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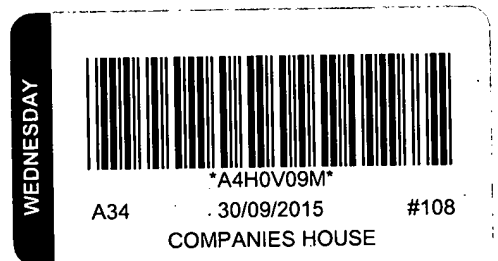
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**AARDMAN HOLDINGS LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**



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**AARDMAN HOLDINGS LIMITED**

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**AARDMAN HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	D A Sproxton P D F Lord
<b>COMPANY SECRETARY</b>	D A Sproxton
<b>COMPANY NUMBER</b>	- 02672880
<b>REGISTERED OFFICE</b>	Gas Ferry Road Bristol BS1 6UN
<b>AUDITORS</b>	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA
<b>BANKERS</b>	Coutts & Co. Media Banking 440 Strand London WC2R 0QS

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## AARDMAN HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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The directors have pleasure in presenting their report and the consolidated financial statements of the Group for the year ended 31 December 2014.

#### RESULTS AND DIVIDENDS

The trading results of the Group for the year, and the Group's and Company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2014 £	2013 £
Dividends paid on ordinary shares	<u>189,912</u>	<u>138,450</u>

#### THE DIRECTORS

The directors who served the company during the year were as follows:

D A Sproxton  
P D F Lord

#### EMPLOYEE INVOLVEMENT

The directors acknowledge the importance of good communications and relations with their employees, and believe that they should be aware of matters which affect the Group which employs them. Employees are provided with regular information by various means and are represented at discussions concerning their welfare.

The Company recognises its obligations towards less able people and endeavours to provide as much employment as the demands of the Group's operations and the abilities of the less able persons allow. Applications for employment from less able people are studied with care, and if existing employees become less able, every effort is made to find appropriate employment within the Group. Opportunities are offered to less able employees to develop their knowledge and skills and undertake greater responsibility.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, the directors' report and the consolidated financial statements of the Group in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements of the Group for each financial year. Under that law the directors have elected to prepare the consolidated financial statements of the Group 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 consolidated financial statements of the Group unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these consolidated financial statements of the Group, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the consolidated financial statements of the Group on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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**AARDMAN HOLDINGS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**DIRECTORS' RESPONSIBILITIES STATEMENT (*continued*)**

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 the Group and enable them to ensure that the consolidated financial statements of the Group comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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 and the Group'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 information needed by the Company and the Group's auditors in connection with preparing their report and to establish that the Company and the Group's auditors are aware of that information.

**AUDITORS**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 September 2015 and signed on its behalf.



**D A Sproxton**  
Director

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## AARDMAN HOLDINGS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of controlling and providing management services to all of its subsidiaries, and of the group was that of Film, Broadcast, Commercial and Digital creators, producers and distributors.

The consolidated results for the year returned a consolidated pre-tax profit on ordinary activities of £3,356,154 (2013: pre-tax profit of £2,074,677).

The Feature Film division produced and delivered 'Shaun the Sheep: The Movie', which was premiered in the UK in February 2015, and then rolled out worldwide. Income received for previously released titles 'Pirates!', 'Arthur Christmas' and 'Wallace and Gromit: Curse of the Wererabbit' was declining but, again, meaningful during the year.

The company continues to fund the slate of Feature Film projects from internal cash resources, and have a number of projects in active development. Nick Park's latest film, 'Early Man', was greenlit in early 2015, and is currently in pre-production with an expected delivery at the end of 2017/early 2018.

The Broadcast division delivered fifteen new one minute episodes of 'Morph' on You Tube, following a successful funding campaign raising half of the money using crowdfunding. The division was also in production on 'Shaun Series 5' and 'Shaun: The Farmers Llamas', further investing in the Shaun brand. The former was completed mid-2015, and the latter should premiere on TV at Christmas 2015.

'A Matter of Loaf and Death' contributed positively to the profit and loss account, whilst 'Timmy Time' made significant progress to recouping its investment during 2014. A small number of projects on the Broadcast development slate were written off in the year.

The Commercials division achieved its highest turnover since 2010 and, although gross profit margins were a little less than last year, the additional turnover more than compensated for this. This year, CGI animation work exceeded stop-frame animation accounting for over two fifths of the division's turnover. 2D/Flash/Cel Action animation work remained similar to 2013. Over four fifths of turnover was generated from the UK, an increase on last year. North America generated one tenth of the work, the balance from Europe and the Rest of the World.

