

Channel Four Television Company Limited | Report & Financial Statements 1992

The Broadcasting Acts and the programme remit

Broadcasting Act 1981

Channel 4 was set up as a limited company, a wholly owned subsidiary of the Independent Broadcasting Authority (now the Independent Television Commission - the ITC).

The channel was given a special programme remit and was funded by subscription from the ITV companies. In return they had the right to sell the advertising on Channel 4 from the start of its transmissions on 2 November 1982 until 31 December 1992.

Broadcasting Act 1990

The 1990 Act transformed Channel 4 on 1 January 1993 into a self-governing statutory corporation financed by the sale of advertising. On that date, the Channel Four Television Corporation commenced broadcasting with a 10 year licence from the ITC.

The original programme remit stays the same.

Programme remit

Channel 4 is a public service for information, education and entertainment.

Channel 4 programmes shall:

- appeal to tastes and interests not generally catered for by Channel 3.
- encourage innovation and experiment.
- be distinctive.
- maintain a high general standard and a wide range.
- include a proportion which are educational.
- provide high quality news and current affairs.
- include proportions which are European and supplied by independent producers.

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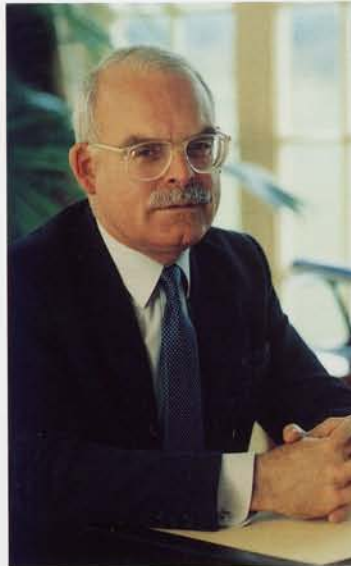
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Chairman's statement

Channel 4 had an eventful and remarkable year in 1992 culminating in celebrations to mark 10 years on air.

During the year our share of audience climbed to record levels, establishing a strong base for the new independent status as the Channel Four Television Corporation from 1 January 1993. Critical to the preparations for 1993 were discussions with the ITC for our broadcasting licence covering the next 10 year period and the approval of a new constitution for the channel. It is particularly satisfactory that a Programme Policy Statement is attached to the new licence now granted explaining the Board's interpretation and definition of the Channel 4 remit in relation to the Broadcasting Act 1990. These two documents, combined with an internal 'Terms of Reference' manual, give a firm direction for the programme ambitions and operating procedures of the Channel Four Television Corporation.

In addition to the introduction of new regulatory guidelines, the transition to a statutory corporation also involved the creation of an advertising sales organisation and the commissioning of new transmission facilities.



A substantial additional effort has been required by the management of the company to ensure that the year end deadline for these changes was met. The Board extends its special appreciation to our Chief Executive, Michael Grade, and all his colleagues for their skill and commitment which achieved such an effective and smooth start to our next decade on air.

A considerable debt of gratitude is owed by the channel, since its inception, to the IBA and its successor the ITC for their unfailing support and guidance. The encouragement of the ITV companies, particularly in the early years of Channel 4, has been of equal importance and value.

In the new competitive interface between Channel 4 and the ITV companies for advertising revenue, which the channel will pursue vigorously,

there is also a place for continuity of goodwill and co-operation existing at other levels with the ITV companies. The Board is convinced this remains in the long term interests of the viewers we both serve.

The change from company to corporation is an important watershed in the development of the channel. With the essential new organisational arrangements in position, the successful base on which the channel was founded and developed will be a guarantor for our future.

The current social, business and international environment is creating a quite different decade from the 1980s - a change which Channel 4 will need to reflect. I am confident that Channel 4 will continue to enhance its reputation by meeting this challenge in creating programmes which will ensure the pre-eminence of the channel as a stimulating, different and more radical force in television.

The Channel 4 Board includes four new non-executive members and I am especially pleased to welcome David Plowright as my deputy. His dedication to public service television and long experience will be an invaluable asset to our deliberations. Sir David Nicholas, Bert Hardy and Mary McAleese all bring a wealth of expertise to the Board.

At the same time, the change in composition of the Board dictates our farewell to David Vines and particularly Peter Rogers, a Board member since 1982. We are sorry to lose the benefit of their contribution to our discussions.

Liz Forgan, our Director of Programmes, resigned at the year end to take up an important position at the BBC. Since the formation of the channel, she has held senior editorial posts and played a pivotal role in shaping the distinctive programme policy of the channel. The Board is grateful for her service to the company.

John Willis has succeeded Liz Forgan, following four years as her deputy. It is especially satisfactory that a speedy and internal appointment has been possible. His inspired contribution whilst Controller of Factual Programmes augers well for his new role.

At the end of the year, Channel 4 said farewell to Sir Richard Attenborough, Deputy Chairman, then Chairman during the full 12 year period since incorporation. His energy, enthusiasm and commitment to brave programming will be hard to follow. That resolute quality of his leadership was never more clearly in evidence than during the testing period of recent court action when the Board defended a refusal to reveal sources of information in compiling a programme for the **Dispatches** series. Our heartfelt thanks reach out to him for all his achievements which have reflected in the high standing which the channel enjoys.

It is a privilege for me to be invited to succeed Sir Richard as Chairman. During my brief period as his deputy, I am especially grateful for his guidance and support particularly

in sharing, with warmth and generosity of spirit, his profound knowledge and experience.

Channel 4 must not shrink from its traditional role of providing viewers with programmes which deal responsibly with difficult and controversial matters of public interest. This is a policy with which I am proud to be associated and I am determined that this policy, which my predecessor did so much to nurture and support, will be continued under my chairmanship.

The future looks good for Channel 4. I am confident that we have the people and the policies to maintain the success of the channel. The new commercial environment in which we now operate will be stimulating and I am sure will carry us forward to a greater quality and excellence in television for the coming years.

Sir Michael Bishop

Chairman

22 March 1993

Chief Executive's review

For the first year in the channel's 10 year history, we broke through the 10% barrier. Our share of the total television audience across 1992, which now includes the growing satellite and cable market, was a record of 10.1%.

It is gratifying for all of us involved in the editorial process that millions more viewers are recognising the very distinctive appeal of our schedule. There were outstanding individual programme highlights during the year, which are fully reviewed later in this report, but I believe that the increase in our audience is evidence of the viewers' recognition of the overall quality of our output.

It was essential to deliver this audience growth for two reasons: first, to provide a cushion to help us meet the increasing competition for viewers' attention from the growing number of channels now available through satellite and cable; and secondly, to convince advertisers that the Channel 4 programme remit can deliver audiences of a sufficient size and quality to justify their investment. This is being achieved.

The changes brought about by the Broadcasting Act 1990



(which requires us to sell our own advertising airtime for the first time) offered us one particular advantage, namely more than two years in which to plan the transition. Other new broadcasting licensees were not so fortunate. I hope that we have taken every advantage of this lead time. Our airtime sales operation has been meticulously planned by Advertising Sales Director, Stewart Butterfield, whom we recruited over two years ago. Together with Andy Barnes, his Head of Sales, they have put together a talented and energetic team. The early evidence is that they are capitalising on Channel 4's healthy programme ratings and I am confident of their ability to earn a fair share of advertising spend for Channel 4.

Behind the scenes, and to support the sales department, there has been a technological revolution. We now transmit our own commercials not just as a

national network, but to six macro regions. To create the most efficient, complicated and sophisticated transmission system anywhere in Europe, required the combined skills and ingenuity of our information systems department, our engineers and our transmission and presentation staff. The switch-over occurred at midnight on 31 December 1992 and, from the viewers' point of view, has been trouble free. I extend my congratulations and thanks to all who contributed.

Some broadcasting commentators expressed concern that the new statutory arrangements for Channel 4 would put the channel's particular programme remit in jeopardy. It has been argued that the channel would very quickly have to abandon its commitment to invention and risk-taking just to survive. All the evidence of 1992 suggests that these doomsayers were wrong. We have shown, through the efforts of our editorial staff and the many talented British independent producers who supply our programmes, that viewers increasingly recognise the quality and choice of programmes that the Channel 4 remit has inspired.

The major television ratings battle is fought out in peak-time, between 7 pm and 10.30 pm when most people are available to view. We deliberately offer viewers real choice in these hours when the other major terrestrial and satellite channels are almost exclusively dedicated to entertainment. Documentary

series, current affairs, news, education, arts, religion and multicultural programmes are permanent features of our peak-time schedule as well as drama, entertainment and sport. This policy is now a proven success. It confirms the Board's view that the programme remit of Channel 4, far from being a brake on our success, is actually our best commercial asset.

Perhaps the biggest programme initiative of the year was the launch of **The Big Breakfast**. Early critics of this most innovative early morning programme changed their view after a couple of weeks' viewing and have acclaimed it as a refreshing and inspired alternative. Remarkably, it has improved our early morning share of viewing at least four-fold. The original concept from independent producers Planet 24 represented a very high risk by comparison to other concepts submitted, but, true to the spirit of Channel 4, we took a deep breath and gave it the go-ahead. Success on this scale can only increase our confidence to be the risk-takers of British broadcasting.

Progress on our new headquarters building in Horseferry Road continues most satisfactorily. We are on target to occupy the building early in 1994, and, under the robust management of Frank McGettigan, General Manager, I am pleased to report that it is proceeding well within budget.

Prevailing economic conditions have had their effect on advertising revenue and

Channel 4 has had to absorb its share of the recession. Our programme spend has been budgeted at a standstill (£184 million) in 1991, 1992 and 1993. Nevertheless, thanks to the most prudent and imaginative management of the available resources, the effect on the screen has been negligible. We recognise, of course, the difficulties this lack of growth has caused for the independent producers on whose flair we rely so heavily. But they, too, have exercised considerable constraint by containing and reducing many budgets, again with little or no effect on the screen. We presently enjoy a relationship with the independent producers which is marked by mutual respect. It is the stated policy of Channel 4 to be the most efficient and responsive broadcaster in Britain towards our suppliers. We need that competitive edge.

In containing costs, we have also conducted the most thorough analysis of our overheads. I am pleased to report that in 1992 we held them at 1991 levels and set a reduced budget for these costs in 1993. I am indebted to Finance Director, David Scott, and his team for their efforts.

