

Paramount Pictures UK

**Report and financial statements
for the year ended 30 September 2015**

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Paramount Pictures UK

Company Information

Directors

I George
J Kanhai
J P Peachey

Registered number

1580904

Registered office

Building 5 Chiswick Park
566 Chiswick High Road
London
W4 5YF

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Paramount Pictures UK

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Paramount Pictures UK

Strategic report for the year ended 30 September 2015

Introduction

The directors present their strategic report for the year ended 30 September 2015.

Business review

Paramount Pictures UK (the "Company") is an unlimited company. The principal activity of the Company is the distribution of cinematograph films in the United Kingdom and Republic of Ireland under licence from Viacom Global (Netherlands) B.V. ("VGN BV").

During the year the Company operated a trading branch in the Republic of Ireland and sub-distributed in Malta.

Turnover for the year was £20,173,000 compared with £21,811,000 for the year ended 30 September 2014 and was in line with expectations. The Company remains in a strong position to exploit future releases successfully despite the decline in turnover in 2015. The decrease in revenue in 2015 was due to slightly fewer releases combined with a reduction in average revenue for each film. In 2014, 11 films were released with 3 exceeding £3,000,000, whereas in 2015, 9 films were released with again only 3 exceeding £3,000,000. In addition, the highest contributing film in 2015, which was Mission Impossible - Rogue Nation, earned 20% more revenue than 2014's largest film, Transformers 4.

The directors consider the results to be in line with expectations. No major changes are envisaged for the Company in the future.

Principal risks and uncertainties

General overview of risks and uncertainties

The management of the Company and execution of the Company's strategy are subject to a number of risks. The directors have identified the need to manage the Company's material financial risks, including liquidity and credit risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowing for Viacom Inc. group companies (the "Group").

Group treasury also seeks to limit counter-party risk by conducting all of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The Company retains three percent of its turnover, plus interest received and minus interest paid, and excluding any gain or loss on foreign exchange movements, as profit on ordinary activities before taxation. In the event that the Company's gross receipts are not high enough to allow for a profit on ordinary activities before taxation as described above, VGN BV will transfer the necessary funds to ensure that the Company recoups its costs and maintains the required profit on ordinary activities before taxation. Thus, as the Company earns a certain profit on ordinary activities before taxation each year contingent upon satisfactory performance of its distribution activities, VGN BV bears the liquidity risk.

Paramount Pictures UK

**Strategic report (continued)
for the year ended 30 September 2015**

Financial key performance indicators (KPIs)

The board monitors progress on the overall corporate strategy and the individual strategic elements by reference to the following KPI:

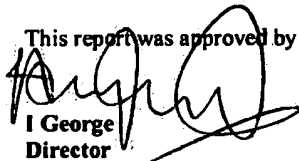
Debtor collection policy

The Company aims to collect all of its debtors in accordance with the policies set out below:

- i. all customers are provided with our terms of exhibition;
- ii. a team is dedicated to monitoring debtors throughout the month; and
- iii. a formal review of debtors is performed at least monthly.

The Company has five days receivables outstanding at 30 September 2015 (2014 – nil days) based on the average daily amount invoiced to customers during the year then ended.

This report was approved by the board and signed on its behalf.



**I George
Director**

Date: 5 July 2016

Paramount Pictures UK

**Directors' report
for the year ended 30 September 2015**

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2015.

Results and dividends

The profit for the financial year amounted to £1,488,000 (2014 - £508,000).

No interim dividend was paid (2014 - none) and no final dividend is proposed (2014 - none).

Directors

The directors who served during the year were:

I George
J Kanhai
J P Peachey

Future developments

The directors expect to continue the principal activity for the foreseeable future given the continued financial support received from the parent company.

Qualifying third party indemnity provisions

The Company has in effect through its ultimate holding company, Viacom Inc., directors' indemnity insurance. This is a qualifying third party indemnity provision and was in force during the financial year and at the date of approval of the financial statements.

