

AARDMAN FEATURE DEVELOPMENT LIMITED**ACCOUNTS****31 DECEMBER 2009 (Re-issued)**

These re-issued accounts replace the original accounts for the period ended 31 December 2009, which were issued on 30 June 2010. These re-issued accounts are now the statutory accounts of the company for the period ended 31 December 2009. The re-issued accounts have been prepared as if they had been issued on 30 June 2010 and not at the date of the revision (being 1 December 2010) and accordingly do not deal with any events between those dates. See note 1 to the re-issued accounts for further details.

Company Registration Number 06712047

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AARDMAN FEATURE DEVELOPMENT LIMITED

ACCOUNTS

PERIOD ENDED 31 DECEMBER 2009

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AARDMAN FEATURE DEVELOPMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

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 FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT

PERIOD ENDED 31 DECEMBER 2009

The directors have chosen to re-issue the accounts for the period ended 31 December 2009 under Companies Act 2006

This revised report replaces the original report of the directors for the period, which was issued on 30 June 2010 (the Original Report). This revised report has been prepared as at 30 June 2010 and not as at the date of the revision (being 1 December 2010) and accordingly does not deal with events between those dates. The Original Report did not comply with the requirements of the Act as follows:

- 1 The profit for the period after taxation was stated in the Original Report as £nil. After the correction of errors in the previously presented accounts for the period, the loss for the period after taxation as set out in the re-issued accounts for the period is £147,236
- 2 The balance sheet as at 31 December 2009 in the Original accounts excluded an amount of £1,227,242 which was incorrectly excluded from tangible fixed assets and an amount of £1,374,478 which was incorrectly excluded from creditors due within one year. After the correction of the error the re-issued accounts, including these sums, show a figure of tangible fixed assets of £1,227,242 and creditors due within one year of £2,339,736

The purpose of re-issuing the accounts is to re-present these accounts following the remedying of the errors in the previously presented accounts signed on 30 June 2010. Details of the errors are set out in the accounting policy note.

The Act requires that where revised accounts are issued, a revised auditors' report is issued and this is attached.

Under the Act the directors have authority to revise the annual accounts and directors report if they do not comply with the Act. The revised accounts must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original accounts were approved. The regulations require that the revised accounts show a true and fair view as if they were prepared and approved by the directors as at the date of the original accounts.

INCORPORATION

The company was incorporated on 1 October 2008

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company commenced trading on 1 January 2009, having previously been dormant. The principal activity of the company during the period was that of feature film development and the leasing of equipment to group companies.

RESULTS AND DIVIDENDS

The trading results for the period, and the company's financial position at the end of the period, are shown in the attached accounts.

The directors have not recommended a dividend

AARDMAN FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD ENDED 31 DECEMBER 2009

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 period 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 period 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 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

AARDMAN FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT *(continued)*

PERIOD ENDED 31 DECEMBER 2009

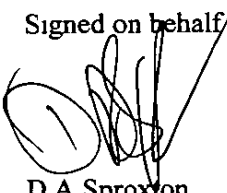
AUDITORS

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.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'D A Sproxton', written over a circular stamp or seal.

D A Sproxton
Director

Date 1 December 2010

AARDMAN FEATURE DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

PERIOD ENDED 31 DECEMBER 2009

We have audited the revised accounts of Aardman Feature Development Limited for the period ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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). These revised accounts have been prepared under the accounting policies set out therein and replace the original accounts approved by the directors on 30 June 2010.

The revised accounts have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original accounts were approved.

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the revised accounts in accordance with applicable law and United Kingdom Accounting standards and for being satisfied that they give a true and fair view.

Our responsibility is to audit the revised accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland) and to report our opinion on whether the revised accounts give a true and fair view and are prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008. Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We are also required to report whether in our opinion the original accounts failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the revised accounts sufficient to give reasonable assurance that the revised accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the revised accounts.