Our international programme distribution and sales operation made another record contribution to our revenue. Colin Leventhal, Director of Acquisition, has been responsible for this increasingly successful area of the channel's activities and I look forward to continued profit growth from him and his team in the coming year. The Board has approved plans to create

Channel Four International Limited, a wholly owned subsidiary, in 1993 to incorporate all our commercial activities other than the sale of airtime. This business has grown so consistently in the past five years that we believe the time is right to give it its own identity and business plan to assist its progress.

The Chairman has paid tribute to Liz Forgan who left us at the end of the year to pursue a new career at the BBC. I must add my thanks to her for the way she has led the programme team over the last five years as Director of Programmes. That we are in such a healthy position today is due in no small measure to her inspiration and courage over the years. I wish her well. Her successor, John Willis, will command equal respect. He has made a considerable impact on the channel since he arrived in 1988, having been the inspiration for **Cutting Edge**, our top rated documentary series, our special seasons: **Banned** etc, and many other initiatives. I know he will bring his own considerable skills to bear on the schedule and we can look forward to further development and growth under his leadership.

It remains for me to thank every single member of staff, every one of our suppliers, all of the talent who appear, and, of course, the Board for their support. The future continues to look bright for Channel 4 and it is in our own hands.

Michael Grade
Chief Executive
22 March 1993

Programmes

The 1992 year was one of continuing success for Channel 4's programme policy, success that both crowned the channel's 10th anniversary and prepared it for its new reliance upon its own airtime sales from 1 January 1993. It was a year in which our programmes proved more popular than ever before with viewers - we were the only UK terrestrial channel to increase our total share of television viewing in the year, with a record 10.1%. It was also a year in which we demonstrated our commitment

to the channel's remit whether through the innovative range of new comedy, through the scheduling of seasons devoted to Latin America, and the turbulent problems of Israel and Palestine, or through a renewed approach to disability in our society, launched with a week-long season **Disabling World**.

We relaunched our early-morning service, replacing **The Channel Four Daily** with a more popular yet genuinely original format in **The Big Breakfast**, which increased our breakfast-time audience more than four-fold. On the other hand, our documentary and factual programming made a larger contribution than ever before to our success; not only

did **Cutting Edge** and **Female Parts** win record audiences, but our unswerving commitment to factual programmes at 9pm each weekday made **Dispatches** and the world-ranging arts strand **Rear Window** more accessible to viewers as a real alternative.

The channel's dedication to serious journalism carries with it a degree of risk. During the year the channel found itself fighting three serious legal actions simultaneously. The most important was the contempt hearing occasioned by the **Dispatches** programme, **The Committee**, which examined allegations of collusion in murders between protestant paramilitaries and security forces in Northern Ireland. The programme, screened in 1991, displayed the level of journalistic initiative and responsibility that has won **Dispatches** such a

The Big Breakfast





Female Parts -
Rude Women

strong reputation over the past five years, confirmed through 1992 by such subjects as the *exposé* of the plight of homeless children in St Petersburg, **Mother Russia's Children**, and a fly-on-the-wall observation of the Foreign Office during Britain's six-month Euro Presidency.

The Committee was untypical in that it involved the disguised appearance on screen of the anonymous 'Source A'. This led to the contempt proceedings as the channel refused to break the guarantee of anonymity given to 'Source A'. Throughout the planning, production and transmission stages, the programme was scrutinized at a very senior level in the channel. The ITC and the Channel 4 Board were kept fully informed throughout.

Whilst acknowledging the channel's dilemma, in the end Lord Justice Woolf was unswayed by the public interest arguments and fined the channel £75,000 for contempt.

Though the Jani Allan libel trial attracted far wider attention as one of the juiciest libel cases in years, the brief offending reference to her in Nick

Broomfield's distinctive documentary about Eugene Terreblanche, **The Leader, His Driver and the Driver's Wife**, might have commanded no more than the small-scale damages several newspapers had already conceded. However, the channel was prepared to back its producers with its own research

Brookside is well past its seven-year itch and successfully established in its extended thrice-weekly form. **Film on Four** screened its longest ever premiere season of 17 Channel 4 - backed features, including two major award-winners, Mike Leigh's **Life Is Sweet** and Ken Loach's **Riff Raff**. Jack Rosenthal's



and fight the case - the channel's first libel case to go to trial in 10 years on air. Happily, it was successful.

The third legal action was in the USA, where moral crusader Rev. Donald Wildmon was attempting to prevent the US distribution of **Damned in the USA**, the arts documentary which focused on the efforts of Wildmon and friends to censor art - it was commissioned for the 1991 **Banned** season. The result was a vindication for free speech.

Drama

The twin pillars of the channel's original drama policy proved as firm as ever 10 years on.

Bye Bye Baby, a Prix Europa - winning film for television, was screened 10 years to the night since his opening-week **P'tang Yang Kipperbang**. Channel 4 maintains its commitment to **Film on Four** but finds its efforts to spread investment through co-production frustrated by the increasing scarcity of investment partners.

However, there is reassuring evidence of the quality of features coming through for eventual **Film on Four** transmission in the critical reception for Kenneth Branagh's **Peter's Friends** and particularly Neil Jordan's **The Crying Game** - perhaps his finest film since he made his

Dispatches -
Mother Russia's
Children

Programmes continued

directorial debut with **Angel**, one of the channel's first commissions. Channel 4 must have been the first film financier - let alone television company - in the long history of the Cannes Film Festival to have backed a quarter of the entries in competition, among them Terence Davies' **The Long Day Closes**, James Ivory's **Howard's End**, Hal Hartley's

Simple Men and the eventual Palme d'Or winner, Bille August's **The Best Intentions**.

Between long-running soap and one-off feature films, the short-run serial has become an increasingly expensive but rewarding central strand in the channel's drama policy, represented this year by Sir Peter Hall's auspiciously popular debut as a television series director, **The Camomile Lawn**, and by the audacious **The Big Battalions** - audacious because it tackled the trickiest

of subjects, religion; because its locations spanned three continents; and because - with potential partners deterred by the subject - the channel provided the entire funding.

Greater diversity was provided by a strong season of fiction backed by the channel's Independent Film and Video department, including Derek Jarman's **The Garden**, Amber Films' **Dream On** from Tyneside, and the first short feature film from North Peckham, **We the Ragamuffin**.

The Camomile Lawn





Terry & Julian

Entertainment

While two stars established by the channel, Jonathan Ross and Clive Anderson, continued to flourish, two more - Julian Clary and Paul Merton - co-wrote a new series for Julian, **Terry and Julian**, which did to sitcom what his earlier **Sticky Moments** had done to - and for - game shows. Paul Merton himself, voted the year's top television comedy personality, remained one of the most popular regulars on **Whose Line is it Anyway?** Meanwhile, the channel provided emergent talent with an unprecedented range of vehicles. Stand-up comedians Jack Dee and Sean Hughes got their own shows; two **Whose Line is it Anyway?** graduates, Mike McShane and Sandi Toksvig

paired up for **The Big One**; and five more good ideas were piloted in **Bunch of Five**. The Multicultural department's sitcom **Desmond's** continued to project humour beyond the immediate black community to a wider audience, consistently scoring in the channel's Top 20.

Arts & Music

The channel's arts policy is centred on the weekly hour-long strand, **Without Walls** and characterised by a polemical, barbed, sometimes wayward approach to an eclectic range of cultural subjects, from Tony Parson's bitter denunciation of the English working-class and Michael Nyman's musical tribute to his football heroes, Stan Bowles and QPR, **The Final Score**, to the closet-opening investigation of homosexual tendencies in Shakespeare, Lawrence and Michelangelo, **Dark Horses** and the suppressed cultural history of the VW Beetle's Nazi roots, **Heil Herbie**.

The channel presented a live evening from one of the world's boldest arts events, **Documenta**, and continued to sponsor its own most controversial British award, **The Turner Prize**, to artists under 50. Our older artistic heritage was celebrated in **The Royal Collection**, a prestigious six-part introduction to the unseen wonders of the world's largest accumulation of paintings by the Surveyor of the Queen's Paintings, Christopher Lloyd. Outstanding theatrical work was translated for television, with Nuria Espert's **The House of Bernarda Alba**, Harold Pinter's

own television direction of his short play **Party Time**, and the premiere production - only a half-century late, but appropriate for the Columbus quincentenary - of Arthur Miller's **The Golden Years**.

Animation is a film art which the channel continues to champion vigorously even though, minute for minute, it can often prove the most expensive genre of programmes to commission - a **Four Mations UK** season included a host of British shorts backed by the channel.

In music, the channel co-funded a live performance of Handel's **Messiah** from Dublin 250 years to the day since it was premiered there. A season of one-off documentaries **Sound Stuff**, confirmed the musical range from Nicholas Maw to Jelly Roll Morton, by way of



The Royal Collection

Papuan tribal music (**Turnim Hed**) and **The Search for Robert Johnson**. Meanwhile, series ranged from **Mojo Working** on pop idols to Schoenberg's complete chamber works in performance, by way of improvisation in music, **On the Edge** and the latest experimental work across the republics of the former USSR, **Russian New Music**.

Programmes continued

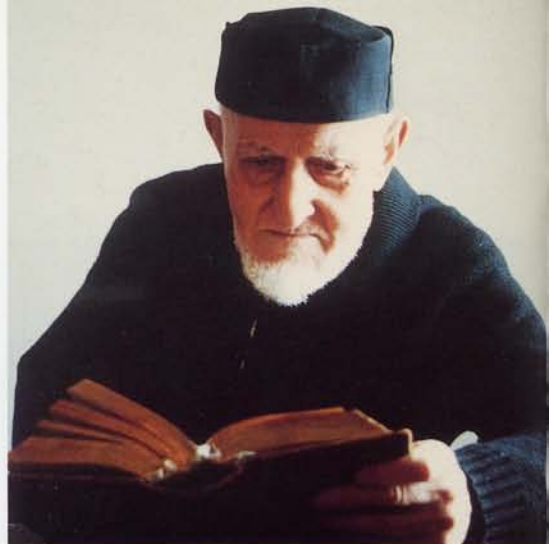
Documentaries, Current Affairs & Business

The centrepiece of the channel's documentary policy has become the Monday night strand, most notably **Cutting Edge** which regularly attracts millions of viewers for its close observation of people and institutions in British Life, ranging from **P - Company** (paratroopers), **Loansharks** and **Summerhill at 70**, to **Comrades** (militant) and **The Lords**. It can also tackle subjects that attract fewer viewers but produce more serious repercussions: the team that exposed the horrors of Ashworth, **Special Hospital**, saw their efforts result in a Government enquiry which vindicated their findings; they followed it up this year with an *exposé* of abuses at Broadmoor. Such is the success in providing accessible but serious

documentaries as a real peaktime alternative that **Coast of Dreams**, about English ex-pats in Spain, managed to hold its own (almost eight million viewers) with an ITV fiction on the same subject simultaneously, **El CID**.

