

**Paramount Pictures International Limited**

**Directors' report and financial statements**

**for the year ended 30 September 2015**

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**Paramount Pictures International Limited**

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**Company Information**

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<b>Directors</b>	B Rathouse (appointed 5 January 2016) I George R W Mosley (appointed 5 January 2016) C McAuley (appointed 5 January 2016) J P Peachey (appointed 5 January 2016 and resigned 30 September 2016)
<b>Company secretary</b>	Fieldfisher Secretaries Limited
<b>Registered number</b>	03458440
<b>Registered office</b>	Building 5 Chiswick Park 566 Chiswick High Road London W4 5YF
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

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**Paramount Pictures International Limited**

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## **Paramount Pictures International Limited**

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### **Strategic report for the year ended 30 September 2015**

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The directors present their strategic report on Paramount Pictures International Limited (the “Company”) for the year ended 30 September 2015.

#### **Principal activity**

On 24th June 2015, the Company acquired the shares in Paramount Home Entertainment Limited (“PHEIL”), a limited liability company organized under the laws of the United Kingdom, which is based at Building 5, Chiswick Park, 566 Chiswick High Road, London, W4 5YF. Effective 1st September, PHEIL transferred its trade, including its employees and office space in London to the Company. Until such transfer, PHEIL’s principal activity was the provision of professional and consulting services in regard of all Paramount Home Entertainment International subsidiaries to Viacom Global (Netherlands) BV (“VGN”) and Viacom International Hungary Kft. (“VIH”).

Furthermore, on 1st September 2015, the Company acquired the Paramount international distribution business for total compensation of \$2,044,250,000 including the rights under license from Paramount Pictures Corporation and Paramount Home Entertainment Inc., to distribute Paramount’s motion pictures outside the US and Canada, and such other movie distribution rights pertaining to that business, across all media.

Following the acquisition of the film distribution business, the Company will receive substantially all of its income in US dollars and considers the currency of the primary economic environment in which it operates and presents its net cash flows to be the US dollar. Accordingly, the company has chosen to change its functional and reporting currency to US dollars.

Up until the acquisition described above, the principal activity of the Company was the provision of professional and consulting services with regard to all Paramount Pictures International subsidiaries to VGN and VIH.

#### **Review of the year**

The Company’s net profit for the financial year amounts to \$39,492,000 (2014: \$643,000). The profit for the financial year has been transferred to the reserves.

The Company’s profit on ordinary activities before taxation increased by \$38,789,000 compared with the prior year. This is mainly due to the acquisition of the distribution rights in September of the financial year, resulting in substantially increased net income derived from the license of the distribution rights to related and third parties, as well as the incorporation of the professional and consulting services activity previously undertaken by PHEIL prior to that date.

#### **Key performance indicators (KPIs)**

Given the straightforward nature of the business in this financial year, the Company’s directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **Principal 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 foreign exchange, liquidity, credit and interest rate risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings 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.

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**Paramount Pictures International Limited**

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

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**Liquidity risk**

The Company finances its operations through a combination of retained earnings and loans from the Group.

**Interest rate risk**

To the extent that the Company enters into banking agreements, the Company's exposure to interest risk arises on surplus cash. Interest income in USD is based on O/N Libor, interest income in EUR is based on Eonia and interest income in GBP is based on O/N Libor. When accounts are overdrawn interest expense in USD and GBP are based on O/N Libor +62.5bps, interest expense in EUR is based on Eonia +62.5bps. The Company does not participate in interest rate hedging.

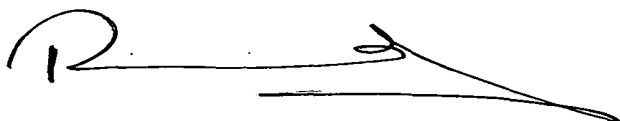
**Credit risk**

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.

**Foreign exchange risk**

To the extent that the Company enters into banking arrangements and intercompany agreements in currencies different to that of the Company's functional currency of US dollar, there is an exposure to movements in exchange rates. The Company has chosen to change its functional and reporting currency to US dollars. The Company does not participate in cross-currency hedging.

