
AARDMAN FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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AARDMAN FEATURE DEVELOPMENT LIMITED

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AARDMAN FEATURE DEVELOPMENT LIMITED

COMPANY INFORMATION

DIRECTORS	D A Sproxton P D F Lord
REGISTERED NUMBER	06712047
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 FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of feature film development.

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 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 Feature Development 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 Feature Development 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 Feature Development 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 Feature Development 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 FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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 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.

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.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



D A Sproxtton
Director

Date: 23 September 2014

AARDMAN FEATURE DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN FEATURE DEVELOPMENT LIMITED

We have audited the financial statements of Aardman Feature Development Limited for the year ended 31 December 2013, 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 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 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 2013 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.

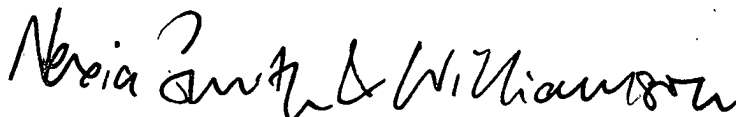
AARDMAN FEATURE DEVELOPMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN FEATURE DEVELOPMENT 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 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

23 September 2014

AARDMAN FEATURE DEVELOPMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	685,610	647,430
Cost of sales		<u>(685,610)</u>	<u>(184,630)</u>
GROSS PROFIT		-	462,800
Administrative expenses		(5,701)	(172,249)
Other operating income		<u>5,893</u>	<u>6,346</u>
OPERATING PROFIT	3	192	296,897
Interest receivable and similar income		<u>156</u>	<u>79</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		348	296,976
Tax on profit on ordinary activities	5	<u>27,973</u>	<u>4,595</u>
PROFIT FOR THE FINANCIAL YEAR	10	<u><u>28,321</u></u>	<u><u>301,571</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

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

AARDMAN FEATURE DEVELOPMENT LIMITED
REGISTERED NUMBER: 06712047

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
CURRENT ASSETS					
Stocks	6	1,171,320		1,371,947	
Debtors	7	34,723		138,146	
Cash at bank		216,641		26,162	
		<u>1,422,684</u>		<u>1,536,255</u>	
CREDITORS: amounts falling due within one year					
	8	<u>(1,424,403)</u>		<u>(1,566,295)</u>	
NET CURRENT LIABILITIES			<u>(1,719)</u>		<u>(30,040)</u>
NET LIABILITIES			<u>(1,719)</u>		<u>(30,040)</u>
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Profit and loss account	10		<u>(1,819)</u>		<u>(30,140)</u>
SHAREHOLDERS' DEFICIT	11		<u>(1,719)</u>		<u>(30,040)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 September 2014.



D A Sproxton
Director

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

AARDMAN FEATURE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 Going concern

The company has net liabilities of £1,719 as at 31 December 2013 and a reported profit of £28,321 for the year then ended. The parent company has indicated that it intends to continue to support the company for the foreseeable future.

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.

When a decision is made to discontinue development of a film, all income moves from deferred income to turnover, and the associated work in progress is released to cost of sales.

The turnover shown in the profit and loss account in the prior year also includes amounts generated from rental of fixed assets to group companies, exclusive of Value Added Tax.

1.5 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 is transferred to a separate company.

1.6 Other operating income

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

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads incurred in relation to development on feature film projects not yet in production.

AARDMAN FEATURE DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 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.

AARDMAN FEATURE DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2. TURNOVER

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

3. OPERATING PROFIT

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

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	-	343,587
Fees payable to the company's auditors for the audit of the company's annual accounts	3,670	4,075
Profit on disposal of fixed assets	-	(178,102)
	<u>3,670</u>	<u>(178,102)</u>

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2012 - £nil).

5. TAXATION

	2013 £	2012 £
Analysis of tax credit in the year		
UK corporation tax charge on profit for the year	70	-
Adjustments in respect of prior periods	(28,043)	(4,595)
	<u>(27,973)</u>	<u>(4,595)</u>
Tax on profit on ordinary activities	<u>(27,973)</u>	<u>(4,595)</u>

AARDMAN FEATURE DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

5. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	348	296,976
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	81	72,759
Effects of:		
Capital allowances for year in excess of depreciation	-	(106,362)
Losses carried back	-	5,560
Adjustments to tax charge in respect of prior periods	(28,043)	(4,595)
Unrelieved tax losses carried forward	-	28,043
Other differences leading to a decrease in the tax charge	(11)	-
Current tax credit for the year (see note above)	(27,973)	(4,595)

Factors that may affect future tax charges

Finance Act 2013 included legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015, and its impact is reflected above.

As at 31 December 2013 there was an unprovided deferred tax asset of £nil (2012 - £26,326).

6. STOCKS

	2013 £	2012 £
Work in progress	1,171,320	1,371,947

7. DEBTORS

	2013 £	2012 £
Corporation tax repayable	4,525	4,595
Amounts owed by group undertakings	23,548	114,141
VAT recoverable	757	6,225
Prepayments and accrued income	5,893	13,185
	34,723	138,146

AARDMAN FEATURE DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

8. CREDITORS:
Amounts falling due within one year

	2013 £	2012 £
Trade creditors	18,412	750
Amounts owed to group undertakings	-	4,595
Accruals and deferred income	1,405,991	1,560,950
	<u>1,424,403</u>	<u>1,566,295</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 UK Limited.

9. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. RESERVES

	Profit and loss account £
At 1 January 2013	(30,140)
Profit for the year	28,321
	<u>(1,819)</u>
At 31 December 2013	<u>(1,819)</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £	2012 £
Opening shareholders' deficit	(30,040)	(331,611)
Profit for the financial year	28,321	301,571
	<u>(1,719)</u>	<u>(30,040)</u>
Closing shareholders' deficit	<u>(1,719)</u>	<u>(30,040)</u>

AARDMAN FEATURE DEVELOPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

12. RELATED PARTY TRANSACTIONS

There are no related party transactions with other group companies requiring disclosure in respect of the year ended 31 December 2013 and the year ended 31 December 2012.

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.

13. 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.