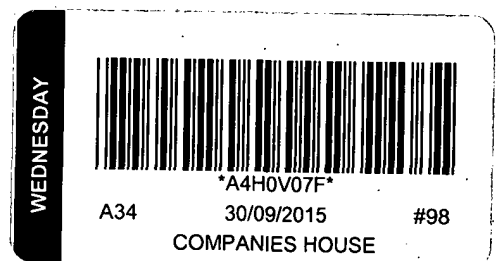

AARDMAN ANIMATIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



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 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

RESULTS

The profit for the year, after taxation, amounted to £2,746,923 (2013 - £1,904,705).

A dividend of £1,050,000 was paid during the year (2013 - £nil).

DIRECTORS

The directors who served during the year were:

D A Sproxton
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 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.

AARDMAN ANIMATIONS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 Sproxtton
Director

Date: 18 September 2015

AARDMAN ANIMATIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the year ended 31 December 2014.

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 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 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: 18 September 2015

AARDMAN ANIMATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN ANIMATIONS LIMITED

We have audited the financial statements of Aardman Animations Limited for the year ended 31 December 2014, 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 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 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 2014 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 AUDITORS' 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 Auditor

Portwall Place
Portwall Lane
Bristol
BS1 6NA

18 September 2015

AARDMAN ANIMATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	As restated 2013 £
Turnover	2	14,151,548	15,559,793
Cost of sales		(5,695,274)	(8,233,856)
GROSS PROFIT		8,456,274	7,325,937
Distribution expenses		(2,167)	(14,185)
Administrative expenses		(8,028,539)	(7,969,252)
Other operating income	3	2,321,248	2,636,017
OPERATING PROFIT	4	2,746,816	1,978,517
Interest receivable		4,884	8,835
Interest payable	7	(5,748)	(5,747)
PROFIT ON ORDINARY ACTIVITIES BEFORE TELEVISION PRODUCTION TAX CREDIT		2,745,952	1,981,605
Television production tax credit	8	32,064	534,305
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,778,016	2,515,910
Taxation	8	(31,093)	(611,205)
PROFIT FOR THE FINANCIAL YEAR		2,746,923	1,904,705

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 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 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	9		1,127,955		1,199,099
Investments	10		102		102
			1,128,057		1,199,201
CURRENT ASSETS					
Stocks	11	2,282,996		1,561,408	
Debtors	12	5,690,537		3,722,372	
Cash at bank and in hand		9,061,338		8,962,897	
		17,034,871		14,246,677	
CREDITORS: amounts falling due within one year	13	(5,005,123)		(3,984,996)	
NET CURRENT ASSETS			12,029,748		10,261,681
NET ASSETS			13,157,805		11,460,882
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Profit and loss account	16		13,156,805		11,459,882
SHAREHOLDERS' FUNDS	17		13,157,805		11,460,882

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


D A Sproxtton
Director

Date: 18 September 2015

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 2014

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 2014

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 2014**

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:

	2014 £	2013 £
United Kingdom	10,416,337	9,747,302
European Union	1,523,102	2,507,537
United States of America	1,187,658	1,907,042
Other	1,024,451	1,397,912
	<u>14,151,548</u>	<u>15,559,793</u>

3. OTHER OPERATING INCOME

	2014 £	2013 £
Research and development credit	6,518	-
Royalty receivable	460,473	483,401
Bike lease scheme	933	1,070
Commissions receivable	1,853,324	2,151,546
	<u>2,321,248</u>	<u>2,636,017</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the company	378,166	418,212
Fees payable to the company's auditor for the audit of the company's accounts	15,300	14,580
Difference on foreign exchange	26,212	13,638
Profit on sale of tangible assets	(790)	(4,804)
Other operating lease costs	166,485	348,524
	<u></u>	<u></u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

5. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	6,047,871	6,425,359
Social security costs	653,810	673,236
Other pension costs	285,461	246,385
	<u>6,987,142</u>	<u>7,344,980</u>

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

	2014 No.	2013 No.
Core staff	86	81
Project related freelancers	79	92
	<u>165</u>	<u>173</u>

6. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>114,833</u>	<u>111,781</u>
Company pension contributions to defined contribution pension schemes	<u>8,995</u>	<u>8,755</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

7. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	<u>5,748</u>	<u>5,747</u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8. TAXATION

	2014 £	As restated 2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	72,219	481,172
Adjustments in respect of prior periods	(35,334)	-
	<u>36,885</u>	<u>481,172</u>
Double taxation relief	(72,188)	(84,489)
	<u>(35,303)</u>	<u>396,683</u>
Foreign tax on income for the year	72,191	84,489
Total current tax	<u>36,888</u>	<u>481,172</u>
Deferred tax		
Origination and reversal of timing differences	(5,795)	105,742
Effect of tax rate change on opening balance	-	16,560
Adjustment in respect of prior periods	-	7,731
Total deferred tax (see note 14)	<u>(5,795)</u>	<u>130,033</u>
Tax on profit on ordinary activities after television production tax credit	<u>31,093</u>	<u>611,205</u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £	As restated 2013 £
Profit on ordinary activities before tax	2,778,016	2,515,910
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	596,995	584,949
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,866	5,276
Capital allowances for year in excess of depreciation	(90,613)	(49,265)
Adjustments to tax charge in respect of prior periods	(35,334)	-
Other timing differences leading to an increase in taxation	6,228	535
Additional deduction for R&D expenditure	(97,372)	(11,625)
Utilisation of tax losses and other deductions arising in the period	-	(123,461)
Tax credits	-	(71)
Other tax adjustments, reliefs and transfers	(4,497)	(37,401)
Group relief	(253,118)	-
Television production tax profit adjustment	(89,267)	112,235
Current tax charge for the year (see note above)	36,888	481,172

The current tax charge reflected above is presented exclusive of television production tax credits totalling £32,064 (2013 - £534,305) in respect of the animation series 'Morph' (2013 - 'Shaun The Sheep, series 4 and 4.5'). The television production tax credit has been shown on the face of the profit and loss account as 'television production tax credit'.

