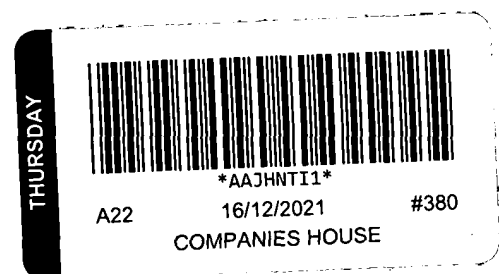


Registered number: 02672880

AARDMAN HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



AARDMAN HOLDINGS LIMITED

CONTENTS

	Page
Company information	1
Directors' report	2 - 3
Strategic report	4 - 6
Independent auditors' report	7 – 9
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the financial statements	16 - 30

AARDMAN HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS	S M Clarke S Cox K A Lock P D F Lord P G Newport N W Park C Shelley D Efergan (appointed 1 March 2020)
COMPANY NUMBER	02672880
REGISTERED OFFICE	Gas Ferry Road Bristol BS1 6UN
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 HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors have pleasure in presenting their report and the consolidated financial statements of the Group for the year ended 31 December 2020.

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:

	2020	2019
Dividends paid on ordinary shares	<u>155,480</u>	<u>-</u>

POST BALANCE SHEET EVENTS

There have been no significant events affecting the group since year end.

THE DIRECTORS

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

S M Clarke
S Cox
K A Lock
P D F Lord
P G Newport
N W Park
C Shelley
D Efergan (appointed 1 March 2020)
H A Wright (resigned 6 April 2020)

EMPLOYEE INVOLVEMENT

It is vital, as an employee owned company, that there are excellent communication channels between the directors, employees, and the Trust. The employees are represented by a Partner Representative Group and are consulted with, and have a real 'say', in how the company is run. All information is open and transparent.

Aardman aims to lead the way in both our content and our professional principles with diversity and inclusion at the heart of everything we do. Therefore, we ensure diversity and inclusion is inherent to the development and production of all our content - both on and off screen. We are committed to building a diverse workforce and equality of opportunity for all. We ensure that every employee in our employee owned business is protected from discrimination in all its forms and provide a culture where people can flourish to reach their full potential.

AARDMAN HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 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) including FRS 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 Group and of the profit or loss of the Group 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 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

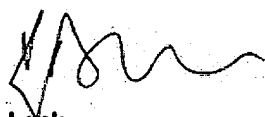
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group'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 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 9/12/21 and signed on its behalf.


K A Lock
Director

AARDMAN HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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 Feature Film, Series and Specials, Commercial, Games and Interactive creators, producers and distributors.

The consolidated results for the year returned a consolidated pre-tax profit of £4,195,263 (2019: pre-tax profit of £173,450). Before creative tax credits due, consolidated profits on ordinary activities were £2,233,338 (2019: loss of £2,004,518).

In line with the rest of the World, the company was inevitably affected by coronavirus. The studios closed at the end of March, delaying productions, with many people working from home and furloughed. The ability to produce relatively quick turnaround stop-frame Commercials stalled and international business activities and travel also stopped.

Productions got up and running by mid-year as we acted quickly to put new protocols in place to ensure all our partners were, and felt, safe in the new working environment. Our financiers were, and continue to be, very supportive. Overall, our strong performance in the year was led by the Shaun the Sheep brand and coronavirus global lockdowns driving content sales overall, together with savings in overhead and deferred production expenditure.

The production phase of 'Chicken Run 2' was delayed, and 'The Epic Adventures of Morph' and 'Robin Robin' stopped mid-shoot. The knock-on effect of these delays led to 'Shaun the Sheep – The Flight Before Christmas' having an extended period of pre-production. A short series 'Very Small Creatures' was greenlit for production in 2021, as was 'Lloyd of the Flies', the latter being the studios first end to end CG series produced in house. The studio continued to invest in a slate of projects of both new IP and our well-known brands.

