

**Company Registration No. 01402808 (England and Wales)**

**High Command Productions Limited**

**Annual report and financial statements  
for the year ended 30 September 2015**

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## **High Command Productions Limited**

### **Company information**

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<b>Directors</b>	Brigit Rathouse Johnny Kanhai
<b>Secretary</b>	Fieldfisher, trading name FFW LLP
<b>Company number</b>	01402808
<b>Registered office</b>	c/o Fieldfisher Riverbank House 2 Swan Lane London EC4R 3TT
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
<b>Accountants</b>	Saffery Champness 71 Queen Victoria Street London EC4V 4BE

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## **High Command Productions Limited**

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## High Command Productions Limited

### Strategic report

For the year ended 30 September 2015

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The directors present their strategic report of High Command Productions Limited (the "Company") for the year ended 30 September 2015.

#### Review of the business

During the year the Company was commissioned to produce one film, and one was already in progress from the previous financial period. Both have been completed in the year, and both have exceeded the original budget. However, sufficient funding was received to enable the company to meet its obligations. It is expected that one of the films will be due to receive contingent compensation in the next financial period.

The Company incurred a loss on ordinary activities before taxation of £19,465,861 (2014: £5,942,574), and at the year-end it had net assets of £108,954 (2014: £89,266).

The directors have assessed the principal risks and uncertainties facing the Company as being the cancellation of the project and the ability to secure future contracts. However Viacom, Inc. has provided sufficient assurances that it will continue to support the Company and provide the necessary finances for its future operations.

The directors consider the Company's key financial performance indicator to be whether the films in production are produced in line with the agreed budget. At the year end, one of the projects was higher than budgeted; however the film continues to be funded by its financiers.

The directors consider the Company's key non-financial performance indicator to be whether the Company meets its obligations set out in the Production Services Contract entered into with Paramount Pictures Corporation, a fellow group company and whether the films produced are certified as British. This is required in order to access the UK Film Tax Credit. The films in production have been awarded the required certificates.

On behalf of the board



Brigit Rathouse

Director

21.6.16

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## **High Command Productions Limited**

### **Directors' report**

**For the year ended 30 September 2015**

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

#### **Principal activities and review of the business**

The principal activity of the Company continued to be that of motion picture and video production.

#### **Results and dividends**

The results for the year are set out on page 6.

The profit for the financial year amounted to £19,688 (2014: £25,311). The directors have not recommended a dividend (2014: £nil).

#### **Financial risk management objectives and policies**

The Company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company as funding is secured from Paramount Pictures Corporation.

To the extent that the Company enters into banking arrangements and agreements in currencies different to that of the functional currency, there is an exposure to movements in exchange rates. The Company does not participate in cross-currency hedging.

#### **Future developments**

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

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Brigit Rathouse

Johnny Kanhai

#### **Independent Auditors**

PricewaterhouseCoopers LLP have expressed their willingness to remain in office as auditors of the Company.

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**High Command Productions Limited**

**Directors' report (continued)**

**For the year ended 30 September 2015**

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**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

**Qualifying 3rd party indemnity provisions**

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

On behalf of the board



Brigit Rathhouse

Director

21.6.16

# ***Independent auditors' report to the members of High Command Productions Limited***

## **Report on the financial statements**

### ***Opinion***

In our opinion, High Command Productions 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.

### ***What we have examined***

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 for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

## **Opinion on other matter prescribed by the Companies Act 2006**

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

## **Other matters on which we are required to report by exception**

### ***Adequacy of accounting records and information and explanations received***

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### ***Directors' remuneration***

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

## 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 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 parent 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

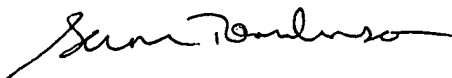
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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



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

21 June 2016



**High Command Productions Limited**

**Profit and loss account**

**For the year ended 30 September 2015**

		<b>2015</b>	<b>2014</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	62,729,461	51,517,952
<b>Cost of sales</b>		(82,118,960)	(57,398,901)
<b>Gross loss</b>		(19,389,499)	(5,880,949)
<b>Administrative expenses</b>		(76,362)	(61,625)
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	(19,465,861)	(5,942,574)
<b>Tax on loss on ordinary activities</b>	<b>5</b>	19,485,549	5,967,885
<b>Profit for the financial year</b>	<b>9</b>	19,688	25,311

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

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

The notes on pages 8 to 14 form part of these financial statements.

