
AARDMAN FEATURES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



AARDMAN FEATURES LIMITED

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AARDMAN FEATURES LIMITED

COMPANY INFORMATION

DIRECTORS	D A Sproxton P D F Lord
COMPANY SECRETARY	D A Sproxton
REGISTERED NUMBER	03186872
REGISTERED OFFICE	Gas Ferry Road Bristol BS1 6UN
INDEPENDENT AUDITORS	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA
BANKERS	Coutts & Co Media Banking 440 Strand London WC2R 0QS

AARDMAN FEATURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year was that of film production.

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

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 the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of Aardman Features 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 Features Limited's business. The principal risks and uncertainties of the Aardman Holdings Limited group, which include those of this 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 Features 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 Features 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 as follows:

D A Sproxton
P D F Lord

AARDMAN FEATURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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 judgements 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.

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.

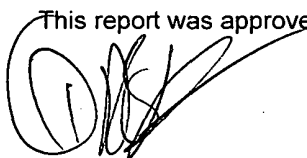
This confirmation is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

AUDITORS

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

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



D A Sproxton
Director

Date: 29 September 2016

AARDMAN FEATURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AARDMAN FEATURES LIMITED

We have audited the financial statements of Aardman Features Limited for the year ended 31 December 2015, 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 the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 as 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

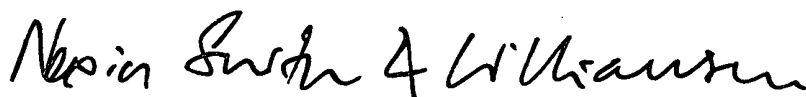
AARDMAN FEATURES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AARDMAN FEATURES 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.



Carl Deane (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

29 September 2016

AARDMAN FEATURES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
TURNOVER	1,2	369,145	3,836,654
Cost of sales		(251,649)	(3,748,992)
GROSS PROFIT		117,496	87,662
Administrative (expenses)/income		(16,102)	6,542
OPERATING PROFIT	3	101,394	94,204
Interest receivable and similar income		355	345
Interest payable and similar charges		(86)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		101,663	94,549
Tax on profit on ordinary activities	5	58,779	(13,716)
PROFIT FOR THE FINANCIAL YEAR	11	160,442	80,833

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 and 2014 other than those included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

AARDMAN FEATURES LIMITED
REGISTERED NUMBER: 03186872

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	2014 £
CURRENT ASSETS					
Stocks	6	1,248,351		1,500,000	
Debtors	7	190,016		5,200	
Cash at bank		319,373		461,777	
		<u>1,757,740</u>		<u>1,966,977</u>	
CREDITORS: amounts falling due within one year	8	<u>(1,262,889)</u>		<u>(1,557,366)</u>	
NET CURRENT ASSETS			<u>494,851</u>		<u>409,611</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>494,851</u>		<u>409,611</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	9		<u>(224,437)</u>		<u>(299,639)</u>
NET ASSETS			<u>270,414</u>		<u>109,972</u>
CAPITAL AND RESERVES					
Called up share capital	10		<u>100</u>		<u>100</u>
Profit and loss account	11		<u>270,314</u>		<u>109,872</u>
SHAREHOLDERS' FUNDS	12		<u>270,414</u>		<u>109,972</u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

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


D A Sproxtton
Director

Date: 29 September 2016

The notes on pages 8 to 13 form part of these financial statements.

AARDMAN FEATURES 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 the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 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.

1.3 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.

Where the costs associated with production and reflected in finished goods are not considered recoverable by way of recoupment, an impairment charge is recognised within cost of sales and an equivalent release of non-refundable advances is recognised within turnover. In the current period a release of this nature contributed £nil (2014: £3,570,853) to turnover and cost of sales.

1.4 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.

Where there is significant uncertainty surrounding recoverability through recoupment, an impairment charge is recognised within cost of sales.

1.5 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.

