

715593



REPORT AND ACCOUNTS

Paramount Television Limited

30 SEPTEMBER 1992



 ERNST & YOUNG

Paramount Television Limited

Registered No. 715593

DIRECTORS

A Buck

S Higgins Morrisroe (USA)

M O'Sullivan

S Taylor (USA)

SECRETARY

A Ogilvie

AUDITORS

Ernst & Young

Becket House

1 Lambeth Palace Road

London SE1 7EU

REGISTERED OFFICE

UIP House

45 Beadon Road

Hammersmith

London W6 0EG

ERNST & YOUNG

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 30 September 1992.

RESULTS AND DIVIDENDS

The group accounts for the year ended 30 September 1992 disclose a profit after taxation and minority interests of £195,076 (year to 30 September 1991 profit – £1,739,675) which has been taken to reserves. The accumulated losses at 30 September 1992 are £62,214,484 (1991 – £62,409,560). 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 year ended 30 September 1992 were as follows:

P Cary	(Resigned 31 October 1992)
R Brown	(Resigned 1 May 1993)
A Buck	
M O'Sullivan	
J Pullen	(Resigned 31 October 1992)
S Taylor	
W Catron	(Resigned 30 September 1992)
S Higgins Morrisroe	(Appointed 3 May 1993)

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

SIGNIFICANT CHANGES IN FIXED ASSETS

The company acquired 80% of the share capital of Paramount Communications Limited on 23 April 1992. Details of this acquisition are set out in note 10 to the accounts.


POST BALANCE SHEET EVENT

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

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board


Secretary

29 OCT 1993

Paramount Television Limited

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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Paramount Television Limited

We have audited the accounts on pages 6 to 22 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 4 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 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.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 September 1992 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

29 OCT 1993

Paramount Television Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1992

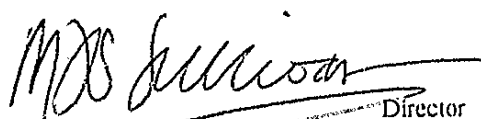
	Notes	1992 £	1991 £
TURNOVER	2	15,923,205	12,631,148
Cost of sales		(14,482,451)	(11,937,294)
OPERATING PROFIT		<u>1,440,754</u>	<u>693,854</u>
Administrative expenses		(766,163)	(467,283)
Exchange gain/(loss)		(56,224)	478,605
NET OPERATING PROFIT	3	<u>618,367</u>	<u>705,176</u>
Other income	6	1,560,175	177,614
Interest payable and similar charges	7	(248,742)	(547)
Income/(loss) from interests in associated undertakings		(549,530)	166,060
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,380,270</u>	<u>1,048,303</u>
Tax on profit on ordinary activities	8	(1,055,341)	691,372
		<u>324,929</u>	<u>1,739,675</u>
Minority interest		(129,853)	-
RETAINED PROFIT FOR THE YEAR	9	<u><u>195,076</u></u>	<u><u>1,739,675</u></u>
STATEMENT OF RETAINED LOSSES			
Balance at 1 October 1991		(62,409,560)	(50,666,485)
Prior year adjustments		-	(13,482,750)
Balance at 1 October 1991 as restated		(62,409,560)	(64,149,235)
Retained profit for the year		<u>195,076</u>	<u>1,739,675</u>
Balance at 30 September 1992		<u><u>(62,214,484)</u></u>	<u><u>(62,409,560)</u></u>

Paramount Television Limited

GROUP BALANCE SHEET

at 30 September 1992

	Notes	1992 £	1991 £
FIXED ASSETS			
Investments	10	10,313,625	1,105,700
Tangible assets	11	376,687	25,821
		<u>10,690,312</u>	<u>1,131,521</u>
CURRENT ASSETS			
Debtors	12	3,393,823	2,196,699
Amounts owed by fellow subsidiaries		46,995,107	3,539,077
Cash at bank and in hand		647,524	253,596
Loans to associate		664,420	664,420
		<u>51,700,874</u>	<u>6,653,792</u>
CREDITORS: amounts falling due within one year	13	(57,457,532)	(44,186,948)
NET CURRENT LIABILITIES		<u>(5,756,658)</u>	<u>(37,533,156)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,933,654</u>	<u>(36,401,635)</u>
CREDITORS: amounts falling due after more than one year	14	(20,178,319)	(25,424,492)
		<u>(15,244,665)</u>	<u>(61,826,127)</u>
CAPITAL AND RESERVES			
Called up share capital	15	15,133,733	133,733
Share premium account		449,700	449,700
Profit and loss account		(62,214,484)	(62,409,560)
Capital reserve	16	445,547	-
Minority interest		30,940,839	-
		<u>(15,244,665)</u>	<u>(61,826,127)</u>


