

Registered number: 03458440

Paramount Pictures International Limited

Directors' report and financial statements

for the year ended 30 September 2014

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Paramount Pictures International Limited

Company Information

Directors	R Affourtit (resigned 1 August 2014) I George J N Kanhai (appointed 1 August 2014)
Company secretary	FFW Secretaries Limited
Registered number	03458440
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 International Limited

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Paramount Pictures International Limited

Strategic report for the year ended 30 September 2014

The directors present their strategic report on Paramount Pictures International Limited (the "Company") for the year ended 30 September 2014.

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 £390,000 (2013: £505,000). The profit for the financial year has been transferred to reserves.

Profit on ordinary activities before taxation increased by £55,000 (9%) compared with the prior year. This is mainly due to a reduction in net interest payable and other finance costs of £54,000.

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.

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 is 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.

Paramount Pictures International Limited

Strategic report (continued)
for the year ended 30 September 2014

Credit risk

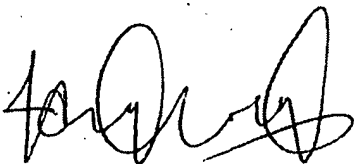
The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

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 and signed on its behalf.

I George
Director



Date:

30 JAN 2015

Paramount Pictures International Limited

Directors' report for the year ended 30 September 2014

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2014.

Dividends

The directors do not recommend the payment of a dividend (2013: £nil). No dividends were paid or declared during the year (2013: £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:

R Affourtit (resigned 1 August 2014)
I George
J N Kanhai (appointed 1 August 2014)

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.

Paramount Pictures International Limited

**Directors' report
for the year ended 30 September 2014**

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:

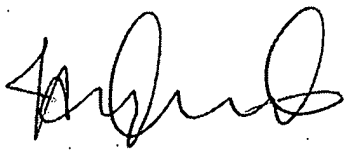
- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors 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 23 were approved by the board and signed on its behalf.

I George
Director



Date:

30 JAN 2015

Paramount Pictures International Limited

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

Report on the financial statements

Our opinion

In our opinion, 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 2014 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 International Limited's financial statements comprise:

- the Balance sheet as at 30 September 2014;
- 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.

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 International Limited

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

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: 30/1/2015

Paramount Pictures International Limited

**Profit and loss account
for the year ended 30 September 2014**

	Note	2014 £000	2013 £000
Turnover	1,2	8,471	9,336
Administrative expenses		(10,260)	(11,706)
Other operating income	3	2,518	3,098
		<hr/>	<hr/>
Operating profit	4	729	728
Interest receivable and similar income	7	5	-
Interest payable and similar charges	8	(8)	(23)
Other finance costs	9	(46)	(80)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		680	625
Tax on profit on ordinary activities	10	(290)	(120)
		<hr/>	<hr/>
Profit for the financial year	18	390	505
		<hr/> <hr/>	<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 23 form part of these financial statements.

Paramount Pictures International Limited

**Statement of total recognised gains and losses
for the year ended 30 September 2014**

	Note	2014 £000	2013 £000
Profit for the financial year		390	505
Actuarial loss related to pension scheme	21	(216)	(302)
Deferred tax relating to actuarial loss on pension scheme	15	49	(23)
Employee share scheme		60	62
		<hr/>	<hr/>
Total recognised gains and (losses) relating to the year		283	242
		<hr/>	<hr/>

The notes on pages 10 to 23 form part of these financial statements.

