

**AARDMAN FEATURES LIMITED**  
**ACCOUNTS**

**31 DECEMBER 2009**

Company Registration Number 3186872



**AARDMAN FEATURES LIMITED**

**ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2009**

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## **AARDMAN FEATURES LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

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**Board of directors**

P D F Lord  
D A Sproxton

**Company secretary**

D A Sproxton

**Registered office**

Gas Ferry Road  
Bristol  
BS1 6UN

**Auditors**

Nexia Smith & Williamson  
Chartered Accountants  
Registered Auditors  
Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA

**Bankers**

Coutts & Co  
Media Banking  
440 Strand  
London  
WC2R 0QS

## **AARDMAN FEATURES LIMITED**

### **DIRECTORS' REPORT**

#### **YEAR ENDED 31 DECEMBER 2009**

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The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 December 2009

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company in the year was that of film producers

The feature film produced by the company 'Chicken Run' was successfully released world-wide in 2000. Income continues to be derived from this film through various forms of distribution

#### **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 accounts

The directors have not recommended a dividend (2008 £nil)

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The directors have not established any formal financial risk management objectives and policies due to the size of the company and the nature of its business

#### **THE DIRECTORS**

The directors who served the company during the year were as follows

P D F Lord  
D A Sproxtton

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the 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

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## **AARDMAN FEATURES LIMITED**

### **DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2009**

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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES** *(continued)*

position of the company and enable them to ensure that the accounts 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.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

In the case of each person who was a director at the time this report was approved:

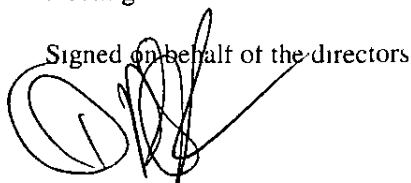
- So far as that director was aware, there was no relevant available information of which the company's auditors were unaware, and
- That director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were 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**

Nexia Smith & Williamson LLP resigned as auditors effective as of 30 April 2010. Nexia Smith & Williamson Audit Limited, which trades as Nexia Smith & Williamson, has been appointed as auditors. A resolution to re-appoint Nexia Smith & Williamson will be proposed at the annual general meeting.

Signed on behalf of the directors



D A Sproxton  
Director

Date 31 August 2010

## **AARDMAN FEATURES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER**

#### **YEAR ENDED 31 DECEMBER 2009**

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We have audited the accounts of Aardman Features Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

A description of the scope of an audit of accounts is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on accounts**

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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 accounts are prepared is consistent with the accounts.

#### **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 accounts 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.

*Nexia Smith & Williamson*

Steven Coombe  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

Portwall Lane  
Bristol  
BS1 6NA  
31 August 2010

**AARDMAN FEATURES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
<b>TURNOVER</b>	2	513,979	811,184
Cost of sales		(400,166)	(589,829)
<b>GROSS PROFIT</b>		113,813	221,355
Administrative expenses		(24,638)	6,764
<b>OPERATING PROFIT</b>	3	89,175	228,119
Interest receivable		474	10,791
Interest payable and similar charges		-	(115)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		89,649	238,795
Tax on profit on ordinary activities	4	(25,102)	(93,347)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		64,547	145,448

The company has no recognised gains or losses other than the results for the year as set out above

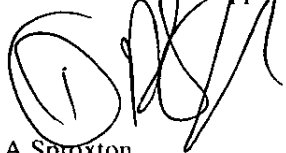
All of the activities of the company are classed as continuing

**The notes on pages 7 to 12 form part of these accounts.**

**AARDMAN FEATURES LIMITED****BALANCE SHEET****31 DECEMBER 2009**

	Note	2009	2008
		£	£
<b>CURRENT ASSETS</b>			
Stocks	6	6,875,999	8,020,669
Debtors	7	27,070	101,354
Cash at bank		1,934,712	2,211,541
		<u>8,837,781</u>	<u>10,333,564</u>
<b>CREDITORS:</b> Amounts falling due within one year	8	(6,937,166)	(8,389,329)
<b>NET CURRENT ASSETS</b>		<u>1,900,615</u>	<u>1,944,235</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,900,615</u>	<u>1,944,235</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	9	(1,411,260)	(1,519,427)
<b>NET ASSETS</b>		<u>489,355</u>	<u>424,808</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	11	100	100
Profit and loss account	12	<u>489,255</u>	<u>424,708</u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>	13	<u>489,355</u>	<u>424,808</u>

These accounts were approved by the directors on 31 August 2010 and are signed on their behalf by



D A Sproxton  
Director

Company registration number 3186872

The notes on pages 7 to 12 form part of these accounts.



# **AARDMAN FEATURES LIMITED**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 31 DECEMBER 2009**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

#### **Turnover**

The turnover shown in the profit and loss account represents amounts generated from the film production and related activities and is exclusive of value added tax

Advances received during the production of the film, to fund the cost of production, are treated as deferred income, and are released to turnover over the period of recoupment, as defined in the film agreement

#### **Finished goods**

Finished goods are the costs of production, including finance costs, directly related to the production, matched with income and charged through the profit and loss account over the recoupment period

#### **Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. No amount has been provided for deferred tax assets

#### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

### **2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover by geographical market is given below

	2009	2008
	£	£
Europe & UK	113,813	221,355
North America & Rest of World	400,166	589,829
	<u>513,979</u>	<u>811,184</u>

**AARDMAN FEATURES LIMITED****NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2009**

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**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	2009	2008
	£	£
Foreign exchange loss / (gain)	8,117	(40,415)
Auditors' remuneration	<u>2,400</u>	<u>2,400</u>

