Paramount Pictures International Limited

(Registered Number 03458440)

Directors' report and financial statements for the year ended 30 September 2013

Contents

Strategic report for the year ended 30 September 2013

The directors present their strategic report on Paramount Pictures International Limited (the "Company") for the year ended 30 September 2013.

Principal activity
The principal activity of the Company is the provision of professional and consulting services to all Paramount Pictures International subsidiaries.

The Company operates on a cost plus basis on the overhead incurred for services provided to Viacom Global (Netherlands) B.V.

Review of the year
The Company's profit for the financial year amounts to £505,000 (2012 £158,000). The profit for the financial year has been transferred to reserves

Profit on ordinary activities before taxation decreased by £278,000 (31%) compared with prior year. This is primarily due to a reduction in turnover of £4,324,000 (32%).

There were no significant changes in the business activities, although there was a decrease in administrative expenses as a result of restructuring that took place in previous years, the Company remains as a service provider to Paramount Pictures International subsidiaries

Key performance indicators (KPIs)
Given the straightforward nature of the business, 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.

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

Strategic report for the year ended 30 September 2013 (continued)

Interest rate risk

To the extent that the Company enters into banking arrangements, 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 is based on O/N Libor +62.5bps, interest expense in EUR is based on Eonia +62.5bps and interest expense in GBP is based on Libor +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 pounds sterling, there is an exposure to movements in exchange rates. The Company does not participate in cross-currency hedging.

This report was approved by the board on 30 June 2014 and signed on its behalf.

I George
Director

Directors' report for the year ended 30 September 2013

The directors present their report and the audited financial statements of Paramount Pictures International Limited (the "Company") for the year ended 30 September 2013.

Dividends
The directors do not recommend the payment of a dividend (2012: £nil). No dividends were paid or declared during the year (2012: £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.

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

R Affourtit
I George

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

Directors' report for the year ended 30 September 2013 (continued)

Statement of directors' responsibilities (continued)

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.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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 was approved by the board on 30 June 2014 and signed on its behalf

I George
Director

Independent Auditors' Report to the Member of Paramount Pictures International Limited

Report on the financial statements

Our Opinion
In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited
The financial statements, which are prepared by Paramount Pictures International Limited, comprise:

- the balance sheet as at 30 September 2013;
- 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 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.

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

Independent Auditors' Report to the Member of Paramount Pictures International Limited

Report on the financial statements (continued)

What an audit of financial statements involves (continued)

In addition, we read all the financial and non-financial information in the Directors' report and financial statements for the year ended 30 September 2013 (the "Annual Report") 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.

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.

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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Responsibilities for the financial statements and the audit (continued)

Our responsibilities and those of the directors (continued)

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.

Sam Tomlinson

Sam Tomlinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, 30 June 2014

Profit and loss account for the year ended 30 September 2013

	Notes	2013 £'000	2012 £'000
Turnover	3	**9,336**	13,660
Administrative expenses		**(11,706)**	(15,100)
Other operating income		**3,098**	2,504
Operating profit	4	**728**	1,064
Interest payable and similar charges	5	**(103)**	(161)
Profit on ordinary activities before taxation		**625**	903
Tax on profit on ordinary activities	7	**(120)**	(745)
Profit for the financial year	14	**505**	158

All amounts relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost

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

	Notes	2013 £'000	2012 £'000
Profit for the financial year		**505**	158
Actuarial loss on pension scheme	16	**(302)**	(868)
Deferred tax relating to actuarial loss on pension scheme	7	**(23)**	217
Share option expense	6	**62**	-
Total recognised gains/(losses) relating to the year		**242**	(493)

There are no recognised gains or losses other than those shown above.

The notes on pages 11 to 28 form part of these financial statements.

Balance sheet as at 30 September 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	9	5,094	6,360
Current assets			
Debtors	10	7,167	9,615
Cash at bank and in hand		-	-
		7,167	9,615
Creditors - amounts falling due within one year	11	(4,666)	(8,566)
Net current assets		2,501	1,049
Total assets less current liabilities		7,595	7,409
Creditors - amounts falling due after more than one year	11	(874)	(1,562)
Other provisions	12	(1,563)	(1,368)
Net assets excluding pension scheme liability		5,158	4,479
Defined benefit pension scheme liability	16	(2,151)	(1,714)
Net assets including pension scheme liability		3,007	2,765
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	3,007	2,765
Total shareholders' funds	14	3,007	2,765

The accompanying notes form an integral part of these financial statements

The financial statements on pages 9 to 28 were approved by the Board of Directors on 30 June 2014 and were signed on its behalf by:

J George
(Director)
Paramount Pictures International Limited
(Registered Number 03458440)

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.

a) Basis of preparation

The financial statements have been 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.