Paramount Pictures International Limited
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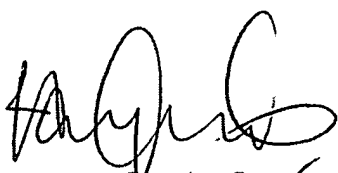
Balance sheet
as at 30 September 2014

	Note	£000	2014 £000	2013 £000
Fixed assets				
Tangible assets	11		3,831	5,094
Current assets				
Debtors	12	5,255		7,167
Cash at bank		3,058		-
		<u>8,313</u>		<u>7,167</u>
Creditors: amounts falling due within one year	13	<u>(4,065)</u>		<u>(4,666)</u>
Net current assets			4,248	2,501
Total assets less current liabilities			<u>8,079</u>	<u>7,595</u>
Creditors: amounts falling due after more than one year	14		(623)	(874)
Provisions for liabilities				
Other provisions	16		<u>(1,818)</u>	<u>(1,563)</u>
Net assets excluding pension scheme liabilities			5,638	5,158
Defined benefit pension scheme liability	21		<u>(2,348)</u>	<u>(2,151)</u>
Net assets including pension scheme liabilities			<u>3,290</u>	<u>3,007</u>
Capital and reserves				
Called up share capital	17		-	-
Profit and loss account	18		<u>3,290</u>	<u>3,007</u>
Total shareholders' funds	19		<u>3,290</u>	<u>3,007</u>

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

I George
Director

Date:


30 JAN 2015

The notes on pages 10 to 23 form part of these financial statements.

Paramount Pictures International Limited

Notes to the financial statements for the year ended 30 September 2014

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 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.

1.2 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 the Group. For details of other related party transactions see note 23.

1.3 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 loss plus an 8% mark-up.

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.

**Notes to the financial statements
for the year ended 30 September 2014**

1. Accounting policies (continued)

1.5 Foreign currencies

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

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.

1.7 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.

1.8 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.

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

1. Accounting policies (continued)**1.9 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

1.10 Cash at bank and in hand

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

1.11 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 professional and consulting services provided solely in the UK to Viacom Global (Netherlands) B.V. during the year exclusive of VAT and foreign exchange gains and losses plus an 8% mark-up.

3. Other operating income

	2014 £000	2013 £000
Other operating income	2,518	3,098

Other income includes rental income charges to Group companies and related parties of £2,518,000 (2013: £3,087,000).

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

4. Operating profit

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

	2014 £000	2013 £000
Depreciation of tangible assets:		
- owned by the company	2,036	2,328
Auditors' remuneration	36	35
Operating lease rentals:		
- other	26	39
- land and building	862	955
Difference on foreign exchange	(55)	44
Staff costs (Note 5)	3,911	3,795
	<u>3,911</u>	<u>3,795</u>

During the year, no director received any emoluments (2013 - £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:

	2014 £000	2013 £000
Wages and salaries	2,808	2,909
Social security costs	455	509
Other pension costs	588	315
Employee share scheme	60	62
	<u>3,911</u>	<u>3,795</u>

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

	2014 No.	2013 No.
Finance, administrative and management information systems	15	11
Product services/marketing	20	10
	<u>35</u>	<u>21</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.

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

6. Directors' remuneration

One (2013: one) of the directors is remunerated by Viacom Global (Netherlands) B.V. and one (2013: 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

	2014 £000	2013 £000
Bank interest receivable	5	-

8. Interest payable and similar charges

	2014 £000	2013 £000
Bank interest payable	8	23

9. Other finance costs

	2014 £000	2013 £000
Expected return on pension scheme assets	335	254
Interest on pension scheme liabilities	(381)	(334)
	(46)	(80)

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

-10. Tax on profit on ordinary activities

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	434	534
Adjustments in respect of prior years	(26)	(216)
Total current tax	<u>408</u>	<u>318</u>
Deferred tax		
Origination and reversal of timing differences	(118)	(164)
Movement on pension scheme under FRS 17	-	(34)
Total deferred tax (note 15)	<u>(118)</u>	<u>(198)</u>
Tax on profit on ordinary activities	<u><u>290</u></u>	<u><u>120</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.00% (2013 - 23.50%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>680</u>	<u>625</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.00% (2013 - 23.50%)	150	147
Effects of:		
Expenses not deductible for tax purposes	131	85
Capital allowances for year in excess of depreciation	97	208
Adjustments to tax charge in respect of prior years	(26)	(216)
Other timing differences	56	60
Pension costs in excess of pension scheme contributions	-	34
Current tax charge for the year	<u><u>408</u></u>	<u><u>318</u></u>

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company profits are taxed at an effective rate of 22%. A further reduction to 20% effective from 1 April 2015 was enacted by Parliament on 17 July 2013 and accordingly deferred tax closing balances have been calculated at a rate of 20%.

