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**AARDMAN FEATURE DEVELOPMENT LIMITED**

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

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**AARDMAN FEATURE DEVELOPMENT LIMITED**

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## AARDMAN FEATURE DEVELOPMENT 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>Registered number</b>	06712047
<b>Registered office</b>	Gas Ferry Road Bristol BS1 6UN
<b>Independent 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 FEATURE DEVELOPMENT LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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

#### Principal activity

The principal activity of the company during the year was that of feature film development.

The directors are satisfied with the performance of the business during the year and the position of the company at the year end.

#### Directors

The directors who served during the year were:

D A Sproxtton  
P D F Lord

#### Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**AARDMAN FEATURE DEVELOPMENT LIMITED**

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

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**Auditors**

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

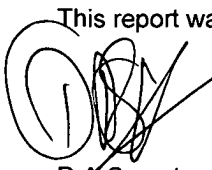
**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

29 SEP 2017

and signed on its behalf.



D A Sproston  
Director

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## **AARDMAN FEATURE DEVELOPMENT LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AARDMAN FEATURE DEVELOPMENT LIMITED**

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

This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](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 Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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**AARDMAN FEATURE DEVELOPMENT LIMITED**

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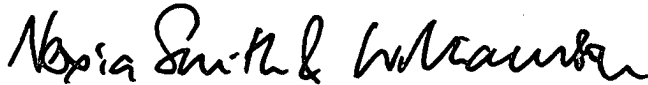
**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF AARDMAN FEATURE DEVELOPMENT  
LIMITED (CONTINUED)**

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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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Carl Deane (Senior statutory auditor)

for and on behalf of  
**Nexia Smith & Williamson**

Chartered Accountants  
Statutory Auditors

Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA  
Date:

29 September 2017.

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**AARDMAN FEATURE DEVELOPMENT LIMITED**

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

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	Note	2016 £	2015 £
Turnover	2	-	2,000
Cost of sales		-	(2,000)
		<hr/>	<hr/>
<b>Gross profit</b>		-	-
Administrative expenses		(5,229)	(5,637)
Other operating income		4,868	5,278
		<hr/>	<hr/>
<b>Operating loss</b>	3	(361)	(359)
Interest receivable and similar income		134	173
		<hr/>	<hr/>
<b>Loss and total comprehensive expense for the year</b>		<u>(227)</u>	<u>(186)</u>
Retained earnings at the beginning of the year		(2,127)	(1,941)
Loss for the year		(227)	(186)
		<hr/>	<hr/>
<b>Retained earnings at the end of the year</b>		<u>(2,354)</u>	<u>(2,127)</u>

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



**AARDMAN FEATURE DEVELOPMENT LIMITED**  
**REGISTERED NUMBER: 06712047**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Current assets</b>			
Stocks	4	648,199	648,199
Debtors: amounts falling due within one year	5	22,652	17,912
Cash at bank and in hand	6	150,471	157,826
		<u>821,322</u>	<u>823,937</u>
Creditors: amounts falling due within one year	7	(823,576)	(825,964)
<b>Net current liabilities</b>		<u>(2,254)</u>	<u>(2,027)</u>
<b>Net liabilities</b>		<u>(2,254)</u>	<u>(2,027)</u>
<b>Capital and reserves</b>			
Called up share capital	8	100	100
Profit and loss account	9	(2,354)	(2,127)
		<u>(2,254)</u>	<u>(2,027)</u>

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

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

  
**D A Sproxton**  
 Director

29 SEP 2017

Date:

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

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## AARDMAN FEATURE DEVELOPMENT LIMITED

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

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#### 1. General information

Aardman Feature Development 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.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

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

##### 2.3 Going concern

The company has net liabilities of £2,254 as at 31 December 2016 and a reported loss of £227 for the year then ended. The parent company has indicated that it intends to continue to support the company for the foreseeable future.

##### 2.4 Turnover

Turnover comprises feature film development which has been discontinued.

When a decision is made to discontinue development of a film, all associated income is transferred from deferred income to turnover, and the associated work in progress is released to cost of sales.

##### 2.5 Fees received in advance

Monies received in respect of films and other projects in progress at the balance sheet date are initially treated as deferred income. When a feature goes into production the work in progress and deferred income relating to the feature are transferred to a separate company.

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## AARDMAN FEATURE DEVELOPMENT LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.6 Other operating income

Other operating income shown in the statement of income and retained earnings represents recharges for administration costs.

##### 2.7 Stocks and work in progress

Stocks and work in progress comprise costs incurred in the development of feature film projects not yet in production. Where projects are discontinued or income is not anticipated to be sufficient to cover costs incurred, an impairment charge is recognised in the statement of income and retained earnings.

##### 2.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

##### 2.9 Financial instruments

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

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 company 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 and short-term bank deposits with an original maturity of three months or less.

Financial liabilities and equity instruments issued by the company 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 company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### 3. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	3,230	2,700

During the year, no director received any emoluments (2015 - £nil).

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**AARDMAN FEATURE DEVELOPMENT LIMITED**

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

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**4. Stocks**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Work in progress	<b>648,199</b>	<b>648,199</b>

**5. Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	<b>100</b>	<b>100</b>
VAT repayable	<b>585</b>	<b>713</b>
Prepayments and accrued income	<b>21,967</b>	<b>17,099</b>
	<b>22,652</b>	<b>17,912</b>

**6. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>150,471</b>	<b>157,826</b>

**7. Creditors: Amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>-</b>	<b>2,418</b>
Accruals and deferred income	<b>823,576</b>	<b>823,546</b>
	<b>823,576</b>	<b>825,964</b>

The company is party to a debenture dated 12 October 2009 with Film CP UK Limited securing all monies due, or to become due, from the company to Film CP UK Limited.

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## AARDMAN FEATURE DEVELOPMENT LIMITED

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

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#### 8. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

#### 9. Reserves

##### Profit & loss account

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

#### 10. Controlling party

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

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

#### 11. First time adoption of FRS 102

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