Paramount Pictures UK

**Directors' report
for the year ended 30 September 2015**

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

Statement of disclosure of information to auditors

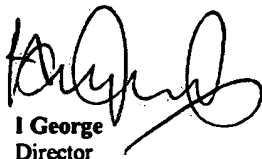
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution concerning the reappointment of PricewaterhouseCoopers LLP will be proposed at the board meeting.

This report and the financial statements on pages 7 to 24 were approved by the Board and signed on its behalf.



I George
Director

Date: 5 July 2016

Paramount Pictures UK

Independent auditors' report to the members of Paramount Pictures UK

Report on the financial statements

Our opinion

In our opinion, Paramount Pictures UK's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of its profit 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.

What we have audited

Paramount Pictures UK's financial statements comprise:

- the Balance sheet as at 30 September 2015;
- the Profit and loss account and Statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Paramount Pictures UK

Independent auditors' report to the members of Paramount Pictures UK (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sam Tomlinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 5 July 2016

Paramount Pictures UK

**Profit and loss account
for the year ended 30 September 2015**

	<i>Note</i>	<i>2015 £000</i>	<i>2014 £000</i>
Turnover	2	20,173	21,811
Cost of sales		(16,579)	(17,771)
		<hr/>	<hr/>
Gross profit		3,594	4,040
Administrative expenses		(2,989)	(3,335)
		<hr/>	<hr/>
Operating profit	3	605	705
Interest payable and similar charges	6	(5)	-
Other finance costs	7	(39)	(52)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		561	653
Tax on profit on ordinary activities	8	927	(145)
		<hr/>	<hr/>
Profit for the financial year	15	1,488	508
		<hr/>	<hr/>

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 10 to 24 form part of these financial statements.

Paramount Pictures UK

**Statement of total recognised gains and losses
for the year ended 30 September 2015**

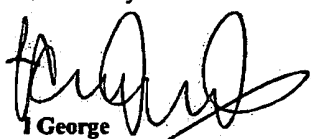
	<i>Note</i>	<i>2015 £000</i>	<i>2014 £000</i>
Profit for the financial period		1,488	508
Actuarial loss related to pension scheme	18	(213)	(145)
Deferred tax attributable to actuarial loss	18/13	7	28
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		1,282	391
		<hr/>	<hr/>

The notes on pages 10 to 24 form part of these financial statements.

**Balance sheet
as at 30 September 2015**

	Note ¹	£000	2015 £000	£000	2014 £000
Fixed assets					
Tangible assets ²	9		30		90
Investments	10		1		1
			<u>31</u>		<u>91</u>
Current assets					
Debtors	11	4,707		3,417	
Cash at bank and in hand		<u>4,600</u>		<u>6,620</u>	
		9,307		10,037	
Creditors: amounts falling due within one year	12	<u>(4,091)</u>		<u>(6,421)</u>	
Net current assets			<u>5,216</u>		<u>3,616</u>
Total assets less current liabilities			<u>5,247</u>		<u>3,707</u>
Defined benefit pension scheme liability	18		<u>(2,047)</u>		<u>(1,789)</u>
Net assets including pension scheme liabilities			<u>3,200</u>		<u>1,918</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		<u>3,100</u>		<u>1,818</u>
Total shareholders' funds	16		<u>3,200</u>		<u>1,918</u>

The financial statements on pages 7 to 24 were approved by the Board of Directors on 30 June 2016 and were signed on its behalf by:


George
Director

Date: 5 July 2016

The notes on pages 10 to 24 form part of these financial statements.

**Notes to the financial statements
for the year ended 30 September 2015**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard ("FRS") 1 (revised 1996) "Cash Flow Statements".

1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of the distribution of cinematograph films and comprises rentals billed, exclusive of value added tax (VAT) and trade discounts.

Film rentals from theatrical distribution are recognised on all cinema admissions up to and including the last day of the financial period. Revenue transactions which have not been billed at the balance sheet date are recognised in accrued income.