Female Parts attracted a record seven million for its opening celebration of **Rude Women**, and went on to demonstrate an imaginative and varied range of personal essays about aspects of women's life today, emotional complicity, the pain of maternal loss and the friendship of a group of widows in Chorley - Northern England's real-life answer to **The Golden Girls**.

One strong theme through this year's documentary output has been the re-examination of recent history with the fascinating series on **The Falklands War** which coaxed revelations out of military and political leaders and combatants on both sides; and the second series of **Secret History**, a swiftly-established format, which re-examined the



Secret History - Hidden Holocaust

much disputed deaths of Aldo Moro, Robert Kennedy and Czech foreign minister Jan Masaryk, and the misuse of **Deep Sleep** treatment in Australia in the 1960s.

Meanwhile, Independent Film & Video moved from its regular Monday 11pm slot to the more accessible 9pm Thursday slot for another distinctive range of



Channel 4 News

polemical documentaries under the **Critical Eye** banner, exposing Third World exploitation by the oil industry, alleged miscarriage of justice involving protestant paramilitaries in Northern Ireland, **Loyalty on the Line**, and investigating low pay with Geordie comedian Mike Elliott, **How Low Can You Get?**

Alongside **Dispatches**, **Channel 4 News** enjoyed its most successful year in which all its analytical skills were boosted by lucky timing for several scoops - including the devaluation



Cutting Edge - P - Company

announcement on Black Wednesday. The **Midnight Special** format that the ITN Channel 4 team developed for the Gulf War adapted surprisingly well to join the 7pm programme and **A Week in Politics**, now graduated to Saturday evenings from late-night Thursday, as the bulk of the channel's election campaign coverage.

Amidst new programmes on business and industry, Mary Goldring applied her analytical icepick to the aviation industry she knows best for the first, but certainly not the last, series of **The Goldring Audit**, and a new Sunday afternoon business strand, **High Interest**, swiftly attracted record audiences in its slot for accessible and revealing programmes on supermarkets and satellite television's impact on soccer.

Religion, Education & Science

The channel is beginning to refresh its religious output with the discussion format, **Religion on Trial**, the series **Catholics and Sex** and two major Christmas documentaries that provided a timely critique of the 'God slot' that is now under threat on other channels, **God on**

the Box and, one of its late stars, **St Mugg**. **Equinox** maintains its vitality in the range and style of its scientific coverage, from the history of mobile home design, **Homes on Wheels**, to new revelations about the real dangers of low-level radiation, **The Alpha Link**, from debates about the biological basis of homosexuality, **Born That Way?**, to NASA's search for extra-terrestrial life, **ET - Please Phone Earth**.

Education has a new commissioning editor who will build on some considerable successes: notably the Friday night gardening slot that ranges from the most popular, **Garden Club**, to short, quirky series like **Spirit of Trees**; **Food File**, a new format that successfully avoids both faddish moralising and gourmet indulgence; a survey of effective environmental activists around the world in **How to Save the Earth**; and **Class Action**, which brought a rare journalistic edge to covering topical educational issues.

The season addressed these perceptions, as an Australian spoof documentary - **The Year of the Patronising Bastard** - suggested. The season included a series about the history of disabled people, **Out of Sight**, a screening of the Oscar-winning feature, **My Left Foot** and a specially commissioned award winning animated documentary about autism, **A is for Autism**. The season also launched a new social affairs series, **People First** which has already established itself, reporting from Greece and Poland, and investigating the victimisation of mentally retarded criminal suspects and the crisis in special education. Alongside this, the series posing challenges to groups of disabled children, **Beat That**, won the Prix Jeunesse, a UNICEF Special Prize and an International Emmy.

The series about gay issues, **Out** ranged from **Homophobia in Hollywood** to the experience of Jewish gays, **Oy Gay!**; this



Food File



My Left Foot

Special Needs: Disability, Gays, Youth

Within the educational output, a week-long season, **Disabling World**, located the 'problems' of disability not in the capacities of the 'disabled' but in the perceptions of the rest of the

format will rest in 1993, but there will be a gay season to mark the channel's continued commitment to this audience.

The largest section of the channel's youth budget went to **The Word**, a programme that

Programmes continued

from Uruguayan Eduardo Galeano to the veteran children's historical novelist Geoffrey Trease, and ranges from Gillo

Gamesmaster



has clearly found the secret of attracting and retaining the most elusive of all audiences. Also controversial was the latest follow-up to **Sex Talk, Men Talk**. And for younger people, **Gamesmaster** found an instant niche audience of computer games addicts, identifying a new and burgeoning minority audience that other channels have rushed to target too.

Multicultural Programmes

Continuing to reflect our multicultural society, Channel 4 launched a unique competition for viewers to write their own versions of the popular Asian song form, **Ghazals**. The investigative series, **Black Bag** featured Jamaicans on Death Row, and **The Bounty Hunter** hired to track down absconding daughters among Britain's Asian community. Though commissioned by the Multicultural department, **Rear Window** has an even wider international brief, making most arts journalism look parochial as it profiles writers

(**Battle of Algiers**) Pontecorvo to a racist Yellow Peril scare in the 1920s, **White Girls on Dope**.

Internationalism - from Documentaries to Sport

Rear Window exemplifies the channel's consistently wide international brief, whether in movie seasons, documentary, purchased drama series or sport. The channel has worked hard to make European issues and culture accessible through the fast moving **Europe Express**, the **Dispatches** special on the UK's six month Euro presidency, and a season of movies starring Gerard Depardieu. However, the channel has looked much further afield, not just in the Monday night documentary slot **Global Image** but in major seasons; **Maps and Dreams** about Israel and Palestine, combined documentaries and feature films from various perspectives. And for the Columbus quincentenary, a whole Saturday night schedule, **Goodbye Columbus** launched

a season of documentaries, **The Other Americas**, plus the latest in Latin American cinema.

The channel's sports policy has always looked refreshingly far afield, for **American Football**, then the **Tour de France**, **Sumo** and **Kabaddi**, not forgetting the fast moving wheelchair basketball at home in **The Big 8**, and two new esoteric sports this year, **Worm Charming** and the **Eskimo Olympics**. So when Channel 4 signed up a whole season of



Rear Window

Italian Football 'live, free and exclusive' for less than the cost of recorded Premier League highlights to the BBC, it was extending a decade-long policy, as well as plugging a sudden gap in sports coverage caused by the removal of the best British soccer from free television screens.

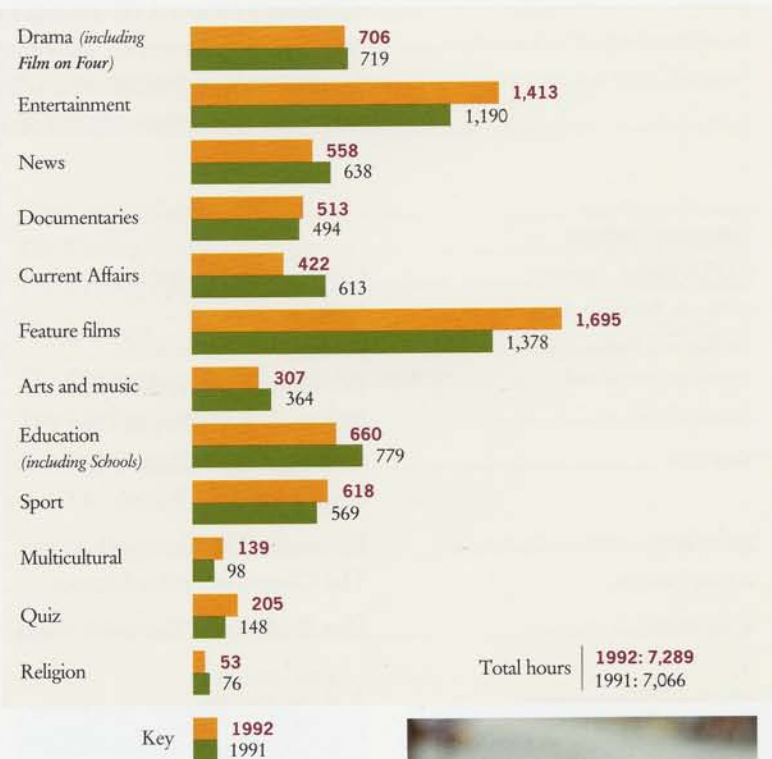
The Big Breakfast

The year's other coup was the launch of **The Big Breakfast**, a conscious and deliberate break with the **Channel Four Daily**, whose journalistic excellence could never distract enough of its natural audience from

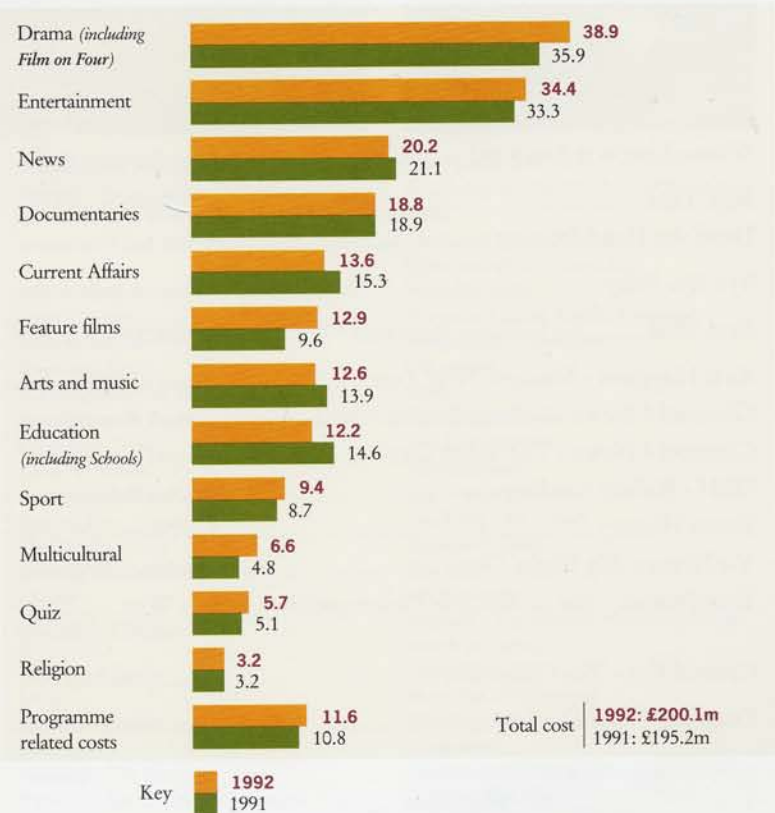
Radio 4's **Today**, nor provide at that time of day the kind of in-depth coverage that characterises **Channel 4 News** or **Dispatches**. Hence our search for a genuinely innovative format that the channel could be proud of, but that could pay for itself. The channel's remit for innovation was never confined to arts or current affairs, and **The Big Breakfast** follows in the honourable tradition of **The Tube** and **Whatever You Want**. Created around its 'live' house location, the personality of presenters Chris Evans and Gaby Roslin, and its parallels with the radio DJ 'gang' concept, the show redefines breakfast television not only for a British audience, but also by international standards.