Director

29 OCT 1993

Paramount Television Limited

BALANCE SHEET

at 30 September 1992

	Notes	1992 £	1991 £
FIXED ASSETS			
Investments	10	15,694,213	4,879,654
Tangible assets	11	82,165	25,821
		<u>15,776,378</u>	<u>4,905,475</u>
CURRENT ASSETS			
Debtors	12	3,280,890	1,824,895
Amounts owed by group undertakings		11,386,434	5,418,397
Cash at bank and in hand		612,840	253,596
Loans to associate		664,420	664,420
		<u>15,944,584</u>	<u>8,161,308</u>
CREDITORS: amounts falling due within one year	13	<u>(55,820,934)</u>	<u>(40,570,892)</u>
NET CURRENT LIABILITIES		<u>(39,876,350)</u>	<u>(32,409,584)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(24,099,972)</u>	<u>(27,504,109)</u>
CREDITORS: amounts falling due after more than one year	14	<u>(23,484,052)</u>	<u>(31,854,392)</u>
		<u>(47,584,024)</u>	<u>(59,358,501)</u>
CAPITAL AND RESERVES			
Called up share capital	15	15,133,733	133,733
Share premium account		449,700	449,700
Profit and loss account		(63,167,457)	(59,941,934)
		<u>(47,584,024)</u>	<u>(59,358,501)</u>

M J Sullivan Director

29 OCT 1993

Paramount Television Limited

GROUP STATEMENT OF CASH FLOWS

for the year ended 30 September 1992

	Notes	1992 £	1991 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	<u>5,403,441</u>	<u>7,693,943</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,604,032	177,614
Interest paid		(248,742)	(547)
Interest element of finance lease rental payments		<u>(1,427,635)</u>	<u>(2,171,846)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>(72,345)</u>	<u>(1,994,779)</u>
TAXATION			
Corporation tax paid		—	(327,287)
Group relief received		<u>(67,323)</u>	<u>47,354</u>
NET CASH OUTFLOW FROM TAXATION		<u>(67,323)</u>	<u>(279,933)</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(229,750)	(1,305)
Purchase of shares in subsidiary		(13,768,644)	—
Additional investment in associate undertaking		—	(179,972)
Return of loans to associate undertaking		—	177,787
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(13,998,394)</u>	<u>(3,490)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>(8,734,621)</u>	<u>5,415,741</u>
FINANCING			
Issue of ordinary share capital		(15,000,000)	—
Repayment of capital element of finance lease rentals		<u>5,871,451</u>	<u>5,422,616</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		<u>(9,128,549)</u>	<u>5,422,616</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20	393,928	(6,875)
		<u>(8,734,621)</u>	<u>5,415,741</u>

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

1. ACCOUNTING POLICIES

Fundamental accounting concept

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

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and its subsidiary undertaking, together with the group's share of the 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.

Lease payments

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

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.

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.

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

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 with in the profit and loss account.

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.

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

1. ACCOUNTING POLICIES (continued)

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.

Changes to comparative amounts

Lease commitments have been restated on two film leases due to a miscalculation in prior years. This has resulted in an increase in the group's deficit as at 1 October 1990 of £13,482,750 and an increase in the retained profit for 1991 of £89,924. Within the accounts of the company, there is an increase in the retained deficit at 1 October 1990 of £13,935,113 and an increase in the profit for 1991 of £14,716.

The restatement of revenues recognised on one TV licence fee contract in order to reflect more accurately the substance of the contract, has resulted in a decrease in the group and the company's profit for 1991 of £120,000. The profit shown as dealt with in the books of the parent company was also overstated at 30 September 1991 by amount of £43,501.

Changes to reserves are shown on the face of the Profit and Loss Account and to balance sheet accounts in the notes to the accounts.

2. TURNOVER

Turnover comprises distribution revenues exclusive of VAT.