The audit of revised accounts includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

AARDMAN FEATURE DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER *(continued)*

PERIOD ENDED 31 DECEMBER 2009

Opinion on accounts

In our opinion:

- the revised accounts give a true and fair view, seen as at the date the original accounts were approved, of the state of the company's affairs as at 31 December 2009 and of its loss for the period then ended,
- the revised accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original accounts were approved;
- the revised accounts have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008, and
- the original accounts for the period ended 31 December 2009 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the accounting policy note of these revised accounts

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the revised Directors' Report for the financial period for which the revised accounts are prepared is consistent with the revised accounts

Emphasis of matter – revision of defective accounts

In forming our opinion on the revised accounts, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policy note on page 9 of these revised accounts concerning the need to revise the recognition of tangible fixed assets owned by the entity together with the related depreciation, the related rental income from these assets and intercompany creditors. The original accounts were approved on 30 June 2010 and our previous report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report.

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 revised 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
1 December 2010

AARDMAN FEATURE DEVELOPMENT LIMITED**PROFIT AND LOSS ACCOUNT****PERIOD ENDED 31 DECEMBER 2009**

	Note	Period from 1 Oct 2008 to 31 Dec 2009 £
TURNOVER	2	355,165
Cost of sales		-
GROSS PROFIT		<u>355,165</u>
Other operating income	3	1,980
Administrative expenses		<u>(502,356)</u>
OPERATING LOSS	4	<u>(145,211)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(145,211)
Tax on loss on ordinary activities	6	(2,025)
LOSS FOR THE FINANCIAL PERIOD		<u>(147,236)</u>

There are no recognised gains or losses for the period other than the result shown above

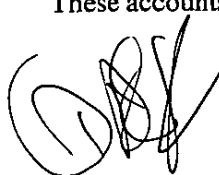
All of the activities of the company are classed as continuing and commenced on 1 January 2009

The notes on pages 9 to 14 form part of these accounts.

AARDMAN FEATURE DEVELOPMENT LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2009**

	Note	2009 £	£
FIXED ASSETS			
Tangible assets	7		<u>1,227,242</u>
			1,227,242
CURRENT ASSETS			
Stocks	8	931,978	
Debtors	9	<u>33,380</u>	
		965,358	
CREDITORS: Amounts falling due within one year	10	<u>(2,339,736)</u>	
NET CURRENT LIABILITIES			<u>(1,374,378)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(147,136)</u>
NET LIABILITIES			<u>(147,136)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12		100
Profit and loss account			<u>(147,236)</u>
EQUITY SHAREHOLDER'S DEFICIT	13		<u>(147,136)</u>

These accounts were approved by the directors on 1 December 2010 and are signed on their behalf by.



D A Sproxton
Director

Company registration number 06712047

The notes on pages 9 to 14 form part of these accounts.

AARDMAN FEATURE DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

Re-issued accounts – general information

The directors have chosen to re-issue the accounts for the period ended 31 December 2009 under Companies Act 2006

This revised report replaces the original report of the directors for the period, which was issued on 30 June 2010 (the Original Report) This revised report has been prepared as at 30 June 2010 and not as at the date of the revision (being 1 December 2010) and accordingly does not deal with events between those dates.

The Directors of the Company have identified that there were errors in the original accounts prepared and signed on the 30 June 2010 This error concerns the exclusion of tangible fixed assets owned by the entity, the related depreciation of these assets, the related rental income from these assets and intercompany creditor relating to these transactions

Accordingly the Original Report did not comply with the requirement of the Act as follows:

- The profit for the period after taxation was stated in the Original Report as £nil After the correction of errors in the previously presented accounts for the period, the loss for the period after taxation as set out in the re-issued accounts for the period is £147,236
- The balance sheet as at 31 December 2009 in the Original accounts excluded an amount of £1,227,242 which was incorrectly excluded from tangible fixed assets and an amount of £1,374,478 which was incorrectly excluded from creditors due within one year After the correction of the error the re-issued accounts, including these sums, show a figure of tangible fixed assets of £1,227,242 and creditors due within one year of £2,339,736

The purpose of re-issuing the accounts is to re-present these accounts following the remedying of the errors in the previously presented accounts signed on 30 June 2010

The Act requires that where revised accounts are issued, a revised auditors' report is issued and this is attached

Under the Act the directors have authority to revise the annual accounts and directors report if they do not comply with the Act The revised accounts must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original accounts were approved The regulations require that the revised accounts show a true and fair view as if they were prepared and approved by the directors as at the date of the original accounts.