The channel's wide range of programme transmissions is analysed in the charts which follow:

Total number of hours transmitted by programme range (Hours)



Total cost by programme range (£m)



Tour de France

Awards for Channel 4 programmes

Received in 1992



Fragile Earth - Children of Chernobyl

Channel 4 received 147 awards for programmes and films during 1992 - a record even for the channel, which is used to a very high level of such appreciation. It is impossible to list the full details but some major festivals included the following:

Television Festivals

BAFTA (British Academy of Film & Television Arts)
Production & Performance:



Vic Reeves' Big Night Out

Craft:

BANFF INTERNATIONAL TELEVISION & FILM FESTIVAL

BASLE PRIZE

BFI (British Film Institute)

GEORGE FOSTER PEABODY AWARDS

GOLDEN ROSE OF MONTREUX

INTERNATIONAL EMMYS

PRIX EUROPA

PRIX JEUNESSE

ROYAL TELEVISION SOCIETY

Equinox - The Elements



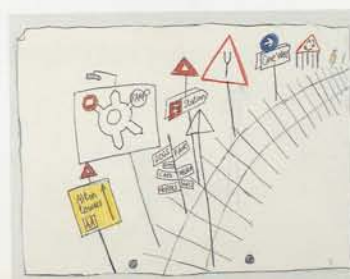
UNITED NATIONS ASSOCIATION

THE WRITERS' GUILD OF GREAT BRITAIN

GBH - Robert Lindsay	Best Actor
GBH	Best Original TV Music
J'Accuse - Citizen Kane	Huw Wheldon Award for Best Arts Programme
Jim Henson's Greek Myths	Best Children's Programme - Fiction
Vic Reeves' Big Night Out	Special Award for Originality
Cutting Edge - Casualties	Film/Video Photography (Factual)
Fragile Earth - Children of Chernobyl	Film/Video Editor
Equinox - The Elements	1st Prize, Popular Science Category
The Ghosts of Oxford Street	1st Prize, Performance Special's Category
Our Backyard - The Tale of Bugs Bottom	SSR Prize for Best European Educational Programme
A is for Autism	Mari Kuttna Award, Best British Animated Film
Fragile Earth - Children of Chernobyl	Grierson Award
Hear My Song - John Altman	Anthony Asquith Award for Film Music
Selling Murder - The Killing Films of the Third Reich	Award for Archival Achievements
Hello, Do You Hear Us?	Peabody Award
S&M	Special Mention - Main Section
Whose Line is it Anyway?	Bronze Rose - Producers' Section
Beat That	Children's and Young People's Programmes
Drop the Dead Donkey	Popular Arts Programmes
Bye Bye Baby	TV Programme of the Year
Beat That	Prix Jeunesse for Non-Fiction 7-12 year olds and UNICEF Special Prize
As it Happens - Moscow New Year	Best Outside Broadcast
Channel 4 News - Orkney Satanic Abuse	News Award (Home)
Channel 4 News - The Secret City	News Award (Topical Feature)
GBH - Robert Lindsay	Best Male Performer
Secret History	Best Documentary Series
Vic Reeves' Big Night Out	Best Entertainment Programme
True Stories - The Leader, His Driver and the Driver's Wife	Best Single Documentary
Critical Eye - The Other War	Media Peace Prize
Drop the Dead Donkey	Best Situation Comedy



Beat That



A is for Autism

Drop the
Dead Donkey**Film and Animation Festivals**

CANNES FILM FESTIVAL

CHICAGO FILM FESTIVAL

EDINBURGH FILM FESTIVAL

HIROSHIMA INTERNATIONAL
ANIMATION FESTIVALLOS ANGELES FILM
CRITICS' ASSOCIATION

LONDON FILM CRITICS' CIRCLE

NEW YORK FILM CRITICS' CIRCLE

OBERHAUSEN INTERNATIONAL
SHORT FILM FESTIVALSHANGHAI INTERNATIONAL
ANIMATION FESTIVALZAGREB INTERNATIONAL
ANIMATION FESTIVAL**The Best Intentions**.....Palme d'Or**The Best Intentions - Pernilla August**.....Best Actress**The Cutter**.....Silver Plaque for Short Drama**Wild West**.....Scotland on Sunday Critics' Award**A is for Autism**.....Post Office/McLaren Prize Best British Animation**The Mill**.....Debut Prize**The Crying Game**.....Best Picture (Foreign)**The Crying Game - Neil Jordan**.....Runner-up, Best Screenplay**The Crying Game - Miranda Richardson**.....Runner-up, Best Supporting Actress**Life is Sweet**.....Best Picture**The Crying Game - Miranda Richardson**.....Best Supporting Actress**The Crying Game - Neil Jordan**.....Best Screenplay**Secret Joy (of Falling Angels)**.....Main Prize**Screen Play**.....Grand Prix**Body Beautiful**.....Special Award for Humour

Hear My Song



The Best Intentions

The following programmes and films also received awards - or received additional awards to those shown above - during the year:

A is for Autism
Black Harvest
Body Beautiful
Brendon's Boys
A Brief History of Time
The Camomile Lawn
Channel 4 News
Clive Anderson
Crater of the Rain God
Critical Eye - Khush
The Crying Game
Cutting Edge - Volvo City
Deadly
Deptford Graffiti
Desmond's
Don't be Afraid
Door
Down to Earth
Dream On
Equinox - The Elements
Equinox - Unravelling the Universe

The First World
Fragile Earth - The Children of Chernobyl
GBH
The Good Wife of Tokyo
Gynaecological Chronicles
Hear My Song
Homeland in the Border Country
Immaculate Conception
I Wannabe
Kafka
The Kings of Siam
The Last Harvest
The Liberators
Life is Sweet
The Long Day Closes
Matters of Taste
The Mill
My Macondo
Nomads - The Reindeer Herders of Siberia
North of Vortex
Not on Sunday
Now that it's Morning
One Day Tafo
Orchestra!
Paul Merton - The Series
Red Hot and Blue

Rites of Passage - Female Circumcision

Rivers of Sand

The 'Savage' Strikes Back - Flames in the Forest

The 'Savage' Strikes Back - Follow the Rainbow

Screen Play

Secret Joy (of Falling Angels)

Secret History - Bloody Sunday

Secret Life of Machines - The Video Recorder

Simone Weil - Utopian Pessimist

Small Stages - A Matter of Chance

Soho Square

Spirit of Place

The Stain

Stranger in the Family

Summerhill at 70

Tickets for the Zoo

Triangle of Life

True Stories - Black Harvest

True Stories - The Leader, His Driver and the Driver's Wife

The Vacuum

We the Ragamuffin

Whose Line is it Anyway?

The Crying Game

Whose Line
is it Anyway?

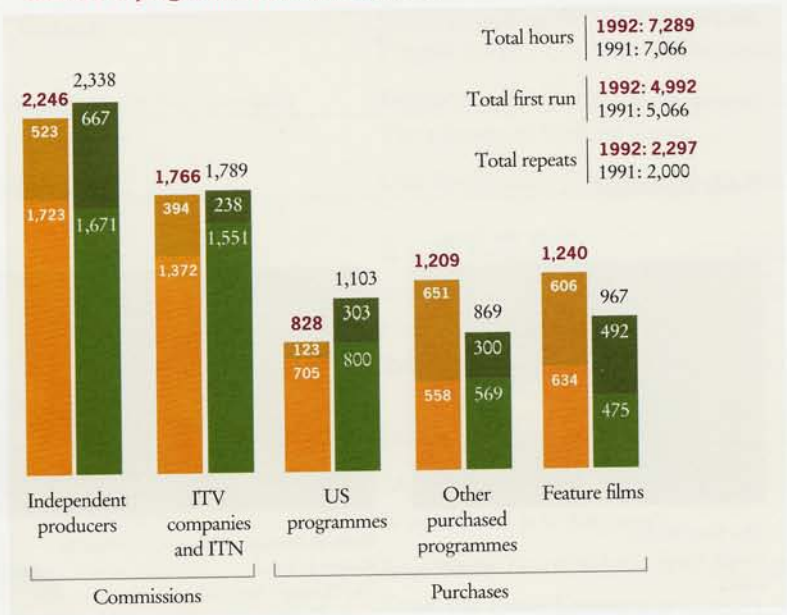
Programme transmissions

Sources

The channel broadcast for 7,289 hours in 1992 - an average of 20 hours per day.

Channel 4 commissions programmes from the ITV companies and independent producers, and purchases programmes in the international markets. The sources and costs of the programmes transmitted were as shown in the charts below.