The Digital division again made a positive contribution to the overall profit and loss account. More third party work contributed to this performance and a broadening of the client base, whilst continuing to digitally support all current brands.

The Rights division performed well, again mainly due to the continued success in the distribution of the 'Shaun' and 'Wallace and Gromit' brands. Licensing income from the back catalogue continues to contribute meaningfully to the results of the division, as does the distribution of selected third party properties taken on over the last four years. Activity in exhibitions and live events began to increase during the year, including in many overseas territories.

Distribution and ancillary income for the three original 'Wallace & Gromit' short films increased slightly against the year before.

For the second year running, overheads have decreased against the previous year. This is a result of minor restructuring and the continued efficiencies from implementing the long term cost savings plan at the end of 2012. Employees were once again given an above inflation pay increase, and the company has continued its commitment to pay the Bristol living wage to the lowest paid.

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**AARDMAN HOLDINGS LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**FINANCIAL RISK MANAGEMENT**

The main financial risk the Group faces is the movement in exchange rates. A call option was in place at the year end in an attempt to manage the risk of fluctuations in the USD rate given the level of cash that the Group holds in this currency. The value of this option at the year end was negligible.

**KEY PERFORMANCE INDICATORS**


The average gross profit margin for Commercials was 35% for the year, compared to 43% in 2013. Partially completed projects at the year-end are accounted for under the requirements of UITF 40.

In Broadcast productions, there is generally a provision for a production fee of around 10% of the budget. This is generally recognised at the end of the production, or earlier if ultimate revenue is guaranteed, under the requirements of UITF 40.

Commissions for Rights are generally at 30% of gross revenue where exploiting directly, and up to 10% override commission if exploiting via an agent.

Core staff remain under 100 and, staff employee turnover continues to remain low, with large variations in freelance staffing levels depending on how many projects are in production.

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



**D A Sproxton**  
Director

Date: 18 September 2015

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## **AARDMAN HOLDINGS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN HOLDINGS LIMITED**

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We have audited the financial statements of Aardman Holdings Limited for the year ended 31 December 2014, which comprise the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement 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, on pages 2 to 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 (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 Group's and the parent Company's affairs as at 31 December 2014 and of the Group's 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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**AARDMAN HOLDINGS LIMITED**

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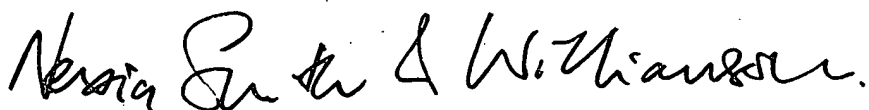
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN HOLDINGS LIMITED**

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**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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



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: 18 September 2015

**AARDMAN HOLDINGS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 Feature film activity £	2014 Other activities £	2014 Total £	2013 Feature film activity £	2013 Other activities £	2013 Total £
<b>TURNOVER</b>	2	7,689,353	15,855,104	23,544,457	4,791,660	13,918,567	18,710,227
Cost of sales		(9,560,227)	(6,687,151)	(16,247,378)	(5,680,347)	(5,900,423)	(11,580,770)
<b>GROSS (LOSS)/PROFIT</b>		<b>(1,870,874)</b>	<b>9,167,953</b>	<b>7,297,079</b>	<b>(888,687)</b>	<b>8,018,144</b>	<b>7,129,457</b>
Distribution costs		-	(2,167)	(2,167)	-	(14,185)	(14,185)
Administrative expenses		-	(7,757,415)	(7,757,415)	-	(8,126,422)	(8,126,422)
Other operating income	3	-	1,995,654	1,995,654	-	2,310,112	2,310,112
<b>OPERATING (LOSS)/PROFIT</b>	4	<b>(1,870,874)</b>	<b>3,404,025</b>	<b>1,533,151</b>	<b>(888,687)</b>	<b>2,187,649</b>	<b>1,298,962</b>
Interest receivable		-	5,470	5,470	-	9,785	9,785
Interest payable	8	-	(85,405)	(85,405)	-	(122,757)	(122,757)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE FILM/TV TAX CREDIT</b>		<b>(1,870,874)</b>	<b>3,324,090</b>	<b>1,453,216</b>	<b>(888,687)</b>	<b>2,074,677</b>	<b>1,185,990</b>
Film/TV tax credit	9	1,870,874	32,064	1,902,938	888,687	-	888,687
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>-</b>	<b>3,356,154</b>	<b>3,356,154</b>	<b>-</b>	<b>2,074,677</b>	<b>2,074,677</b>
Tax on profit on ordinary activities	9	-	(75,288)	(75,288)	-	22,673	22,673
<b>TOTAL TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	9	<b>1,870,874</b>	<b>(43,224)</b>	<b>1,827,650</b>	<b>888,687</b>	<b>22,673</b>	<b>911,360</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>-</b>	<b>3,280,866</b>	<b>3,280,866</b>	<b>-</b>	<b>2,097,350</b>	<b>2,097,350</b>
Minority interests		-	(37,223)	(37,223)	-	(28,796)	(28,796)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>-</b>	<b>3,243,643</b>	<b>3,243,643</b>	<b>-</b>	<b>2,068,554</b>	<b>2,068,554</b>

These were no recognised gains or losses for 2014 or 2013 other than those included in the profit and loss account.