Paramount Pictures International Limited

Notes to the financial statements for the year ended 30 September 2014

11. Tangible assets

	Leasehold improve- ments £000	Office equipment £000	Furniture & fittings £000	Computer equipment £000	Work in progress £000	Total £000
Cost						
At 1 October 2013	7,387	233	404	5,453	768	14,245
Additions	-	-	-	1,512	773	2,285
Disposals/transfers	-	-	-	-	(1,512)	(1,512)
At 30 September 2014	7,387	233	404	6,965	29	15,018
Depreciation						
At 1 October 2013	4,645	207	360	3,939	-	9,151
Charge for the year	789	10	19	1,218	-	2,036
At 30 September 2014	5,434	217	379	5,157	-	11,187
Net book value						
At 30 September 2014	1,953	16	25	1,808	29	3,831
At 30 September 2013	2,742	26	44	1,514	768	5,094

12. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	3,951	5,552
Amounts owed by related parties (note 23)	21	126
Value added tax receivable	-	132
Other debtors	17	-
Prepayments	659	868
Deferred tax asset (note 15)	607	489
	<u>5,255</u>	<u>7,167</u>

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

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

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

	2014 £000	2013 £000
Bank overdrafts	-	416
Trade creditors	327	259
Amounts owed to group undertakings	2,436	2,720
Corporation tax	379	488
Value added tax payable	186	-
Accruals	737	783
	<u>4,065</u>	<u>4,666</u>

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

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

	2014 £000	2013 £000
Accruals	<u>623</u>	<u>874</u>

15. Deferred tax asset

	2014 £000	2013 £000
At beginning of year	489	325
Released during year to profit and loss account	118	164
	<u>607</u>	<u>489</u>

The deferred tax asset is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	219	489
Deferred tax in respect of share options	24	-
Other timing differences	364	-
	<u>607</u>	<u>489</u>

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

16. Other provisions

	Dilapidations £000
At 1 October 2013	1,563
Additions	255
At 30 September 2014	<u>1,818</u>

Dilapidations

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

17. Called up share capital

	2014 £	2013 £
Authorised		
100 (2013 - 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 (2013 - 1) ordinary share of £1	<u>1</u>	<u>1</u>

18. Reserves

	Profit and loss account £000
At 1 October 2013	3,007
Profit for the financial year	390
Actuarial loss relating to pension scheme	(216)
Deferred tax relating to actuarial loss on pension scheme	49
Employee share options	60
At 30 September 2014	<u>3,290</u>

The closing balance on the Profit and loss account includes a £2,348,000 (2013 - £2,151,000) debit, stated after deferred taxation of £587,000 (2013 - £538,000), in respect of pension scheme liabilities of the company pension scheme.

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

19. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	3,007	2,765
Profit for the financial year	390	505
Other recognised gains and losses during the year	(107)	(263)
Closing shareholders' funds	<u>3,290</u>	<u>3,007</u>

Other recognised gains and losses during the year of £107,000 (2013 - £263,000) comprise a charge of £167,000 (2013 - £325,000) net of deferred tax arising from the actuarial loss in the pension scheme and a credit of £60,000 (2013 - £62,000) arising from the employee share scheme.

20. 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 3,322,923, (2013: GBP 1,688,079) and USD 28,115 (2013: nil) as at 30 September 2014. Funds drawn by the Company amounted to EUR 354,547 (2013: EUR 1,748,565 and USD 991,295).