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



**R W Mosley**  
Director

Date: 14 November 2016

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## **Paramount Pictures International Limited**

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

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

#### **Dividends**

The directors do not recommend the payment of a dividend (2014: £nil). No dividends were paid or declared during the year (2014: £nil).

#### **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 the approval of the financial statements.

#### **Directors**

The directors who held office during the year and to the date of signing these financial statements are listed below:

I George  
J N Kanhai (resigned 29 September 2015)  
B Rathouse (appointed 5 January 2016)  
R W Mosley (appointed 5 January 2016)  
C McAuley (appointed 5 January 2016)  
J P Peachy (appointed 5 January 2016 and resigned 30 September 2016)

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

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**Paramount Pictures International Limited**

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

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**Statement of disclosure of information to auditors**

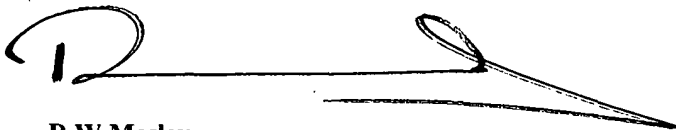
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report and the financial statements on pages 7 to 27 were approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to be 'R W Mosley', written over a horizontal line.

**R W Mosley**  
Director

Date: 14 November 2016

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## **Paramount Pictures International Limited**

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### **Independent auditors' report to the members of Paramount Pictures International Limited**

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#### **Report on the financial statements**

##### **Our qualified opinion**

In our opinion, except for the possible effects of the matter described in the Basis for our qualified opinion paragraph below, Paramount Pictures International Limited'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.

##### **Basis for our qualified opinion**

As explained in note 1 to the financial statements, the company is not entitled to the exemption from the requirement to produce consolidated financial statements under section 401 of the Companies Act 2006, as it has not met all of the necessary conditions. Consequently, the company should have produced consolidated financial statements for the parent company and its subsidiary undertakings.

##### **What we have audited**

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), 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.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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**

In respect solely of the limitation on our work relating to failure to produce consolidated financial statements described in the Basis for our qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- returns adequate for our audit have not been received from branches not visited by us; or



**Independent auditors' report to the members of Paramount Pictures International Limited (continued)**

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- 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

**Responsibilities for the financial statement and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 3 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**

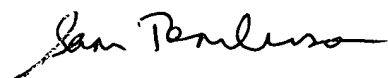
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 Directors' 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: 14 November 2016

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**Paramount Pictures International Limited**

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

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	Note	2015 \$000	2014 \$000
<b>Turnover</b>	2	229,146	14,014
Cost of sales		(166,433)	-
<b>Gross profit</b>		62,713	14,014
Administrative expenses		(17,602)	(16,975)
Other operating income	3	2,284	4,165
<b>Operating profit</b>	4	47,395	1,204
Interest receivable and similar income	7	21	9
Interest payable and similar charges	8	(7,482)	(14)
Other finance costs	9	(21)	(76)
<b>Profit on ordinary activities before taxation</b>		39,913	1,123
Tax on profit on ordinary activities	10	(421)	(480)
<b>Profit for the financial year</b>	20	39,492	643

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 11 to 27 form part of these financial statements.

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**Paramount Pictures International Limited**

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

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	Note	2015 \$000	2014 \$000
<b>Profit for the financial year</b>		39,492	643
Actuarial loss related to pension scheme	23	(71)	(350)
Deferred tax relating to actuarial loss on pension scheme	17	(129)	79
Employee share scheme		150	98
		<hr/>	<hr/>
<b>Total recognised gains and (losses) relating to the year</b>		<u>39,442</u>	<u>470</u>

The notes on pages 11 to 27 form part of these financial statements.