All of the activities of the group are classed as continuing.

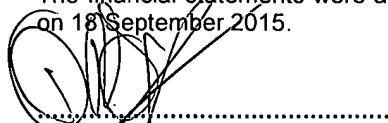
The notes on pages 12 to 29 form part of these financial statements.

**AARDMAN HOLDINGS LIMITED**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	10		<u>11,748,683</u>		<u>12,205,953</u>
			<b>11,748,683</b>		<b>12,205,953</b>
<b>CURRENT ASSETS</b>					
Stocks	12	<b>4,919,081</b>		8,021,298	
Debtors	13	<b>7,474,553</b>		5,372,496	
Cash at bank		<u><b>10,699,125</b></u>		<u>11,224,724</u>	
		<b>23,092,759</b>		<b>24,618,518</b>	
<b>CREDITORS: amounts falling due within one year</b>	14	<u><b>(10,269,719)</b></u>		<u>(14,234,889)</u>	
<b>NET CURRENT ASSETS</b>			<u><b>12,823,040</b></u>		<u><b>10,383,629</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>24,571,723</b>		<b>22,589,582</b>
<b>CREDITORS: amounts falling due after more than one year</b>	15		<b>(2,275,000)</b>		<b>(2,975,000)</b>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	16		<u><b>(630,193)</b></u>		<u><b>(1,038,958)</b></u>
<b>NET ASSETS</b>			<u><b>21,666,530</b></u>		<u><b>18,575,624</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		<b>117,500</b>		<b>117,500</b>
Share premium account	20		<b>513,847</b>		<b>513,847</b>
Other reserves	20		<b>(230,000)</b>		<b>(229,952)</b>
Profit and loss account	20		<u><b>21,196,928</b></u>		<u><b>18,143,197</b></u>
<b>SHAREHOLDERS' FUNDS</b>	21		<b>21,598,275</b>		<b>18,544,592</b>
<b>MINORITY INTERESTS</b>			<u><b>68,255</b></u>		<u><b>31,032</b></u>
			<u><b>21,666,530</b></u>		<u><b>18,575,624</b></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 September 2015.

  
D A Sproxton  
Director

The notes on pages 12 to 29 form part of these financial statements.

**AARDMAN HOLDINGS LIMITED**  
**REGISTERED NUMBER: 02672880**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	10		10,620,728		11,006,854
Investments	11		<u>76,783</u>		<u>76,783</u>
			10,697,511		11,083,637
<b>CURRENT ASSETS</b>					
Debtors	13	76,089		109,376	
Cash at bank and in hand		<u>468,901</u>		<u>209,285</u>	
		544,990		318,661	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(422,487)</u>		<u>(1,063,711)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>122,503</u>		<u>(745,050)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			10,820,014		10,338,587
<b>CREDITORS: amounts falling due after more than one year</b>	15		(2,275,000)		(2,975,000)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	16		<u>(341,007)</u>		<u>(323,960)</u>
<b>NET ASSETS</b>			<u>8,204,007</u>		<u>7,039,627</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		117,500		117,500
Share premium account	20		513,847		513,847
Other reserves	20		(230,000)		(229,952)
Profit and loss account	20		<u>7,802,660</u>		<u>6,638,232</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>8,204,007</u>		<u>7,039,627</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 September 2015.

  
D.A Sproxton

Director

The notes on pages 12 to 29 form part of these financial statements.

**AARDMAN HOLDINGS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	22	1,162,823	1,522,625
Returns on investments and servicing of finance	23	(79,935)	(200,472)
Taxation	23	287,657	19,842
Dividends paid		(189,912)	(138,450)
Capital expenditure and financial investment	23	(306,232)	(351,627)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>874,401</b>	<b>851,918</b>
Financing	23	(1,400,048)	(700,296)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(525,647)</b>	<b>151,622</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
(Decrease)/increase in cash in the year	(525,647)	151,622
Cash outflow from decrease in debt and lease financing	1,400,000	700,000
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>874,353</b>	<b>851,622</b>
Net funds at 1 January 2014	7,319,772	6,468,150
<b>NET FUNDS AT 31 DECEMBER 2014</b>	<b>8,194,125</b>	<b>7,319,772</b>

The notes on pages 12 to 29 form part of these financial statements.