Sources of programmes transmitted (Hours)



The percentage of hours and transmission costs of first run commissioned programmes was as follows:

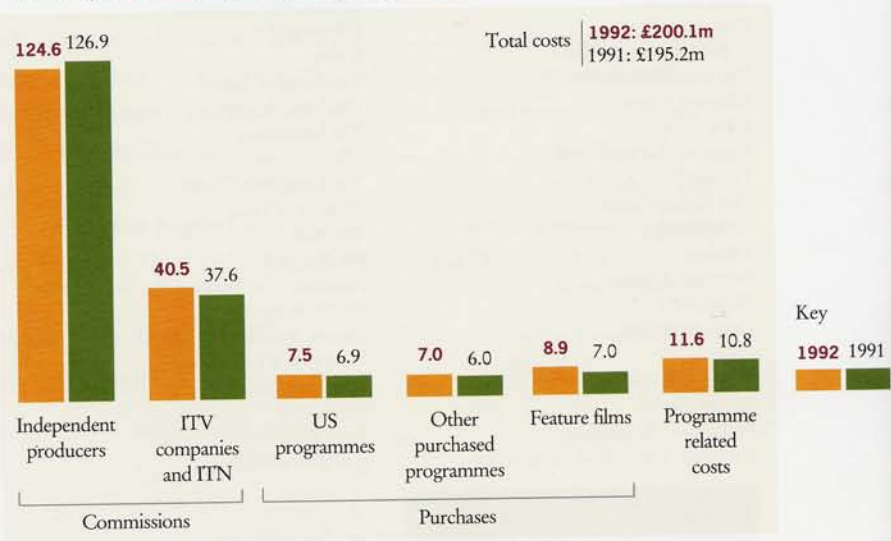
Hours		
1992	44%	56%
1991	48%	52%
Cost		
1992	22%	78%
1991	22%	78%

Key: ■ ITV and ITN ■ Independent producers

The overall cost per programme hour from the ITV companies is less than that for programmes from the independent producers because the ITV companies produce the majority of Channel 4's cheaper studio based programmes, whereas the independent producers provide the majority of the drama programmes and the more expensive location productions.



Cost of programmes transmitted by sources (£m)



Transactions with ITV and independent producers

ITV companies

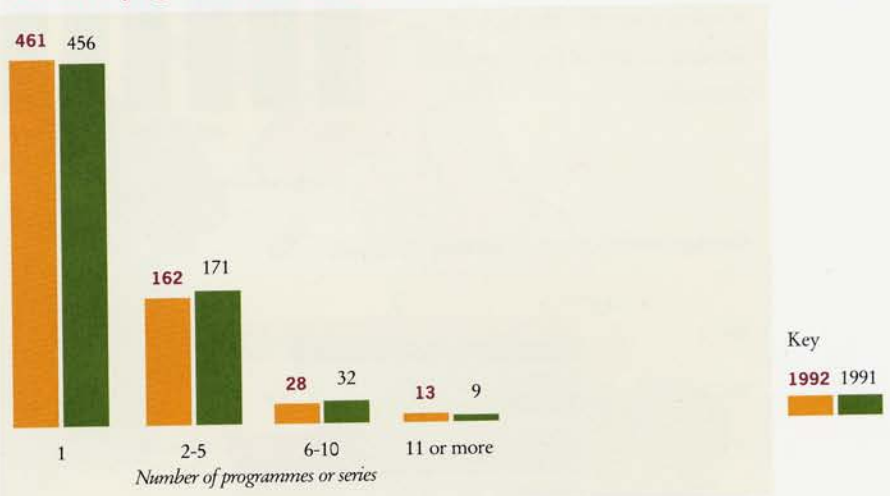
The channel's subscription funding arrangements which operated from 1981 until 31 December 1992 with the ITC and ITV are described in the Directors' report on page 26. The channel pays negotiated market prices for programmes produced by the ITV companies for Channel 4. In 1992 the ITV companies and ITN were paid £35.8 million for programmes sold to Channel 4.

Independent producers

In 1992, Channel 4 made programme payments to 664 independent production companies (1991: 668). The chart below sets out the number of companies which received programme payments from the channel in each of the following bands:

The chart set out below shows the number of programmes or series of programmes for which the channel made payments to individual independent production companies. The chart includes long running strands of programmes as one programme series. The **Brookside** series, of which three episodes are transmitted each week, is therefore shown in the chart as one series.

Number of programmes per company (Number of companies)



Programme payments (Number of companies)



Audience

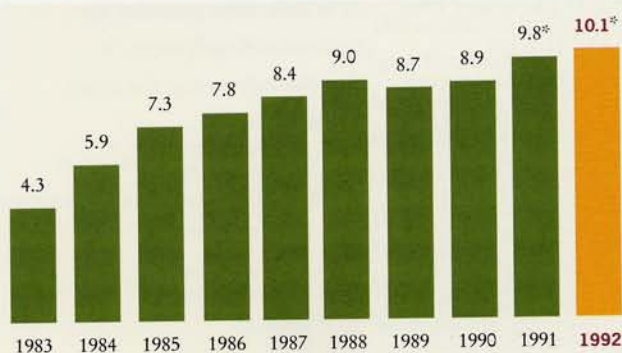
In 1992 the channel achieved its highest ever annual audience share - 10.1% of the UK television audience (including satellite channels).

The average number of hours of Channel 4 viewed per person each week rose by 9.4% (from 2 hours 29 minutes to 2 hours 43 minutes a week) - the highest increase of any of the terrestrial channels.

The channel met growing competition from satellite television, now available in 15% of UK homes, with heavy programming and marketing investment from Sky and the launch of UK Gold.

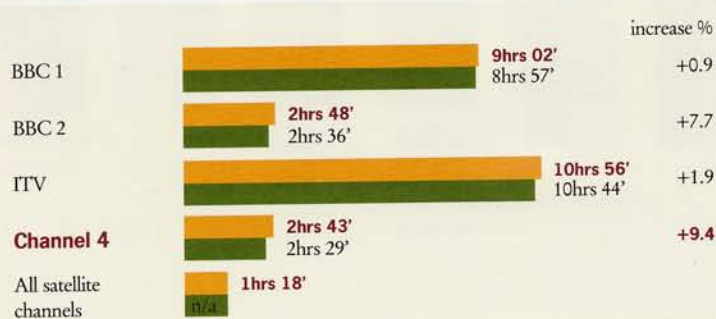
However, Channel 4 is well established as a national channel reaching the whole population: 40% of the people in the UK tune in to Channel 4 on an average day, 82% sometime in an average week. Most satisfying was the record share of viewing after the steady growth of the last 10 years.

Channel 4 share of total viewing (%)



* includes satellite from August 1991

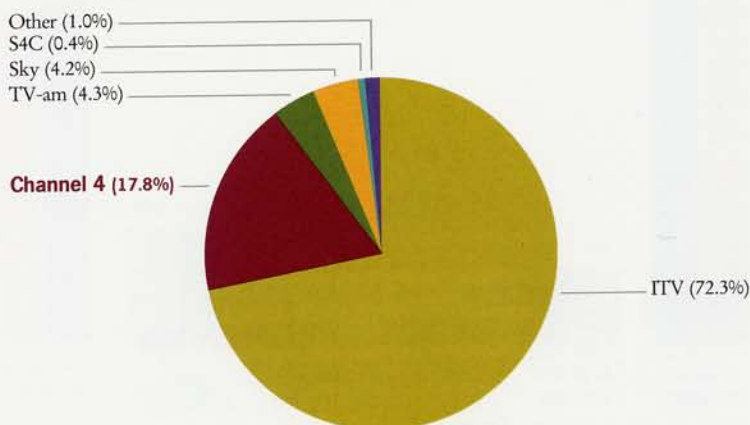
Average weekly hours of viewing (Individuals)



Key 1992
1991

Despite the audience success of Channel 4 in the total television marketplace, it will be against other channels competing for advertising revenue (ie. excluding the BBC) that the channel must be judged commercially. In this area 1992 was also a record year providing 17.8% of total commercial impacts.

1992 share of commercial impacts (Individuals)

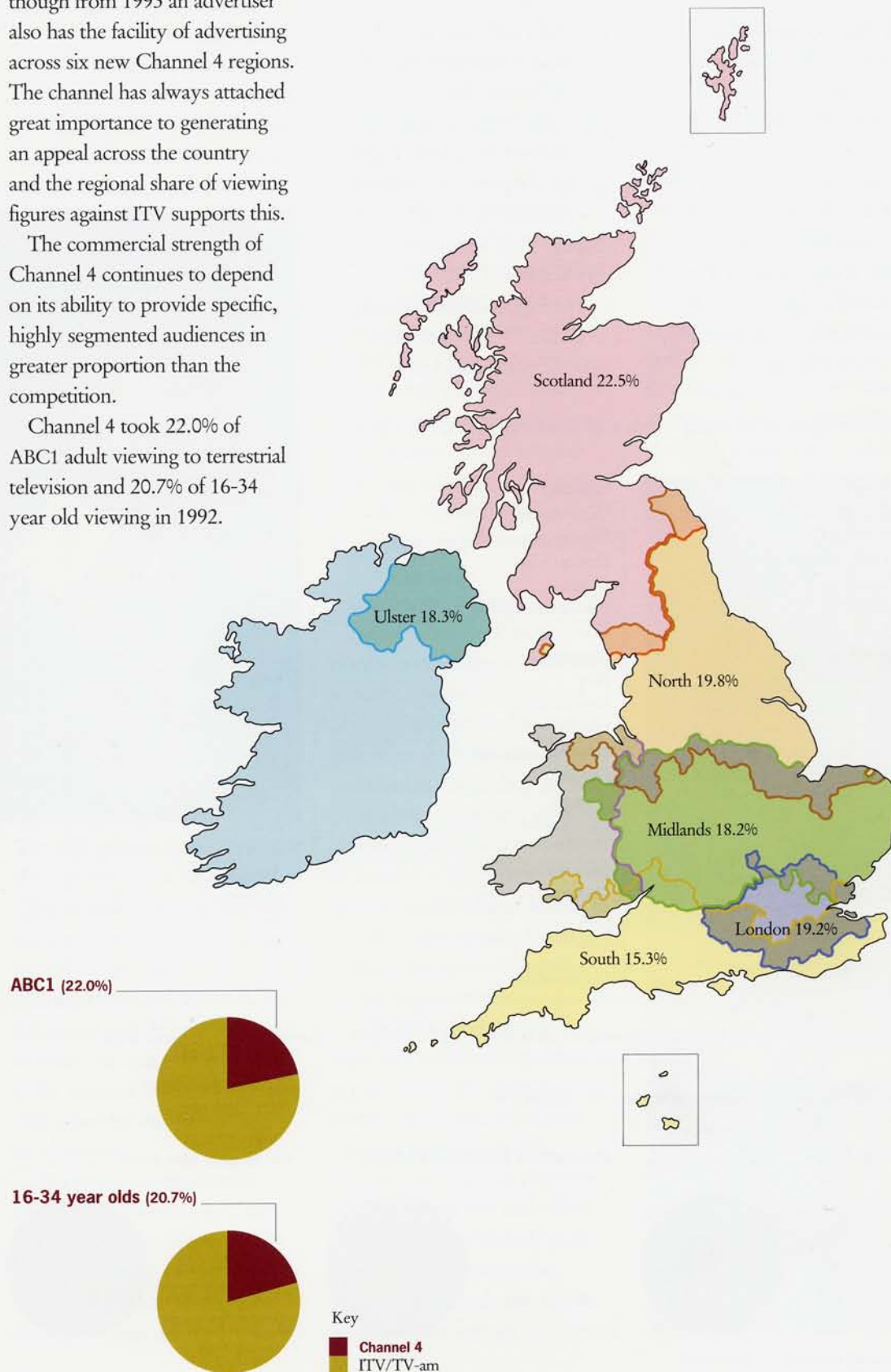


Channel 4 provides a single programme service for England, Scotland and Northern Ireland, though from 1993 an advertiser also has the facility of advertising across six new Channel 4 regions. The channel has always attached great importance to generating an appeal across the country and the regional share of viewing figures against ITV supports this.

