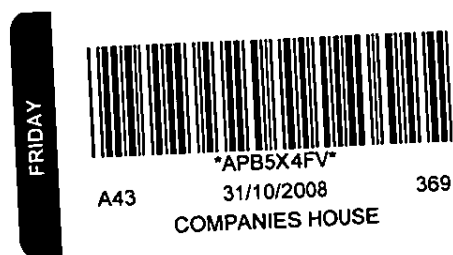


AARDMAN TORTOISE AND THE HARE LIMITED
ACCOUNTS
31 DECEMBER 2007

Company Registration Number 3186874



AARDMAN TORTOISE AND THE HARE LIMITED

ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

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AARDMAN TORTOISE AND THE HARE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Board of directors

P D F Lord
D A Sproxton

Company secretary

D A Sproxton

Registered office

Gas Ferry Road
Bristol
BS1 6UN

Auditors

Nexia Smith & Williamson LLP
Chartered Accountants
Registered Auditors
Portwall Place
Portwall Lane
Bristol
BS1 6NA

Bankers

Coutts & Co
Media Banking
440 Strand
London
WC2R 0QS

AARDMAN TORTOISE AND THE HARE LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 December 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

In the prior year, as a result of the cessation of the Dreamworks multi-picture agreement, all outstanding deferred income and work in progress relating to the film "Tortoise and Hare" were recognised in the profit and loss account

The company has ceased to trade with effect from 31 December 2007

RESULTS AND DIVIDENDS

The results for the year, and the company's financial position at the end of the year are shown in the attached accounts

The dividend of £8,649 (2006 £nil) was paid during the year

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors have not established any formal financial risk management objectives and policies due to the size of the company and the nature of its business

THE DIRECTORS

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

P D F Lord
D A Sproxton

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AARDMAN TORTOISE AND THE HARE LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

DIRECTORS' RESPONSIBILITIES *(continued)*

In so far as the directors are aware there is no relevant audit information of which the company's auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

AUDITORS

On 18 February 2008 Smith & Williamson Solomon Hare Audit LLP changed its name to Nexia Smith & Williamson Audit (Bristol) LLP, trading as Nexia Smith & Williamson LLP

A resolution to re-appoint Nexia Smith & Williamson LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed on behalf of the directors



D A Sproxton
Director

Date 21 October 2008

AARDMAN TORTOISE AND THE HARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

YEAR ENDED 31 DECEMBER 2007

We have audited the accounts of Aardman Tortoise and the Hare Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholder, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

AARDMAN TORTOISE AND THE HARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER *(continued)*

YEAR ENDED 31 DECEMBER 2007

OPINION

In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts

Nexia Smith & Williamson

NEXIA SMITH & WILLIAMSON LLP
Chartered Accountants
Registered Auditors
Bristol

Date 21 October 2008

AARDMAN TORTOISE AND THE HARE LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
TURNOVER		-	-
Administrative expenses		(123,506)	-
Other operating income		-	586,915
		<u> </u>	<u> </u>
OPERATING (LOSS)/PROFIT	2	(123,506)	586,915
Interest receivable		3,711	-
Interest payable and similar charges	3	(51,338)	-
		<u> </u>	<u> </u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(171,133)	586,915
Tax on loss/(profit) on ordinary activities	4	16,806	(366,524)
		<u> </u>	<u> </u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(154,327)</u>	<u>220,391</u>

The company has no recognised gains or losses other than the results for the year as set out above

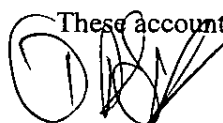
All of the activities of the company are classed as discontinued

The notes on pages 8 to 12 form part of these accounts.

AARDMAN TORTOISE AND THE HARE LIMITED**BALANCE SHEET****31 DECEMBER 2007**

	Note	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		-		478,116
CURRENT ASSETS					
Debtors	7	16,733		934,160	
Cash at bank		69,350		204,065	
		<u>86,083</u>		<u>1,138,225</u>	
CREDITORS: Amounts falling due within one year	8	<u>(86,081)</u>		<u>(1,453,363)</u>	
NET CURRENT ASSETS/(LIABILITIES)			2		(315,138)
NET ASSETS			<u>2</u>		<u>162,978</u>
CAPITAL AND RESERVES					
Called-up equity share capital	11		2		2
Profit and loss account	12		-		<u>162,976</u>
EQUITY SHAREHOLDER'S FUNDS	13		<u>2</u>		<u>162,978</u>

These accounts were approved by the directors on 21 October 2008 and are signed on their behalf by


D A Spfoxton
Director

The notes on pages 8 to 12 form part of these accounts.