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## AARDMAN HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 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 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2014 using acquisition accounting. The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these accounts.

##### 1.3 Turnover

The turnover shown in the profit and loss account represents amounts generated from film, commercial, broadcast, and digital production and related activities, exclusive of Value Added Tax. The reported turnover is recorded at the fair value of the right to consideration in accordance with UITF 40 and, where applicable, is based on the price specified in the contractual arrangement, net of Value Added Tax.

Advances received during the production of a feature film, to fund the cost of production, are treated as deferred income and are either released to turnover over the period of recoupment, as defined in the film agreement, or are released against amounts recoverable on contracts where the group's obligations under the film agreement have been satisfied.

Where recoverability by way of recoupment is considered uncertain, the stock balance is written down to its recoupable value and the associated deferred income is released to turnover.

##### 1.4 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

##### 1.5 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or, where appropriate, the pre-contracted rate. Transactions in foreign currencies are translated into sterling at the rate of exchange on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit or loss, or are charged to work in progress during the production of a film.

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## AARDMAN HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property (purchased)	-	5% on cost
Freehold property (constructed)	-	4% on cost
Improvements to property	-	Over remaining period of lease
Plant and machinery	-	15% on reducing balance and 33% on cost
Bicycles	-	100% on cost
Fixtures and fittings	-	15% on reducing balance
Motor vehicles	-	25% on reducing balance
Studio equipment	-	25% on reducing balance
Computer equipment	-	33% on cost

In accordance with FRS 15, land is not depreciated.

##### 1.7 Stocks and work in progress

Finished goods stock reflects the production cost of completed films, broadcasts, commercials and other projects. Production costs are matched with income and charged through the profit and loss account over the recoupment period as specified in the production agreement, except where the conditions of UITF 40 are met and the costs and income can be matched against the work performed in accordance with the relevant contracts.

Work in progress reflects the cost of films, broadcasts, commercials and other projects which are still in production and also includes development expenditure on feature film projects not yet in production.

Work in progress on feature film production is valued as above during the production of the film. On completion of the film, work in progress is transferred to finished goods stock and is released to cost of sales over the period of recoupment, as defined in the film agreement, except where the conditions of UITF 40 are met and the costs and income can be matched against the work performed in accordance with the relevant contract. Provision is made where the directors anticipate that these costs will not be recouped in full.

##### 1.8 Operating leases

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.

##### 1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance is not discounted. No amount has been provided for deferred tax assets.

##### 1.10 Employee Benefit Trust

Shares in the parent company owned by the group's employee benefit trust are included at cost paid to acquire the shares as a deduction in arriving at shareholders funds.

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## AARDMAN HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.11 Pension costs

The Group operates a defined contribution pension scheme for the directors and staff. The assets of the scheme are held separately from those of the company in an independently administered scheme. The annual contributions payable are charged to the profit and loss account.

Contributions to employees' personal pension schemes are charged to the profit and loss account in the year in which they become payable.

##### 1.12 Commission receivable

Commission income is included on a receivable basis.

##### 1.13 Royalties received

Royalty income is included on a receivable basis calculated on distribution income and sales of merchandise arising during each accounting period as reported by licensees.

##### 1.14 Derivatives

Financial instruments are classified and accounted for according to the substance of the contractual arrangements as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The group uses forward exchange contracts which manage the currency risk associated with its financing of its underlying business activities. The group does not use derivative instruments for speculative purposes.

##### 1.15 Fees received in advance

Where monies have been received in respect of commercials and broadcast productions in progress at the balance sheet date, such amounts are treated as deferred income and are recognised as turnover on contract completion or when the right to consideration is obtained in accordance with UITF 40.

##### 1.16 Film and television production tax credits

The group's business model of financing feature film and television productions incorporates claims under the UK film and television production tax credit legislation. These claims are considered to be part of the ordinary activities of those companies which produce the feature films and therefore the film tax credit claims are separately disclosed on the face of the profit and loss account above profit on ordinary activities before taxation.



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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**2. TURNOVER**

The turnover and profit before tax are attributable to the principal activity of the group.