1.4 Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of the assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	the period of the lease
Data processing and electronic equipment	-	25% per annum

Assets under construction are held at historical cost until they are brought into use at which point they are depreciated at a rate dependent upon the nature of the asset.

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment. Impairment reviews are performed when there has been an indication of potential impairment.

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**Notes to the financial statements
for the year ended 30 September 2015**

1. Accounting policies (continued)

1.7 Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.8 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

The Company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2012 and updated to 30 September 2015 by a qualified independent actuary.

The cost of providing benefits is determined using the projection unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. FRS 17 "Retirement Benefits" valuations are performed at each balance sheet date with full actuarial valuations being carried out every three years. Current service cost is recognised in operating costs in the period in which the defined benefit obligation increases as a result of employee services. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of total recognised gains and losses. Past service costs are recognised immediately to the extent that benefits are already vested. Otherwise such costs are amortised on a straight-line basis over the period until the benefits vest. Settlements are recognised when the Company enters into a transaction that eliminates all further legal or constructive obligations for benefits under a scheme. Curtailments are recognised when the Company is committed to a material reduction in the number of employees covered by a scheme. Gains and losses relating to curtailments or settlements are recognised in operating costs in the period in which they occurred.

The retirement benefit obligations recognised in the balance sheet represent the present value of the defined benefit obligations, as reduced by the fair value of scheme assets and any unrecognised past service cost and are shown net of attributable deferred tax. The expected return on scheme assets and the unwinding of the discount on defined benefit obligations are recognised within other finance costs.

Paramount Pictures UK

**Notes to the financial statements
for the year ended 30 September 2015**

1. Accounting policies (continued)**1.9 Foreign currencies**

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

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

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

2. Turnover

The whole of the turnover is attributable to the distribution of cinematograph films and comprises rentals billed, exclusive of VAT.

A geographical analysis of turnover is as follows:

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
United Kingdom	18,659	19,691
Rest of European Union	1,514	2,120
	<u>20,173</u>	<u>21,811</u>

3. Operating profit

The operating profit is stated after charging/(crediting):

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the company	15	24
Auditors' remuneration	45	44
Operating lease rentals:		
- other	-	3
- land and buildings (recharge from other group companies)	535	595
Difference on foreign exchange	103	30
Staff costs (Note 4)	2,169	2,116
	<u>2,867</u>	<u>2,802</u>

The operating lease for land and buildings is held with Paramount Pictures International Limited ("PPIL"), a fellow Viacom Inc. Group company. The rental is not included in operating lease commitments, as per the agreement with PPIL the Company may exit the lease without penalty.

Paramount Pictures UK

**Notes to the financial statements
for the year ended 30 September 2015**

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £000	2014 £000
Wages and salaries	1,761	1,695
Social security costs	231	230
Other pension costs	177	191
	<u>2,169</u>	<u>2,116</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Sales and marketing	17	19
Finance and administration	7	8
Executive	2	2
	<u>26</u>	<u>29</u>

5. Directors' remuneration

In both 2015 and 2014, one of the directors is remunerated by Viacom Global (Netherlands) B.V. ("VGN BV"), and details are available in the financial statements of that company. Two directors received emoluments in respect of their services to the Company (2014 - two).

	2015 £000	2014 £000
Aggregate emoluments	<u>483</u>	<u>478</u>

During the year retirement benefits were accruing to one director (2014 - one) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £349,000 (2014 - £345,000).

The total accrued pension provision of the highest paid director at 30 September 2015 amounted to £22,000 (2014 - £21,400).