b) Turnover

Turnover consists of professional and consulting services to Viacom Global (Netherlands) B.V, a fellow subsidiary undertaking, during the year, inclusive of pension related net finance costs, exclusive of VAT and foreign exchange gains and losses and plus an 8% mark-up.

c) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are expressed in sterling 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.

d) 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 2013 by qualified independent actuary.

d) Pensions (continued)

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 band of equivalent terms and currency to the liability FRS 17 "Retirement Benefits" valuations are performed at each balance sheet date and 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

e) 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

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.

f) Tangible assets

Tangible assets are stated at cost less accumulated deprecation. Depreciation is charged on a straight-line basis to write off the cost of the assets (less the estimated residual value) over their estimated useful lives, as follows.

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

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 fixed assets and depreciated over their estimated useful lives

g) 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

h) 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

h) Share based compensation (continued)

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
Performance Share Units	Monte Carlo

i) Cash at bank and in hand

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

j) 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 Cash flow statement and related party disclosures

The Company is a wholly-owned 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 that Group. For details of other related party

3 Turnover

Turnover consists of professional and consulting services provided solely in the UK to other Group companies during the year exclusive of VAT and foreign exchange gains and losses plus an 8% mark-up.

4 Operating profit

		2013	2012
		£'000	£'000
Depreciation of tangible assets (Note 9)		**2,328**	2,416
Foreign exchange loss/(gain)		**44**	(51)
Operating lease rentals	- land and building	**955**	955
	- other	**39**	55
Auditors' remuneration	- audit services	**35**	35

Other income includes rental income charges to Group companies and related parties of £3,087,000 (2012: £2,504,000).

Operating costs include items relating to events that ocurred in prior periods but where the legal expenses crystalised in the current year.

5 Interest payable and similar charges

	2013	2012
	£'000	£'000
Interest on loan from Viacom Global (Netherlands) B.V.	**-**	9
Bank interest payable	**23**	26
Other finance costs	**80**	126
	103	161

6 Employee information

Staff costs during the year were as follows:

	2013	2012
	£'000	£'000
Wages and salaries	**2,909**	5,254
Social security costs	**509**	1,557
Employee share scheme	**62**	-
Other pension costs	**315**	971
	3,795	7,782

6 Employee information (continued)

The average monthly number of persons employed by the Company during the year was as follows:

	2013	2012
Finance, Administrative and Management Information Systems	11	40
Product Services/Marketing	10	29
Operations	-	2
	21	71

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.

7 Tax on profit on ordinary activities

a) The tax charge based on the profit on ordinary activities comprises:

	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax on profits for the year at 23 5% (2012 25%)	534	764
Adjustment in respect of previous years	(216)	(25)
Total current tax charge	318	739
Deferred tax:		
Timing differences, origination and reversal	(164)	(194)
Movement on pension scheme under FRS 17	(34)	200
Total deferred tax	(198)	6
Total tax on profit on ordinary activities	120	745

7 Tax on profit on ordinary activities (continued)

The current tax charge for the year is lower (2012 higher) than the standard rate of corporation tax in the UK of 23 5% (2012: 25%). The differences are explained below.

b) Circumstances affecting tax:

	2013	2012
	£'000	£'000
Profit on ordinary activities before tax	**625**	903
Profit on ordinary activities multiplied by the standard rate of tax in the UK in 2013 of 23 5% (2012 25%)	**147**	226
Factors affecting charge:		
Disallowable expenses	**85**	163
Depreciation in excess of capital allowances	**208**	185
Adjustment in respect of prior periods	**(216)**	(25)
Other timing differences	**60**	55
Pension costs in excess of pension scheme contributions	**34**	135
Current tax charge for the year	**318**	739

c) Deferred taxation:

The elements of deferred taxation provided for in the financial statements are as follows·

	2013	2012
	£'000	£'000
Depreciation in excess of capital allowance	**(152)**	14
Other timing differences	**(313)**	(315)
Deferred tax in respect of share options	**(24)**	(24)
Deferred tax asset excluding that relating to pension deficit	**(489)**	(325)
Deferred tax asset relating to pension deficit (Note 16)	**(538)**	(527)
Total deferred tax asset	**(1,027)**	(852)

7 Tax on profit on ordinary activities (continued)

c) Deferred taxation (continued):

	2013	2012
	£'000	£'000
Analysis of movement in provision:		
At 1 October	(852)	(640)
Charged/(credited) to profit and loss account	(198)	5
Amount (credited)/charged to the statement of total recognised gains and losses	23	(217)
At 30 September	(1,027)	(852)

d) Factors affecting future tax charge:

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company profits for this accounting period are taxed at an effective rate of 23.5%. Further reductions to 21% (effective from 1 April 2014) and 20% (effective 1 April 2015) were substantially enacted by Parliament that received Royal Accent on 17 July 2013.