AARDMAN TORTOISE AND THE HARE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Cash flow statement

The company has taken advantage of the exemption provided in Financial Reporting Standard number 1 (revised) from including a cash flow statement in the accounts on the grounds that the company is a wholly owned subsidiary of Aardman Holdings Limited which publishes a consolidated cash flow statement

2 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2007 £	2006 £
Auditors' remuneration	1,050	2,900
Depreciation	-	84,404
Loss on disposal of fixed assets	<u>115,357</u>	<u>-</u>

The only staff employed during the current or prior year were the directors, who received no remuneration for their services

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Interest payable	<u>51,338</u>	<u>-</u>

4 TAX ON LOSS ON ORDINARY ACTIVITIES

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

	2007 £	2006 £
Corporation tax based on the results for the year		
Current year	(16,733)	1,357,401
Prior year	<u>(73)</u>	<u>11,082</u>
Total current tax	(16,806)	1,368,483
Decrease in deferred tax provision		
Capital allowances	-	(441,848)
Tax losses	-	1,526,362
Other	-	<u>(2,086,473)</u>
		(1,001,959)
Tax on ordinary activities	<u>(16,806)</u>	<u>366,524</u>

AARDMAN TORTOISE AND THE HARE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

4 TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2006 – higher) than the standard rate of corporation tax in the UK of 30% (2006 – 30%)

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	<u>(171,133)</u>	<u>586,915</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of tax in the UK of 30%	(51,340)	176,075
Depreciation for the period in excess of capital allowances	-	238,843
Transfer pricing adjustment	-	17,415
Expenses not deductible for tax purposes	34,607	366,527
Short term timing differences	-	2,084,903
Utilisation of brought forward losses	-	(1,526,362)
Group relief surrendered before payment	16,733	-
Group relief payment received	(16,733)	-
Adjustment relating to prior years	(73)	11,082
Total current tax (note 4(a))	<u>(16,806)</u>	<u>1,368,483</u>

5 DIVIDENDS

Dividends of £8,649 (2006 £nil) were proposed and paid during the year

6 TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
COST					
At 1 January	1,277,891	84,229	1,292	62,779	1,426,191
Disposals	<u>(1,227,891)</u>	<u>(84,229)</u>	<u>(1,292)</u>	<u>(62,779)</u>	<u>(1,426,191)</u>
At 31 December	-	-	-	-	-
DEPRECIATION					
At 1 January 2007	829,638	54,558	1,100	62,779	948,075
On disposals	<u>(829,638)</u>	<u>(54,558)</u>	<u>(1,100)</u>	<u>(62,779)</u>	<u>(948,075)</u>
At 31 December 2007	-	-	-	-	-
NET BOOK VALUE					
At 31 December 2007	-	-	-	-	-
At 31 December 2006	<u>448,253</u>	<u>29,671</u>	<u>192</u>	<u>-</u>	<u>478,116</u>

AARDMAN TORTOISE AND THE HARE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

7 DEBTORS

	2007	2006
	£	£
Amounts owed by group undertakings	16,733	904,970
VAT recoverable	-	29,190
	<u>16,733</u>	<u>934,160</u>

8 CREDITORS: Amounts falling due within one year

	2007	2006
	£	£
Trade creditors	15	95,962
Amounts owed to group undertakings	32,107	-
Corporation tax	-	1,357,401
Interest payable	51,338	-
VAT payable	131	-
Accruals and deferred income	2,490	-
	<u>86,081</u>	<u>1,453,363</u>

9 DEFERRED TAXATION

	2007	2006
	£	£
The movement in the deferred taxation provision during the year was		
Provision brought forward	-	1,001,959
Decrease in provision	-	(1,001,959)
Provision carried forward	<u>-</u>	<u>-</u>

At the year-end there is an unprovided deferred tax asset in relation to accelerated capital allowances of £nil (2006 - £120,842)

AARDMAN TORTOISE AND THE HARE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

10 RELATED PARTY TRANSACTIONS

The following information is provided in accordance with Financial Reporting Standard 8, Related Party Transactions

Year ended 31 December 2007

Name of Related Party	Relationship	Type of Transaction	Value of Transaction £	Debtor/ (creditor) at 31.12.07 £
Wallace & Gromit Ltd	Fellow subsidiary	Settled balance	252,831	-

Year ended 31 December 2006

Name of Related Party	Relationship	Type of Transaction	Value of Transaction £	Debtor at 31.12.06 £
Wallace & Gromit Ltd	Fellow subsidiary	Group relief	-	252,831

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 from disclosing transactions with other wholly owned group companies on the grounds that it is itself a wholly owned subsidiary and its parent publishes consolidated accounts

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

11 SHARE CAPITAL

Authorised share capital

	2007 £	2006 £
100 Ordinary shares of £1 00 each	100	100

Allotted, called up and fully paid

	2007 £	2006 £
Ordinary share capital	2	2

12 PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	162,976	(57,415)
Retained (loss)/profit for the financial year	(154,327)	220,391
Dividend paid	(8,649)	-
Balance carried forward	-	162,976

AARDMAN TORTOISE AND THE HARE LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2007	2006
	£	£
(Loss)/profit for the financial year	(154,327)	220,391
Dividend paid	(8,649)	-
Opening equity shareholder's funds/(deficit)	162,978	(57,413)
Closing equity shareholder's funds	<u>2</u>	<u>162,978</u>

14 ULTIMATE PARENT COMPANY

The ultimate parent company is Aardman Holdings Limited, a company registered in England and Wales

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