6. Interest payable and similar charges

	2015 £000	2014 £000
On bank loans and overdrafts	<u>5</u>	<u>-</u>

Paramount Pictures UK

**Notes to the financial statements
for the year ended 30 September 2015**

7. Other finance costs

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Expected return on pension scheme assets	173	177
Interest on pension scheme liabilities	(212)	(229)
	<u>(39)</u>	<u>(52)</u>

8. Tax on profit on ordinary activities

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	159	197
Adjustments in respect of prior periods	(1,089)	(36)
	<u>(930)</u>	<u>161</u>
Double taxation relief	-	(12)
	<u>(930)</u>	<u>149</u>
Foreign tax on income for the year	-	12
Total current tax	<u>(930)</u>	<u>161</u>
Deferred tax		
Origination and reversal of timing differences	(1)	(1)
Movement in respect of pension scheme under FRS17	4	(15)
Total deferred tax (Note 13)	<u>3</u>	<u>(16)</u>
Tax on profit on ordinary activities	<u>(927)</u>	<u>145</u>

**Notes to the financial statements
for the year ended 30 September 2015**

8. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from (2014 - higher than) the standard rate of corporation tax in the UK of 20.50% (2014 - 22.0%). The differences are explained below:

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Profit on ordinary activities before tax	561	653
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.50% (2014 - 22.0%)	115	144
Effects of:		
Expenses not deductible for tax purposes	43	52
Depreciation in excess of capital allowances	1	1
Adjustments in respect of prior periods	(1,089)	(36)
Current tax (credit) / charge for the year	(930)	161

Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements

Paramount Pictures UK

**Notes to the financial statements
for the year ended 30 September 2015**

9. Tangible assets

	<i>Leasehold improvements £000</i>	<i>Assets under construction £000</i>	<i>Data processing and electronic equipment £000</i>	<i>Total £000</i>
Cost				
At 1 October 2014	6	25	360	391
Disposals	-	-	(281)	(281)
At 30 September 2015	6	25	79	110
Accumulated depreciation				
At 1 October 2014	2	-	299	301
Charge for the year	1	-	14	15
On disposals	-	-	(236)	(236)
At 30 September 2015	3	-	77	80
Net book value				
At 30 September 2015	3	25	2	30
At 30 September 2014	4	25	61	90

10. Investments

	<i>Investments in subsidiary companies £000</i>
Cost	
At 1 October 2014 and 30 September 2015	1

On 14 March 2006, the Company acquired 100% of the ordinary share capital of Paramount Pictures Services UK, an unlimited company incorporated in the UK, whose principal activity is as a service company, employing staff in Ireland on behalf of the Company. The directors believe that the carrying value of the investment is supported by its underlying assets.

Paramount Pictures UK

**Notes to the financial statements
for the year ended 30 September 2015**

11. Debtors

	2015 £000	2014 £000
Trade debtors	1,748	25
Amounts owed by group undertakings	2,948	3,384
Other debtors	9	7
Deferred tax asset (see note 13)	2	1
	<u>4,707</u>	<u>3,417</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	955	4,217
Amounts owed to group undertakings	520	691
Corporation tax	82	57
Other taxation and social security	978	170
Accruals	1,556	1,286
	<u>4,091</u>	<u>6,421</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13. Deferred tax asset

	2015 £000	2014 £000
At 1 October	1	-
Released during year	1	1
	<u>2</u>	<u>1</u>
At 30 September		

Deferred tax asset relating to pension deficit:

	2015 £000	2014 £000
At 1 October	447	404
Deferred tax (charged)/credited to Profit and loss account	(4)	15
Deferred tax credited in Statement of total recognised gains and losses	7	28
	<u>450</u>	<u>447</u>
At end of year		

Paramount Pictures UK

**Notes to the financial statements
for the year ended 30 September 2015**

13. Deferred tax asset (continued)

The deferred taxation asset (note 11) is made up as follows:

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Depreciation in excess of capital allowances	2	1
	<hr/>	<hr/>

14. Called up share capital

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Allotted and fully paid		
100,000 (2014 - 100,000) ordinary shares of £1 each	100	100
	<hr/>	<hr/>

15. Reserves

	<i>Profit and loss account £000</i>
At 1 October 2014	1,818
Profit for the financial year	1,488
Actuarial gain on pension scheme net of tax (Note 18)	(206)
	<hr/>
At 30 September 2015	3,100
	<hr/>

The closing balance on the profit and loss account includes a £2,047,000 (2014 - £1,789,000) debit, stated after deferred taxation of £450,000 (2014 - £447,000), in respect of pension scheme liabilities of the Company pension scheme.