8 Directors' remuneration

The directors' remuneration in respect of their services to the Company is set out below.

	2013	2012
	£'000	£'000
Directors' emoluments (including pension contributions)	-	426
Compensation for loss of office	-	849
	-	1,275

Retirement benefits are accruing to nil (2012 one) director under a defined benefit scheme

One (2012: one) of the directors is remunerated by Viacom Global (Netherlands) B V. and one (2012 none) 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

8 Directors' remuneration (continued)

The directors are not entitled to any benefits from Long Term Incentive Schemes.
The remuneration for the highest paid director is as follows:

	2013	2012
	£'000	£'000
Total amount of emoluments (excluding shares)	-	262
Compensation for loss of office	-	526
	-	788
Defined benefit pension scheme.		
Employer's contribution during the year	-	16
Accrued pension at end of the year	-	48
	-	64

9 Tangible assets

	Leasehold Improvement	Office equipment	Furniture & Fittings	Computers	Work in Progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 October 2012	7,387	233	404	4,176	983	**13,183**
Disposal	-	-	-	-	(215)	**(215)**
Additions	-	-	-	1,277	-	**1,277**
At 30 September 2013	**7,387**	**233**	**404**	**5,453**	**768**	**14,245**
Accumulated Depreciation						
At 1 October 2012	3,790	187	313	2,533	-	**6,823**
Disposal	-	-	-	-	-	-
Charge for the year	855	20	47	1,406	-	**2,328**
At 30 September 2013	**4,645**	**207**	**360**	**3,939**	-	**9,151**
Net Book Value						
At 30 September 2013	**2,742**	**26**	**44**	**1,514**	**768**	**5,094**
At 30 September 2012	3,597	46	91	1,643	983	6,360

10 Debtors

	2013	2012
	£'000	£'000
Amounts owed by group undertakings	5,552	8,302
Amounts owed by related parties (Note 17)	126	375
Value added tax receivable	132	216
Deferred tax (Note 7)	489	325
Prepayments	868	292
Other receivables	-	105
	7,167	9,615

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

11 Creditors

Amounts falling due within one year

	2013	2012
	£'000	£'000
Bank overdraft	416	528
Trade creditors	259	614
Amounts owed to group undertakings	2,720	5,249
Corporation tax payable	488	571
Accruals	783	1,604
	4,666	8,566
Amounts falling due after more than one year		
Amounts owed to related parties (Note 17)	-	-
Accruals	874	1,562
	874	1,562
Total Creditors	5,540	10,128

Amounts owed to group undertakings are unsecured, interest free and are repayable
Bank overdraft is unsecured and repayable on demand

12 Other provisions

	2013	2012
	£'000	£'000
At 1 October	**1,368**	7,572
Charge to the profit and loss account (dilapidation)	**255**	160
Utilisation of provision (redundancy)	**(60)**	(6,364)
At 30 September	**1,563**	1,368

This represents the costs of dilapidation repair for the Chiswick Park office and the payment of settlement cost for redundancy in 2013.

13 Called up share capital

	2013	2012
	£	£
Authorised:		
100 (2012: 100) ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
1 (2012 1) ordinary share of £1	**1**	1

14 Reconciliation of movements in shareholders' funds and reserves

	2013	2012
	£'000	£'000
Profit for the financial year	505	158
Actuarial loss on pension scheme charged to the STRGL	(302)	(868)
Deferred tax on actuarial loss on pension scheme credited to the ST	(23)	217
Employee share options	62	-
Net addition/(deduction) to shareholders' funds	242	(493)
Opening shareholders' funds	2,765	3,258
Closing shareholders' funds	3,007	2,765

	Call up share capital	Profit and loss account	Total Equity Share-holders' funds
	£'000	£'000	£'000
At 1 October 2012	-	2,765	2,765
Profit for the financial year		505	505
Actuarial loss on pension scheme charged to the STRGL (Note 16)		(302)	(302)
Deferred tax on actuarial gain on pension scheme credited to the STRGL (Note 7)		(23)	(23)
Employee share options		62	62
At 30 September 2013	-	3,007	3,007

15 Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year

	2013	2012
	£'000	£'000
Land and building		
Expiring		
Within two to five years	1,800	1,800
Other assets		
Expiring:		
Within two to five years	30	40
	1,830	1,840

16 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 contribution by the Company for the year was £70,000 (2012: £110,000). The Company has no outstanding contribution at the end of the financial year of 2013 nil (2012: £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

16 Pension commitments (continued)

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 and updated to 30 September 2013, using the projected unit method of valuation taken into account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 September 2013. Scheme assets are stated at their market value at 30 September 2013.