The commercial strength of Channel 4 continues to depend on its ability to provide specific, highly segmented audiences in greater proportion than the competition.

Channel 4 took 22.0% of ABC1 adult viewing to terrestrial television and 20.7% of 16-34 year old viewing in 1992.

1992 Channel 4 share of impacts (ITV/TV-am and Channel 4)



Audience continued

1992 Top 20 Programmes

Channel 4's character comes from its distinctiveness and diversity; its audience success reflects this. The Top 20 highest rating programmes of 1992 included documentaries, films, entertainment and drama; commissioned and purchased programmes from Britain, America and Australia; one-offs and series.

Two innovations in 1992 have proved that this distinctiveness continues to provide programmes that generate wide comment and large audiences.

Italian Football has become part of Winter Sunday afternoons in Britain and has established a loyal and valuable group of supporters, averaging 2.4 million viewers each Sunday from September to December 1992.

The Big Breakfast (Monday to Friday 7 - 9am) has very quickly established a new

language for breakfast television and provided serious competition for the BBC, the dying days of TV-am (and in 1993 GMTV) and satellite television.

The steady increase in Channel 4 audiences over the 20 months leading up to January 1993 has provided the best possible springboard for the channel in 1993 and a suitable crowning of the channel's first 10 years.

(Only the highest programme within each series is shown in the Top 20.)

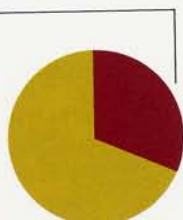
	Programme	Category	Date	Audience (millions)
1	Cutting Edge - P - Company	Documentary	23 March	8.7*
2	Coast of Dreams	Documentary series	17 February	7.9*
3	The Camomile Lawn	Drama series	5 March	7.6
4	Inspector Morse	Drama	16 September	7.1
5	Female Parts	Documentary series	11 May	7.1
6	Nightmare on Elm Street	Film	31 March	6.8
7	Brookside	Drama series	16 September	6.7*
8	Stand by Me	Film	5 January	6.4
9	Crystal Maze - Kids' Special	Entertainment	27 December	5.9
10	Rita, Sue and Bob Too	Film on 4	19 April	5.7
11	Falklands War	Documentary series	3 February	5.7*
12	The Man with Two Brains	Film	20 December	5.6
13	Evening Shade	Comedy	10 February	5.5
14	Brides of Christ	Drama series	23 January	5.4
15	Stand by your Man	TV film	20 August	5.3
16	Roseanne	Comedy	3 April	5.3
17	Cosby Show	Comedy	1 November	5.1
18	Scandal	Film	9 April	5.0
19	Countdown	Quiz	27 March	4.9
20	True Stories - Good Women of Bangkok	Documentary	7 May	4.9

*The audience figures for the four programmes marked with an asterisk include the figures for their repeat within the same week.

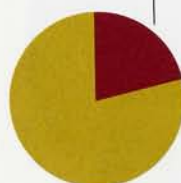
Big Breakfast share of viewing September 1992 - January 1993

(BBC, ITV, satellite and Channel 4)

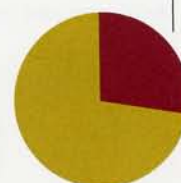
Children 31.4%



Housewives with Children 21.2%



16-34 year olds 27.6%



Key

■ Channel 4
■ BBC, ITV and satellite

Off-screen activities



Sir Richard Attenborough's farewell

The celebrations for the channel's 10th birthday on 2 November 1992 reflected both the past and the future, with parties attended by 700 independent producers, 600 advertisers and agencies, and the annual staff meeting and party at which the channel bade farewell to Sir Richard Attenborough and welcomed Sir Michael Bishop as Chairman.

After 10 years the channel enjoys a pivotal position within the industry. Our terms of trade for working with independent producers, which were revised during the year, are used as a

model for other broadcasters. We lead television and much of the rest of industry in the employment of women and play a central role in many initiatives in areas such as training. We support the new and untried, give special priority to minority groups and those with particular needs, concentrate on areas which other broadcasters are less anxious to fund and try to encourage pluralism in an industry increasingly dominated by big players. In our internal affairs and our external relations, we seek to operate in an open, friendly and helpful manner.

Supporting the industry

Channel 4 values the work of the many organisations dedicated to furthering the development of the British film and television industries. Activities encouraging pluralism in the funding of film production, supporting small production units and helping to establish a 'film culture' throughout the United Kingdom are all complementary to the channel's programming policy in this important area.

Channel 4 continues to support a variety of organisations involved with film including the British Film Institute, the Arts Council, the Scottish Film Production Fund and a number of independent film and video workshops around the United Kingdom. In addition, the channel sponsored over 50 film and television festivals and related

initiatives including supporting special programmes of Third World Cinema at the London Film Festival and the competition for the best young film-maker at the Edinburgh Film Festival.

Sponsorships and community support

Like many others, we have not been immune to the effects of the recession. This has made us examine our sponsorship policy so that the limited funds at our disposal are used to the best possible effect. We are pleased that despite this we were able, in 1992, to support over 200 charitable events with modest



10th birthday celebrations

Off-screen activities continued



Josef Locke -
at the Royal
Film Premiere of
Hear My Song

donations, advertisements or gifts in kind, concentrating on those directly related to our work as a broadcaster or to the community within which we operate. They range from supporting signing schemes for the deaf at the Royal National Theatre, through the donation of numerous raffle and competition prizes, to a joint Christmas card promotion benefitting the Save the Children Fund. However, much the biggest charitable effort in 1992 went into the Royal Film Premiere for the **Film on Four - Hear My Song**. Attended by HRH The Princess of Wales and supported by Channel 4 and the film's distributors, Miramax, it raised £80,000 for the charity Turning Point.

Film and programme sales

The channel seeks to maximise the financial return on the films and programmes commissioned from independent producers by sales to film distributors and broadcasters throughout the world. In 1992 this international business achieved a significant growth in its earnings resulting in an increased net profit both for the channel and its independent producers. Notable successes include the theatric release of **The Crying Game** in the US and the sale of **Drop the Dead Donkey** to the Canadian Broadcasting Corporation.

Working with suppliers

Channel 4 seeks to maintain a dialogue with its programme suppliers, the independent producers. Their programmes are our lifeblood and we recognise the importance of their understanding the strategies that we adopt. Thus the channel has instituted a regular liaison meeting between senior executives and members of the council of PACT. Each commissioning department holds an annual 'open day', which any independent producer can attend, to explain the programmes it is looking for. Additionally, Michael Grade addressed PACT members in a question and answer session when he presented the channel's 1991 Report and Accounts in June 1992. To improve our accessibility to those increasing numbers of producers based outside London, commissioning editors and executives make regular visits to other parts of

Britain. In particular, Michael Grade, Liz Forgan, David Scott and commissioning editors held an 'open day' in March in Glasgow and one commissioning editor has the specific task of liaising with producers in Scotland, holding monthly surgeries and administering a development fund to encourage production north of the border.

Training for the future

Skillset, the industry training organisation for film and video, was formally launched in January 1993. Channel 4 is a founder member of the organisation, and is pleased with the progress Skillset has already made in securing over £1 million of non-industry funding, including £800,000 from the European Social Fund.

Skillset is responsible for the continuing development and implementation of vocational qualifications and the management of the already established Freelance Training Fund, which has continued to help freelancers to benefit from training which otherwise would not have been available. Other major activities include research into employment trends and training needs; the securing of increased national and European training investment; the dissemination of relevant information on training; closer liaison by the industry with key training and education providers; the development with partners of regional consortia; and providing the industry with a powerful and informed lobbying voice.

Channel 4 has also continued to support the National Film and Television School, FT2 - the successor to Jobfit, and the Actors Centre. Four more young people successfully completed the channel's Fourfit scheme which trains individuals from the ethnic minorities in television production, and the channel continued to run its production training scheme for people with disabilities. It is hoped that in 1993 a further Deaf Training Scheme at the North East Media Training Centre will commence with the channel's support.

Teletext

The channel's teletext service - 4-Tel - came to an end on 31 December 1992, following the changes brought about by the Broadcasting Act. The service, provided by independent production company Intelfax Limited, was lively, informative and popular with Channel 4 viewers, and will be missed. Under the Act, the channel is permitted to use teletext only to supply ancillary information to viewers about programmes, and an experimental service has been provided by Intelfax from 1 January 1993.

Subtitling for the deaf

It is important to the channel that its programmes are accessible to as large a number of viewers as possible, so it is a matter of satisfaction that an increasing number of its programmes are provided with teletext subtitles for the deaf and hard of hearing. During 1992, Channel 4 commissioned new subtitles

averaging 16.5 hours per week for pre-recorded programmes - an increase of five hours per week over 1991 - and continued to provide subtitles for **Channel 4 News** totalling more than four hours per week. This keeps Channel 4 firmly on target to provide 50% of its programmes with subtitles by 1998 and underlines its continuing commitment to the deaf.

From the start of 1993, Intelfax took over the responsibility for all teletext subtitling on the channel - including **Channel 4 News**, which was formerly subtitled by Oracle Teletext Limited.

Channel 4 and its staff

Channel 4 continues to be proud of its record for equal opportunities and maintains this issue high on the personnel agenda. Two of the main objectives of the

of staff who earn over £30,000 and over £50,000 - the percentages being 35% and 28% respectively. This compares with equivalent 1991 figures of 30% and 21%. However, the channel is not complacent and particular attention continues to be given to ensure that female employees are encouraged to consider appropriate training opportunities, especially management development courses.

Recruitment campaigns to attract potential employees who have a disability continue but progress is slow in this area.