AARDMAN FEATURE DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES *(continued)*

The principal accounting policies of the company are set out below

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 provided 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 rental of fixed assets to group companies, exclusive of value added tax.

Other operating income

The other operating income shown in the profit and loss account represents recharges made for administration costs

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures and Fittings	-	15% on reducing balance
Computer Equipment	-	33% on cost
Studio Equipment	-	25% on reducing balance

Stocks and work in progress

Work in progress reflects development expenditure on feature film projects not yet in production

Deferred tax

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

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 result

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. When a feature goes into production the work in progress and deferred income relating to the feature gets transferred into a separate company

AARDMAN FEATURE DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES *(continued)*

Operating leases

Equipment leased to other businesses under operating leases is capitalised. Operating lease income is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

2. TURNOVER

The turnover and loss before tax are attributable to the principal activity of the company

3. OTHER OPERATING INCOME

	Period from 1 Oct 2008 to 31 Dec 2009 £
Recharges	<u>1,980</u>

4. OPERATING LOSS

Operating loss is stated after charging

	Period from 1 Oct 2008 to 31 Dec 2009 £
Depreciation	500,376
Auditors' remuneration - audit fees	<u>1,900</u>

5. PARTICULARS OF EMPLOYEES

The only staff employed during the period were the directors, who received no remuneration for their services.

6. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 1 Oct 2008 to 31 Dec 2009 £
Current taxation	
Corporation tax for the period	<u>2,025</u>
Total current tax (note 6(b))	<u>2,025</u>

AARDMAN FEATURE DEVELOPMENT LIMITED**NOTES TO THE ACCOUNTS****PERIOD ENDED 31 DECEMBER 2009****6. TAX ON LOSS ON ORDINARY ACTIVITIES** *(continued)***(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28%

	Period from 1 Oct 2008 to 31 Dec 2009 £
Loss on ordinary activities before taxation	(145,211)
Loss on ordinary activities multiplied by the standard rate of tax in the UK of 28%	(40,659)
Tax credits	(675)
Depreciation in excess of capital allowances	43,359
Total current tax (note 6(a))	<u>2,025</u>

At the period end the company has an unprovided deferred tax asset in relation to accelerated capital allowances of £32,519.

7. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Computer Equipment £	Studio Equipment £	Total £
COST				
Additions	13,118	872,285	842,215	1,727,618
At 31 December 2009	<u>13,118</u>	<u>872,285</u>	<u>842,215</u>	<u>1,727,618</u>
DEPRECIATION				
Charge for the period	1,968	287,854	210,554	500,376
At 31 December 2009	<u>1,968</u>	<u>287,854</u>	<u>210,554</u>	<u>500,376</u>
NET BOOK VALUE				
At 31 December 2009	<u>11,150</u>	<u>584,431</u>	<u>631,661</u>	<u>1,227,242</u>

The above assets are leased to other group companies under operating lease agreements. The rental income generated during the period in respect of these assets was £355,165.

8. STOCKS

	2009 £
Work in progress	<u>931,978</u>

AARDMAN FEATURE DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 31 DECEMBER 2009

9. DEBTORS

	2009 £
Amounts owed by group undertakings	31,400
Prepayments and accrued income	1,980
	<u>33,380</u>

10. CREDITORS: Amounts falling due within one year

	2009 £
Amounts owed to group undertakings	1,372,453
Accruals and deferred income	965,258
Corporation tax	2,025
	<u>2,339,736</u>

The company is party to a debenture dated 12 October 2009 with AA Development UK Limited securing all monies due or to become due from the company to AA Development Limited

11. RELATED PARTY TRANSACTIONS

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

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

12. SHARE CAPITAL

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

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2009 £
Loss for the period	(147,236)
Opening equity shareholder's funds	100
Closing equity shareholder's deficit	<u>(147,136)</u>

AARDMAN FEATURE DEVELOPMENT LIMITED

NOTES TO THE ACCOUNTS

PERIOD ENDED 31 DECEMBER 2009

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