Paramount Pictures UK

**Notes to the financial statements
for the year ended 30 September 2015**

16. Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Opening shareholders' funds	1,918	1,527
Profit for the financial year	1,488	508
Movements in pension scheme charged to Statement of total recognised gains and losses	(206)	(117)
Closing shareholders' funds	3,200	1,918

Movement in pension scheme charged to Statement of total recognised gains and losses of £206,000 (2014 - £117,000) comprise a charge of £206,000 (2014 - £117,000) net of deferred tax arising from the actuarial loss on the pension scheme.

17. Contingent liabilities

The Company has entered into a cash pooling agreement with respect to its US Dollar, GBP and Euro denominated bank accounts held with JP Morgan Chase Bank. This arrangement includes a joint and several right of set off that allows JP Morgan Chase Bank, under certain circumstances, to offset debit account balances with credit account balances of participating cash pool members who have entered into the agreement. The cash pooling agreement allows for maximum gross overdraft positions, in total for all three pools, of the notional equivalent of \$200,000,000. At the balance sheet date, funds deposited by the Company into the cash pool and potentially at risk to cover liabilities elsewhere in the group amounted to £4,600,000 (2014 - £6,620,000). Funds drawn by the Company amounted to £nil (2014 - £nil).

**Notes to the financial statements
for the year ended 30 September 2015**

18. Pension commitments**Defined contribution pension scheme**

Since 1 January 2009 the Company has operated a defined contribution scheme for its newly hired employees. The cost of contributions by the Company for the year was £70,000 (2014 - £71,000). The Company has no outstanding contributions as at 30 September 2015 (2014 - £nil).

Defined benefit pension scheme

The Company participates in a group pension scheme arrangement, "The PHE and UIP Companies Pension Plan", which provides defined benefits for certain United Kingdom employees. The assets of this funded scheme are held in a separate trusted administered fund. The contributions are assessed in accordance with the advice of an independent qualified actuary.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experiences in the respective markets.

The Company accounts for pension costs in accordance with FRS 17.

The pension cost in respect of the group pension scheme is based on actuarial advice from AON Consulting Limited. The most recent valuation was as of 31 December 2012, using the projection unit method of valuation and has been updated for the 2015 year end to take into account the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 September 2015. Scheme assets are stated at their market value at 30 September 2015 (2014 - market value at 30 September 2014).

The amounts recognised in the balance sheet are as follows:

	<i>2015</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>
Present value of funded obligations	(5,837)	(5,628)
Fair value of scheme assets	3,340	3,392
	<hr/>	<hr/>
Deficit in scheme	(2,497)	(2,236)
Related deferred tax asset	450	447
	<hr/>	<hr/>
Net liability	<u>(2,047)</u>	<u>(1,789)</u>

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**Notes to the financial statements
for the year ended 30 September 2015**

18. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2015 £000	2014 £000
Current service cost	(79)	(102)
Interest on obligation	(212)	(229)
Expected return on scheme assets	173	177
Total	(118)	(154)
Actual return on scheme assets	38	242

Movements in the present value of the defined benefit obligation were as follows:

	2015 £000	2014 £000
Opening defined benefit obligation	5,628	5,249
Current service cost	79	102
Interest cost	212	229
Contributions by scheme participants	15	16
Actuarial losses	78	210
Benefits paid	(175)	(178)
Closing defined benefit obligation	5,837	5,628

Changes in the fair value of scheme assets were as follows:

	2015 £000	2014 £000
Opening fair value of scheme assets	3,392	3,228
Expected return on assets	173	177
Actuarial (losses) / gains	(135)	65
Contributions by employer	70	84
Contributions by scheme participants	15	16
Benefits paid	(175)	(178)
	3,340	3,392

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was a loss of £553,000 (2014 - £340,000).