**Paramount Pictures International Limited**  
**Registered number: 03458440**

**Balance sheet**  
**as at 30 September 2015**

	Note	\$000	2015 \$000	\$000	2014 \$000
<b>Fixed assets</b>					
Intangible assets	11		1,774,984		-
Tangible assets	12		3,052		6,225
Investments	13		259,350		-
			<u>2,037,386</u>		<u>6,225</u>
<b>Current assets</b>					
Debtors	14	229,470		8,387	
Cash at bank		16,386		4,967	
		<u>245,856</u>		<u>13,354</u>	
<b>Creditors: amounts falling due within one year</b>	15	(328,426)		(6,460)	
<b>Net current (liabilities)/assets</b>			(82,570)		6,894
<b>Total assets less current liabilities</b>			<u>1,954,816</u>		<u>13,119</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(1,230,431)		(1,013)
<b>Provisions for liabilities</b>	18		(3,195)		(2,953)
<b>Net assets excluding pension scheme liabilities</b>			721,190		9,153
Defined benefit pension scheme liability	23		(11,983)		(3,814)
<b>Net assets including pension scheme liabilities</b>			<u>709,207</u>		<u>5,339</u>
<b>Capital and reserves</b>					
Called up share capital	19		-		-
Capital contribution reserve	20		664,250		-
Foreign exchange reserve	20		176		-
Profit and loss account	20		44,781		5,339
<b>Total shareholders' funds</b>	21		<u>709,207</u>		<u>5,339</u>

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**Paramount Pictures International Limited**

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**Balance sheet (continued)**  
**as at 30 September 2015**

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

A handwritten signature in black ink, appearing to be 'R W Mosley', written over a horizontal line.

**R W Mosley**  
Director

Date: 14 November 2016

The notes on pages 11 to 27 form part of these financial statements.

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

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**1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

**1.1 Basis of preparation of financial statements**

The financial statements contain information about Paramount Pictures International Limited as an individual company and do not contain consolidated financial information. The company would normally be exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of Viacom Alto Overseas C.V., a company incorporated in The Netherlands, and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent, which are publicly available.

However, this exemption cannot be taken for the year ended 30 September 2015 because one of the conditions, being that the company's financial statements are filed at Companies House by its statutory filing deadline of 30 June 2016, has not been met. Consequently, the company is unable to take advantage of the exemption in section 401 of the Companies Act 2006 and should have prepared consolidated financial statements for the company and its subsidiary undertakings.

These financial statements are the company's separate financial statements and are prepared on a going concern basis in accordance with the Companies Act 2006, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The financial statements have been prepared in US Dollars and rounded to the nearest '\$000. The 2014 financial statements were prepared in sterling and so the 2014 comparatives have been restated to US Dollars.

**1.2 Cash flow statement and related party disclosures**

The Company is a wholly-owned indirect subsidiary of Viacom Inc. and is included in the consolidated financial statements of that Group, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) "Cash flow statements". The Company is also 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 Group. For details of other related party transactions see note 25.

**1.3 Turnover**

Turnover consists of 1) professional and consulting services to VGN (until 1 September), a fellow subsidiary undertaking and VIH, during the year, inclusive of pension related net finance costs, exclusive of VAT and foreign exchange gains and loss plus an 8% mark up, and 2) as of 1 September, royalties derived from the exploitation of the film distribution business.

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

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**1. Accounting policies (continued)**

**1.4 Pensions**

The Company operates a defined contribution pension scheme and the related expenditure is charged to the profit and loss account in the year in which it relates.

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 2014 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 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 or 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 scheme liabilities, 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 scheme liabilities are recognised within other finance costs.

**1.5 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are expressed in US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are expressed in US Dollars at the rate of exchange prevailing on the date of the transaction. The resulting profits or losses are dealt with in the Profit and loss account. Any non-monetary assets and liabilities denominated in foreign currencies are translated into the presentational currency at the closing rate at the date of the balance sheet and recognised as a separate component of equity.

**1.6 Taxation**

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

Deferred taxation 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 net 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 sufficient 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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

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**1. Accounting policies (continued)**

**1.7 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**1.8 Tangible assets**

Tangible assets are stated at cost less accumulated depreciation. 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:

Office equipment	-	3 - 10 years straight line
Furniture & fittings	-	3 - 10 years straight line
Leasehold improvements	-	Over period of lease
Computers and computer software	-	3 years straight line

**Work in progress**

Work in progress represents the cost of assets under development. When assets under development are completed and become operational they are recognised as tangible assets and depreciated over their estimated useful lives.

