

Registered number: 02050843

AARDMAN ANIMATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015



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 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,555,509 (2014 - £2,746,923).

No dividend was paid during the year (2014 - £1,050,000)

DIRECTORS

The directors who served during the year were:

D A Sproston
P D F Lord
N W Park

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AARDMAN ANIMATIONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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:

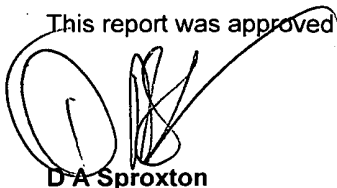
- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

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: 29 September 2016

AARDMAN ANIMATIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report for the year ended 31 December 2015.

PRINCIPAL ACTIVITY 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.

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.

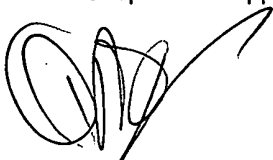
PRINCIPAL RISKS AND UNCERTAINTIES

The directors of Aardman Holdings Limited manage the group's risk 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 strategic 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 strategic report of the group's annual report which does not form part of this report.

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



D A Sproxton
Director

Date: 29 September 2016

AARDMAN ANIMATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AARDMAN ANIMATIONS LIMITED

We have audited the financial statements of Aardman Animations Limited for the year ended 31 December 2015, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's member 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 member 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 member 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 on page 2, 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 Financial Reporting Council'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 2015 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

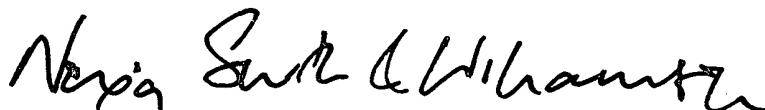
AARDMAN ANIMATIONS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AARDMAN ANIMATIONS LIMITED
(CONTINUED)**

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 Auditor

Portwall Place
Portwall Lane
Bristol
BS1 6NA

29 September 2016

AARDMAN ANIMATIONS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	As restated 2014 £
TURNOVER	1,3	19,730,318	16,004,872
Cost of sales		(10,138,285)	(5,695,274)
GROSS PROFIT		9,592,033	10,309,598
Distribution costs		(14,367)	(2,167)
Administrative expenses		(8,673,336)	(8,028,539)
Other operating income	4	502,694	467,924
OPERATING PROFIT	5	1,407,024	2,746,816
Interest receivable	8	8,670	4,884
Interest payable and similar charges	9	(5,832)	(5,748)
PROFIT ON ORDINARY ACTIVITIES BEFORE TELEVISION AND VIDEO PRODUCTION TAX CREDIT		1,409,862	2,745,952
Television and video production tax credit		659,345	32,064
PROFIT BEFORE TAX		2,069,207	2,778,016
Tax on profit	10	(513,698)	(31,093)
PROFIT AFTER TAX		1,555,509	2,746,923
Retained earnings at the beginning of the year		13,156,805	11,459,882
Profit for the year		1,555,509	2,746,923
Dividends declared and paid		-	(1,050,000)
RETAINED EARNINGS AT THE END OF THE YEAR		14,712,314	13,156,805

There were no recognised gains and losses for 2015 or 2014 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 22 form part of these financial statements.

AARDMAN ANIMATIONS LIMITED
REGISTERED NUMBER: 02050843

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	12		1,410,568		1,127,955
Investments	13		102		102
			<u>1,410,670</u>		<u>1,128,057</u>
CURRENT ASSETS					
Stocks	14	1,480,351		2,282,996	
Debtors: amounts falling due within one year	15	5,829,571		5,690,537	
Cash at bank and in hand		10,619,432		9,061,338	
		<u>17,929,354</u>		<u>17,034,871</u>	
Creditors: amounts falling due within one year	16	(4,623,869)		(5,005,123)	
NET CURRENT ASSETS			13,305,485		12,029,748
PROVISIONS FOR LIABILITIES					
Deferred tax	17	(2,841)		-	
		<u>(2,841)</u>		<u>-</u>	
NET ASSETS			14,713,314		13,157,805
CAPITAL AND RESERVES					
Called up share capital	18		1,000		1,000
Profit and loss account	19		14,712,314		13,156,805
			<u>14,713,314</u>		<u>13,157,805</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: 29 September 2016

The notes on pages 9 to 22 form part of these financial statements.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 FRS 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the disclosure requirements of Section 11 paragraphs 11.39 to 11.48A; and
- the requirements of Section 33 Related Party Disclosures paragraphs 33.7 & 33.9.

This information is included in the consolidated financial statements of Aardman Holdings Limited as at 31 December 2015 and these financial statements may be obtained from Companies House.

1.3 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.

1.4 Turnover

Turnover comprises income from broadcast, commercial and digital sales as well as income from related merchandising, commissions, license fees and production fees charged to other group companies.

Turnover generated from commercial and digital projects is recognised based on stage of completion determined with reference to costs incurred as a proportion of projected costs.

All other turnover is recognised on delivery.