Commercials was, understandably, at an all-time low both in terms of revenue (two thirds of 2019) and jobs delivered (just under half of 2019). However, gross profit percentage was relatively high, near 2018 levels, and generated a material overall profit. CGI animation exceeded stop frame animation work, mainly due to the pandemic.

Interactive revenues and profit margin decreased compared to last year, however last year was exceptionally high. Important work continued (i.e., 'Storysign') and good progress was made on diversifying our output and firming up new partnerships.

Distribution income was very good, mainly due to content sales of 'Shaun'. Sales of 'Timmy', back catalogue, and around a dozen selected third party properties also made a good contribution. Due to the pandemic, live events, attractions and exhibitions activities stalled.

In general overheads reduced slightly compared to 2019, largely due to travel and trade shows stopping for the majority of the year. The company took advantage of the CJRS scheme and topped up salaries to full-pay. The studio continued its commitment to pay the Bristol living wage and is an accredited Living Wage Employer.

This being the second full year of 'Employee Ownership', the Trustees met regularly as a group and with the Managing Director offering assistance, assurance and guidance throughout the period. Our Diversity & Inclusion Charter was published, which sets out our commitment to building a workforce that is truly reflective of our society. Sets of goals and actions have been set, which will be measured and reported on in future years.

Since the balance sheet date the studio has continued to manage through the pandemic. Productions are back in the studio and a more formal hybrid working policy is taking shape for those that can work from home. An internal restructure of the studio was launched, in order to better serve and enable a new and ambitious strategy. We are likely to be profitable in 2021, although not to the same levels as this year.

AARDMAN HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW (*continued*)

We have assessed revenue streams, overheads, production expenditure and cash and, whilst we have not yet approved our financial plan for the next five years, feel confident that we have sufficient financial resources for at least the next twelve months.

FINANCIAL RISK MANAGEMENT

The main financial risk the group faces is the movement in exchange rates. No currencies were hedged at the year-end.

KEY PERFORMANCE INDICATORS

The average gross profit margin for Commercials was 34% for the year, compared to 26% in 2019. Interactive and games average gross profit margins were 16%, compared to 35% in 2019. Partially completed projects at the year-end are accounted for under the percentage of completion method in accordance with FRS102, Section 23.

In Series and Specials 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.

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

ENERGY AND CARBON REPORTING

Aardman Holdings consumed the following during the year:

Electricity 199.5 Tonnes CO₂e; Gas 104 Tonnes CO₂e, Motor fleet 3.8 CO₂e, in total 1,376,678 kWh (£16.59 of consolidated income per kWh). The methodology is based on the published Government conversion factors.

The following energy efficiency measures are in place: fleet vehicle numbers reduced and planned transfer to electric vehicles; review of data centre AC control temperatures to reduce energy use; LED light conversion program underway; partner initiatives on use efficiency; all electricity procured is 100% renewable.

As none of the Group's subsidiaries are individually large their energy usage is excluded from the report.

AARDMAN HOLDINGS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

SECTION 172 REPORTING

The Directors of Aardman Holdings Limited are focussed on forward planning to ensure a long term production pipeline which will deliver returns for all stakeholders and promote the long term success of the business.

The Aardman Group is employee owned and run, as noted earlier in this report. The Group's employees are therefore considered to be key stakeholders of the business and play a central role in all decisions taken by the board of directors.

The Group is committed to building and maintaining strong, long-term partnerships with financiers, distributors, producers and consumers. This is demonstrated by the diverse, ambitious and full production pipeline and the success of our production and sales activities.

Further detail on the performance of the business during the year and longer term production activity is provided earlier in this report.

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

K A Lock
Director



Date:

9/12/21

AARDMAN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN HOLDINGS LIMITED

OPINION

We have audited the financial statements of Aardman Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

AARDMAN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN HOLDINGS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management concerning: their understanding of the relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation.