An analysis of turnover by geographical market is given below:

	2014 £	2013 £
United Kingdom	15,080,194	10,232,008
Rest of European Union	1,568,794	2,680,030
Rest of world	1,994,003	1,491,636
United States of America	4,901,466	4,306,553
	<u>23,544,457</u>	<u>18,710,227</u>

**3. OTHER OPERATING INCOME**

	2014 £	2013 £
Commissions receivable	1,521,802	1,819,748
Royalties receivable	460,473	483,401
Bike lease scheme income	933	1,070
Recharges	5,928	5,893
R&D tax credit	6,518	-
	<u>1,995,654</u>	<u>2,310,112</u>

**4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the group	764,292	821,905
Operating lease rentals:		
- other operating leases	166,485	348,524
Net (gain)/loss on foreign currency translation	(13,323)	19,079
Net profit on disposal of tangible assets	(790)	(4,804)
Royalties payable	<u>79,284</u>	<u>77,345</u>

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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**5. AUDITORS' REMUNERATION**

	2014 £	2013 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13,700	13,035
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	30,450	29,500
Other services relating to taxation	36,230	36,390
All other services	<u>8,070</u>	<u>6,640</u>

**6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	9,047,035	7,463,125
Social security costs	989,316	794,193
Other pension costs	285,461	246,385
	<u>10,321,812</u>	<u>8,503,703</u>

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

	2014 No.	2013 No.
Core staff	88	83
Project related freelancers	158	121
	<u>246</u>	<u>204</u>

**7. DIRECTORS' REMUNERATION**

	2014 £	2013 £
Emoluments	<u>105,309</u>	<u>133,909</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>-</u>

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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**7. DIRECTORS' REMUNERATION (continued)**

The highest paid director received remuneration of £62,755 (2013 - £71,132).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2013 - £ nil).

**8. INTEREST PAYABLE**

	2014 £	2013 £
Bank interest payable	<u>85,405</u>	<u>122,757</u>

**9. TAXATION**

	2014 £	2013 £
<b>Analysis of tax credit in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	520,951	27,299
Adjustments in respect of prior periods	(36,900)	(103)
Film/TV tax credit	<u>(1,902,938)</u>	<u>(888,687)</u>
	(1,418,887)	(861,491)
Double taxation relief	<u>(72,188)</u>	<u>(84,489)</u>
	<u>(1,491,075)</u>	<u>(945,980)</u>
Foreign tax on income for the year	<u>72,190</u>	<u>84,489</u>
<b>Total current tax</b>	<u>(1,418,885)</u>	<u>(861,491)</u>
<b>Deferred tax (see note 16)</b>	<u>(408,765)</u>	<u>(49,869)</u>
<b>Tax on profit on ordinary activities</b>	<u>(1,827,650)</u>	<u>(911,360)</u>

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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**9. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 21.49% (2013 – 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax and film tax credit	<u>1,453,216</u>	<u>1,185,990</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 – 23.25%)	312,296	275,743
<b>Effects of:</b>		
Expenses not deductible for tax purposes	596,569	67,847
Capital allowances for year in excess of depreciation	(105,987)	(68,496)
Income not taxable	(280)	-
Effect of film/TV tax credits	(1,468,748)	(820,190)
Other tax adjustments, reliefs and transfers	(4,497)	(37,401)
TV production tax profit adjustment	(114,552)	(297,844)
Group relief claimed	(497,299)	-
Utilisation of tax losses and other deductions	(1,505)	(21,924)
Additional deduction for R&D	(97,372)	(11,625)
Adjustments to tax charge in respect of prior periods	(36,899)	(103)
Other timing differences	526	53,455
Tax rate differences	(1,137)	(953)
<b>Current tax credit for the year (see note above)</b>	<u>(1,418,885)</u>	<u>(861,491)</u>

