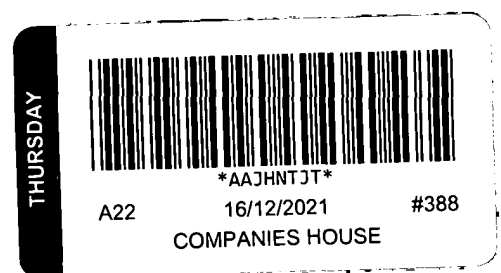

AARDMAN FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



AARDMAN FEATURE DEVELOPMENT LIMITED

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AARDMAN FEATURE DEVELOPMENT LIMITED

COMPANY INFORMATION

Directors	P D F Lord S M Clarke K A Lock
Registered number	06712047
Registered office	Gas Ferry Road Bristol BS1 6UN
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA
Bankers	Coutts & Co Media Banking 440 Strand London WC2R 0QS

AARDMAN FEATURE DEVELOPMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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:

P D F Lord
S M Clarke
K A Lock

Directors' responsibilities statement

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

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

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

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

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

Disclosure of information to auditors

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

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

AARDMAN FEATURE DEVELOPMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**


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 9/12/21 and signed on its behalf.


K A Lock
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARDMAN FEATURE DEVELOPMENT
LIMITED**

Opinion

We have audited the financial statements of Aardman Feature Development Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of income and retained earnings, Balance sheet and the notes to the financial statements, including a summary of 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 company's affairs as at 31 December 2020 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.

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 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 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.

AARDMAN FEATURE DEVELOPMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARDMAN FEATURE DEVELOPMENT LIMITED (CONTINUED)

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. 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.

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

Matters on which we are required to report by exception

In the light of the 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.

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 from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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, 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 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 company or to cease operations, or have no realistic alternative but to do so.

AARDMAN FEATURE DEVELOPMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARDMAN FEATURE DEVELOPMENT LIMITED (CONTINUED)

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 company'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 company 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 company'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 company'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 through manual journal entries. This was communicated to the other members of the engagement team who were not present at the discussion.

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

- 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.

A further description of our responsibilities for the audit of the financial statements is located 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

AARDMAN FEATURE DEVELOPMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARDMAN FEATURE DEVELOPMENT
LIMITED (CONTINUED)

Nexia Smith & Williamson.

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 FEATURE DEVELOPMENT LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover		-	78,775
Cost of sales		-	(78,775)
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses		(5,929)	(5,739)
Other operating income		5,448	5,288
Operating loss		<u>(481)</u>	<u>(451)</u>
Interest receivable and similar income		99	277
Loss after tax		<u>(382)</u>	<u>(174)</u>
Retained earnings at the beginning of the year		(3,034)	(2,860)
Loss for the year		(382)	(174)
Retained earnings at the end of the year		<u>(3,416)</u>	<u>(3,034)</u>
The notes on pages 10 to 13 form part of these financial statements.			

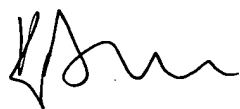
AARDMAN FEATURE DEVELOPMENT LIMITED
REGISTERED NUMBER:06712047

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Current assets			
Stocks	4	590,924	590,924
Debtors: amounts falling due within one year	5	43,566	37,846
Cash at bank and in hand	6	109,577	135,092
		<u>744,067</u>	<u>763,862</u>
Creditors: amounts falling due within one year.	7	(747,383)	(766,796)
Net current liabilities		<u>(3,316)</u>	<u>(2,934)</u>
Net liabilities		<u>(3,316)</u>	<u>(2,934)</u>
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	(3,416)	(3,034)
		<u>(3,316)</u>	<u>(2,934)</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 on



9/12/21

K A Lock
Director

The notes on pages 10 to 13 form part of these financial statements.

AARDMAN FEATURE DEVELOPMENT LIMITED

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

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 unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 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 11.42, 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 2020 and these financial statements may be obtained from the company's registered office.

2.3 Going concern

The company has net liabilities of £3,316 as at 31 December 2020 and a reported loss of £382 for the year then ended. The parent company has indicated that it intends to continue to support the company for the foreseeable future.

Having examined funding levels and sources, the directors have the reasonable expectation that the company 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. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.4 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.

AARDMAN FEATURE DEVELOPMENT LIMITED

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

2. Accounting policies (continued)

2.5 Other operating income

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

2.6 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.

2.7 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 transaction.

Exchange gains and losses are recognised in statement of income and retained earnings.

2.8 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.

2.9 Turnover

Turnover comprises feature development which has been discontinued.

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

AARDMAN FEATURE DEVELOPMENT LIMITED

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

3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

4. Stocks

	2020 £	2019 £
Work in progress	<u>590,924</u>	<u>590,924</u>

5. Debtors

	2020 £	2019 £
Amounts owed by group companies	100	100
VAT repayable	757	485
Prepayments and accrued income	42,709	37,261
	<u>43,566</u>	<u>37,846</u>

6. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>109,577</u>	<u>135,092</u>

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,562	-
Amounts owed to group companies	-	21,500
Accruals and deferred income	744,821	745,296
	<u>747,383</u>	<u>766,796</u>

AARDMAN FEATURE DEVELOPMENT LIMITED

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

8. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1.00 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 party is Aardman Employee Ownership Trust.

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