**1.9 Leases**

Payments (net of any incentives received from the lessor) made under operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight-line basis over the period of the lease. Benefits received as an incentive to enter into an operating lease are recorded on a straight-line basis over the shorter of the lease term and a period ending on the date from which market rental will apply. Income from sub-letting of leased properties is included in other operating income on a straight-line basis.

**1.10 Share based compensation**

**Employee share schemes**

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed to the profit and loss account on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will vest. A corresponding amount is recorded as a credit to the profit and loss account reserve each year.

Fair value is measured using methods appropriate to each of the different schemes as follows:

Stock options	-	Black-Scholes
Restricted Share Units	-	Market value at grant date

**1.11 Cash at bank and in hand**

Cash represents cash at bank and in hand and is available on demand.



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

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**1. Accounting policies (continued)****1.12 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The dilapidations provision is the current best estimate of the cost of bringing certain premises, held under operating leases, back to their original state as required by the lease agreement. This provision is built up over the life of the lease with the associated cost recognised as an operating item in the profit and loss account.

**2. Turnover**

Turnover consists of 1) professional and consulting services provided solely in the UK to Viacom Global (Netherlands) B.V. (until 1 September) and Viacom International Hungary Kft. during the year, exclusive of VAT and foreign exchange gains and losses plus an 8% mark up, and 2) royalties received from the exploitation of its business assets as of September 1.

**3. Other operating income**

	2015	2014
	\$000	\$000
Other operating income	2,284	4,165

Other income includes rental income charges to Group companies and related parties of \$2,284,000 (2014: \$4,165,000).

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

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**4. Operating profit**

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

	2015 \$000	2014 \$000
Amortisation - intangible assets	9,916	-
Depreciation of tangible assets:		
- owned by the company	2,926	3,552
Auditors' remuneration	92	60
Operating lease rentals:		
- other	45	43
- land and building	2,323	2,430
Difference on foreign exchange	461	(91)
Staff costs (Note 5)	6,492	6,292
	<u>6,492</u>	<u>6,292</u>

During the year, no director received any emoluments (2014 - £nil).

Operating costs include items relating to events that occurred in prior years but where the legal expenses crystallised in the current year.

**5. Staff costs**

Staff costs were as follows:

	2015 \$000	2014 \$000
Wages and salaries	4,757	4,546
Social security costs	989	751
Other pension costs	616	897
Employee share scheme	130	98
	<u>6,492</u>	<u>6,292</u>

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

	2015 No.	2014 No.
Finance, administrative and management information systems	15	15
Product services/marketing	22	20
	<u>37</u>	<u>35</u>

The Company has certain share-based payment schemes which are accounted for under FRS 20 "Share-based payment". The assumptions used in measurement are derived from appropriate sources.

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**Paramount Pictures International Limited**

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

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**6. Directors' remuneration**

One (2014: one) of the directors is remunerated by Viacom Global (Netherlands) B.V. and one (2014: one) of the directors is remunerated by Paramount Pictures UK of the Group and details are available in the financial statements of those companies.

The directors were granted Restricted Share Units during the current and prior years in the ultimate parent company.

**7. Interest receivable and similar income**

	2015 \$000	2014 \$000
Bank interest receivable	21	9

**8. Interest payable and similar charges**

	2015 \$000	2014 \$000
Bank interest payable	1	14
On other loans	7,481	-
	7,482	14

**9. Other finance costs**

	2015 \$000	2014 \$000
Expected return on pension scheme assets	718	544
Interest on pension scheme liabilities	(739)	(620)
	(21)	(76)

