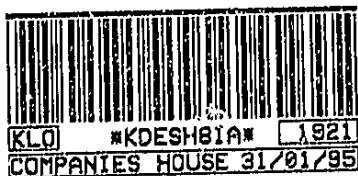


715593

PARAMOUNT TELEVISION LIMITED
(Registered number: 715593)

REPORT AND ACCOUNTS

31 MARCH 1994



PARAMOUNT TELEVISION LIMITED
(Registered number: 715593)

DIRECTORS

A Buck
S Higgins Morrisoe (USA)
M O'Sullivan
S Taylor (USA)

SECRETARY

M Gethings

AUDITORS

Price Waterhouse
Southwark Towers
32 London Bridge Street
London
SE1 9SY

REGISTERED OFFICE

UIP House
45 Beadon Road
Hammersmith
London
W6 0EG

PARAMOUNT TELEVISION LIMITED

DIRECTORS' REPORT

The directors present their report and group accounts for the eighteen months ended 31 March 1994.

RESULTS AND DIVIDENDS

The group accounts for the period ended 31 March 1994 disclose a profit after taxation and minority interest of £4,634,104 (year to 30 September 1992 profit - £195,076) which has been taken to reserves. The accumulated losses at 31 March 1994 are £57,380,380 (1992 - £62,214,484). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The group's activity is the distribution of filmed product for theatrical and television viewing.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period ended 31 March 1994 were as follows:

P Cary	(resigned 31 October 1992)
J Pullen	(resigned 31 October 1992)
A Buck	
M O'Sullivan	
S Taylor	
S Higgins Morrisoe	(appointed 3 May 1993)
R Brown	(resigned 1 May 1993)

The directors have no beneficial interest in the shares of the company or in any companies of the group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 and the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

PARAMOUNT TELEVISION LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS (CONTINUED)

- 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. 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.

SIGNIFICANT CHANGES IN FIXED ASSETS

The company acquired 75% of the share capital of Famous Music Publishing Limited on 24 April 1993. Details of this acquisition are set out in note 22 to the accounts.

POST BALANCE SHEET EVENT

Subsequent to the period end, the company decided to change its accounting reference date to 31 December.

AUDITORS

At the Annual General Meeting held on 30 March 1994, the members resolved to appoint Price Waterhouse as the company's auditors.

By order of the board

M. T. Gethings

M Gethings
Secretary

31 January 1995

Price Waterhouse



REPORT OF THE AUDITORS TO THE MEMBERS OF PARAMOUNT TELEVISION LIMITED

We have audited the accounts on pages 5 to 26 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on pages 2 and 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 estimate 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 a 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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1994 and of its profit for the 18 months then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accounts
Registered Auditor
London

31 January 1995

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Redhill, St. Albans, Southampton and Windsor.

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection.

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

PARAMOUNT TELEVISION LIMITED

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 1994.**

	Notes	18 months ended 31 March 1994 £	12 months ended 30 September 1992 £
TURNOVER			
Cost of sales	2	17,363,428 <u>(14,535,296)</u>	15,923,205 <u>(14,482,451)</u>
OPERATING PROFIT		2,828,132	1,440,754
Administrative expenses		(1,529,391)	(766,163)
Exchange gain/(loss)		<u>647,285</u>	<u>(56,224)</u>
NET OPERATING PROFIT	3	1,946,026	618,367
Other income	6	3,452,247	1,560,175
Interest payable and similar charges	7	(754,347)	(248,742)
Income/(loss) from interests in associated undertakings		<u>(8,016)</u>	<u>(549,530)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,635,910	1,380,270
Tax credit/(charge) on ordinary activities	8	<u>496,920</u>	<u>(1,055,341)</u>
		5,132,830	324,929
Minority interest		<u>(298,726)</u>	<u>(129,853)</u>
RETAINED PROFIT FOR THE PERIOD	9	4,834,104	195,076
STATEMENT OF RETAINED LOSSES			
Balance at 30 September 1992		(62,214,484)	(62,409,560)
Retained profit for the period		<u>4,834,104</u>	<u>195,076</u>
Balance at 31 March 1994		<u>(57,380,380)</u>	<u>(62,214,484)</u>

Turnover, administrative expenses, other operating income and profit on ordinary activities before taxation for the period relate exclusively to continuing operations. The retained profit for the period is equal to the recognised gain for the year.