The amounts recognised in the balance sheet are as follows

	2013	2012
	£'000	£'000
Present value of scheme liabilities	(8,543)	(7,321)
Fair value of scheme assets	5,854	5,080
Deficit	(2,689)	(2,241)
Deficit	(2,689)	(2,241)
Related deferred tax asset	538	527
Net liability	(2,151)	(1,714)

The amounts recognised in the profit and loss account are as follows·

	2013	2012
	£'000	£'000
Current service cost	(245)	(698)
Interest on scheme liabilities	(334)	(335)
Expected return on scheme assets	254	209
Total	(325)	(824)
Actual return less expected return on pension scheme assets	363	344

16 Pension commitments (continued)

Changes in the present value of the scheme liabilities are as follow:

	2013	2012
	£'000	£'000
Opening scheme liabilities	7,321	6,202
Current service cost	245	698
Interest cost	334	335
Experience(gain) / loss on scheme liabilities	(434)	294
Loss arising from changes in assumptions	1,099	918
Gain on settlements and curtailments	-	(1,208)
Contributions by scheme participants	45	131
Benefit paid	(67)	(49)
Closing scheme liabilities	8,543	7,321

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

	2013	2012
	£'000	£'000
Opening fair value of scheme assets	5,080	4,160
Expected return on scheme assets	254	209
Actual return less expected return	363	344
Employer contributions	179	285
Contributions by scheme participants	45	131
Benefit paid	(67)	(49)
Closing fair value of scheme assets	5,854	5,080

The amount of actuarial loss recognised in the statement of total recognised gains and losses was £302,000 (2012: £868,000). The cumulative amount of actuarial gains and losses is £3,174,000 (2012: £2,872,000).

The Company expects to contribute £319,000 (2012: £177,000) to its defined pension scheme in the year ending 30 September 2014.

16 Pension commitments (continued)

The fair value of the scheme assets at 30 September 2013 were

	2013	2012
	£'000	£'000
Equities	**3,737**	2,801
Bonds	**1,016**	1,004
Index-linked gilts	**591**	422
Cash	**510**	853
Total market value of scheme assets	**5,854**	5,080

The expected rates of return at 30 September 2013 were:

	2013	2012
Equities	**7.80%**	8.30%
Bonds	**4.30%**	4.00%
Index-linked gilts	**3.40%**	2.60%
Cash	**0.50%**	0 50%

The major financial assumptions that are expressed as weighted average in the calculations at 30 September 2013 were:

	2013	2012
Discount rate at 30 September	**4.40%**	4.50%
Future salary increases	**4.60%**	4 10%
Future pension increases	**3.60%**	3 10%
Inflation assumption	**3.60%**	3.10%

The mortality table S1, projected in line with the CMI 2012 model with a 1.25% pa long term rate of improvement 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 2012 and 2013 are:

	2013	2012
Current pensioners (at age 65 - males)	**22.3**	22.2
Current pensioners (at age 65 - females)	**24.8**	24.7
Future pensioners currently age 45 (at age 65 - males)	**24.1**	24.0
Future pensioners currently age 45 (at age 65 - females)	**26.8**	26 7

The pension charge for the year was £245,000 (2012: £698,000).

16 Pension commitments (continued)

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

Defined benefit pension schemes

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Scheme liabilities	**(8,543)**	(7,321)	(6,202)	(5,267)	(3,135)
Scheme assets	**5,854**	5,080	4,160	3,437	2,510
(Deficit)/surplus	**(2,689)**	(2,241)	(2,042)	(1,830)	(625)
Experience adjustments on scheme liabilities	**434**	(294)	(378)	(390)	(6)
Experience adjustments on scheme assets	**363**	344	(255)	166	144
Total amount recognised in STRGL (losses)/gains (Note 14)	**(302)**	(868)	48	(1,112)	(1,022)

17 Related party transactions

The Company charges United International Pictures ("UIP") (a 50% joint venture between Viacom Global (Netherlands) B V. - the intermediate parent 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 £418,000 in 2013 (2012: £514,000). As at 30 September 2013, the net amounts owed by UIP was £98,000 (2012. £375,000), and amount due to UIP was £nil (2012: £nil).

18 Ultimate parent undertaking

The Company's immediate and ultimate parent companies are Viacom Global (Netherlands) B V. and Viacom Inc respectively, incorporated in the Netherlands and 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 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.

19 Contingent liabilities

The Company has entered into a cash pooling agreement with respect to its GBP, EUR and USD 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 the EUR, GBP and USD 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 £1,688,079 as at 30 September 2013 (2012: £49,000) Funds drawn by the Company amounted to EUR 1,748,565 and USD 991,295 (2012. £577,000).

20 Post balance sheet events

There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.