

Financial Statements

Aardman Arthur Christmas Limited

For the year ended 31 December 2012



Registered number: 06830546

Aardman Arthur Christmas Limited

Company Information

Directors	D A Sproxton P D F Lord
Company secretary	D A Sproxton
Registered number	06830546
Registered office	Gas Ferry Road Bristol BS1 6UN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP

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Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

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.

Principal activities

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

Aardman Arthur Christmas Limited has been commissioned to produce the film "Arthur Christmas".

Directors

The directors who served during the year were

D A Sproxton
P D F Lord

Provision of information to auditor

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 auditor is 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 information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Aardman Arthur Christmas Limited

Directors' Report

For the year ended 31 December 2012

Auditor

The auditor, Grant Thornton UK LLP, 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 on 15 August 2013 and signed on its behalf



P D F Lord
Director



Independent Auditor's Report to the Members of Aardman Arthur Christmas Limited

We have audited the financial statements of Aardman Arthur Christmas Limited for the year ended 31 December 2012, 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 April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditor

As explained more fully in the Directors' responsibilities statement, 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 (APB'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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of its result 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.



Independent Auditor's Report to the Members of Aardman Arthur Christmas 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 take advantage of the small companies' exemption in preparing the Directors' report

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

Christine Corner (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London (Euston)

15 August 2013

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1	517,478	37,264,809
Cost of sales		(616,981)	(38,681,216)
Operating loss		(99,503)	(1,416,407)
Film tax credit		99,503	1,416,407
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		-	-
Profit brought forward		-	-
Retained profit carried forward		-	-

The notes on pages 7 to 11 form part of these financial statements

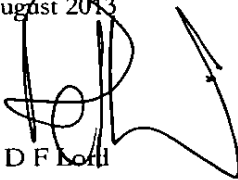
Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Investments	4		1,334		1,334
Current assets					
Debtors	5	186,369		1,685,672	
Cash at bank and in hand		1,618,534		225,089	
		<u>1,804,903</u>		<u>1,910,761</u>	
Creditors amounts falling due within one year	6	<u>(1,806,137)</u>		<u>(1,911,995)</u>	
Net current liabilities			<u>(1,234)</u>		<u>(1,234)</u>
Net assets			<u>100</u>		<u>100</u>
Capital and reserves					
Called up share capital	7		100		100
Shareholders' funds			<u>100</u>		<u>100</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 August 2013


P D F Lott
Director

The notes on pages 7 to 11 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

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 April 2008)

1.2 Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of Aardman Holdings Limited, a 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 Turnover

Aardman Arthur Christmas Limited has been commissioned to produce the film "Arthur Christmas". The film production has been commissioned by Sony Pictures Animation Inc, a company incorporated in the USA. All of the turnover recognised by Aardman Arthur Christmas Limited relates to this single production.

Turnover in the profit and loss account relates to amounts earned in relation to the production of Arthur Christmas. Production funding is recognised in the profit and loss account over the period of the production. Where production funds received exceed costs incurred to date, the balance is treated as either deferred income or other creditors on the balance sheet, pending further costs to be incurred or reimbursement to Sony Pictures Animation Inc.

1.4 Production costs

Costs incurred in producing the film are recognised in the profit and loss account in the period in which they are incurred.

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Foreign currency

The film production cost is financed by Sony Pictures Animation Inc. All sterling production costs are financed at a fixed exchange rate of US \$1.5/£1. As a result, no exchange rate risk is incurred by Aardman Arthur Christmas Limited.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

1.7 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Operating loss

The operating loss is stated after crediting

	2012 £	2011 £
Operating lease Equipment	-	152,823
Auditors remuneration	6,250	14,500

During the year, no director received any emoluments (2011 - £NIL)

All of the costs outlined above are included within cost of sales

Notes to the Financial Statements

For the year ended 31 December 2012

3. Staff costs

Staff costs were as follows

	2012	2011
	£	£
Wages and salaries	-	626,154
Social security costs	-	75,011
	<u>-</u>	<u>701,165</u>

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

	2012	2011
	No	No
Project related freelancers	<u>0</u>	<u>9</u>

4. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012 and 31 December 2012	<u>1,334</u>
Net book value	
At 31 December 2012	<u>1,334</u>
At 31 December 2011	<u>1,334</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Aardman Arthur Christmas Inc	Ordinary	100%
Evie Films Inc	Ordinary	100%

Name	Nature of business	Country of registration
Aardman Arthur Christmas Inc	Film production services	USA
Evie Films Inc	Film production services	USA

Notes to the Financial Statements

For the year ended 31 December 2012

4. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Aardman Arthur Christmas Inc	667	(800)
Evie Films Inc	667	(60,745)
	<u>667</u>	<u>(60,745)</u>

5. Debtors

	2012 £	2011 £
Trade debtors	50,000	-
Amounts owed by group undertakings	35,121	13,030
Corporation tax repayable	99,503	1,416,407
Other debtors	1,745	256,235
	<u>186,369</u>	<u>1,685,672</u>

6. Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	2,334	476,665
Amounts owed to group undertakings	1,329	53,648
Other creditors	1,802,474	1,381,682
	<u>1,806,137</u>	<u>1,911,995</u>

7. Share capital

	2012 £	2011 £
Authorised, allotted, called up and fully paid		
100 Ordinary shares shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Notes to the Financial Statements

For the year ended 31 December 2012

8. Related party transactions

The company has taken advantage of the exemption in 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

9. Contingent liabilities

There were no contingent liabilities at 31 December 2012 or 31 December 2011

10. Capital commitments

The company had no capital commitments at 31 December 2012 or 31 December 2011

11. Ultimate parent undertaking and controlling party

The company is controlled by its parent company, Aardman Holdings Limited, a company registered in England & Wales, which itself is controlled by D A Sproxton and P D F Lord, who are directors of both Aardman Arthur Christmas Limited and Aardman Holdings Limited