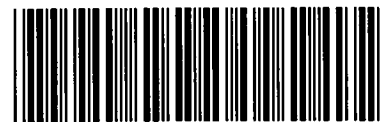

AARDMAN ARTHUR CHRISTMAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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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 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

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.

Directors

The directors who served during the year were:

D A Sproton
P D F Lord

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

AARDMAN ARTHUR CHRISTMAS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 on

29 SEP 2017

and signed on its behalf.



D A Sproxton
Director

AARDMAN ARTHUR CHRISTMAS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF AARDMAN ARTHUR CHRISTMAS LIMITED

We have audited the financial statements of Aardman Arthur Christmas Limited for the year ended 31 December 2016, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 2, 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 2016 and of its loss 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, based on the work undertaken in the course of the audit, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

AARDMAN ARTHUR CHRISTMAS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

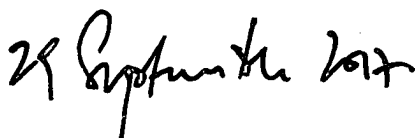


Carl Deane (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA
Date:



AARDMAN ARTHUR CHRISTMAS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	183,394	355,528
Cost of sales		(247,537)	(456,778)
Loss before taxation		(64,143)	(101,250)
Film tax credit		64,143	101,250
Profit after tax		-	-

There were no retained earnings in either 2016 or 2015.

The notes on pages 8 to 10 form part of these financial statements.

AARDMAN ARTHUR CHRISTMAS LIMITED
REGISTERED NUMBER: 06830546

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due within one year	6	163,923	329,133
Cash at bank and in hand	7	461,047	367,303
		<u>624,970</u>	<u>696,436</u>
Creditors: amounts falling due within one year	8	(624,870)	(696,336)
Net current assets		<u>100</u>	<u>100</u>
Net assets		<u><u>100</u></u>	<u><u>100</u></u>
Capital and reserves			
Called up share capital		<u>100</u>	<u>100</u>
Shareholder's funds		<u><u>100</u></u>	<u><u>100</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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


D A Sproston
 Director

Date: 29 SEP 2017

The notes on pages 8 to 10 form part of these financial statements.

AARDMAN ARTHUR CHRISTMAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Aardman Arthur Christmas Limited is a private limited company incorporated in England and Wales. The address of the registered office is Gas Ferry Road, Bristol, BS1 6UN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Aardman Holdings Limited as at 31 December 2016 and these financial statements may be obtained from the company's registered office.

2.3 Turnover

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

2.4 Film tax credit

The company's business model of feature film production incorporates claims under UK film tax credit legislation. These claims are considered to form part of the ordinary activities of the company and are separately disclosed on the face of the Statement of Income and Retained Earnings. The current year UK film tax credit relates to a claim in relation to the film 'Arthur Christmas'.

2.5 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.

AARDMAN ARTHUR CHRISTMAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. 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.

4. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>3,180</u>	<u>2,700</u>

5. Employees

The company had no employees during the year, excluding the directors, who did not receive any remuneration (2015 - £nil).

6. Debtors

	2016 £	2015 £
Trade debtors	50,000	50,000
Amounts owed by group undertakings	100	100
Other debtors	4	4
VAT repayable	509	545
Corporation tax	64,143	101,250
Prepayments and accrued income	49,167	177,234
	<u>163,923</u>	<u>329,133</u>

7. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>461,047</u>	<u>367,303</u>

AARDMAN ARTHUR CHRISTMAS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	-	2,061
Accruals and deferred income	624,870	694,275
	624,870	696,336

9. Controlling party

The ultimate parent company is Aardman Holdings Limited, a company registered in England and Wales. The ultimate controlling parties are D A Sproxton and P D F Lord, who are directors of the company.

Copies of the parent's consolidated accounts may be obtained from Aardman Holdings Limited, Gas Ferry Road, Bristol, BS1 6UN.

10. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.