Channel 4 and viewers

Channel 4 welcomes comments from viewers about programmes, whether they are praise or complaints. The channel runs a duty office open 24 hours a day,



Women in Business Award 1992

company's equal opportunities policy are to increase the representation of people from ethnic backgrounds among the channel's staff and to maximise the representation of women in the company's managerial grades. During 1992 there was an increase in the female percentage

with staff on duty from 8.30am to midnight and then an answerphone service, to handle viewers' telephone calls and letters. It aims to deal with all comments in an honest and efficient manner.

The duty office handled some 95,000 telephone calls in 1992

Off-screen activities continued

and received 43,000 letters. Many were simply asking for information but just over 3% were complaints. A summary of telephone calls is passed to all senior executives each day. Particular points are passed on for specific response from production companies or commissioning editors. All complaints from people with a direct interest in a programme are dealt with as a matter of policy at commissioning editor level.

Viewers with complaints are also referred, as appropriate, to the Independent Television Commission, the Broadcasting Complaints Commission and the Broadcasting Standards Council. The existence of these bodies and their functions are publicised in a 'How to Complain' leaflet and in announcements on air. Viewers who contact the channel about its programmes can also use the **Right to Reply** programme.

Right to Reply, video bus and video boxes

The **Right to Reply** programme transmitted on Saturdays at 6.30pm gives viewers a genuine opportunity to challenge those who make, commission and schedule television programmes - particularly, but not exclusively, those on Channel 4 itself. Viewers present their ideas by making their own reports, taking part in discussions or by appearing in one of the video boxes which were placed around the country 10 years ago.

During 1992, the video bus travelled as far north as Edinburgh and as far south as Plymouth and complemented the input from the existing network of video boxes at STV in Glasgow, the Museum of Photography Film and Television in Bradford and Channel 4 in London.

Publishing and educational back-up

The channel seeks to encourage viewers to get the most out of its programmes. Often this can be achieved by a book, video or compact disc published commercially and made available in shops, or alternatively by a pamphlet or booklet published at subsidised rates on behalf of the channel and available by post. During 1992, 35 commercial publications were placed by the channel with established publishers, making a small overall profit, and £460,000 was spent on subsidising 110 non-commercial booklets.

Publishing

The catalogue of Channel 4 books licensed to publishers continues to grow, ranging from **Animal Squad Undercover** and **The Royal Collection** to **The Word Celebrity Quiz Book** and **The Feast of Christmas**. **The Tree Book** reached the bestseller lists, illustrating once again Channel 4's impact on the publishing scene. This was extended further with the launch of **Gamesmaster** and **Football Italia** magazines. The video list grew substantially during the year with a wide range of releases, including

The Camomile Lawn, **Desmond's**, **Tornado Down** and the bestselling **Vic Reeves' Big Night Out**. The publishing department also negotiated the release of the largest ever number of Channel 4 records during the year, with **4 America**, **The Big Battalions** and the **Inspector Morse** and **Prisoner** soundtracks among the highlights.

Educational back-up

There are now 10,000 members of the Channel 4 Gardening Club, and 3,000 members of the Science Club. A new club, the Talking Heads Club covering ethics, philosophy, religion and some areas of arts and science programming is in preparation.

Amongst the highlights of 1992 was the response of 58,000 viewers to one announcement of a **Food File** factsheet - an all time record. New ground was broken by the foundation of an illustrated guide to the **Tour de France** programmes, which features not just the race and the bikes, but the culture of France. Science titles continued to be emphasised with the enthusiastic support of the Committee on the Public Understanding of Science (COPUS) and ICI.

The **Childhood** series gave rise to a series of day conferences under the auspices of the Workers Educational Association in Scotland and the north of England.

Meeting the viewers

In 1992 the channel expanded its activities involving direct contact with viewers throughout the United Kingdom. These ranged

from one-day roadshows for the public in Manchester, Torquay and Stoke-on-Trent to a video competition for schools, and for the third year running, participation in the cavalcade accompanying the Kellogg's Cycling Tour covering the country from Dundee to Coventry.

In June the channel sponsored a major conference in Birmingham on the accountability of broadcasters, with more than 100 delegates from bodies as diverse as the Consumers' Association, the Mothers' Union and the Freedom Association.

In August in Edinburgh, the channel sponsored the three heats of the Gilded Balloon's

held at the three party political conferences in the autumn, and in October, the channel was the principal sponsor of the Royal Television Society's Autumn Symposium, 'A TV Survivor's Guide to the 90s' which Michael Grade chaired.

In late October and November the 10th anniversary of Channel 4 was marked by many sections of the media, including such diverse events as a three-week **Film on Four** season at the National Film Theatre and a British Council tribute to the channel in Rome.

November saw two sell-out evenings of the first **Channel 4 Silents** - screenings at the Camden Parkway Cinema of the restored film print of Valentino's

at the Tate Gallery; and support for the Women in Film and Television awards luncheon at the Dorchester Hotel.



Winner of the 'So You Think You're Funny Competition'



Roadshow

'So You Think You're Funny Competition', giving a showcase for emerging live stand-up comedy acts of the future.

In September, the channel had a presence at the first Classical Music Show at the Barbican Centre; breakfast receptions were

The Four Horsemen of the Apocalypse accompanied by full symphony orchestra with score and baton under the direction of Carl Davis; the channel's second year sponsoring the prestigious Turner Prize exhibition and awards ceremony



The Turner Prize 1992

Directors' report

Principal activities

Channel 4 was set up by the Independent Broadcasting Authority (IBA) under the terms of Section 12(2) of the Broadcasting Act 1981 to obtain and assemble the necessary material and to carry out such other activities involved in providing programmes for the fourth channel television service as appears to the IBA to be appropriate.

Ownership

The Broadcasting Act 1990 established the Independent Television Commission (ITC) which acquired the shares of Channel 4 from the IBA on 1 January 1991. Channel Four Television Company Limited was a wholly owned subsidiary of the ITC until 31 December 1992.

The Broadcasting Act 1990 established the Channel Four Television Corporation on 1 January 1993. Under the terms of that Act, the shares of Channel Four Television Company Limited vested in the Channel Four Television Corporation from the ITC on that date.

Post balance sheet event

On 1 January 1993 the ITC issued a broadcasting licence under the terms of the Broadcasting Act 1990

for the Channel Four Television Corporation to broadcast for the 10 calendar years 1993 to 2002.

On 1 January 1993 the Channel Four Television Corporation acquired all the activities, assets and liabilities of its wholly owned subsidiary Channel Four Television Company Limited. The assets and liabilities were transferred at book value and the consideration was left outstanding on inter-corporate current account due from the Channel Four Television Corporation.

Funding

Until 31 December 1992 Channel 4 obtained funds from the ITC, which collected the fourth channel subscription from each of the ITV companies, who sold Channel 4's advertising time. This funding arrangement, which operated since Channel 4 started, ceased at the end of 1992.

From 1 January 1993 Channel 4 sells its own advertising time, which is its principal revenue source.

The Broadcasting Act 1990 establishes a new funding relationship between Channel 3 and Channel 4. Under the terms of that Act, Channel 4 will pay Channel 3, for 1993 and subsequent years, 50% of calendar year revenue in excess of 14% of qualifying revenue. The Act provides that Channel 3 will pay Channel 4, for 1993 and subsequent years, up to 2% of qualifying revenue if Channel 4's

revenue is less than 14% of qualifying revenue. The qualifying revenue to which this formula relates is the total of advertising, sponsorship, subscription and barter income of Channels 3, 4 and 5 and S4C.

Results

The subscription income from the ITC for 1992 was £251.2 million. This income was used to acquire programme and film rights for transmission, and to finance capital and overhead expenditure. The balance of this income, after the cost of programme transmissions and operational and administrative expenses, thus represents the principal means of financing Channel 4's net assets and is treated as deferred income in the financial statements.

In addition to the income from the ITC, Channel 4 has other trading activities and receives interest on cash balances. In 1992 the channel was establishing the new advertising sales trade and incurred costs of £8.6 million on that activity. The net deficit on all of these other activities, after tax, was £6.6 million in 1992.

Fixed assets

Movements in fixed assets during the year are set out in note 8 to the financial statements.

Directors

The present directors of Channel 4 are listed on page 43.

Five directors have joined the Board since 1 January 1992. David Plowright, Bert Hardy, Mary McAleese and Sir David Nicholas were

appointed to the Board as non-executive directors on 1 September 1992. John Willis was appointed to the Board as Director of Programmes on 25 January 1993.

Three non-executive directors have left the Board since 1 January 1992.

Sir Richard Attenborough CBE, Peter Rogers and David Vines completed their terms of office on 31 December 1992.

Liz Forgan resigned as Director of Programmes on 25 January 1993.

All other directors served throughout the period since 1 January 1992.

All of the directors of Channel 4 listed on page 43 are also members of the Channel Four Television Corporation.

Directors' interests

None of the directors has any interest in Channel 4's shares.

As indicated on page 43, a number of directors are also directors of companies which supply programmes to Channel 4, and to that extent are also interested in the contracts with Channel 4. In addition, note 23 to the financial statements gives the information required to be disclosed in relation to material interests of two directors in contracts with Channel 4.

Directors' and officers' liability insurance

The directors consider that it is appropriate, with the increasing volume and complexity of legislation, that liability insurance should be available to directors

and officers and a policy has been effected.

Research and development

Channel 4 devotes substantial resources to the development of scripts and programme outlines for possible commissioning. Development expenditure incurred in 1992 on scripts and programmes not commissioned for production by the end of that year amounted to £4.3 million (1991: £4.0 million).

Employee involvement and consultation

There are a number of ways in which Channel 4 informs and consults with its employees:

- through normal collective bargaining with trade unions. Approximately 20% of the channel's employees are in membership of one of three recognised trade unions:
 - BECTU (for engineering, presentation, clerical and studio staff)
 - AEEU (for plumbers and electricians)
 - Equity (for continuity announcers)
- regular departmental meetings where information is disseminated and staff have an opportunity to air views; and
- an annual staff meeting, where the executive directors give presentations on Channel 4's progress and future and all staff are encouraged to ask questions.

Employment policy

Channel 4 is an equal opportunities employer. It does not discriminate on the grounds of race, sex, religion, physical handicap, marital status or political affiliation

in its recruitment or other employment policies. Channel 4 has established an ethnic monitoring system for its recruitment and the ethnic composition of its staff.

Disabled people, whether registered as such or not, are fully and fairly considered for all vacancies arising within Channel 4 and are given equal opportunities with other staff in relation to training, career development and promotion.