We understand the group complies with requirements of the framework through:

- Outsourcing accounts preparation and tax compliance to external experts.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the group's ability to conduct its business; and where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. The areas identified as part of the discussion were:

- The risk of manipulation of the financial statements, especially revenue, through manual journal entries.
- Stock and work in progress provision, as this is an estimate made by management.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

AARDMAN HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARDMAN HOLDINGS LIMITED

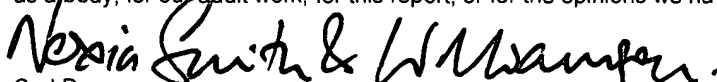
The procedures we carried out to gain evidence in the above area included;

- Testing of a sample of revenue transactions to underlying documentation.
- Reviewing a sample of contracts and ensuring appropriate revenue has been recognised.
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the company's processes and controls surrounding manual journal entries.
- Challenging management regarding the assumptions used in the estimates identified above, and comparison to post year end data as appropriate.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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:

13 December 2021

AARDMAN HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 Feature film activity £	2020 Other activities £	2020 Total £	2019 Feature film activity £	2019 Other activities £	2019 Total £
TURNOVER	1,3	3,104,805	19,731,435	22,836,240	5,272,315	17,502,100	22,774,415
Cost of sales		(3,833,424)	(8,637,481)	(12,470,905)	(6,521,323)	(8,931,971)	(15,453,294)
GROSS (LOSS)/PROFIT		(728,619)	11,093,954	10,365,335	(1,249,008)	8,570,129	7,321,121
Distribution costs		-	(3,049)	(3,049)	-	(4,815)	(4,815)
Administrative expenses		(50,000)	(10,238,076)	(10,288,076)	-	(10,387,681)	(10,387,681)
Other operating income	4	-	2,158,707	2,158,707	-	1,051,583	1,051,583
OPERATING (LOSS)/PROFIT	5	(778,619)	3,011,536	2,232,917	(1,249,008)	(770,784)	(2,019,792)
Interest receivable		-	421	421	-	15,985	15,985
Interest payable		-	-	-	-	(711)	(711)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX CREDIT		(778,619)	3,011,957	2,233,338	(1,249,008)	(755,510)	(2,004,518)
Tax credit		769,930	1,191,995	1,961,925	1,270,430	907,538	2,177,968
(LOSS)/PROFIT BEFORE TAXATION		(8,689)	4,203,952	4,195,263	21,422	152,028	173,450
Tax on profit on ordinary activities		-	(191,906)	(191,906)	-	165,168	165,168
TOTAL TAX	9	769,930	1,000,089	1,770,019	1,270,430	1,072,706	2,343,136
(LOSS)/PROFIT FOR THE YEAR		(8,689)	4,012,046	4,003,357	21,422	317,196	338,618
Exchange adjustment on translation of US subsidiary		-	88	88	-	7,416	7,416
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,689)	4,012,134	4,003,445	21,422	324,612	346,034
Non-controlling interest		-	(64,734)	(64,734)	-	(66,430)	(66,430)
RETAINED PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,689)	3,947,400	3,938,711	21,422	258,182	279,604

There were no recognised gains or losses for 2020 or 2019 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 16 to 30 form part of these financial statements.

AARDMAN HOLDINGS LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Note	£	2020 £	£	2019 £
FIXED ASSETS					
Investment in associate	12		-		195,997
Investment	12		187,536		-
Tangible assets	10		9,421,953		9,776,338
			<u>9,609,489</u>		<u>9,972,335</u>
CURRENT ASSETS					
Stocks	13	3,768,403		2,254,543	
Debtors	14	10,194,001		12,273,447	
Cash at bank		<u>13,161,240</u>		<u>9,186,911</u>	
		27,123,644		23,714,901	
CREDITORS: amounts falling due within one year	15	<u>(14,446,632)</u>		<u>(15,194,670)</u>	
NET CURRENT ASSETS			<u>12,677,012</u>		<u>8,520,231</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,286,501</u>		<u>18,492,566</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	17		<u>(230,581)</u>		<u>(234,611)</u>
NET ASSETS			<u>22,055,920</u>		<u>18,257,955</u>
CAPITAL AND RESERVES					
Called up share capital	20		117,500		117,500
Share premium account	21		513,847		513,847
Profit and loss account	21		<u>21,337,752</u>		<u>17,554,521</u>
SHAREHOLDERS' FUNDS			<u>21,969,099</u>		<u>18,185,868</u>
NON-CONTROLLING INTEREST			<u>86,821</u>		<u>72,087</u>
			<u>22,055,920</u>		<u>18,257,955</u>

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

.....
K A Lock
Director

9112121

The notes on pages 16 to 30 form part of these financial statements.