PARAMOUNT TELEVISION LIMITED

GROUP BALANCE SHEET AT 31 MARCH 1994

	Notes	1994 £	1992 £
FIXED ASSETS			
Intangible assets	10	163,673	-
Tangible assets	11	199,490	376,687
Investments	12	<u>10,157,733</u>	<u>10,313,625</u>
		10,520,896	10,690,312
CURRENT ASSETS			
Debtors	13	3,584,552	3,393,823
Amounts owed by fellow subsidiaries		53,186,745	46,995,107
Cash at bank and in hand		4,566,011	647,524
Loans to associate		1,102,500	<u>664,420</u>
		62,439,808	51,700,874
CREDITORS: amounts falling due within one year	14	<u>(74,109,774)</u>	<u>(57,457,532)</u>
NET CURRENT LIABILITIES		<u>(11,669,966)</u>	<u>(5,756,658)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,149,070)	4,933,654
CREDITORS: amounts falling due after more than one year	15	<u>(9,119,976)</u>	<u>(20,178,319)</u>
		(10,269,046)	(15,244,665)
CAPITAL AND RESERVES			
Called up share capital	16	15,133,733	15,133,733
Share premium account		449,700	449,700
Profit and loss account		(57,380,380)	(62,214,484)
Capital reserve	17	445,547	445,547
Minority interest		<u>31,082,354</u>	<u>30,940,839</u>
		(10,269,046)	(15,244,665)



M O'Sullivan
DIRECTOR

31 January 1995

PARAMOUNT TELEVISION LIMITED

BALANCE SHEET AT 31 MARCH 1994

	Notes	<u>1994</u> £	<u>1992</u> £
FIXED ASSETS			
Tangible assets	11	69,046	82,165
Investments	12	<u>15,256,208</u>	<u>15,694,213</u>
		15,325,254	15,776,378
CURRENT ASSETS			
Debtors	13	2,857,777	3,280,890
Amounts owed by group undertakings		12,520,718	11,386,434
Amounts owed by subsidiary undertaking		30,000	-
Cash at bank and in hand		1,052,535	612,840
Loans to associate		<u>1,102,500</u>	<u>664,420</u>
		17,563,530	15,944,584
CREDITORS: amounts falling due within one year	14	<u>(67,507,362)</u>	<u>(55,820,934)</u>
NET CURRENT LIABILITIES		<u>(49,943,832)</u>	<u>(39,876,350)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(34,618,578)	(24,099,972)
CREDITORS: amounts falling due after more than one year	15	<u>(9,685,218)</u>	<u>(23,484,052)</u>
		(44,303,796)	(47,584,024)
CAPITAL AND RESERVES			
Called up share capital	16	15,133,733	15,133,733
Share premium account		449,700	449,700
Profit and loss account		<u>(59,887,229)</u>	<u>(63,167,457)</u>
		(44,303,796)	(47,584,024)

M O'Sullivan

M O'Sullivan
DIRECTOR

31 January 1995

PARAMOUNT TELEVISION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 1994**

	Notes	<u>1994</u> £	<u>1993</u> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	<u>14,276,425</u>	<u>5,403,441</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		93,811	1,604,032
Interest paid		(1,563)	(248,742)
Interest element of finance lease rental payments		<u>(621,943)</u>	<u>(1,427,635)</u>
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>(529,695)</u>	<u>(72,345)</u>
TAXATION			
Corporation tax paid		-	(67,323)
Corporation tax refund received		<u>56,545</u>	<u>-</u>
NET CASH INFLOW/(OUTFLOW) FROM TAXATION		<u>56,545</u>	<u>(67,323)</u>
INVESTING ACTIVITIES			
Payments to acquire intangible fixed assets		(163,673)	-
Payments to acquire tangible fixed assets		(13,226)	(229,750)
Purchase of shares in subsidiary		<u>25</u>	<u>(13,768,644)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(176,874)</u>	<u>(13,998,394)</u>
FINANCING			
Issue of ordinary share capital		-	15,000,000
Repayment of capital element of finance lease rentals		<u>(9,707,914)</u>	<u>(5,871,451)</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		<u>(9,707,914)</u>	<u>9,128,549</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21	<u>3,918,487</u>	<u>393,928</u>

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994

1 ACCOUNTING POLICIES

(1) Fundamental accounting concept

The accounts have been prepared under the going concern concept because the immediate and parent undertakings have agreed to provide adequate funds for the company to meet its liabilities as they fall due.