**Factors that may affect future tax charges**

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

**AARDMAN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Purchased freehold property £</b>	<b>Constructed freehold property £</b>	<b>Improve- ments to property £</b>	<b>Plant &amp; machinery £</b>	<b>Bicycles £</b>
<b>Cost</b>					
At 1 January 2014	4,412,429	9,550,859	639,411	4,353,456	1,741
Additions	-	-	-	120,202	1,052
Disposals	-	-	-	(1,606)	(542)
At 31 December 2014	<b>4,412,429</b>	<b>9,550,859</b>	<b>639,411</b>	<b>4,472,052</b>	<b>2,251</b>
<b>Depreciation</b>					
At 1 January 2014	1,071,407	1,912,303	639,411	3,444,455	1,741
Charge for the year	-	382,035	-	214,681	1,052
On disposals	-	-	-	(1,094)	(542)
At 31 December 2014	<b>1,071,407</b>	<b>2,294,338</b>	<b>639,411</b>	<b>3,658,042</b>	<b>2,251</b>
<b>Net book value</b>					
At 31 December 2014	<b>3,341,022</b>	<b>7,256,521</b>	<b>-</b>	<b>814,010</b>	<b>-</b>
At 31 December 2013	3,341,022	7,638,556	-	909,001	-
<b>Group</b>	<b>Fixtures &amp; fittings £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Total £</b>	
<b>Cost</b>					
At 1 January 2014	773,901	56,029	3,616,403	23,404,229	
Additions	1,457	-	184,823	307,534	
Disposals	-	-	-	(2,148)	
At 31 December 2014	<b>775,358</b>	<b>56,029</b>	<b>3,801,226</b>	<b>23,709,615</b>	
<b>Depreciation</b>					
At 1 January 2014	608,330	52,568	3,468,061	11,198,276	
Charge for the year	20,603	817	145,104	764,292	
On disposals	-	-	-	(1,636)	
At 31 December 2014	<b>628,933</b>	<b>53,385</b>	<b>3,613,165</b>	<b>11,960,932</b>	
<b>Net book value</b>					
At 31 December 2014	<b>146,425</b>	<b>2,644</b>	<b>188,061</b>	<b>11,748,683</b>	
At 31 December 2013	165,571	3,461	148,342	12,205,953	

**AARDMAN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**10. TANGIBLE FIXED ASSETS (continued)**

<b>Company</b>	<b>Purchased freehold property £</b>	<b>Improvements to freehold property £</b>	<b>Constructed freehold property £</b>	<b>Fixtures &amp; fittings £</b>
<b>Cost</b>				
At 1 January 2014 and 31 December 2014	<u>4,412,429</u>	<u>56,029</u>	<u>9,550,859</u>	<u>61,471</u>
<b>Depreciation</b>				
At 1 January 2014	1,071,407	56,029	1,912,303	34,195
Charge for the year	-	-	382,035	4,091
At 31 December 2014	<u>1,071,407</u>	<u>56,029</u>	<u>2,294,338</u>	<u>38,286</u>
<b>Net book value</b>				
At 31 December 2014	<u>3,341,022</u>	-	<u>7,256,521</u>	<u>23,185</u>
At 31 December 2013	<u>3,341,022</u>	-	<u>7,638,556</u>	<u>27,276</u>

<b>Company</b>	<b>Total £</b>
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	<u>14,080,788</u>
<b>Depreciation</b>	
At 1 January 2014	3,073,934
Charge for the year	386,126
At 31 December 2014	<u>3,460,060</u>
<b>Net book value</b>	
At 31 December 2014	<u>10,620,728</u>
At 31 December 2013	<u>11,006,854</u>

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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**11. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2014 and 31 December 2014	<u>76,783</u>
<b>Net book value</b>	
At 31 December 2014	<u>76,783</u>
<i>At 31 December 2013</i>	<u>76,783</u>

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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**11. FIXED ASSET INVESTMENTS (continued)**

The company's investments in the ordinary share capital of the unlisted companies at the balance sheet date include the following:

<b>Company</b>	<b>Country of incorporation</b>	<b>Percentage Holding</b>	<b>Nature of Business</b>
Aardman Animations Limited	England	100	Film Producers
Aardman Features Limited	England	100	Film Producers
Aardman Tortoise and the Hare Limited	England	100	Dormant
Wallace & Gromit Limited	England	75	Film Producers
Anti Pesto Limited	England	100	Dormant
Aardman Equipment Limited	England	100	Dormant
Aardman Chicken Run Limited	England	66	Dormant
Aardman Trustees Limited	England	100	Dormant
Rex the Runt Limited	England	75	Dormant
Aardman Feature Development Limited	England	100	Film Producers
Briny Rogues Limited	England	100	Film Producers
Aardman Arthur Christmas Limited	England	100	Film Producers
Aardman Shaun the Sheep Limited	England	100	Film Producers
Shaun the Sheep Limited	England	100	Dormant

The following companies are subsidiaries of Aardman Animations Limited:

<b>Company</b>	<b>Country of incorporation</b>	<b>Percentage Holding</b>	<b>Nature of Business</b>
Morph Limited	England	100	Dormant
Aardman Creature Comforts USA Limited	England	100	Dormant

In addition, the following companies are subsidiaries of Aardman Arthur Christmas Limited:

<b>Company</b>	<b>Country of incorporation</b>	<b>Percentage Holding</b>	<b>Nature of Business</b>
Aardman Arthur Christmas Inc	United States	100	Film Producers
Evie Films Inc	United States	100	Film Producers

The results of all the above subsidiaries are included within these consolidated accounts. All active subsidiaries have co-terminus year ends with the parent company.