Commission income has been presented in turnover in the current year and amounts to £2,484,870. Prior year commission income has been restated increasing turnover by £1,853,324 and reducing other operating income accordingly. This change in accounting policy has been applied retrospectively and is considered to better reflect the nature of this income stream. This change has had no impact on the reported profit for the year or on the net assets of the entity at the end of the year.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.5 Royalties received

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

1.6 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 FRS 102 section 23.

1.7 Investments

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

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases.

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

1.9 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 Statement of comprehensive income over the recoupment period as specified in the production agreements, except where the conditions of FRS 102 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 2015

1. ACCOUNTING POLICIES (continued)

1.10 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months.

1.11 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 of ruling on the date of the transaction.

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

1.12 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.

1.13 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.14 Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period.

The key areas of judgement and estimation uncertainty in these financial statements are highlighted below:

Revenue recognition

Revenue recognition on commercial and digital projects requires management to forecast the outcome of the project with regard to overall costs expected to be incurred. This is central to level of revenue and profit recognised through these income streams in each financial period.

Valuation of stock

Work in progress and finished goods comprise costs incurred on broadcast, commercial, digital and feature film projects. Where there is no single end customer in place, with particular reference to broadcast and feature film projects, management are required to make an assessment of future expected income in relation to those projects in order to determine whether the associated stock balance should be impaired.

3. TURNOVER

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

Analysis of turnover by country of destination:

	2015 £	As restated 2014 £
United Kingdom	11,208,890	11,268,577
Rest of Europe	2,618,078	1,912,904
United States of America	3,115,008	1,371,491
Other	2,788,342	1,451,900
	<u>19,730,318</u>	<u>16,004,872</u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

4. OTHER OPERATING INCOME

	2015 £	2014 £
Research and development credit	39,028	6,518
Royalty receivable	462,377	460,473
Bike lease scheme	1,289	933
	<u>502,694</u>	<u>467,924</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	631,067	378,166
Profit on sale of assets	(4,618)	(790)
Amounts charged under operating lease agreements	383,633	166,485
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	17,000	15,300
Exchange differences	(13,055)	26,212
	<u></u>	<u></u>

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	7,834,006	6,047,871
Social security costs	855,491	653,810
Pension costs	325,912	275,073
	<u>9,015,409</u>	<u>6,976,754</u>

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

	2015 No.	2014 No.
Core staff	89	86
Project related staff	107	79
	<u>196</u>	<u>165</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. DIRECTORS' REMUNERATION

	2015	2014
	£	£
Directors' emoluments	117,457	114,833
Company contributions to defined contribution pension schemes	9,175	8,995
	<u>126,632</u>	<u>123,828</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

8. INTEREST RECEIVABLE

	2015	2014
	£	£
Other interest receivable	8,670	4,884
	<u>8,670</u>	<u>4,884</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank interest payable	5,832	5,748
	<u>5,832</u>	<u>5,748</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. TAXATION

	2015 £	2014 £
CORPORATION TAX		
Current tax on profits for the year	500,283	72,219
Adjustments in respect of previous periods	121	(35,334)
	<u>500,404</u>	<u>36,885</u>
Double taxation relief	(94,635)	(72,188)
	<u>405,769</u>	<u>(35,303)</u>
FOREIGN TAX		
Foreign tax on income for the year	94,635	72,191
	<u>94,635</u>	<u>72,191</u>
TOTAL CURRENT TAX	<u>500,404</u>	<u>36,888</u>
DEFERRED TAX		
Origination and reversal of timing differences	13,294	(5,795)
TOTAL DEFERRED TAX	<u>13,294</u>	<u>(5,795)</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>513,698</u>	<u>31,093</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>2,069,207</u>	<u>2,778,016</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	419,014	596,996
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	18,111	3,866
Adjustments to tax charge in respect of prior periods	119	(35,334)
Tax rate differences	(799)	(5,866)
Additional deduction for R&D expenditure	(66,956)	(97,372)
Group relief	-	(253,118)
Video games tax profit adjustment	(18,097)	-
Television production tax profit adjustment	180,594	(93,764)
Deferred tax not recognised	(18,288)	(84,315)
TOTAL TAX CHARGE FOR THE YEAR	<u><u>513,698</u></u>	<u><u>31,093</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Finance Act 2015, which received Royal Assent on 18 November 2015, includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

11. DIVIDENDS

	2015 £	2014 £
Dividends paid on equity capital	-	1,050,000
	<u>-</u>	<u>1,050,000</u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12. TANGIBLE FIXED ASSETS