(2) Accounting convention

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

(3) Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary undertaking, together with the group's share of net assets and results of associated undertakings. These are adjusted where appropriate to conform to group accounting policies and period account. Goodwill is set off against reserves. As a consolidated profit and loss account is published, no parent undertaking profit and loss account is shown by virtue of the exemption granted by Section 230 of the Companies Act 1985.

(4) Lease payments

Subject to the accounting policy on leased assets below, payment under agreements for the leasing of feature films and television series are charged to the profit and loss account as they fall due.

(5) Distribution revenues

Revenues from films and licence fees are recognised in the profit and loss account as they fall due under the terms of the relevant contracts.

(6) Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors and in obligations under finance leases. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(7) Depreciation of tangible fixed assets

The cost of tangible fixed assets is written off by equal instalments over their expected useful lives as follows:

Lease and leasehold improvements	Over period of lease
Furniture, fittings and equipment	10 years
Motor vehicles	5 years

(8) Intangible fixed assets

Intangible fixed assets, representing advances made under song writing deals are amortised on a straight-line basis over a period of thirty six months.

(9) Foreign currency conversion

Assets and liabilities denominated in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date. Trading results are expressed in sterling at the average rates ruling during the month. The resulting profits or losses are dealt within the profit and loss account.

(10) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences which are not expected to continue for the foreseeable future.

(11) Pension benefits

Staff working for Paramount Television Limited are members of the Paramount Communications UK Pension Plan. The Plan is a defined benefit plan. Contributions to the pension fund are charged to the profit and loss account so as to spread the cost over the average service lives of the employees.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

2 TURNOVER

Turnover comprises distribution revenue exclusive of VAT.

Analysis of turnover and contribution to profit between activities and markets:

	1994	Turnover 1992	1994	Net Operating profit/(loss) 1992
	£	£	£	£
TV licence fee revenue	16,311,888	15,358,313	2,079,164	1,590,358
Income from leased products	600,403	510,853	(72,088)	(919,918)
Income from music royalties	20,062	-	20,062	-
Income from licensing commission	4,566	-	4,566	-
Income from provision of services	<u>426,509</u>	<u>54,039</u>	<u>(85,678)</u>	<u>(52,073)</u>
	17,363,428	15,923,205	1,946,026	618,367

The licence fee revenue and income from leasing is receivable from external customers, whereas income from leases product and from provision of services is received from fellow subsidiaries.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

2 TURNOVER (CONTINUED)

Analysis of turnover by destination:

	<u>1994</u> £	<u>1992</u> £
United Kingdom	15,997,577	15,301,950
USA and Canada	621,653	190,493
Eire	271,788	101,840
Rest of the World	<u>472,410</u>	<u>328,922</u>
	17,363,428	15,923,205

3 NET OPERATING PROFIT

The net operating profit for the period is stated after charging:

	<u>1994</u> £	<u>1992</u> £
Amortisation of intangible fixed assets	34,101	-
Depreciation	34,920	17,033
Directors' emoluments (note 4)	15,229	144,312
Audit fee	22,160	20,105
Leasing charges	<u>621,943</u>	<u>1,427,635</u>

Assets held under finance leases are fully depreciated.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

4 EMOLUMENTS OF DIRECTORS

	<u>1994</u>	<u>1992</u>
	£	£
Other emoluments	<u>15,229</u>	<u>144,312</u>
	<u>15,229</u>	<u>144,312</u>

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:

	<u>1994</u>	<u>1992</u>
	£	£
Chairman	<u>3,913</u>	<u>67,837</u>
Highest paid director	<u>10,329</u>	<u>70,694</u>

	<u>1994</u>	<u>1992</u>
	Number	Number
Directors' emoluments fell within the following ranges (excluding pension contributions)		
£nil - £5,000	6	5
£10,001 - £15,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	-	1

The majority of the directors receive remuneration from other companies owned by the ultimate parent undertaking. No charge is made to this company for their services as directors.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

5 STAFF COSTS

	<u>1994</u>	<u>1992</u>
	£	£
Wages and salaries	401,075	185,227
Social security costs	38,840	30,498
Pension cost/(over provision)	<u>29,638</u>	<u>6,025</u>
	469,553	221,750
	<u> </u>	<u> </u>

6 OTHER INCOME

	<u>1994</u>	<u>1992</u>
	£	£
Bank interest	93,663	25,176
Interest from fellow subsidiaries	3,350,996	1,535,530
Profit/(loss) on sale of fixed assets	-	(1,006)
Other income	<u>7,588</u>	<u>475</u>
	3,452,247	1,560,175
	<u> </u>	<u> </u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1994</u>	<u>1992</u>
	£	£
Interest to fellow subsidiaries	752,784	245,578
Interest on bank overdraft	<u>1,563</u>	<u>3,164</u>
	754,347	248,742
	<u> </u>	<u> </u>