21. 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 £86,000 (2013 - £70,000). The Company has no outstanding contributions at the end of the financial year (2013 - £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 2014, 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 2014. Scheme assets are stated at their market value at 30 September 2014 (2013 - market value at 30 September 2013).

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**Notes to the financial statements
for the year ended 30 September 2014**

21. Pension commitments (continued)

The amounts recognised in the Balance sheet are as follows:

	2014 £000	2013 £000
Present value of funded obligations	(9,496)	(8,543)
Fair value of scheme assets	6,561	5,854
Deficit in scheme	(2,935)	(2,689)
Related deferred tax asset	587	538
Net liability	(2,348)	(2,151)

The amounts recognised in profit or loss are as follows:

	2014 £000	2013 £000
Current service cost	(265)	(245)
Interest on obligation	(381)	(334)
Expected return on scheme assets	335	254
Total	(311)	(325)
Actual return less expected return on pension scheme assets	113	363

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

	2014 £000	2013 £000
Opening defined benefit obligation	8,543	7,321
Current service cost	265	245
Interest cost	381	334
Contributions by scheme participants	40	45
Actuarial Losses	329	665
Benefits paid	(62)	(67)
Closing defined benefit obligation	9,496	8,543

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**Notes to the financial statements
for the year ended 30 September 2014**

21. Pension commitments (continued)

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

	2014 £000	2013 £000
Opening fair value of scheme assets	5,854	5,080
Expected return on assets	335	254
Actuarial gains	113	363
Contributions by employer	281	179
Contributions by scheme participants	40	45
Benefits paid	(62)	(67)
Closing fair value of scheme assets	6,561	5,854

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £3,390,000 (2013 - £3,174,000).

The Company expects to contribute £216,000 (2013 - £319,000) to its Defined benefit pension scheme in the year ending 30 September 2015.

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

	2014	2013
Equities	56.03 %	63.84 %
Bonds	17.25 %	17.36 %
Index-linked gilts	7.48 %	10.10 %
Cash	5.33 %	8.70 %
Alternative growth (not applicable for 2013)	13.91 %	- %

The expected rates of return at 30 September 2014 were:

	2014	2013
Equities	7.50 %	7.80 %
Bonds	3.80 %	4.30 %
Index-linked gilts	3.00 %	3.40 %
Cash	0.50 %	0.50 %
Alternative growth	7.20 %	- %

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

	2014	2013
Discount rate at 30 September	3.80 %	4.40 %
Future salary increases	2.40 %	4.60 %
Future pension increases	3.40 %	3.60 %
Inflation assumptions	3.40 %	3.60 %

Paramount Pictures International Limited

Notes to the financial statements for the year ended 30 September 2014

21. Pension commitments (continued)

The mortality table S1, projected in line with the CMI2012 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:

	2014	2013
Retiring today		
Males	22.2	22.3
Females	24.6	24.8
Retiring in 20 years		
Males	23.9	24.1
Females	26.5	26.8

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

Defined benefit pension schemes:

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(9,496)	(8,543)	(7,321)	(6,202)	(5,267)
Scheme assets	6,561	5,854	5,080	4,160	3,437
Deficit	(2,935)	(2,689)	(2,241)	(2,042)	(1,830)
Experience adjustments on scheme liabilities	71	434	(294)	(378)	(390)
Experience adjustments on scheme assets	113	363	344	(255)	166

22. Operating lease commitments

At 30 September 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Between 2 and 5 years	1,800	1,800	26	30

Paramount Pictures International Limited

**Notes to the financial statements
for the year ended 30 September 2014**

23. 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 £407,000 in 2014 (2013: £418,000). As at 30 September 2014, the net amount owed by UIP was £21,000 (2013: £98,000), and amount due to UIP was £nil (2013: £nil).

24. Ultimate parent undertaking and controlling party

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.