The Company expects to contribute £68,000 to its defined benefit pension scheme in 2016.

**Notes to the financial statements
for the year ended 30 September 2015**

18. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	48.99 %	56.05 %
Alternative Growth	- %	13.89 %
Bonds	- %	17.24 %
Newton Real Return Fund	15.10 %	- %
BlackRock DC Diversified Growth Fund	14.38 %	- %
LDI	16.62 %	- %
Gilts	- %	7.49 %
Other	4.91 %	5.33 %

The expected rates of return at 30 September 2015 were:

	2015	2014
Equities	7.30 %	7.50 %
Bonds	N/A %	3.80 %
Index-linked gilts	N/A %	3.00 %
Cash	0.50 %	0.50 %
Newton Real Return Fund	6.10 %	N/A %
Alternative growth	N/A %	7.20 %
BlackRock DC Diversified Growth Fund	5.60 %	N/A %
LDI	2.10 %	N/A %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate at 30 September	3.70 %	3.80 %
Expected return on scheme assets at 30 September	5.70 %	6.10 %
Future salary increases	2.20 %	2.40 %
Future pension increases	3.30 %	3.40 %
Inflation assumption (CPI)	2.20 %	2.40 %

The mortality table S1, with an allowance for mortality projected to calendar year 2014 was used in retirement for current pensioners and for future pensioners. The current life expectancies underlying the value of the accrued liabilities for the UK defined plan in 2015 and 2014 are:

	2015	2014
Retiring today		
Males	22.6	22.2
Females	24.7	24.6
Retiring in 20 years		
Males	24.3	23.9
Females	26.6	26.5

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**Notes to the financial statements
for the year ended 30 September 2015**

18. Pension commitments (continued)

The pension charge for the year was £79,000 (2014 - £102,000). The contributions of the Company and employees are 17.8% (2014 - 16.1%, increasing to 17.8% in March 2014) and 5% (2014 - 5%) respectively.

Amounts for the current and previous four years are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(5,837)	(5,628)	(5,249)	(8,442)	(7,537)
Scheme assets	3,340	3,392	3,228	4,594	4,189
Deficit	(2,497)	(2,236)	(2,021)	(3,848)	(3,348)
Experience adjustments on scheme liabilities	(121)	(72)	378	(227)	16
Experience adjustments on scheme assets	(135)	65	205	328	(251)

19. Operating lease commitments

At 30 September 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	Other 2015 £000	Other 2014 £000
Expiry date:		
Between 2 and 5 years	13	6

20. Related party transactions

As a wholly owned subsidiary of the Viacom Inc. group, the Company is exempt under the terms of FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Viacom Inc. group or investees of the Viacom Inc. group.

During the year, the Company made sales of £1,220,855 (2014 - £2,085,949) to National Amusements (UK) Limited, a company owned by the largest shareholder of Viacom Inc., the ultimate parent undertaking of the Company. At the year end, amounts due to the Company from National Amusements (UK) Limited totalled £142,253 (2014 - £788,478).

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**Notes to the financial statements
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21. Ultimate parent undertaking and controlling party

The Company's immediate parent companies are PPG Holding 5 B.V and PPG Holding 95 B.V., companies incorporated in the Netherlands.

The ultimate parent company of the Company is Viacom Inc. a company incorporated in the USA.

The ultimate controlling party of Viacom Inc. is National Amusements Inc., the beneficial owner of the majority of Viacom Inc. voting shares.

The only group in which the results of Paramount Pictures UK are consolidated is Viacom Inc. The consolidated financial statements for this group are available to the public and may be obtained from 1515 Broadway, New York, N.Y., 10036-5794, USA.