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

8 TAXATION

The credit/(charge) based on the results for the year comprises:

	<u>1994</u>	<u>1992</u>
	£	£
UK corporation tax payable on profits at 33%	(84,853)	(274,651)
Adjustments relating to prior years	-	(613,556)
Deferred taxation	581,773	(133,324)
Share of taxation of associated undertakings	-	(33,810)
	<u>496,920</u>	<u>(1,055,341)</u>

9 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £3,280,228 (1992 - loss of £3,225,523).

10 INTANGIBLE FIXED ASSETS

	Copyright royalties <u>Group</u>	Company <u>Copyright royalties</u>
		£
<u>Cost</u>		
Additions	<u>197,774</u>	-
At 31 March 1994	<u>197,774</u>	-
<u>Accumulated amortisation</u>		
Charge for the year	<u>34,101</u>	-
At 31 March 1994	<u>34,101</u>	-
<u>Net book value</u>		
At 31 March 1994	<u>163,673</u>	-

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

11 TANGIBLE FIXED ASSETS

Group	Motor vehicles £	Long leaseholds £	Short leaseholds £	Improvements to premises £	Furniture and fittings £	Technical equipment £	Film leases £	Total £
Cost:								
At 30 September 1992	35,680	171,885	146,548	72,457	15,500	31,453	88,541,896	89,015,419
Additions	-	6,167	-	-	4,795	2,264	-	13,226
Disposals	-	(171,885)	-	(3,090)	-	-	-	(174,975)
At 31 March 1994	35,680	6,167	146,548	69,367	20,295	33,717	88,541,896	88,653,670
Depreciation:								
At 30 September 1992	26,760	16,254	22,036	17,178	4,838	9,770	88,541,896	88,638,732
Disposals	-	(16,382)	-	(3,090)	-	-	-	(19,472)
Charge for period	8,920	152	10,748	5,079	2,349	7,672	-	34,920
At 31 March 1994	35,680	24	32,784	19,167	7,187	17,442	88,541,896	88,654,180
Net book amounts:								
At 31 March 1994	-	6,143	113,764	50,200	13,108	16,275	-	199,490
At 30 September 1992	8,920	155,631	124,512	55,279	10,662	21,683	-	376,687

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

11 TANGIBLE FIXED ASSETS (CONTINUED)

Company	Motor vehicles £	Long leaseholds £	Short leaseholds £	Improvements to premises £	Furniture and fittings £	Technical equipment £	Film leases £	Total £
Cost:								
At 30 September 1992	35,680	-	49,472	3,090	15,500	19,870	88,541,896	88,665,508
Additions	-	-	-	-	4,795	-	-	4,795
Disposals	-	-	-	(3,090)	-	-	-	(3,090)
At 31 March 1994	35,680	-	49,472	-	20,295	19,870	88,541,896	88,667,213
Depreciation:								
At 30 September 1992	26,760	-	2,036	3,090	4,335	4,723	88,541,896	88,563,343
Disposals	-	-	-	(3,037)	-	-	-	(3,090)
Charge for period	8,920	-	3,665	-	2,349	2,960	-	17,914
At 31 March 1994	35,680	-	5,701	-	7,187	7,703	88,541,896	88,598,167
Net book amounts:								
At 31 March 1994	-	-	43,771	-	13,108	12,167	-	69,046
At 30 September 1992	8,920	-	47,436	-	10,662	15,147	-	82,165

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

12 FIXED ASSET INVESTMENTS

	<u>1994</u> £	<u>Group</u> <u>1992</u> £	<u>1994</u> £	<u>Company</u> <u>1992</u> £
Subsidiary undertakings	-	-	15,098,475	15,098,400
Associated undertakings	-	313,625	-	595,813
Other investments	<u>10,157,733</u>	<u>10,000,000</u>	<u>157,733</u>	<u>-</u>
	<u>10,157,733</u>	<u>10,313,625</u>	<u>15,256,208</u>	<u>15,694,213</u>

Investment in subsidiary undertakings:

	<u>Group</u> £	<u>Company</u> £
At 30 September 1992	-	15,098,400
Additions	<u>-</u>	<u>75</u>
At 31 March 1994	<u>-</u>	<u>15,098,475</u>