The only staff employed during the current and prior year were the directors, who received no remuneration for their services

**4. TAXATION ON ORDINARY ACTIVITIES**

(a) Analysis of charge in the year

	2009	2008
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	133,269	265,923
Under provision in prior year	-	(4,391)
Total current tax	<u>133,269</u>	<u>261,532</u>
Deferred tax		
Origination and reversal of timing differences		
Capital allowances	361	486
Other	<u>(108,528)</u>	<u>(168,671)</u>
Total deferred tax (note 9)	<u>(108,167)</u>	<u>(168,185)</u>
Tax on profit on ordinary activities	<u>25,102</u>	<u>93,347</u>

**AARDMAN FEATURES LIMITED****NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2009**

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**4. TAXATION ON ORDINARY ACTIVITIES** *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher (2008 – higher) than the standard rate of corporation tax in the UK of 28% (2008 - 28.5%)

	2009	2008
	£	£
Profit on ordinary activities before taxation	<u>89,649</u>	<u>238,795</u>
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 28% (2008 – 28.5%)	25,102	68,057
Capital allowances for the period in excess of depreciation	(361)	(495)
Expenses not deductible for tax purposes	-	26,703
Other short term timing differences	108,528	171,683
Adjustments in respect of prior years	-	(4,391)
Tax rate differences	-	(25)
Total current tax (note 4(a))	<u>133,269</u>	<u>261,532</u>

**5. DIVIDENDS**

No dividend has been recommended for the year (2008 - £ Nil)

**6. STOCKS**

	2009	2008
	£	£
Finished goods	<u>6,875,999</u>	<u>8,020,669</u>

**7. DEBTORS**

	2009	2008
	£	£
Amounts owed by group undertakings	-	12,857
Prepayments and accrued income	16,736	86,543
Corporation tax recoverable	8,731	-
VAT recoverable	1,603	1,954
	<u>27,070</u>	<u>101,354</u>

**AARDMAN FEATURES LIMITED****NOTES TO THE ACCOUNTS****YEAR ENDED 31 DECEMBER 2009**

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**8. CREDITORS:** Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	-	12,202
Amounts owed to group undertakings	-	8,466
Corporation tax	-	265,923
Accruals and deferred income	6,937,166	8,102,738
	<u>6,937,166</u>	<u>8,389,329</u>

**9. DEFERRED TAXATION**

	2009	2008
	£	£
The movement in the deferred taxation provision during the year was		
Provision brought forward	1,519,427	1,687,612
Decrease in provision	(108,167)	(168,185)
Provision carried forward	<u>1,411,260</u>	<u>1,519,427</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2009	2008
	£	£
Accelerated capital allowances	592,133	591,772
Other timing differences	819,127	927,655
	<u>1,411,260</u>	<u>1,519,427</u>

There is £95,783 of unprovided deferred tax liabilities in relation to accelerated capital allowances at 31 December 2009 (2008 £95,783)

# AARDMAN FEATURES LIMITED

## NOTES TO THE ACCOUNTS

### YEAR ENDED 31 DECEMBER 2009

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#### 10. RELATED PARTY TRANSACTIONS

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

There are no related party transactions with other group companies requiring disclosure in respect of the years ended 31 December 2008 and 31 December 2009

The company has taken advantage of the exemptions provided by Financial Reporting Standard 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 was charged £11,109 (2008 - £19,825) for royalty payments by N W Park, a director of fellow subsidiary companies within the group £1,524 was unpaid at 31 December 2009 (2008 - £19,844)

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

#### 11. SHARE CAPITAL

Authorised share capital	2009	2008
	£	£
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid	2009	2008
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>

#### 12. PROFIT AND LOSS ACCOUNT

	2009	2008
	£	£
Balance brought forward	424,708	279,260
Retained profit for the financial year	<u>64,547</u>	<u>145,448</u>
Balance carried forward	<u>489,255</u>	<u>424,708</u>

#### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2009	2008
	£	£
Profit for the financial year	64,547	145,448
Opening equity shareholder's funds	<u>424,808</u>	<u>279,360</u>
Closing equity shareholder's funds	<u>489,355</u>	<u>424,808</u>

## **AARDMAN FEATURES LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **YEAR ENDED 31 DECEMBER 2009**

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#### **14. ULTIMATE PARENT COMPANY**

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

#### **15. CONTINGENCIES**

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

At 31 December 2009 total borrowings subject to the agreement was £6,906,615 (2008 - £6,772,522)

**AARDMAN FEATURES LIMITED**  
**MANAGEMENT INFORMATION**  
**YEAR ENDED 31 DECEMBER 2009**

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The following page does not form part of the statutory accounts  
which are the subject of the independent auditors' report on page 4

**AARDMAN FEATURES LIMITED****DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	£	£
<b>TURNOVER</b>	513,979	811,184
<b>COST OF SALES</b>		
Opening work-in-progress	8,020,669	6,403,680
Closing work-in-progress	(6,875,999)	(8,020,669)
Exchange difference capitalised	(744,504)	2,206,818
	(400,166)	(589,829)
<b>GROSS PROFIT</b>	113,813	221,355
<b>OVERHEADS</b>		
Royalties payable	(11,109)	(19,825)
Audit & accounting fees	(5,180)	(5,105)
Bank charges	(232)	(100)
Bonus recharge	-	(12,568)
Bad debt written back	-	3,947
Exchange gains/(losses)	(8,117)	40,415
	(24,638)	6,764
<b>OPERATING PROFIT</b>	89,175	228,119
Interest receivable	474	10,791
Interest payable and similar charges	-	(115)
<b>PROFIT ON ORDINARY ACTIVITIES</b>	89,649	238,795