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

**10. Tax on profit on ordinary activities**

	2015 \$000	2014 \$000
<b>Analysis of tax charge in the year/period</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	695	718
Adjustments in respect of prior years	(6)	(43)
<b>Total current tax</b>	<u>689</u>	<u>675</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(608)	(195)
Effect of increase/decrease in tax rates	400	-
Adjustments in respect of prior periods	(60)	-
<b>Total deferred tax (note 17)</b>	<u>(268)</u>	<u>(195)</u>
<b>Tax on profit on ordinary activities</b>	<u>421</u>	<u>480</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20.50% (2014 - 22.00%). The differences are explained below:

	2015 \$000	2014 \$000
Profit on ordinary activities before tax	<u>39,913</u>	<u>1,123</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.50% (2014 - 22.00%)	8,182	247
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,007	217
Capital allowances for year in excess of depreciation	263	160
Adjustments to tax charge in respect of prior years	(6)	(43)
Short term timing difference leading to an increase (decrease) in taxation	32	-
Other timing differences	-	94
Losses utilised	(4)	-
Group relief	(8,782)	-
Share options	(3)	-
<b>Current tax charge for the year</b>	<u>689</u>	<u>675</u>

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

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**10. Tax on profit on ordinary activities (continued)****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 to 19% from 1 April 2017 and to 17% 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. Accordingly, the Company profits in its 2015 Financial Year are taxed at an effective rate of 20.5%.

**11. Intangible assets**

	Licenses \$000
<b>Cost</b>	
At 1 October 2014	-
Additions	1,784,900
At 30 September 2015	<u>1,784,900</u>
<b>Amortisation</b>	
At 1 October 2014	-
Charge for the year	9,916
At 30 September 2015	<u>9,916</u>
<b>Net book value</b>	
At 30 September 2015	<u><u>1,774,984</u></u>
At 30 September 2014	<u><u>-</u></u>

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

12. Tangible assets

	Leasehold improve- ments \$000	Office equipment \$000	Furniture & fittings \$000	Computer equipment \$000	Work in progress \$000	Total \$000
<b>Cost</b>						
At 1 October 2014	11,997	378	655	11,311	52	24,393
Additions	-	52	108	416	-	576
Disposals/transfers	-	(11)	(110)	(1,901)	(52)	(2,074)
At 30 September 2015	11,997	419	653	9,826	-	22,895
<b>Depreciation</b>						
At 1 October 2014	8,826	352	617	8,373	-	18,168
Charge for the year	1,282	16	17	1,611	-	2,926
On disposals/transfers	-	3	(1)	(1,253)	-	(1,251)
At 30 September 2015	10,108	371	633	8,731	-	19,843
<b>Net book value</b>						
At 30 September 2015	1,889	48	20	1,095	-	3,052
At 30 September 2014	3,171	26	38	2,938	52	6,225

13. Investments

	Investments in subsidiary companies \$000
<b>Cost or valuation</b>	
At 1 October 2014	-
Additions	259,350
At 30 September 2015	259,350
<b>Net book value</b>	
At 30 September 2015	259,350
At 30 September 2014	-

**Subsidiary undertakings**

The following is a subsidiary undertaking of the company:

Name	Class of shares	Holding
Viacom Global (Netherlands) B.V.	Ordinary	100 %

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**Paramount Pictures International Limited**

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

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**14. Debtors**

	2015 \$000	2014 \$000
Amounts owed by group undertakings	225,998	6,269
Amounts owed by related parties (note 25)	-	34
Other debtors	509	28
Prepayments	1,575	1,070
Deferred tax asset (note 17)	1,388	986
	<u>229,470</u>	<u>8,387</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

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

	2015 \$000	2014 \$000
Trade creditors	457	532
Amounts owed to group undertakings	325,606	3,810
Corporation tax	339	615
Value added tax payable	-	302
Accruals	2,024	1,201
	<u>328,426</u>	<u>6,460</u>

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

**16. Creditors:  
Amounts falling due after more than one year**

	2015 \$000	2014 \$000
Amounts owed to group undertakings	1,230,000	-
Accruals	431	1,013
	<u>1,230,431</u>	<u>1,013</u>

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**Paramount Pictures International Limited**

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

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**17. Deferred tax asset**

	2015 \$000	2014 \$000
At beginning of year	986	783
Released during year to profit and loss account	402	203
At end of year	<u>1,388</u>	<u>986</u>

The deferred tax asset is made up as follows:

	2015 \$000	2014 \$000
Accelerated capital allowances	755	350
Deferred tax in respect of share options	-	39
Other timing differences	633	597
	<u>1,388</u>	<u>986</u>

**18. Other provisions**

	Dilapidations \$000
At 1 October 2014	2,953
Additions	242
At 30 September 2015	<u>3,195</u>

**Dilapidations**

This represents the costs of dilapidation repair for the Chiswick Park office.