AARDMAN FEATURES LIMITED

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

1. ACCOUNTING POLICIES (continued)

1.6 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 in accordance with the release of advances.

2. TURNOVER

A geographical analysis of turnover is as follows:

	2015 £	2014 £
United Kingdom & European Union	117,497	30,484
North America & rest of world	251,648	3,806,170
	<u>369,145</u>	<u>3,836,654</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Fees payable to the company's auditors for the audit of the company's annual accounts	2,700	3,050
Difference on foreign exchange	<u>(1,459)</u>	<u>(15,419)</u>

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration from the company (2014 - £nil).

AARDMAN FEATURES LIMITED

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

5. TAXATION

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	33,559	433,733
Adjustments in respect of prior periods	(17,136)	-
Total current tax	<u>16,423</u>	<u>433,733</u>
Deferred tax		
Effect of tax rate change on opening liability	(29,964)	-
Origination and reversal of timing differences	(45,238)	(420,017)
Total deferred tax (see note 9)	<u>(75,202)</u>	<u>(420,017)</u>
Tax on profit on ordinary activities	<u>(58,779)</u>	<u>13,716</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower 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>101,663</u>	<u>94,549</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	20,583	20,319
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	535,100
Capital allowances for year in excess of depreciation	(66)	(85)
Adjustments to tax charge in respect of prior periods	(17,136)	-
Short term timing difference leading to an increase/(decrease) in taxation	50,950	(4,172)
Non-taxable income	-	(280)
Group relief claimed	(37,908)	(117,132)
Tax credits	-	(17)
Current tax charge for the year (see note above)	<u>16,423</u>	<u>433,733</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.

AARDMAN FEATURES LIMITED

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

6. STOCKS

	2015 £	2014 £
Finished goods	<u>1,248,351</u>	<u>1,500,000</u>

7. DEBTORS

	2015 £	2014 £
Amounts owed by group undertakings	15,148	-
Prepayments and accrued income	89,422	4,565
Corporation tax repayable	84,172	-
VAT repayable	1,274	635
	<u>190,016</u>	<u>5,200</u>

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

	2015 £	2014 £
Trade creditors	3,030	-
Amounts owed to group undertakings	-	1,633
Corporation tax	-	52,180
Accruals and deferred income	1,259,859	1,503,553
	<u>1,262,889</u>	<u>1,557,366</u>

9. DEFERRED TAXATION

	2015 £	2014 £
At beginning of year	299,639	719,656
Released during year (P&L)	(75,202)	(420,017)
At end of year	<u>224,437</u>	<u>299,639</u>

AARDMAN FEATURES LIMITED

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

9. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(267)	(361)
Other timing differences	224,704	300,000
	<u>224,437</u>	<u>299,639</u>

There are no unprovided deferred tax liabilities in relation to accelerated capital allowances at 31 December 2015 (2014 - £nil).

10. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. RESERVES

	Profit and loss account £
At 1 January 2015	109,872
Profit for the year	160,442
At 31 December 2015	<u>270,314</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 £	2014 £
Opening shareholders' funds	109,972	29,139
Profit for the financial year	160,442	80,833
Closing shareholders' funds	<u>270,414</u>	<u>109,972</u>

AARDMAN FEATURES LIMITED

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

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by the Financial Reporting Standard for Smaller Entities (effective January 2015) from disclosing transactions with other wholly owned group companies on the grounds this it is itself a wholly owned subsidiary and its parent publishes consolidated accounts.

At the year end, the company was owed £7,500 (2014 - £nil) by Wallace & Gromit Limited, a fellow subsidiary company, in respect of a tax payment made on its behalf.

During the year the company was charged £11,975 (2014 - £2,961) for royalty payments by N W Park, a director of fellow subsidiary companies within the group. £8,743 was unpaid at 31 December 2015 (2014 - £nil).

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

14. ULTIMATE PARENT UNDERTAKING

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 3 July 2012 with Aardman Holdings Limited, Aardman Animations Limited and Wallace & Gromit Limited.

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