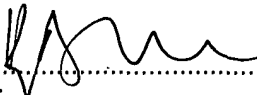
AARDMAN HOLDINGS LIMITED
REGISTERED NUMBER: 02672880

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible assets	10		8,314,081		8,697,658
Investments	11		<u>76,883</u>		<u>76,883</u>
			8,390,964		8,774,541
CURRENT ASSETS					
Debtors	14	297,912		453,066	
Cash at bank and in hand		<u>600,448</u>		<u>379,334</u>	
		898,360		832,400	
CREDITORS: amounts falling due within one year	15	<u>(71,133)</u>		<u>(64,236)</u>	
NET CURRENT LIABILITIES			<u>827,227</u>		<u>768,164</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,218,191		9,542,705
PROVISIONS FOR LIABILITIES					
Deferred tax	17		<u>(230,581)</u>		<u>(234,611)</u>
NET ASSETS			<u>8,987,610</u>		<u>9,308,094</u>
CAPITAL AND RESERVES					
Called up share capital	20		117,500		117,500
Share premium account	21		513,847		513,847
Profit and loss account	21		<u>8,356,263</u>		<u>8,676,747</u>
			<u>8,987,610</u>		<u>9,308,094</u>

During the year ended 31 December 2020, the Company generated a loss of £165,004 (2019: loss of £218,423).

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


.....
K A Lock
Director

The notes on pages 16 to 30 form part of these financial statements.

9112121

AARDMAN HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share Capital £	Share Premium £	Profit and loss account £	Non- controlling Interest £	Total equity £
BALANCE AT 1 JANUARY 2019	117,500	513,847	17,274,917	138,013	18,044,277
Profit for the year	-	-	272,188	66,430	338,618
Dividends paid	-	-	-	(37,500)	(37,500)
Currency exchange difference arising on retranslation	-	-	7,416	-	7,416
Disposal of majority shareholding	-	-	-	(94,856)	(94,856)
BALANCE AT 31 DECEMBER 2019	117,500	513,847	17,554,521	72,087	18,257,955
Profit for the year	-	-	3,938,623	64,734	4,003,357
Dividends paid	-	-	(155,480)	(50,000)	(205,480)
Currency exchange difference arising on retranslation	-	-	88	-	88
BALANCE AT 31 DECEMBER 2020	117,500	513,847	21,337,752	86,821	22,055,920

The notes on pages 16 to 30 form part of these financial statements.

AARDMAN HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share Capital £	Share Premium £	Profit and loss account £	Total equity £
BALANCE AT 1 JANUARY 2019	117,500	513,847	8,895,170	9,526,517
Loss for the year	-	-	(218,423)	(218,423)
BALANCE AT 31 DECEMBER 2019	117,500	513,847	8,676,747	9,308,094
Loss for the year	-	-	(165,004)	(165,004)
Dividends paid	-	-	(155,480)	(155,480)
BALANCE AT 31 DECEMBER 2020	117,500	513,847	8,356,263	8,987,610

The notes on pages 16 to 30 form part of these financial statements.