Factors that may affect future tax charges

Finance Act 2013 included legislation to reduce the main rate of corporation tax to 20% from 1 April 2015, and its impact is reflected above.

AARDMAN ANIMATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. TANGIBLE FIXED ASSETS

	Property improvements £	Short life studio equipment £	Studio equipment £	Fixtures & fittings £
Cost				
At 1 January 2014	583,382	354,327	3,083,998	628,201
Additions	-	95,609	24,593	1,457
Disposals	-	-	(1,606)	-
At 31 December 2014	583,382	449,936	3,106,985	629,658
Depreciation				
At 1 January 2014	583,382	258,117	2,241,344	519,577
Charge for the year	-	84,594	130,087	16,512
On disposals	-	-	(1,094)	-
At 31 December 2014	583,382	342,711	2,370,337	536,089
Net book value				
At 31 December 2014	-	107,225	736,648	93,569
At 31 December 2013	-	96,210	842,654	108,624

	Motor vehicles £	Computer equipment £	Bicycles £	Total £
Cost				
At 1 January 2014	54,737	3,553,624	1,741	8,260,010
Additions	-	184,823	1,052	307,534
Disposals	-	-	(542)	(2,148)
At 31 December 2014	54,737	3,738,447	2,251	8,565,396
Depreciation				
At 1 January 2014	51,468	3,405,282	1,741	7,060,911
Charge for the year	817	145,104	1,052	378,166
On disposals	-	-	(542)	(1,636)
At 31 December 2014	52,285	3,550,386	2,251	7,437,441
Net book value				
At 31 December 2014	2,452	188,061	-	1,127,955
At 31 December 2013	3,269	148,342	-	1,199,099

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2014 and 31 December 2014	102
Net book value	
At 31 December 2014	102
At 31 December 2013	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 2014 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

	2014 £	2013 £
Work in progress	1,449,488	331,175
Finished goods	833,508	1,230,233
	<u>2,282,996</u>	<u>1,561,408</u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

12. DEBTORS

	2014 £	2013 £
Trade debtors	2,355,860	2,040,707
Amounts owed by group undertakings	1,439,700	111,680
Corporation tax repayable	72,488	137,622
Other debtors	73	4,553
Prepayments and accrued income	1,808,037	1,386,692
Amounts recoverable on long term contracts	3,926	36,460
Deferred tax asset (see note 14)	10,453	4,658
	<u>5,690,537</u>	<u>3,722,372</u>

13. CREDITORS:

Amounts falling due within one year

	2014 £	2013 £
Trade creditors	474,486	257,482
Other taxation and social security	719,399	754,590
Other creditors	62,392	7,206
Amounts owed to group undertakings	60,795	85,456
Accruals and deferred income	3,688,051	2,880,262
	<u>5,005,123</u>	<u>3,984,996</u>

14. DEFERRED TAX ASSET

	2014 £	2013 £
At beginning of year	4,658	134,691
Released/(charged) during the year (P&L)	5,795	(130,033)
At end of year	<u>10,453</u>	<u>4,658</u>

The deferred tax asset is made up as follows:

	2014 £	2013 £
Other timing differences	<u>10,453</u>	<u>4,658</u>

There is an unprovided deferred tax asset of £18,288 (2013 - £102,603) in respect of accelerated capital allowances.

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15. SHARE CAPITAL

	2014 £	2013 £
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 2014	11,459,882
Profit for the year	2,746,923
Dividends: Equity capital	<u>(1,050,000)</u>
At 31 December 2014	<u>13,156,805</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	11,460,882	9,556,177
Profit for the financial year	2,746,923	1,904,705
Dividends (Note 18)	<u>(1,050,000)</u>	-
Closing shareholders' funds	<u>13,157,805</u>	<u>11,460,882</u>

18. DIVIDENDS

	2014 £	2013 £
Dividends paid on equity capital	<u>1,050,000</u>	<u>-</u>

AARDMAN ANIMATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

19. RELATED PARTY TRANSACTIONS

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

Year ended 31 December 2014

Name of Related Party	Relationship	Type of transaction	Value of transaction £	Debtor/ (creditor) 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 costs	38,907	9,827

Year ended 31 December 2013

Name of Related Party	Relationship	Type of transaction	Value of transaction £	Debtor/ (creditor) at 31.12.13 £
Wallace & Gromit Ltd	Fellow subsidiary	Commissions	352,798	(113,696)
		Recharge of cost of sales	72,459	1,290
		Recharge of personnel costs	41,087	25,062

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 £230,000 (2013 - £229,952) was secured by the company, and was the maximum amount secured during the year.

During the year the company was charged £331,675 (2013 - £449,862) for royalty payments by N W Park, a director of the company. At 31 December 2014 an amount of £298,237 (2013 - £465,702) was outstanding.

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

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 £285,461 (2013 - £246,385). Contributions totaling £24,866 (2013 - £23,291) 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 2014

21. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2014	Other
	2014	2013		2013
	£	£	£	£
Expiry date:				
Within 1 year	-	-	10,858	-
Between 2 and 5 years	366,715	366,715	82,784	93,642
	<u>366,715</u>	<u>366,715</u>	<u>82,784</u>	<u>93,642</u>

22. 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.

23. 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 2014 total borrowings subject to this agreement were £2,505,000 (2013 - £3,904,952).