**High Command Productions Limited**

**Balance sheet**

**As at 30 September 2015**

		2015		2014	
	Note	£	£	£	£
<b>Current assets</b>					
Debtors	6	19,567,148	12,891,092		
Cash at bank and in hand		219,727	1,952,244		
		19,786,875	14,843,336		
<b>Creditors: amounts falling due within one year</b>	7	(19,677,921)	(14,754,070)		
<b>Total assets less current liabilities</b>		108,954	89,266		
<b>Capital and reserves</b>					
Called up share capital	8	1,000	1,000		
Profit and loss account	9	107,954	88,266		
<b>Total shareholders' funds</b>	10	108,954	89,266		

The notes on pages 8 to 14 form part of these financial statements.

The financial statements on pages 6 - 15 were approved by the Board on 21.6.16 and signed on its behalf by:



Brigit Rathouse  
Director

Company Registration No. 01402808

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## High Command Productions Limited

### Notes to the financial statements For the year ended 30 September 2015

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#### 1 Accounting policies

##### Basis of accounting

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. The going concern basis is deemed to be appropriate due to the continued financial support of the parent company. The accounting policies described below have been applied consistently.

##### Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) – Cash Flow Statements from including a cash flow statement in the financial statements on the grounds that the Company is a subsidiary, where 100 per cent of the voting rights are controlled within the group and the ultimate parent company has prepared publicly available consolidated financial statements which include a consolidated cash flow statement incorporating the Company's cash flows.

##### Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of value added tax. Turnover consists of amounts receivable from Paramount Pictures Corporation, a fellow group company for the production of films and is determined by the value of costs incurred plus a fixed fee less film tax relief. Turnover attributable to long-term contracts represents the value of work done in the year and is determined by reference to the stage of completion of the contract.

##### Taxation

Corporation tax payable is provided on taxable profits at the current rate. Corporation tax has been prepared in accordance with Part 15 of the Corporation Tax Act 2009 and the Finance Act 2006.

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.

## High Command Productions Limited

### Notes to the financial statements

For the year ended 30 September 2015

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#### Taxation (continued)

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

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

#### Foreign currencies

Where a transaction denominated in a foreign currency is to be settled at a contracted rate of exchange, the transaction is recorded at the rate fixed under the terms of that contract. Where a trading transaction is covered by a related or matching contract, the rate of exchange specified in that contract is used. In cases where there is not a contracted rate then transactions are recorded at the rates of exchange ruling at the dates of the transactions or at an average rate for the year if the rates do not fluctuate significantly.

Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

## 2 Turnover

The turnover and loss before taxation in the current year is attributable to the one principal activity of the Company, which relates to film production. The Company has been commissioned by Paramount Pictures Corporation ("PPC") (part of the Viacom Group) to produce a film and is responsible for production, completion and delivery of that film. Upon completion the Company will sell the exploitation rights to the film for an agreed fee, which is recognised over the life of the contract by reference to its stage of completion.

An analysis of turnover by geographical location of customer is given below:

	Turnover	
	2015	2014
	£	£
United States of America	<u>62,729,461</u>	<u>51,517,952</u>

**High Command Productions Limited**

**Notes to the financial statements**

**For the year ended 30 September 2015**

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<b>3</b>	<b>Loss on ordinary activities before taxation</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>

Loss on ordinary activities before taxation is stated after charging:

Auditors' remuneration - audit of the financial statements	35,000	35,000
Staff costs	4,926,794	2,860,257
	<u>4,926,794</u>	<u>2,860,257</u>

**4 Particulars of employees**

The monthly average number of employees employed by the Company during the financial year amounted to:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Number of production staff	<u>149</u>	<u>57</u>

The aggregate payroll costs of the above were:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,397,161	2,551,037
Social security costs	<u>529,633</u>	<u>309,220</u>
	<u>4,926,794</u>	<u>2,860,257</u>

None of the directors received any emoluments in respect of their services to the Company (2014: £nil).