AARDMAN HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit/(Loss) before tax	2,233,338	(2,004,518)
Depreciation charge	980,146	905,656
Interest received	(421)	(15,985)
Interest paid	-	711
(Increase) in stock	(1,513,860)	(206,147)
Decrease/(increase) in debtors	1,976,010	(1,270,572)
(Decrease) in creditors	(748,039)	(3,159,158)
Loss on disposal of subsidiary	-	102,383
Share of losses of associate	-	11,231
Loss on disposal of associate	2,295	-
Profit on disposal of tangible fixed assets	-	(2,193)
Foreign exchange	(7,239)	14,183
	<u>2,922,230</u>	<u>(5,624,409)</u>
Corporation tax received	1,876,753	2,661,236
Net cash generated from/(used in) operating activities	<u>4,798,983</u>	<u>(2,963,173)</u>
Investing activities		
Interest received	421	15,985
Disposal of subsidiary	-	(211,421)
Proceeds from disposal of associate	6,166	-
Additions to tangible fixed assets	(625,761)	(505,158)
Proceeds from disposal of tangible fixed assets	-	3,210
Net cash used in investing activities	<u>(619,174)</u>	<u>(697,384)</u>
Financing activities		
Equity dividends paid	(155,480)	-
Equity dividends paid to non-controlling interest	(50,000)	(37,500)
Interest paid	-	(711)
Net cash used in financing activities	<u>(205,480)</u>	<u>(38,211)</u>
Net increase/(decrease) in cash and cash equivalents	3,974,329	(3,698,768)
Cash and cash equivalents at beginning of the year	9,186,911	12,885,679
Cash and cash equivalents at end of year	<u>13,161,240</u>	<u>9,186,911</u>
Cash and cash equivalents consist of:		
Cash at bank and in hand	<u>13,161,240</u>	<u>9,186,911</u>

The notes on pages 16 to 30 form part of these financial statements.

AARDMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

1.2 Going concern

Having examined funding levels and prepared worst case scenario cash flow projections, the Directors feel confident that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the signing of the financial statements.

1.3 Exemptions

The parent Company has taken advantage of the following disclosure exemptions in preparing these financial statements and as permitted under FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the disclosure requirements of Section 11 paragraphs 11.39 to 48A; and
- the requirements of Section 33 Related Party Disclosures paragraphs 33.7 and 33.9.

1.4 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and entities controlled by the company (its subsidiaries) as at 31 December 2020. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions have been excluded. The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these accounts.

AARDMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

The cost of a business combination includes consideration paid, deferred consideration and contingent consideration to the extent that the transfer of further economic resources is considered probable and can be measured reliably.

The group measures goodwill at the acquisition date as the excess of the cost of the business combination over the group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised. Subsequently goodwill is amortised on a straight line basis over its useful life of ten years.

1.6 Turnover

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 FRS 102, Section 23 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. Subsequent back-end income is recorded as earned. Any income earned through related licensing arrangements is recognised over the license period.

Where monies have been received in respect of commercials, digital and broadcast productions in progress at the balance sheet date, such amounts are treated as deferred income and are recognised as turnover on completion of the production in the case of broadcast projects or when the right to consideration is earned on commercial and digital projects.

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

1.7 Royalties received

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

1.8 Investments

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

AARDMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.9 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 102, Section 17, land is not depreciated.

1.10 Stocks and work in progress

Finished goods stock reflects the production cost of completed broadcast 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 FRS 102 section 23.17 "construction contracts" are met and the costs and income can be matched against the work performed and charged to the profit and loss accounts over the production period.

Work in progress reflects the cost of films, broadcasts 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 films in production is matched with related income from pre-agreed funding arrangements and released to the profit and loss account over the period of production. Provision is made where the directors anticipate that production costs will not be recouped in full.

1.11 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

AARDMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.12 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

1.13 Dividends and contributions

Interim dividends and distributions to the Employee Ownership Trust are recognised when paid.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

1.15 Film, animation and video games tax credits

The Group's business model of financing feature films, animations and video games incorporates claims under the UK film, animation and video games tax credit legislation. These claims are considered to be part of the ordinary activities of those companies which produce the feature films, animations and video games 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.

AARDMAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

1.16 Operating leases

Rental costs 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.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the period.

The key areas of judgement and estimation uncertainty in these financial statements are highlighted below:

Revenue recognition

Revenue recognition on commercial and digital projects requires management to forecast the outcome of the project with regard to overall costs expected to be incurred. This is central to the level of revenue and profit recognised through these income streams in each financial period.