	Property improvements £	Studio equipment £	Motor vehicles £	Fixtures & fittings £	Short life studio equipment £	Computer equipment £	Bicycles £	Total £
COST OR VALUATION								
At 1 January 2015	583,382	3,106,985	54,737	629,658	449,936	3,738,447	2,251	8,565,396
Additions	-	6,999	-	8,912	435,598	462,761	2,272	916,542
Disposals	-	(2,891)	-	-	-	(7,420)	(1,661)	(11,972)
At 31 December 2015	583,382	3,111,093	54,737	638,570	885,534	4,193,788	2,862	9,469,966
DEPRECIATION								
At 1 January 2015	583,382	2,370,337	52,285	536,089	342,711	3,550,386	2,251	7,437,441
Charge owned for the period	-	111,547	613	15,372	220,557	280,706	2,272	631,067
Disposals	-	(2,502)	-	-	-	(4,947)	(1,661)	(9,110)
At 31 December 2015	583,382	2,479,382	52,898	551,461	563,268	3,826,145	2,862	8,059,398
NET BOOK VALUE								
At 31 December 2015	-	631,711	1,839	87,109	322,266	367,643	-	1,410,568
At 31 December 2014	-	736,648	2,452	93,569	107,225	188,061	-	1,127,955

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2015	102
At 31 December 2015	102
At 31 December 2015	-
NET BOOK VALUE	
At 31 December 2015	102
At 31 December 2014	102

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Principal Holding activity
Morph Limited	England	Ordinary	100 % Dormant
Aardman Creature Comforts USA Limited	England	Ordinary	100 % Dormant

14. STOCKS

	2015 £	2014 £
Work in progress	1,250,637	1,449,488
Finished goods	229,714	833,508
	<u>1,480,351</u>	<u>2,282,996</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. DEBTORS

	2015 £	2014 £
Trade debtors	3,277,700	2,355,860
Amounts owed by group undertakings	143,796	1,439,700
Other debtors	405,168	73
Prepayments and accrued income	1,581,064	1,808,037
Amounts recoverable on long term contracts	90,684	3,926
Corporation tax repayable	331,159	72,488
Deferred taxation	-	10,453
	<u>5,829,571</u>	<u>5,690,537</u>

16. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	683,172	474,486
Amounts owed to group undertakings	3,438	60,795
Taxation and social security	366,207	719,399
Other creditors	41,095	62,392
Accruals and deferred income	3,529,957	3,688,051
	<u>4,623,869</u>	<u>5,005,123</u>

17. DEFERRED TAXATION

	2015 £	2014 £
At beginning of year	10,453	4,658
Charged to the profit or loss	(13,294)	5,795
AT END OF YEAR	<u>(2,841)</u>	<u>10,453</u>

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. DEFERRED TAXATION (continued)

Deferred tax assets are included in debtors (note 15) and deferred tax liabilities are presented within provisions on the face of the balance sheet.

The deferred taxation balance is made up as follows:

	2015 £	2014 £
Other timing differences	(2,841)	10,453
	<u>(2,841)</u>	<u>10,453</u>

There is an unprovided deferred tax asset of £nil (2014 - £18,288) in respect of accelerated capital allowances.

18. SHARE CAPITAL

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

19. RESERVES

Profit & loss account

This reserve relates to cumulative retained earnings less amounts distributed to the shareholder.

20. 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 £325,912 (2014 - £285,461). Contributions totalling £29,824 (2014 - £24,866) 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 2015

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	522,559	456,865
Later than 1 year and not later than 5 years	1,035,014	888,285
Later than 5 years	1,010	-
	<u>1,558,583</u>	<u>1,345,150</u>

22. RELATED PARTY TRANSACTIONS

The following information is provided in accordance with FRS 102, Section 33; Related Party Transactions

Year ended 31 December 2015

Name of Related Party	Relationship	Type of transaction	Value of transaction £	Debtor at 31.12.15 £
Wallace & Gromit Ltd	Fellow subsidiary	Commissions	306,725	21,263
		Recharge of cost of sales	84,775	40,422
		Recharge of personnel costs	43,074	9,717

Year ended 31 December 2014

Name of Related Party	Relationship	Type of transaction	Value of transaction £	(Creditor)/debtor at 31.12.14 £
Wallace & Gromit Ltd	Fellow subsidiary	Commissions	339,847	(66,940)
		Recharge of cost of sales	92,813	(1,645)
		Recharge of personnel cost	38,907	9,827

During the year, the company acted as guarantor for the 1998 Aardman Holdings Limited Approved Profit Sharing Scheme. At the year end £236,559 (2014 - £230,000) was secured by the company, and was the maximum amount secured during the year.

During the year the company was charged £192,197 (2014 - £331,675) for royalty payments by N W Park, a director of the company. At 31 December 2015 an amount of £34,384 (2014 - £298,237) was outstanding.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

23. 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.

The ultimate controlling parties are D A Sproxton and P D F Lord, directors of Aardman Animations Limited and Aardman Holdings Limited.

24. CONTINGENCIES

The company is party to a composite guarantee dated 19 December 2007 with Aardman Holdings Limited, Aardman Features Limited and Wallace & Gromit Limited.

At 31 December 2015 total borrowings subject to this agreement were £1,461,559 (2014 - £2,505,000).

25. FIRST TIME ADOPTION OF FRS 102

This is the first year that Aardman Animations Limited has presented its results under FRS 102. The date of transition to FRS 102 was 1 January 2014.

The transition to FRS 102 has resulted in a small number of changes to accounting policies. These have not impacted on the financial performance or the position of the company.