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

	Turnover		Net operating profit/(loss)	
	1992	1991	1992	1991
	£	£	£	£
TV Licence fee revenue	15,358,313	12,291,116	1,590,358	2,282,417
Income from leased products	510,853	1,142,032	(919,918)	(1,547,165)
Income from provision of services	54,039	—	(52,073)	—
As previously reported	15,923,205	13,433,148	618,367	735,252
Adjustment relating to prior year	—	(802,000)	—	(30,076)
	<u>15,923,205</u>	<u>12,631,148</u>	<u>618,367</u>	<u>705,176</u>

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

2. TURNOVER (continued)

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

Analysis of turnover by destination:

	1992 £	1991 £
United Kingdom	15,301,950	11,404,322
USA and Canada	190,493	689,661
Eire	101,840	92,463
Rest of the World	328,922	444,702
	<u>15,923,205</u>	<u>12,631,148</u>

3. NET OPERATING PROFIT

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

	1992 £	1991 £
Depreciation	17,033	9,126
Directors' emoluments (note 4)	144,312	141,393
Audit fee	20,105	15,950
Leasing charges	<u>1,427,635</u>	<u>2,171,846</u>

Assets held under finance leases are fully depreciated.

4. EMOLUMENTS OF DIRECTORS

	1992 £	1991 £
Fees	-	-
Other emoluments	<u>144,312</u>	<u>141,393</u>
	<u>144,312</u>	<u>141,393</u>

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

	1992 £	1991 £
Chairman	<u>67,837</u>	<u>65,983</u>
Highest paid director	<u>70,694</u>	<u>69,650</u>

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

4. EMOLUMENTS OF DIRECTORS (continued)

	1992 No.	1991 No.
Directors' emoluments fell within the following ranges (excluding pension contributions)		
£nil - £5,000	5	7
£65,001 - £70,000	1	2
£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.

5. STAFF COSTS

	1992 £	1991 £
Wages and salaries	185,227	120,054
Social security costs	30,498	15,738
Pension cost/(over provision)	6,025	(7,260)
	<u>221,750</u>	<u>128,532</u>

6. OTHER INCOME

	1992 £	1991 £
Bank interest	25,176	9,930
Interest from fellow subsidiaries	1,535,530	167,684
Profit/(loss) on sale of fixed assets	(1,006)	-
Other income	475	-
	<u>1,560,175</u>	<u>177,614</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1992 £	1991 £
Interest to fellow subsidiary	245,578	547
Interest on bank overdraft	3,164	-
	<u>248,742</u>	<u>547</u>

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

8. TAXATION

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

	1992 £	1991 £
UK corporation tax payable on profits at 33%	(274,651)	-
Adjustments relating to prior years	(613,556)	47,354
Deferred taxation	(133,324)	605,308
Share of taxation of associated undertakings	(33,810)	38,710
	<u>(1,055,341)</u>	<u>691,372</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £3,225,523 (1991 - profit of £1,012,826).

10. FIXED ASSET INVESTMENTS

	1992 £	Group 1991 £	1992 £	Company 1991 £
Subsidiary undertaking	-	-	15,098,400	100,000
Associated undertakings	313,625	1,105,700	595,813	4,779,654
Other investments	10,000,000	-	-	-
	<u>10,313,625</u>	<u>1,105,700</u>	<u>15,694,213</u>	<u>4,879,654</u>

Investment in subsidiary undertakings:

	Group £	Company £
At 30 September 1991	-	100,000
Additions	-	14,998,400
At 30 September 1992	<u>-</u>	<u>15,098,400</u>

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

10. FIXED ASSET INVESTMENTS (continued)

Investment in associated undertakings:

	Group £	Company £
At 30 September 1991	1,105,700	4,779,654
Share of results for the period	(583,340)	—
Provisions for permanent diminution in value	(208,735)	(4,183,841)
At 30 September 1992	<u>313,625</u>	<u>595,813</u>

Other investments:

	Group £	Company £
At 30 September 1991	—	—
Additions	10,000,000	—
At 30 September 1992	<u>10,000,000</u>	<u>—</u>

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

	Country of incorporation	Principal activity	% equity holding	% Preference holding
<i>Subsidiary undertakings:</i>				
Capital Equipment Leasing Limited	England	Leasing	100%	—
Pension Trustees Limited	England	Management	80%	—
Paramount Communications Limited	England	Provision of services	80%	28.9%
<i>Associated undertakings:</i>				
Paramount/Revcom joint venture	—	Film and TV production	50%	—
Zenith Productions Limited	England	Film and TV production	49%	—
<i>Other investments</i>				
International Book Distributors	England	Book Distribution	—	80%

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.