**19. Called up share capital**

	2015 \$	2014 \$
<b>Authorised</b>		
100 (2014 - 100) ordinary shares of \$1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
1 (2014 - 1) ordinary share of \$1	<u>1</u>	<u>1</u>



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

**20. Reserves**

	Capital contribution reserve \$000	Foreign exchange reserve \$000	Profit and loss account \$000
At 1 October 2014	-	-	5,339
Profit for the financial year	-	-	39,492
Actuarial loss relating to pension scheme	-	-	(71)
Capital contribution	664,250	-	-
Movement on foreign exchange	-	176	-
Deferred tax relating to actuarial loss on pension scheme	-	-	(129)
Employee share options	-	-	150
At 30 September 2015	664,250	176	44,781

The closing balance on the Profit and loss account includes a \$11,983,000 (2014 - \$3,814,000) credit/debit, stated after deferred taxation of \$2,630,000 (2014 - \$952,000), in respect of pension scheme liabilities of the company pension scheme.

**21. Reconciliation of movement in shareholders' funds**

	2015 \$000	2014 \$000
Opening shareholders' funds	5,339	4,869
Profit for the financial year	39,492	643
Capital contribution	664,250	-
Other recognised gains and losses during the year	(50)	(173)
Movement on other reserves	176	-
Closing shareholders' funds	709,207	5,339

Other recognised gains and losses during the year of \$50,000 (2014 - loss \$174,000) comprise an actuarial loss on pension scheme of \$200,000 (2014 - \$272,000) net of deferred tax arising from the actuarial loss in the pension scheme and a credit of \$150,000 (2014 - \$98,000) arising from the employee share scheme.

**22. Contingent liabilities**

The Company has entered into a cash pooling agreement with respect to its GBP, EUR and USD denominated bank accounts held with Bank Mendes Gans. This arrangement includes a joint and several right of set off that allows Bank Mendes Gans, 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 is set up for a net zero position for participating currencies in the Bank Mendes Gans notional pool. 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 GBP 9,844,430, (2014: GBP 3,322,923) EUR 118,259 (2014: EUR nil) and USD 547,567 (2014: 28,115) as at 30 September 2015. Funds drawn by the Company amounted to EUR nil (2014: EUR 354,547).

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

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**23. Pension commitments**

The Company operates a defined contribution scheme and a defined benefit pension scheme.

**Defined contribution scheme**

Since 1 August 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 \$492,000 (2014 - \$133,000). The Company has no outstanding contributions at the end of the financial year (2014 - £nil).

**Defined benefit scheme**

Effective from 1 January 2006, the Company participates in a separate 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 trustee 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 FRS17. 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 and updated to 30 September 2015, using the projected unit method of valuation taking into account the requirements of FRS17 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:

	2015 \$000	2014 \$000
Present value of funded obligations	(51,907)	(15,422)
Fair value of scheme assets	37,294	10,656
	<hr/>	<hr/>
Deficit in scheme	(14,613)	(4,766)
Related deferred tax asset	2,630	952
	<hr/>	<hr/>
Net liability	(11,983)	(3,814)
	<hr/>	<hr/>

The amounts recognised in profit or loss are as follows:

	2015 \$000	2014 \$000
Current service cost	(491)	(430)
Interest on obligation	(739)	(620)
Expected return on scheme assets	718	544
	<hr/>	<hr/>
Total	(512)	(506)
	<hr/>	<hr/>
Actual return less expected return on pension scheme assets	(553)	184
	<hr/>	<hr/>

