97,912	2,361,883	477,888
Charge for the year	-	74,620	199,933	22,520
On disposals	-	-	(464,925)	-
At 31 December 2012	583,382	172,532	2,096,891	500,408
Net book value				
At 31 December 2012	-	51,330	958,828	127,614
At 31 December 2011	-	98,249	1,303,515	148,711
	Motor vehicles £	Computer equipment £	Bicycles £	Total £
Cost				
At 1 January 2012	80,413	3,322,355	8,781	8,483,089
Additions	-	81,154	1,754	141,405
Disposals	(18,376)	(42,790)	(9,996)	(710,214)
At 31 December 2012	62,037	3,360,719	539	7,914,280
Depreciation				
At 1 January 2012	68,691	3,015,588	8,781	6,614,125
Charge for the year	2,931	246,351	1,754	548,109
On disposals	(18,049)	(15,864)	(9,996)	(508,834)
At 31 December 2012	53,573	3,246,075	539	6,653,400
Net book value				
At 31 December 2012	8,464	114,644	-	1,260,880
At 31 December 2011	11,722	306,767	-	1,868,964

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012 and 31 December 2012	102
Net book value	
At 31 December 2012	102
At 31 December 2011	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 2012 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

	2012 £	2011 £
Work in progress	763,272	2,121,696
Finished goods	1,496,514	2,155,281
	<u>2,259,786</u>	<u>4,276,977</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12 DEBTORS

	2012 £	2011 £
Trade debtors	1,844,246	2,245,836
Amounts owed by group undertakings	269,739	1,074,644
Corporation tax repayable	30,301	-
Withholding tax debtor	684	-
Other debtors	5,079	30,098
Prepayments and accrued income	1,205,027	686,106
Amounts recoverable on long term contracts	30,177	334,174
Deferred tax asset (see note 14)	134,691	7,469
	<u>3,519,944</u>	<u>4,378,327</u>

13. CREDITORS

Amounts falling due within one year

	2012 £	2011 £
Trade creditors	363,602	535,014
Amounts owed to group undertakings	128,327	102
Corporation tax	-	851
Other taxation and social security	519,778	501,066
Other creditors	35,885	86,356
Accruals and deferred income	1,364,041	1,737,360
	<u>2,411,633</u>	<u>2,860,749</u>

14. DEFERRED TAX ASSET

	2012 £	2011 £
At beginning of year	7,469	8,765
Released during/(charged for) year (P&L)	127,222	(1,296)
	<u>134,691</u>	<u>7,469</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

14. DEFERRED TAX ASSET (continued)

The deferred tax asset is made up as follows

	2012 £	2011 £
Tax losses carried forward	129,864	-
Other timing differences	4,827	7,469
	<u>134,691</u>	<u>7,469</u>

There is an unprovided deferred tax asset of £187,796 (2011 - £71,892) in respect of accelerated capital allowances

15 SHARE CAPITAL

	2012 £	2011 £
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 2012	9,856,163
Loss for the year	(300,986)
At 31 December 2012	<u>9,555,177</u>

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	9,857,163	9,748,316
(Loss)/profit for the financial year	(300,986)	108,847
Closing shareholders' funds	<u>9,556,177</u>	<u>9,857,163</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 £325,344 (2011 - £362,097). Contributions totaling £20,988 (2011 - £29,873) were payable to the fund at the balance sheet

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18. PENSION COMMITMENTS (continued)

date and are included in creditors

19. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2012	2011	2012	2011
	£	£	£	£
Expiry date.				
Within 1 year	70,000	52,500	-	50,824
Between 2 and 5 years	-	347,915	87,287	45,894
After more than 5 years	347,915	-	-	-

20. RELATED PARTY TRANSACTIONS

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

Year ended 31 December 2012

Name of Related Party	Relationship	Type of transaction	Value of transaction £	Debtors at 31.12.12 £
Wallace & Gromit	Fellow Subsidiary	Commissions	216,117	(16,536)
		Recharge of cost of sales	46,755	16,178
		Recharge of personnel costs	33,148	10,046

Year ended 31 December 2011

Name of Related Party	Relationship	Type of transaction	Value of transaction £	Debtors at 31.12.11 £
Wallace & Gromit Ltd	Fellow subsidiary	Commissions payable	132,820	89,885
		Recharge of cost of sales	49,573	-
		Recharge of personnel costs	48,189	-

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 publishes consolidated accounts

During the year the company acted as guarantor for the 1998 Aardman Holdings Limited Approved Profit Sharing Scheme. At the year end £229,656 (2011 - £209,081) was secured by the company, and was the maximum amount secured during the year

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

During the year the company was charged £79,063 (2011 - £63,153) for royalty payments by N W Park, a director of the company At 31 December 2012 an amount of £70,841 (2011 - £26,401) 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 2012 total borrowings subject to this agreement were £4,604,656 (2011 - £5,284,081)