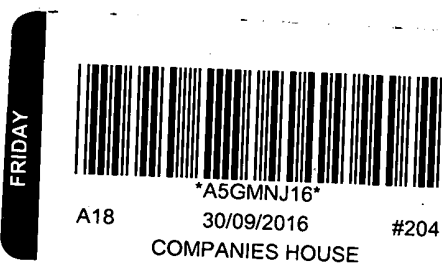


Registered number: 06830546

AARDMAN ARTHUR CHRISTMAS LIMITED

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



AARDMAN ARTHUR CHRISTMAS LIMITED

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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 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 ARTHUR CHRISTMAS 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 ACTIVITIES

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

The feature film produced by the company, 'Arthur Christmas', was successfully released worldwide in 2011.

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 Arthur Christmas 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 Arthur Christmas 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 Arthur Christmas 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 and position of the business of Aardman Arthur Christmas Limited. The development, performance and position of the group are 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:

D A Sproxton
P D F Lord

AARDMAN ARTHUR CHRISTMAS 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.

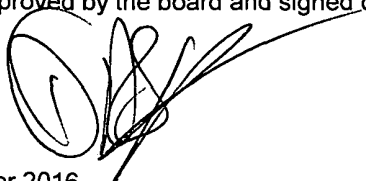
AUDITORS

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 ARTHUR CHRISTMAS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AARDMAN ARTHUR CHRISTMAS LIMITED

We have audited the financial statements of Aardman Arthur Christmas 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, 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 Financial Reporting Council'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 results 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.

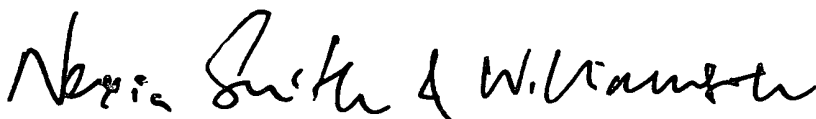
AARDMAN ARTHUR CHRISTMAS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER 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 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 ARTHUR CHRISTMAS LIMITED

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

	Note	2015 £	2014 £
TURNOVER	1,2	355,528	339,898
Cost of sales		(456,778)	(466,119)
		<hr/>	<hr/>
OPERATING LOSS	3	(101,250)	(126,221)
Film tax credit	5	101,250	126,221
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		-	-
		<hr/>	<hr/>

All amounts relate to continuing operations.

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

The notes on pages 8 to 11 form part of these financial statements.

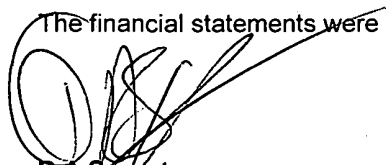
AARDMAN ARTHUR CHRISTMAS LIMITED
REGISTERED NUMBER: 06830546

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Investments	6		-		1,334
CURRENT ASSETS					
Debtors	7	329,133		644,244	
Cash in hand		367,303		60,393	
		<u>696,436</u>		<u>704,637</u>	
CREDITORS: amounts falling due within one year	8	<u>(696,336)</u>		<u>(705,871)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>100</u>		<u>(1,234)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>100</u>		<u>100</u>
CAPITAL AND RESERVES					
Called up share capital	9		<u>100</u>		<u>100</u>
SHAREHOLDERS' FUNDS	10		<u>100</u>		<u>100</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 Spraxton
 Director

Date: 29 September 2016

The notes on pages 8 to 11 form part of these financial statements.

AARDMAN ARTHUR CHRISTMAS 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 Consolidation

The company was, at the end of the year, 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 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.

1.4 Turnover

The turnover shown in the profit and loss account represents amounts earned in relation to the production and release of 'Arthur Christmas'. Production funding is recognised in the profit and loss account over the period of the production.

1.5 Investments

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

1.6 Foreign currencies

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.

2. TURNOVER

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

All turnover arose within the United States.

3. OPERATING LOSS

The operating loss is stated after charging:

	2015	2014
	£	£
Auditors' remuneration	2,700	2,550

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

AARDMAN ARTHUR CHRISTMAS LIMITED

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

4. DIRECTORS' REMUNERATION

The directors received no remuneration from the company during the year (2014 - £nil).

5. TAXATION

	2015 £	2014 £
UK corporation tax credit based on the results for the year	<u>101,250</u>	<u>126,221</u>

Factors affecting tax credit for the year:

The tax assessed for the year is higher 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 taxation	-	-
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20.25% (2014 - 21.49%)	-	-
Film tax credit	<u>101,250</u>	<u>126,221</u>
Total	<u>101,250</u>	<u>126,221</u>

The 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 £101,250 (2014 - £126,221) has been shown on the face of the profit and loss account as 'Film Tax Credit'.

6. FIXED ASSET INVESTMENTS

During the year, the subsidiaries of Aardman Arthur Christmas Limited (Aardman Arthur Christmas Inc. and Evie Films Inc.) were dissolved.

AARDMAN ARTHUR CHRISTMAS LIMITED

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

7. DEBTORS

	2015	2014
	£	£
Trade debtors	50,000	50,000
Amounts owed by group undertakings	100	100
Other debtors	4	4
VAT repayable	545	657
Corporation tax	101,250	310,059
Prepayments and accrued income	177,234	283,424
	<u>329,133</u>	<u>644,244</u>

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

	2015	2014
	£	£
Trade creditors	2,061	-
Amounts owed to group undertakings	-	1,334
Accruals and deferred income	694,275	704,537
	<u>696,336</u>	<u>705,871</u>

9. SHARE CAPITAL

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

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015	2014
	£	£
Shareholders' funds at 1 January 2015 and 31 December 2015	<u>100</u>	<u>100</u>

AARDMAN ARTHUR CHRISTMAS LIMITED

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

11. RELATED PARTY TRANSACTIONS

There are no related party transactions with other group companies requiring disclosure in respect of the years ended 31 December 2015 and 31 December 2014.

The company has taken advantage of the exemptions 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.

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.

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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.