**AARDMAN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**12. STOCKS**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Work in progress	2,585,573	1,502,495	-	-
Finished goods	2,333,508	6,518,803	-	-
	<u>4,919,081</u>	<u>8,021,298</u>	<u>-</u>	<u>-</u>

**13. DEBTORS - Amounts receivable within one year**

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	2,441,822	1,892,464	-	-
Amounts owed by group undertakings	-	-	8,012	47,081
VAT repayable	231,944	55,928	11,041	9,428
Corporation tax repayable	2,673,303	1,542,075	-	-
Other debtors	222,717	134,094	6,426	3,412
Prepayments and accrued income	1,900,841	1,711,475	50,610	49,455
Amounts recoverable on contracts	3,926	36,460	-	-
	<u>7,474,553</u>	<u>5,372,496</u>	<u>76,089</u>	<u>109,376</u>

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

	<u>Group</u>		<u>Company</u>	
	2014 £	2013 £	2014 £	2013 £
Bank loans and overdrafts	230,000	929,952	230,000	929,952
Trade creditors	856,729	405,670	21,706	28,383
Amounts owed to group undertakings	-	-	2,084	1,225
Corporation tax	-	-	6,099	-
Social security and other taxes	720,076	755,239	677	649
Other creditors	67,543	14,219	-	-
Accruals and deferred income	8,274,599	12,077,093	41,149	50,786
Directors' current accounts	120,772	52,716	120,772	52,716
	<u>10,269,719</u>	<u>14,234,889</u>	<u>422,487</u>	<u>1,063,711</u>

Included within accruals are outstanding pension contributions of £24,866 (2013 - £23,291).

**AARDMAN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**15. CREDITORS: Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<u>2,275,000</u>	<u>2,975,000</u>	<u>2,275,000</u>	<u>2,975,000</u>

The bank loan is secured by a fixed charge over the freehold property of the Company and a floating charge over the other assets of the Group. The bank loan is repayable by quarterly instalments over a ten year period to 30 November 2018, and bears interest at a rate of 2.75% above the base rate.

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Company</u>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>

The bank loan is due for repayment as follows:

	<u>Group</u>		<u>Company</u>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>In one year or less</b>				
Bank loans	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
<b>Between one and two years</b>				
Bank loans	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
<b>Between two and five years</b>				
Bank loans	<u>1,575,000</u>	<u>2,100,000</u>	<u>1,575,000</u>	<u>2,100,000</u>
<b>Over five years</b>				
Bank loans	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>

In May 2014, a one-off payment of £1,050,000 was made and the loan terms were renegotiated such that no further repayments are due until January 2016.

Following the year end, a further one-off payment of £1,050,000 has been made such that no further repayments are now due until July 2017.

**AARDMAN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**16. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	1,038,958	1,088,827	323,960	342,040
(Released)/charged during the year	(408,765)	(49,869)	17,047	(18,080)
At end of year	<u>630,193</u>	<u>1,038,958</u>	<u>341,007</u>	<u>323,960</u>

The provision for deferred taxation is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	344,906	754,581	345,267	331,040
Tax losses	-	(1,400)	-	(1,400)
Other timing differences	285,287	285,777	(4,260)	(5,680)
	<u>630,193</u>	<u>1,038,958</u>	<u>341,007</u>	<u>323,960</u>

**17. OPERATING LEASE COMMITMENTS**

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
<b>Group</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within 1 year	-	-	10,858	-
Between 2 and 5 years	366,715	366,715	82,784	93,642
After more than 5 years	-	-	-	-

At 31 December 2014 the Company had no annual commitments under non-cancellable operating leases.

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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**18. RELATED PARTY TRANSACTIONS**

The company is controlled by D A Sproxton and P D F Lord who are directors of the company.

During the year, each director received dividends of £94,956 (2013: £69,225) in respect of their holding of Ordinary shares.

**Group**

The following information is provided in accordance with Financial Reporting Standard No. 8, Related Party Transactions, involving the rest of the group:

There were no transactions requiring disclosure in the years ended 31 December 2014 and 31 December 2013.

**19. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
10,000,000 Ordinary shares of £0.01 each	100,000	100,000
1,750,000 'A' Ordinary shares of £0.01 each	17,500	17,500
	<u>117,500</u>	<u>117,500</u>

The rights of each class of ordinary share rank pari passu in all respects with the exception that the 'A' ordinary shares will be subject to pre-emption rights upon the termination of the employment of the 'A' ordinary shareholders.