Valuation of stock

Work in progress and finished goods comprise costs incurred on broadcast and feature film projects. Management are required to make an assessment of future expected income in relation to those projects in order to determine whether the associated stock balance should be impaired.

3. 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:

	2020 £	2019 £
United Kingdom	7,083,925	8,546,018
Rest of European Union	5,271,110	8,089,141
Rest of world	4,295,102	3,745,287
United States of America	6,186,103	2,393,969
	<u>22,836,240</u>	<u>22,774,415</u>

4. OTHER OPERATING INCOME

	2020 £	2019 £
Royalties receivable	1,019,628	1,043,415
Bike lease scheme income	2,348	8,168
Other income	155,480	-
Recharges	5,448	-
Furlough income	975,803	-
	<u>2,158,707</u>	<u>1,051,583</u>

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets:		
- owned by the Group	980,146	905,656
Operating lease rentals:		
- land and buildings	691,459	492,375
- other	-	31,933
Net loss on foreign currency translation	141,539	70,655
Net profit on disposal of tangible assets	(486)	(2,193)
Loss on disposal of majority shareholding in subsidiary	-	102,411

6. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	19,000	18,500
Fees payable to the Company's auditor for the audit of the annual accounts of subsidiary undertakings	54,910	46,200
Non audit services fees	37,195	49,140

7. STAFF COSTS

Staff costs for the group, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	11,186,663	10,902,686
Social security costs	1,231,120	1,188,996
Other pension costs	528,474	497,874
	<u>12,946,257</u>	<u>12,589,556</u>

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

	2020 No.	2019 No.
Core staff	114	108
Project related freelancers	143	156
	<u>257</u>	<u>264</u>

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. DIRECTORS' REMUNERATION

	2020 £	2019 £
Emoluments	<u>1,125,425</u>	<u>1,185,967</u>
Company pension contributions to defined contribution pension schemes	<u>66,805</u>	<u>68,431</u>

The highest paid director received emoluments of £175,000 (2019: £129,346) and pension contributions of £ 13,242 (2019: £11,545).

9. TAXATION

	2020 £	2019 £
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	91,986	55,557
Adjustments in respect of prior periods	(78)	(37,945)
Film/animation/video games tax credit	<u>(1,962,034)</u>	<u>(2,178,000)</u>
	(1,870,126)	(2,160,388)
Double taxation relief	<u>(92,050)</u>	<u>(55,533)</u>
	<u>(1,962,176)</u>	<u>(2,215,921)</u>
Foreign tax on income for the year	<u>92,751</u>	<u>55,712</u>
Total current tax	<u>(1,869,425)</u>	<u>(2,160,209)</u>
Deferred tax (see note 19)	<u>99,406</u>	<u>(182,927)</u>
Tax on profit on ordinary activities	<u>(1,770,019)</u>	<u>(2,343,136)</u>

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. TAXATION (CONTINUED)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 – 19%) The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax and film tax credit	<u>2,233,338</u>	<u>(2,004,518)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	424,334	(380,858)
Effects of:		
Expenses not deductible for tax purposes	67,080	74,267
Income not taxable for tax purposes	(21,683)	-
Video games tax profit adjustment	-	(56,879)
Animation tax profit adjustment	(1,199,468)	(794,536)
Effect of film tax credits	(743,423)	(1,317,550)
Additional deduction for R&D	-	-
Adjustments to tax charge in respect of prior periods	(330)	(33,815)
Deferred tax not recognised	(277,645)	144,796
Tax rate differences	(19,585)	21,260
Foreign tax	701	179
Total tax credit for the year (see note above)	<u>(1,770,019)</u>	<u>(2,343,136)</u>

Factors that may effect future tax charges

Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023.

