

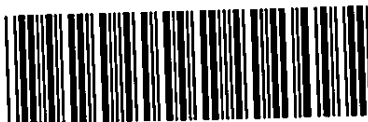


Grant Thornton

Financial statements Aardman Arthur Christmas Limited

For the Period from 26 February 2009 to 31 December 2009

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COMPANIES HOUSE

Company No. 06830546

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Report of the directors

The directors present their report and the financial statements of the company for the period from 26 February 2009 to 31 December 2009

Incorporation

The company was incorporated on 26 February 2009

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 the company during the period were as follows

D A Sproton
P D F Lord

D A Sproton was appointed as a director on 26 February 2009
P D F Lord was appointed as a director on 26 February 2009

Directors' responsibilities

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with Section 487(2) of the Companies Act 2006

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the period ended 31 December 2009 the proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability agreements, and was approved by the directors on 27 July 2009

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

ON BEHALF OF THE BOARD



D A Sproxton
Director

Date 27 September 2010



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 period ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet, accounting policies and the related notes to the financial statements. 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 Sections 495 and 496 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements 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 directors, and the overall presentation of the financial statements.

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 2009 and of its result for the period 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 report of the directors for the financial period 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 (continued)

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 and the report of the directors in accordance with the small companies regime



Christine Corner
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP

Statutory Auditor
Chartered Accountants

London
Date 29th September 2010

Accounting policies

Basis of accounting

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)

Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of another 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.

Turnover

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 deferred income and held on the balance sheet until further costs are incurred. At this point it is released to the profit and loss account.

Production costs

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

Operating lease agreements

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange 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.

Profit and loss account

		Period from 26 Feb 09 to 31 Dec 09
	Note	£
Turnover		9,762,499
Cost of sales		11,133,343
Gross loss		(1,370,844)
Film tax credit	3	1,370,844
Profit on ordinary activities before taxation		-
Tax on profit on ordinary activities	3	-
Profit for the financial period		-

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

All of the activities of the company are classed as continuing

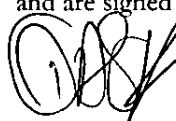
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	31 Dec 09 £
Fixed assets		
Investments	5	667
Current assets		
Debtors	6	1,788,785
Cash at bank and in hand		173,691
		<u>1,962,476</u>
Creditors amounts falling due within one year	7	<u>(1,963,043)</u>
Net current assets		<u>(567)</u>
Total assets less current liabilities		<u>100</u>
Capital and reserves		
Called-up equity share capital	10	100
Profit and loss account		-
Shareholders' funds		<u>100</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 27 September 2010, and are signed on their behalf by



D A Sproxton
Director

Company Registration Number 06830546

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Operating loss

Operating loss is stated after charging

Period from
26 Feb 09 to
31 Dec 09
£

Operating lease Equipment	140,884
Auditor's fees	<u>20,000</u>

All of the costs outlined above are included within Cost of Sales

2 Particulars of employees

The average number of staff employed by the company during the financial period amounted to

	2009
	No.
Project related freelancers	<u>20</u>

The aggregate payroll costs of the above were

Period from
26 Feb 09 to
31 Dec 09
£

Wages and salaries	933,872
Social security costs	104,820
	<u>1,038,692</u>

3 Directors remuneration

No remuneration was received by the directors from the company during the period

4 Taxation on ordinary activities

(a) Analysis of charge/(credit) in the period

Period from
26 Feb 09 to
31 Dec 09
£

Current tax	
UK Corporation tax based on the results for the period	<u>(1,370,844)</u>
Total current tax	<u>(1,370,844)</u>

(b) Factors affecting current tax charge

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

	Period from 26 Feb 09 to 31 Dec 09 £
Profit on ordinary activities before taxation	-
Profit on ordinary activities multiplied by the standard rate of tax in the UK at 28%	-
UK Film Tax Credit (shown as other operating income)	(1,370,844)
Tax on profit on ordinary activities	-

The current period tax credit relates to a claim in relation to the UK Film Tax Credit in respect of the film "Arthur Christmas". The UK film tax credit claim of £1,370,844 has been shown on the face of the Profit and Loss account as "Film Tax Credit".

5 Investments

	Investments in group undertakings £
Cost	
Additions	667
At 31 December 2009	667
Net book value	
At 31 December 2009	667

The company owns 100% of the issued ordinary share capital of the company listed below

	Country of registration	Nature of business	Capital and reserves	Profit/(loss) for the financial year
Aardman Arthur Christmas Inc	USA	Film production services	£ 667	£ -

6 Debtors

	31 Dec 09
	£
Corporation tax repayable	1,370,844
VAT recoverable	12,788
Other debtors	42,781
Amounts owed by group undertakings	362,372
	<u>1,788,785</u>

7 Creditors: amounts falling due within one year

	31 Dec 09
	£
Trade creditors	90,060
Amounts owed to group undertakings	89,512
Deferred income	1,783,471
	<u>1,963,043</u>

8 Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

Equipment	31 Dec 09
	£
Operating lease which expire	
Within 1 to 2 years	140,884
	<u>140,884</u>

9 Related party balances and transactions

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

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

10 Share capital

Allotted and called up

	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Parent undertaking and controlling party

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

12 Capital commitments

The company had no capital commitments at 31 December 2009

13 Contingent liabilities

There were no contingent liabilities at 31 December 2009