Investment in associated undertakings:
(See note below)

	<u>Group</u> £	<u>Company</u> £
At 30 September 1992	313,625	595,813
Reallocation to loan account	<u>(1,000)</u>	<u>(1,000)</u>
Transferred to other investments	<u>(312,625)</u>	<u>(594,813)</u>
At 31 March 1994	<u>-</u>	<u>-</u>

Other investments:

	<u>Group</u> £	<u>Company</u> £
At 30 September 1992	10,000,000	-
Additions	<u>157,733</u>	<u>157,733</u>
At 31 March 1994	<u>10,157,733</u>	<u>157,733</u>

During the period the company sold its 49% share of Zenith Productions Ltd to Action Time Holdings Ltd in exchange for 15% of the share capital of Action Time Holdings Ltd and loan stock of £1,102,500. The valuation of the resulting investment has been maintained at the written-down value of the investment in the prior year balance sheet.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

12 FIXED ASSET INVESTMENTS (CONTINUED)

Other investments comprise non-voting preference shares in a fellow subsidiary company.

	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>% equity holding</u>	<u>% preference holding</u>
Subsidiary undertaking:				
Capital Equipment Leasing Limited	England	Leasing	100%	-
Pension Trustees Limited	England	Management	80%	-
Paramount Communications Limited	England	Provision of services	80%	28.9%
Famous Music Publishing Limited	England	Music Publishing	75%	-
Associated undertakings:				
Paramount/Revcom joint venture	-	Film and TV production	50%	-
Other investments:				
International Book Distributors Limited*	England	Book distribution	-	80%
Action Time Holdings Limited	England	TV Production	15%	-

100% of International Book Distributions preference share capital and 100% of Pension trustee's Limited's ordinary share capital is held by Paramount Communications Limited.

*See also note 23.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

13 DEBTORS

	<u>1994</u>	<u>Group</u> <u>1992</u>	<u>1994</u>	<u>Company</u> <u>1992</u>
	£	£	£	£
Trade debtors less provisions	2,831,336	3,004,850	2,779,251	2,934,864
Corporation tax recoverable	614,707	-	-	-
Other debtors	138,509	374,841	78,526	346,026
Finance leases	-	<u>14,132</u>	-	-
	<u>3,584,552</u>	<u>3,393,823</u>	<u>2,857,777</u>	<u>3,280,890</u>

Trade debtors include £nil due after more than one year (1992 - £nil).

14 CREDITORS: amounts falling due within one year

	<u>1994</u>	<u>Group</u> <u>1992</u>	<u>1994</u>	<u>Company</u> <u>1992</u>
	£	£	£	£
Accruals and other creditors	244,057	109,733	167,452	76,587
Amounts owed to fellow subsidiaries	66,750,011	50,085,598	49,354,170	40,339,075
Amounts owed to subsidiary undertakings	-	-	8,615,813	7,034,932
Obligations under finance leases	7,115,706	6,347,050	9,369,927	8,370,340
Taxation	-	<u>915,151</u>	-	-
	<u>74,109,774</u>	<u>57,457,532</u>	<u>67,507,362</u>	<u>55,820,934</u>

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

15 CREDITORS: amounts falling due after more than one year

	<u>1994</u>	<u>Group</u> <u>1992</u>	<u>1994</u>	<u>Company</u> <u>1992</u>
	£	£	£	£
Amounts owed to fellow subsidiaries	279,646	279,646	-	-
Obligations under finance leases	6,231,178	16,707,748	9,685,219	23,484,052
Deferred taxation	<u>2,609,152</u>	<u>3,190,925</u>	-	-
	9,119,976	20,178,319	9,685,219	23,484,052

Deferred taxation has been calculated at 33% and comprises tax on the excess of capital allowances claimed over related capital repayments.

The capital amounts due under finance leases are as follows:

	<u>1994</u>	<u>Group</u> <u>1992</u>	<u>1994</u>	<u>Company</u> <u>1992</u>
	£	£	£	£
Amounts payable:				
Within one year	7,875,642	7,875,642	10,433,516	10,433,515
Two to five years	6,491,430	18,304,894	10,212,366	25,196,640
After five years	-	-	-	666,000
	14,367,072	26,180,536	20,645,882	36,296,155
Less finance charges allocated to future periods	<u>(1,020,188)</u>	<u>(3,125,738)</u>	<u>(1,590,736)</u>	<u>(4,441,763)</u>
	13,346,884	23,054,798	19,055,146	31,854,392
Within one year	7,115,706	6,347,050	9,369,927	8,370,340
Within two to five years	6,231,178	16,707,748	9,685,219	22,834,038
After more than five years	-	-	-	649,964
	13,346,884	23,054,798	19,055,146	31,854,392