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. TANGIBLE FIXED ASSETS

Group	Purchased freehold property £	Constructed freehold property £	Improve- ments to property £	Plant & machinery £	Bicycles £
Cost					
At 1 January 2020	4,412,429	9,550,859	725,904	6,322,601	3,735
Additions	-	-	24,725	318,769	2,657
Disposals	-	-	-	-	(2,315)
At 31 December 2020	4,412,429	9,550,859	750,629	6,641,372	4,077
Depreciation					
At 1 January 2020	1,071,407	4,204,509	661,034	5,589,798	3,735
Charge for the year	-	382,034	29,872	317,933	2,657
On disposals	-	-	-	-	(2,315)
At 31 December 2019	1,071,407	4,586,544	690,906	5,907,731	4,077
Net book value					
At 31 December 2020	3,341,022	4,964,315	59,723	733,641	-
At 31 December 2019	3,341,022	5,346,350	64,870	732,805	-

Group	Fixtures & fittings £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 January 2020	817,773	28,127	3,212,539	25,073,970
Additions	4,211	-	275,399	625,761
Disposals	-	-	-	(2,315)
At 31 December 2020	821,985	28,127	3,487,938	25,697,416
Depreciation				
At 1 January 2020	712,249	24,945	3,029,954	15,297,632
Charge for the year	12,009	748	234,893	980,146
On disposals	-	-	-	(2,315)
At 31 December 2020	724,258	25,693	3,264,847	16,275,463
Net book value				
At 31 December 2020	97,727	2,434	223,091	9,421,953
At 31 December 2019	105,524	3,182	182,585	9,776,338

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. TANGIBLE FIXED ASSETS (continued)

	Purchased freehold property	Constructed freehold property	Improvements to freehold property	Fixtures & fittings	Total
Company	£	£	£	£	£
Cost					
At 1 January 2020 and 31 December 2020	<u>4,412,429</u>	<u>9,550,859</u>	<u>56,029</u>	<u>61,471</u>	<u>14,080,788</u>
Depreciation					
At 1 January 2020	1,071,407	4,204,510	56,029	51,184	5,383,130
Charge for the year	<u>-</u>	<u>382,034</u>	<u>-</u>	<u>1,543</u>	<u>383,577</u>
At 31 December 2020	<u>1,071,407</u>	<u>4,586,544</u>	<u>56,029</u>	<u>52,727</u>	<u>5,766,707</u>
Net book value					
At 31 December 2020	<u>3,341,022</u>	<u>4,964,315</u>	<u>-</u>	<u>8,744</u>	<u>8,314,081</u>
At 31 December 2019	<u>3,341,022</u>	<u>5,346,349</u>	<u>-</u>	<u>10,287</u>	<u>8,697,658</u>

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Company	
Cost or valuation	
At 1 January 2020 and 31 December 2020	<u>76,883</u>
Net book value	
At 31 December 2020	<u>76,883</u>
At 31 December 2019	<u>76,883</u>

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. FIXED ASSET INVESTMENTS (continued)

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

Company	Country of incorporation	Percentage Holding	Nature of Business
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
Primordial Soup Limited	England	100	Film producers
Shaun the Sheep Limited	England	100	Dormant

The following companies are subsidiaries of Aardman Animations Limited:

Company	Country of incorporation	Percentage Holding	Nature of Business
Morph Limited	England	100	Dormant
Aardman Creature Comforts USA Limited	England	100	Dormant
Aardman Mossy Bottom Limited	England	100	Film Producers
Aardman Free Range Limited	England	100	Film Producers
Aardman USA Inc	USA	100	Intermediate Holding Company

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. INVESTMENT IN ASSOCIATE & INVESTMENTS

On 1 January 2020 the Company disposed of 1% of its associate shareholding in Aardman Nathan Love LLC, which it held through wholly-owned subsidiary Aardman USA Inc. As a result, the shareholding dropped from 20% to 19% and is no longer treated as an associate. This gave rise to a loss on disposal, which is included in administrative expenses in the consolidated statement of comprehensive income. Aardman Nathan Love LLC is now an investment, as the group no longer has significant influence over the company's operating policies and decision-making.