One of the directors is remunerated by Paramount Pictures International Limited and details are available in the financial statements of that company. One of the directors is remunerated by Viacom Global (Netherlands) BV and details are available in the financial statements of that company.

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**High Command Productions Limited****Notes to the financial statements****For the year ended 30 September 2015**

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**5 Tax on loss on ordinary activities****(a) Analysis of credit in the year**

	2015	2014
	£	£
UK corporation tax	(19,485,549)	(5,967,885)
	<u>(19,485,549)</u>	<u>(5,967,885)</u>

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.5% (2014: 22%). The differences are explained below:

**(b) Factors affecting current tax credit**

	2015	2014
	£	£
Loss on ordinary activities before taxation	(19,465,861)	(5,942,574)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 20.5% (2014 - 22%)	(3,990,502)	(1,307,366)
Effects of:		
Enhanced losses arising from the film tax credit	(16,255,960)	(4,926,128)
Difference between the rate of corporation tax and the rate of relief under the film tax credit	(3,702,096)	(503,111)
Losses carried forward	4,463,009	768,720
<b>Total tax credit (note 5(a))</b>	<u>(19,485,549)</u>	<u>(5,967,885)</u>

**(c) Factors that may affect future tax charges**

The standard rate of UK Corporation tax in the year changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company profits are taxed at an effective rate of 20.5%.

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 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

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**High Command Productions Limited****Notes to the financial statements  
For the year ended 30 September 2015**

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<b>6 Debtors</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	73,075	3,809,887
Corporation tax	19,485,549	5,967,886
Value added tax recoverable	4,372	1,586,167
Other debtors	4,152	1,470,823
Prepayments and accrued income	-	56,329
	<u>19,567,148</u>	<u>12,891,092</u>

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

Other debtors include funding provided to sub-contractors and deposits held by suppliers, and a tax credit due from the Austrian tax authorities of £nil (2014: £614,754) relating to production services undertaken in Austria.

<b>7 Creditors: amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	21,445	5,245
Amounts owed to group undertakings	19,501,674	5,044,385
Other creditors	75,000	42,488
Accruals and deferred income	79,802	9,661,952
	<u>19,677,921</u>	<u>14,754,070</u>

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

<b>8 Called up share capital</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
10,000 (2014:10,000) ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted and fully paid</b>		
1,000 (2014: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

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**High Command Productions Limited****Notes to the financial statements  
For the year ended 30 September 2015**

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**9 Profit and loss account**

	<b>£</b>
Balance at 1 October 2014	88,266
Profit for the financial year	19,688
	<hr/>
Balance at 30 September 2015	107,954
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<b>10 Reconciliation of movements in shareholders' funds</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	19,688	25,311
Opening shareholders' funds	89,266	63,955
	<hr/>	<hr/>
Closing shareholders' funds	108,954	89,266
	<hr/>	<hr/>

**11 Financial commitments**

The company is committed at the year end to incurring studio costs of £nil (2014 £644,522).

**12 Ultimate parent company and controlling party**

The Company's immediate and ultimate parent companies are Viacom International Inc. and Viacom Inc. respectively, incorporated in the USA. The ultimate controlling party of the Company is National Amusements Inc., the beneficial owner of the majority of Viacom Inc. voting shares.

The only group in which the results of High Command Productions 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.



**High Command Productions Limited**

**Notes to the financial statements**

**For the year ended 30 September 2015**

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**13 Related party transactions**

The Company is a subsidiary undertaking where 100% of the voting rights are controlled within the Viacom, Inc. group. Its financial statements are included in the consolidated financial statements of that group, which are publicly available. Accordingly, the Company has taken advantage of the exemption in Financial Reporting Standard 8 - Related Party Disclosures from disclosing transactions with members or investees of the Viacom, Inc. group that qualify as related parties.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.