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

16 SHARE CAPITAL

	<u>1994</u>	<u>Authorised</u>	<u>Allotted, called up</u>	<u>and fully paid</u>
	<u>£</u>	<u>1992</u>	<u>1994</u>	<u>1992</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	50,000,000	50,000,000	133,733	133,733
6% preference shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>15,000,000</u>
	65,000,000	65,000,000	15,133,733	15,133,733

17 RESERVES

The cumulative amount of goodwill off at 31 March 1994 is £3,179,774 (1992 - £3,179,774).

The capital reserve comprises:

	<u>1994</u>	<u>1992</u>
	<u>£</u>	<u>£</u>
Balance at 1 October 1992	445,547	-
Discount on purchase of shares in subsidiary	<u>-</u>	<u>445,547</u>
Balance at 31 March 1994	445,547	445,547

18 EMPLOYEES

The average number of employees during the year was 8 (1992 - 7). All employees are involved in the principal activity of the company.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

19 PENSION BENEFITS

The company participates in the Paramount Communications UK Pension Plan in the United Kingdom.

The Plan is a defined benefit arrangement and operates on a pre-funded basis. The funding policy is to contribute such variable amounts as, on the advice of the actuary, will achieve a 100% funding level on a projected salary basis. Actuarial assessments covering expenses and contributions are carried out by independent qualified actuaries, with the last such review being carried out as at 1 July 1991.

The total pension expense for the period ending 31 March 1994 was £30,625 (1992 - £10,400).

Under the transitional provision of SSAP 24 the initial surplus present was spread over the remaining working lifetime of the current membership.

The projected unit method was adopted for the last valuation of the Plan. Assets were valued by discounting income from a notional portfolio. The main assumptions used in the valuation for accounting purposes were:

Investment return	9.0% per annum
Salary growth	7.0% per annum
Price inflation	5.0% per annum
Equity dividend growth	4.0% per annum
Pension increases	3.0% per annum

The Plan is assessed to be fully funded on a current funding level basis, based on assets with a market value totalling £4.198 million at the valuation date.

The available assets represented 137% of the on-going liabilities of the Plan.

The surplus is being amortised for accounting purposes over a 14 year period as a constant percentage of Pensionable Salaries. The company is not currently contributing, and as a result a provision of £36,153 (1992 - £16,100) is shown under creditors.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

20 RECONCILIATION OF GROUP NET OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	<u>1994</u>	<u>1992</u>
	£	£
Net operating profit	1,946,026	618,367
Depreciation	34,920	17,033
Loss on disposal of fixed assets	-	1,006
Write-off of investment	-	25,212
Interest element of finance lease rental payments	621,943	1,427,635
Decrease/(increase) in debtors	(2,200,470)	(1,493,515)
(Decrease)/increase in creditors	<u>13,874,006</u>	<u>4,807,703</u>
Net cash inflow from operating activities	<u>14,276,425</u>	<u>5,403,441</u>

21 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

	<u>1994</u>	<u>1992</u>
	£	£
Balance at 1 October 1992	647,524	253,596
Net cash inflow/(outflow)	<u>3,918,487</u>	<u>393,928</u>
Balance at 31 March 1994	<u>4,566,011</u>	<u>647,524</u>

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

22 PURCHASE OF SUBSIDIARY UNDERTAKING

During the year 75% of the equity share capital of Farnous Music Publishing Limited was acquired for cash.

	£
Net assets acquired	
Cash	<u>100</u>
	100
Minority interest	<u>(25)</u>
Cash consideration	<u>75</u>

23 POST BALANCE SHEET EVENT

The company has changed its accounting year end to 31 December and thus the next set of accounts will be prepared to 31 December 1994.

On 14 October 1994 the company acquired 1,000 ordinary shares in International Book Distributors Limited representing 76.9% of the issued ordinary share capital.

PARAMOUNT TELEVISION LIMITED

NOTES TO THE ACCOUNTS - AT 31 MARCH 1994 (CONTINUED)

24 PARENT UNDERTAKING

The company's ultimate parent undertaking is Viacom Inc., which is incorporated in the United States of America.

The consolidated accounts of this company can be obtained from 1515 Broadway, New York 10036.