Group	Investments in associate companies £	Investments £
At 1 January 2020	195,997	-
Loss on disposal	(2,946)	-
Foreign exchange movement	(5,515)	-
Net balance	<u>187,536</u>	-
Transfer to investments	(187,536)	187,536
At 31 December 2020	<u><u>-</u></u>	<u><u>187,536</u></u>

13. STOCKS

	Group		Company
	2020 £	2019 £	2020 £
Work in progress	3,768,403	2,086,821	-
Finished goods	-	167,722	-
	<u><u>3,768,403</u></u>	<u><u>2,254,543</u></u>	<u><u>-</u></u>

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. DEBTORS - Amounts receivable within one year

	<u>Group</u>		<u>Company</u>	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,091,972	2,025,752	-	-
VAT repayable	80,271	65,230	10,610	10,184
Corporation tax repayable	4,232,380	4,913,188	-	-
Other debtors	2,259,079	2,436,409	233,222	388,702
Prepayments and accrued income	2,248,459	2,321,914	54,080	54,180
Amounts recoverable on contracts	22,169	147,847	-	-
Deferred taxation	259,671	363,107	-	-
	<u>10,194,001</u>	<u>12,273,447</u>	<u>297,912</u>	<u>453,066</u>

15. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	1,046,042	777,621	35,399	22,621
Amounts owed to group undertakings	-	-	783	796
Social security and other taxes	789,094	704,497	-	-
Other creditors	134,357	82,375	-	-
Accruals and deferred income	12,477,139	13,630,177	34,951	40,819
	<u>14,446,632</u>	<u>15,194,670</u>	<u>71,133</u>	<u>64,236</u>

Included within accruals are outstanding pension contributions of £79,386 (2019- £77,406).

16. FINANCIAL INSTRUMENTS

Group

	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>5,119,547</u>	<u>4,490,837</u>
Financial liabilities measured at amortised cost	<u>2,643,597</u>	<u>1,741,053</u>

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2020 £	2019 £	2020 £	2019 £
At beginning of year	128,496	(54,431)	(234,611)	(269,899)
Released during the year	(99,406)	182,927	4,030	35,288
At end of year	<u>29,090</u>	<u>128,496</u>	<u>(230,581)</u>	<u>(234,611)</u>

Provision

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2020 £	2019 £	2020 £	2019 £
Fixed asset timing differences	265,051	254,739	265,051	254,739
Other timing differences	-	(20,128)	-	(20,128)
Losses and other deductions	(34,470)	-	(34,470)	-
	<u>230,581</u>	<u>234,611</u>	<u>230,581</u>	<u>234,611</u>

Asset

Deferred tax assets where there is no right of offset are presented within debtors (note 14).

The deferred tax asset is made up as follows:

	<u>Group</u>	
	2020 £	2019 £
Fixed asset timing differences	(84,737)	(19,168)
Losses and other deductions	311,911	63,897
Other timing differences	32,497	318,378
	<u>259,671</u>	<u>363,107</u>

Unprovided deferred tax totalling £810,241 (2019: £894,301) has not been recognised in these financial statements.

AARDMAN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. OPERATING LEASE COMMITMENTS

At 31 December 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Group		
Not later than 1 year	622,231	609,632
Later than 1 year and not later than 5 years	1,855,418	2,312,961
Later than 5 years	-	136,111
	<u>2,477,649</u>	<u>3,058,704</u>

19. RELATED PARTY TRANSACTIONS

Group and parent

The parent Company and the Group are controlled by Aardman Employee Ownership Trust following the purchase of 75% of the shares of the parent Company by the Trust on 5 November 2018.

During the year, Aardman Employee Ownership Trust received dividends totalling £155,480 (2019: £ nil) in respect of their holding of ordinary shares.

Group

Key management are those persons having authority and responsibility for the planning, controlling, and directing of the Group.

The senior management team (including the directors) comprised 9 people (2019 – 9). Total compensation payable to key management personnel during the year was £1,192,230 (2019 – £1,185,967).

Parent

During the year, the company received dividends of £200,000 (2019: £150,000) from Wallace & Gromit Limited.

20. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
11,750,000 (2019: 11,750,000) Ordinary shares of £0.01 each	<u>117,500</u>	<u>117,500</u>

21. RESERVES

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and Loss Account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.