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

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**23. Pension commitments (continued)**

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

	2015 \$000	2014 \$000
Opening defined benefit obligation	15,422	13,103
Current service cost	491	430
Interest cost	739	620
Contributions by scheme participants	79	65
Actuarial (gains)/losses	(470)	534
Benefits paid	(125)	(101)
Transfer of defined benefit obligation from other group companies	37,103	-
Exchange difference	(1,332)	771
	<hr/>	<hr/>
Closing defined benefit obligation	51,907	15,422
	<hr/>	<hr/>

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

	2015 \$000	2014 \$000
Opening fair value of scheme assets	10,656	8,979
Expected return on assets	718	544
Actuarial (losses)/gains	(541)	184
Contributions by employer	504	456
Contributions by scheme participants	79	65
Benefits paid	(125)	(101)
Transfer of fair value of plan assets	26,953	-
Exchange difference	(950)	529
	<hr/>	<hr/>
Closing fair value of scheme assets	37,294	10,656
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was \$5,261,000 (2014 - \$5,506,000).

The Company expects to contribute \$491,000 (2014 - \$334,000) to its Defined benefit pension scheme in the year ending 30 September 2016.

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

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**23. Pension commitments (continued)**

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

	2015	2014
Equities	49.00 %	56.03 %
Bonds	14.00 %	17.25 %
Index-linked gilts	17.00 %	7.48 %
Cash	5.00 %	5.33 %
Alternative growth (not applicable for 2013)	15.00 %	13.91 %

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 %
Alternative growth	6.10 %	7.20 %

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

	2015	2014
Discount rate at 30 September	3.70 %	3.80 %
Future salary increases	2.20 %	2.40 %
Future pension increases	3.30 %	3.40 %
Inflation assumptions	3.30 %	3.40 %

The mortality table S2, projected in line with the CMI 2014 model with a 1.25% pa long term rate of improvement was used in retirement for current pensioners and for future pensioners.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 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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**Paramount Pictures International Limited**

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**Notes to the financial statements  
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**23. Pension commitments (continued)**

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

Defined benefit pension schemes

	2015 \$000	2014 \$000	2013 \$000	2012 \$000	2011 \$000
Defined benefit obligation	(51,907)	(15,422)	(13,103)	(11,778)	(9,664)
Scheme assets	37,294	10,656	8,979	8,173	6,482
Deficit	<u>(14,613)</u>	<u>(4,766)</u>	<u>(4,124)</u>	<u>(3,605)</u>	<u>(3,182)</u>
Experience adjustments on scheme liabilities	471	114	666	(473)	(589)
Experience adjustments on scheme assets	<u>(541)</u>	<u>184</u>	<u>557</u>	<u>553</u>	<u>(397)</u>

**24. Operating lease commitments**

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

	Land and buildings		Other	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Expiry date:</b>				
Between 2 and 5 years	<u>2,710</u>	<u>2,881</u>	<u>19</u>	<u>42</u>

**25. Related party transactions**

The Company charges United International Pictures ("UIP") (a 50% joint venture between Viacom Global (Netherlands) B.V. – a subsidiary of Paramount Pictures International Limited and Universal Studios International B.V.) for rent, service charges and rates as set out in the office lease agreement that amounted to \$637,000 in 2015 (2014: \$627,000). As at 30 September 2015, the net amount owed by UIP was \$nil (2014: \$32,000), and amount due to UIP was \$nil (2014: \$nil).

**26. Ultimate parent undertaking and controlling party**

The Company's immediate and ultimate parent companies are Viacom Alto Overseas C.V., limited partnership under Dutch law and Viacom Inc. respectively, 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. Viacom Inc's voting and non-voting shares are quoted.

The only group in which the results of Paramount Pictures International Limited 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.

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

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**27. Subsequent events**

On 1 October 2015 the Company has sold a part of its international distribution business to Viacom International Hungary Kft.

Viacom Gobal (Netherlands) BV was merged into PPIL as at 31 December 2015, at 12:00 PM, under the EU cross border merger Directive.