NOTES TO THE ACCOUNTS

at 30 September 1992

11. TANGIBLE FIXED ASSETS

Group

	Motor vehicles £	Long Leaseholds £	Short leaseholds £	Improvements To premises £	Furniture and fittings £	Technical equipment £	Film leases £	Total £
Cost:								
At 1 October 1991	35,680	-	-	3,090	12,236	19,504	63,017,920	63,088,430
Restatement	-	-	-	-	-	-	25,523,976	25,523,976
As restated	35,680	-	-	3,090	12,236	19,504	88,541,896	88,612,406
Additions	-	171,885	146,548	69,367	10,043	21,064	-	418,907
Disposals	-	-	-	-	(6,779)	(9,115)	-	(15,894)
At 30 September 1992	35,680	171,885	146,548	72,457	15,500	31,453	88,541,896	89,015,419
Depreciation:								
At 1 October 1991	19,624	-	-	3,090	10,865	11,110	63,017,920	63,062,609
Restatement	-	-	-	-	-	-	25,523,976	25,523,976
As restated	19,624	-	-	3,090	10,865	11,110	88,541,896	88,586,585
Additions	-	15,483	17,500	12,295	-	4,724	-	50,002
Charge for year	7,136	771	4,536	1,793	752	2,045	-	17,033
Disposals	-	-	-	-	(6,779)	(8,109)	-	(14,888)
At 30 September 1992	26,760	16,254	22,036	17,178	4,838	9,770	88,541,896	88,638,732
Net book amounts:								
At 30 September 1992	8,920	155,631	124,512	55,279	10,662	21,683	-	376,687
At 30 September 1991	16,056	-	-	-	1,371	8,394	-	25,821

NOTES TO THE ACCOUNTS

at 30 September 1992

11. TANGIBLE FIXED ASSETS (continued)

Company

	Motor vehicles £	Short leaseholds £	Improvements To premises £	Furniture and fittings £	Technical equipment £	Film leases £	Total £
Cost:							
At 1 October 1991	35,680	-	3,090	12,236	19,504	63,017,920	63,088,430
Restatement	-	-	-	-	-	25,523,976	25,523,976
As restated	35,680	-	3,090	12,236	19,504	88,541,896	88,612,406
Additions	-	49,472	-	10,043	9,481	-	68,996
Disposals	-	-	-	(6,779)	(9,115)	-	(15,894)
At 30 September 1992	35,680	49,472	3,090	15,500	19,870	88,541,896	88,665,508
Depreciation:							
At 1 October 1991	19,624	-	3,090	10,865	11,110	63,017,920	63,062,609
Restatement	-	-	-	-	-	25,523,976	25,523,976
As restated	19,624	-	3,090	10,865	11,110	88,541,896	88,586,585
Charge for the year	7,136	2,036	-	752	1,722	-	11,646
Disposals	-	-	-	(6,779)	(8,109)	-	(14,888)
At 30 September 1992	26,760	2,036	3,090	4,838	4,723	88,541,896	88,583,343
Net book amounts:							
At 30 September 1992	8,920	47,436	-	10,662	15,147	-	82,165
At 30 September 1991	16,056	-	-	1,371	8,394	-	25,821

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

12. DEBTORS

	1992	Group 1991	1992	Company 1991
	£	£	£	£
Trade debtors less provisions	3,004,850	1,820,638	2,934,864	1,820,638
Other debtors	374,841	4,257	346,026	4,257
Finance leases	14,132	371,804	-	-
	<u>3,393,823</u>	<u>2,196,699</u>	<u>3,280,890</u>	<u>1,824,895</u>

Trade debtors include £nil due after more than one year (1991 - £111,667).

Finance leases receivable are all due within one year.

13. CREDITORS: amounts falling due within one year

	1992	Group 1991	1992	Company 1991
	£	£	£	£
Accruals and other creditors	109,733	552,539	76,587	484,129
Amounts owed to fellow subsidiaries	50,085,598	36,990,034	40,339,075	32,215,763
Amounts owed to subsidiary undertakings	-	-	7,034,932	-
Obligations under finance leases	6,347,050	6,481,658	8,370,340	8,431,327
Taxation	915,151	652,925	-	-
As previously reported	57,457,532	44,677,156	55,820,934	41,131,219
Adjustment relating to prior year	-	(490,208)	-	(560,327)
	<u>57,457,532</u>	<u>44,186,948</u>	<u>55,820,934</u>	<u>40,570,892</u>

14. CREDITORS: amounts falling due after more than one year

	1992	Group 1991	1992	Company 1991
	£	£	£	£
Amounts owed to fellow subsidiaries	279,646	-	-	-
Obligations under finance leases	16,707,748	9,051,766	23,484,052	17,253,648
Deferred taxation	3,190,925	2,369,692	-	-
As previously reported	20,178,319	11,421,458	23,484,052	17,253,648
Adjustment relating to prior year	-	14,003,034	-	14,600,744
	<u>20,178,319</u>	<u>25,424,492</u>	<u>23,484,052</u>	<u>31,854,392</u>

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

Information on adjustments relating to prior years is given in note 1 to the accounts ("Changes to comparative amounts").