**20. RESERVES**

<b>Group</b>	<b>Share premium account £</b>	<b>Other reserves £</b>	<b>Profit and loss account £</b>
At 1 January 2014	513,847	(229,952)	18,143,197
Profit for year	-	-	3,243,643
Movements in employment benefit trust	-	(48)	-
Dividends paid	-	-	(189,912)
At 31 December 2014	<u>513,847</u>	<u>(230,000)</u>	<u>21,196,928</u>

**AARDMAN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**20. RESERVES (continued)**

<b>Company</b>	<b>Share premium account £</b>	<b>Other reserves £</b>	<b>Profit and loss account £</b>
At 1 January 2014	513,847	(229,952)	6,638,232
Profit for the year	-	-	1,354,340
Movements in employment benefit trust	-	(48)	-
Dividends paid	-	-	(189,912)
At 31 December 2014	<u>513,847</u>	<u>(230,000)</u>	<u>7,802,660</u>

Included in other reserves are amounts in respect of an Employee Benefit Trust.

During the year the Group purchased 4,619 (2013 – 26,711) 'A' ordinary shares in the parent company, representing 0.26% (2013 – 1.53%) of the issued 'A' ordinary share capital, as part of the Employee Benefit Trust. The total consideration paid for the shares was £277 (2013 - £3,665) generating the above reserve. The shares are held by the trust as part of an approved profit sharing scheme as disclosed in note 25.

**21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>2014 £</b>	<b>2013 £</b>
Opening shareholders' funds	18,544,592	16,614,784
Profit for the year	3,243,643	2,068,554
Purchase of shares by employment benefit trust	(48)	(296)
Dividends paid	<u>(189,912)</u>	<u>(138,450)</u>
Closing shareholders' funds	<u>21,598,275</u>	<u>18,544,592</u>
<b>Company</b>	<b>2014 £</b>	<b>2013 £</b>
Opening shareholders' funds	7,039,627	6,715,510
Profit for the year	1,354,340	462,863
Purchase of shares by employment benefit trust	(48)	(296)
Dividends paid	<u>(189,912)</u>	<u>(138,450)</u>
Closing shareholders' funds	<u>8,204,007</u>	<u>7,039,627</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the Company was £1,354,340 (2013 – £462,863).

**AARDMAN HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**22. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Operating profit	1,533,151	1,298,962
Depreciation of tangible fixed assets	764,292	821,905
Profit on disposal of tangible fixed assets	(790)	(4,804)
(Increase)/decrease in stocks	(686,353)	1,226,674
Increase in debtors	(970,829)	(378,804)
Increase/(decrease) in creditors	523,352	(1,441,308)
<b>Net cash inflow from operating activities</b>	<b>1,162,823</b>	<b>1,522,625</b>

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	5,470	9,785
Interest paid	(85,405)	(122,757)
Dividends paid to minority interests	-	(87,500)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(79,935)</b>	<b>(200,472)</b>

**Taxation**

	2014 £	2013 £
Corporation tax repaid	287,657	19,842

**Capital expenditure and financial investment**

	2014 £	2013 £
Purchase of tangible fixed assets	(307,534)	(361,498)
Sale of tangible fixed assets	1,302	9,871
<b>Net cash outflow from capital expenditure</b>	<b>(306,232)</b>	<b>(351,627)</b>

**Financing**

	2014 £	2013 £
Repayment of loans	(1,400,000)	(700,000)
Employee Benefit Trust purchase of shares	(48)	(296)
<b>Net cash outflow from financing</b>	<b>(1,400,048)</b>	<b>(700,296)</b>

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**AARDMAN HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**24. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	11,224,724	(525,599)	-	10,699,125
Bank overdraft	(229,952)	(48)	-	(230,000)
	<u>10,994,772</u>	<u>(525,647)</u>	<u>-</u>	<u>10,469,125</u>
<b>Debt:</b>				
Debts due within one year	(700,000)	1,400,000	(700,000)	-
Debts falling due after more than one year	(2,975,000)	-	700,000	(2,275,000)
	<u>(3,675,000)</u>	<u>-</u>	<u>700,000</u>	<u>(2,975,000)</u>
<b>Net funds</b>	<u>7,319,772</u>	<u>874,353</u>	<u>-</u>	<u>8,194,125</u>

**25. APPROVED PROFIT SHARING SCHEME**

On 18 December 1998 the company established the 1998 Aardman Holdings Limited Approved Profit Sharing Scheme ('the scheme') through the creation of a Trust Deed on that date. The purpose of the scheme is to enable directors and employees of companies within the group to hold shares and participate in the profits of the company. The contributions to the scheme are incurred by the employer company of the participating employees. The Trust acquired 4,619 shares in the current year (2013 – 26,711). The beneficial interests in the remaining 'A' Ordinary shares acquired in prior years are vested in employees of the group companies.