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

14. CREDITORS: amounts falling due after more than one year (continued)

The capital amounts due under finance leases are as follows:

	1992	Group 1991	1992	Company 1991
	£	£	£	£
Amounts payable:				
Within one year	7,875,642	7,875,642	10,433,515	10,433,516
Two to five years	18,304,894	20,180,536	25,196,640	34,742,155
After five years	-	-	666,000	1,554,000
	<u>26,180,536</u>	<u>34,056,178</u>	<u>36,296,155</u>	<u>46,729,671</u>
Less finance charges allocated to future periods	(3,125,738)	(5,129,928)	(4,441,763)	(7,124,278)
	<u>23,054,798</u>	<u>28,926,250</u>	<u>31,854,392</u>	<u>39,605,393</u>
Within one year	6,347,050	5,871,450	8,370,340	7,751,000
Within two to five years	16,707,748	23,054,800	22,834,088	30,375,228
After more than five years	-	-	649,964	1,479,164
	<u>23,054,798</u>	<u>28,926,250</u>	<u>31,854,392</u>	<u>39,605,392</u>

15. SHARE CAPITAL

	1992	Authorised 1991	Allotted, called up and fully paid 1992	1991
	No.	No.	£	£
Ordinary shares of £1 each	50,000,000	50,000,000	133,733	133,733
6% preference shares of £1 each	15,000,000	-	15,000,000	-
	<u>65,000,000</u>	<u>50,000,000</u>	<u>15,133,733</u>	<u>133,733</u>

£15,000,000 6% non-cumulative preference shares were allotted at nominal value during the year to provide funds for the business.

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

16. RESERVES

The cumulative amount of goodwill written off at 30 September 1992 is £3,179,774 (1991 – £3,179,774)

The capital reserve comprises:

	1992	1991
	£	£
Balance at 1 October 1991	-	-
Discount on purchase of shares in subsidiary	445,547	-
Balance at 30 September 1992	<u>445,547</u>	<u>-</u>

17. EMPLOYEES

The average number of employees during the year was 7 (1991 – 8). All employees are involved in the principal activity of the company.

18. 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 year ending 30 September 1992 was £10,400 (1991 – £5,700).

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 £4.198m 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 £16,100 (1991 – £5,700) is shown under creditors.

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

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

	1992	1991
	£	£
Net operating profit	618,367	705,176
Depreciation	17,033	9,126
Loss on disposal of fixed assets	1,006	-
Write-off of investment	25,212	-
Interest element of finance lease rental payments	1,427,635	2,171,846
Decrease/(increase) in debtors	(1,493,515)	2,645,948
(Decrease)/increase in creditors	4,807,703	2,161,847
Net cash inflow from operating activities	<u>5,403,441</u>	<u>7,693,943</u>

20. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1992	1991
	£	£
Balance at 1 October 1991	253,596	260,471
Net cash inflow/(outflow)	393,928	(6,875)
Balance at 30 September 1992	<u>647,524</u>	<u>253,596</u>

21. PURCHASE OF SUBSIDIARY UNDERTAKING

During the year 80% of the equity share capital and 29.8% of the preference share capital of Paramount Communications Limited was acquired for cash.

<i>Net assets acquired</i>	£
Tangible fixed assets	139,155
Investments	10,000,000
Debtors	45,679,676
Cash	1,229,756
Creditors	(10,793,654)
	<u>46,254,933</u>
Capital reserve	(445,547)
Minority interest	(30,810,986)
Cash consideration	<u>14,998,400</u>

Paramount Television Limited

NOTES TO THE ACCOUNTS

at 30 September 1992

22. POST BALANCE SHEET EVENT

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

On 24 April 1993 the company acquired 75% of the share capital of Famous Music Publishing Limited, in the form of 75 £1 ordinary shares at par. The principal business activity of this subsidiary undertaking is music publishing and the company is incorporated in England.

On 15 July 1993 Zenith Productions Limited, in which the company has a 49% share, sold certain assets and liabilities of its production division for a consideration of £1. At that date the assets and liabilities sold had a net value of £nil.

23. PARENT UNDERTAKING

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

The consolidated accounts of this company can be obtained from 15, Columbus Circle, New York, 10023-7780.