Auditors

Coopers & Lybrand have expressed their willingness to continue in office in accordance with Section 384 of the Companies Act 1985. A resolution proposing their reappointment as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Janet Walker

22 March 1993

Income and expenditure account

For the year ended 31 December

	Notes	1992 £m	1991 £m
Income from the ITC	1(c)	251.2	255.2
Cost of programme transmissions	1(c)	(200.1)	(195.2)
Transmission and distribution costs		(23.9)	(23.2)
Operational and administrative expenses	2	27.2 (28.0)	36.8 (33.4)
Transfer from/(to) deferred income	1(c),15	(0.8) 0.8	3.4 (3.4)
Other income less expenditure	1(c),5	(5.4)	1.2
Less taxation thereon	6	(1.2)	(1.0)
(Deficit)/surplus for the year after taxation	16	(6.6)	0.2

The notes on pages 32 to 41 form part of these financial statements.

Report of the auditors - page 44

Balance sheet

At 31 December

	Notes	1992 £m	1992 £m	1991 £m	1991 £m
Fixed assets					
Tangible assets	1(d),8		58.4		43.1
Current assets					
Programme and film rights	1(c),1(f),9	111.9		112.8	
Debtors	10	13.3		16.9	
Cash at bank and in hand		4.8		-	
		130.0		129.7	
Creditors					
Amounts falling due within one year	11	(29.9)		(21.4)	
Bank borrowings	12	-		(4.5)	
Net current assets			100.1		103.8
Total assets less current liabilities			158.5		146.9
Creditors					
Amounts falling due after one year	12		(19.0)		-
Net assets			139.5		146.9
Capital					
Called up share capital £100	14		-		-
Deferred income	1(c),15		136.8		137.6
Income and expenditure account	1(c),16		2.7		9.3
			139.5		146.9

Sir Michael Bishop*Chairman*

These financial statements were approved by the Board of Directors on 22 March 1993.

The notes on pages 32 to 41 form part of these financial statements.

Report of the auditors - page 44.

Cashflow statement

For the year ended 31 December

	Notes	1992 £m	1992 £m	1991 £m	1991 £m
Operating activities					
Cash received from the ITC		248.6		255.2	
Other cash receipts		14.7		17.3	
Cash payments to suppliers		(235.7)		(244.6)	
Cash paid to and on behalf of employees		(16.5)		(15.7)	
Net cash inflow from operating activities	1		11.1		12.2
Returns on investments and servicing of finance					
Interest received		0.1		0.5	
Interest paid		(1.3)		(0.3)	
			(1.2)		0.2
Taxation					
UK corporation tax paid		(1.0)		(1.0)	
Overseas tax paid		(0.3)		(0.2)	
			(1.3)		(1.2)
Investing activities					
Purchase of tangible fixed assets		(19.0)		(10.9)	
Sale of fixed assets		0.1		0.1	
Loans		-		(5.3)	
			(18.9)		(16.1)
Net cash outflow before financing			(10.3)		(4.9)
Financing					
Medium term loan			19.0		-
Increase/(decrease) in cash and cash equivalents	2		8.7		(4.9)

The notes on page 31 form part of the cashflow statement.
Report of the auditors - page 44.

Notes to the cashflow statement

1 Reconciliation of income and expenditure to net cash inflow from operating activities	1992 £m	1991 £m
Transfer (from)/to deferred income	(0.8)	3.4
(Deficit)/surplus for the year before tax	(5.4)	1.2
	(6.2)	4.6
Depreciation charges	3.8	4.3
Provisions against loans	-	5.3
Net interest paid/(received)	1.3	(0.2)
Decrease/(increase) in programme and film rights	0.9	(0.2)
Decrease in debtors	3.6	4.3
Increase/(decrease) in creditors	8.3	(5.9)
Exchange gains	(0.6)	-
Net cash inflow from operating activities	11.1	12.2

2 Analysis of changes in cash and cash equivalents during the year	1992 £m	1991 £m
Balance at 1 January	(4.5)	0.4
Net cash inflow/(outflow) before adjustments for the effect of foreign exchange rate changes	8.7	(4.9)
Effect of foreign exchange rate changes	0.6	-
Balance at 31 December	4.8	(4.5)

3 Analysis of balances of cash and cash equivalents as shown in the balance sheet	1992 £m	1991 £m	Change in year £m
Cash at bank and in hand	4.8	0.9	3.9
Bank overdrafts	-	(5.4)	5.4
	4.8	(4.5)	9.3

Notes to the financial statements

For the year ended 31 December 1992

1 Principal accounting policies

(a) Accounting convention

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

(b) Accounting policies

A summary of the more important accounting policies, all of which have been applied consistently, is set out below.

(c) Income and expenditure account

(i) Income:

- a) Income from the ITC is credited to the income and expenditure account when it is receivable.
- b) Income from programme and film sales is recognised in the income and expenditure account when the sales are confirmed to the company.

(ii) Cost of programme transmissions:

The direct cost of programme and film rights is wholly written off on first transmission.

(iii) Income received in advance of related expenditure:

As a result of the above policies, income from the ITC may be credited in advance of the costs of programme and film rights being charged in the income and expenditure account. Such income received in advance (after taking account of transmission and distribution costs, and operational and administrative expenses) is transferred to deferred income. As programmes are transmitted, there is a corresponding transfer of the relevant income back into the income and expenditure account. The income and expenditure account therefore contains a net transfer to or from deferred income comprising these two transfers.

The balance of deferred income represents the principal means of financing the net assets of Channel 4, and accordingly is shown with capital and reserves in the balance sheet. This represents a departure from the normal presentation prescribed by the Companies Act 1985.

(d) Fixed assets

- (i) Fixed assets are stated at cost, together with any incidental expenses of acquisition, less depreciation.
- (ii) Depreciation is calculated so as to write off the cost of the asset on a straight line basis over its estimated useful life from the date of its first utilisation. The principal annual rates used for this purpose are as follows:

Assets held by Channel 4:

Freehold land	Nil
Leasehold properties are depreciated over the remaining period of occupancy	
Technical equipment and office furniture	20%
Motor cars	25%

Assets held by third parties:

Freehold properties	2%
Technical equipment	20% or 33%

1 Principal accounting policies continued

- (iii) The construction costs of the Horseferry Road property will be depreciated at the rate of 2% per annum from the date of occupation of the completed building in 1994.
- (iv) Direct computer software development costs are capitalised and depreciated at 20% per annum from the date of implementation of the software system.

(e) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates prevailing at the balance sheet date. Any resultant gain or loss on exchange is shown as part of the surplus or deficit for the year.

(f) Programme and film rights

- (i) Programme and film rights are stated at direct cost incurred up to the balance sheet date after making provision for expenditure on programmes or films which are unlikely to be transmitted or sold.
Direct cost is defined as payments made or due to production companies or programme suppliers, but excludes any costs falling due after the balance sheet date.
- (ii) Development expenditure, consisting of funds spent on projects prior to a final decision being made on whether a programme will be commissioned, is included in programme and film rights but is fully provided for. Where development expenditure leads to the commissioning of a programme, such expenditure is transferred to programme cost and the provision is released. At such time as it is apparent that a development will not result in a programme, the development cost and the provision are written out of the financial statements.

2 Operational and administrative expenses

	1992 £m	1991 £m
Employee and freelance staff costs	15.2	15.4
Establishment costs	6.1	5.2
Depreciation of fixed assets (note 8)	3.8	4.3
Press office and promotion	1.8	1.7
Travel and subsistence	1.0	1.1
Provision against investment (note 7)	-	0.3
Provision against deposit with BCCI	-	5.0
Other general expenses	0.1	0.4
	28.0	33.4
and include:	£000	£000
Auditors' remuneration:		
audit	38	35
non audit	104	71
Directors' remuneration:		
to the non-executive directors	78	68
to the executive directors for management (including pension contributions)	957	1,349
Operating lease rentals - company premises	2,927	2,398
Equipment hire	233	203

Notes to the financial statements continued

3 Directors' remuneration

The following information is given in accordance with Schedule 5 Part V of the Companies Act 1985 and excludes pension contributions:

	1992 £000	1991 £000
Chairman's remuneration	33	31
Highest paid director's remuneration	314	485
	Number	Number
£0 - £5,000	6	4
£5,001 - £10,000	3	5
£10,001 - £15,000	1	-
£30,001 - £35,000	1	1
£95,001 - £100,000	1	-
£100,001 - £105,000	2	1
£105,001 - £110,000	1	1
£115,001 - £120,000	1	-
£180,001 - £185,000	-	3
£310,001 - £315,000	1	-
£480,001 - £485,000	-	1
	17	16

During 1991 five executive directors and two other key executives, critical to Channel 4's stability, entered into three or five year service contracts. In consideration, additional one-off remuneration was paid in 1991.

Liz Forgan left the channel in January 1993. In the circumstance of departing during her contract term, her contract required the repayment of the additional remuneration referred to in the preceding paragraph. That amount has been received since the year end and the comparative figures for 1991 have been restated accordingly.

4 Employee information

The employment costs for all employees, including executive directors, were as follows:

	1992 £m	1991 £m
Aggregate gross salaries	14.1	12.7
Employer's national insurance contributions	1.2	1.1
Employer's pension contributions (note 21)	1.7	1.5
Total direct costs of employment	17.0	15.3

The average numbers of employees, including executive directors, were as follows:

	1992 Number	1991 Number
Full-time permanent employees	472	413
Short-term contract staff	32	33
	504	446

5 Other income less expenditure

	1992 £m	1992 £m	1991 £m	1991 £m
Programme and film sales				
Income:				
Programme sales	3.8		5.0	
Film sales	3.4		3.0	
Co-finance	3.5		1.7	
Commission	1.0		1.1	
Investment income	0.5		0.4	
Publishing and merchandising	0.3		0.2	
	12.5		11.4	
Less costs of sales:				
Direct costs	(3.0)		(3.6)	
Share of income due to independent producers and third parties	(5.8)		(4.6)	
Operational and administrative expenses	(1.6)		(1.4)	
		2.1		1.8
Other income & expenditure				
TV Times copyright fees	1.1		1.1	
Sponsorship income	0.8		0.2	
Foreign exchange gain	0.6		-	
Interest receivable	0.1		0.5	
Other income	0.7		0.1	
Less:				
Advertising sales start-up expenses	(8.6)		(2.1)	
Interest and finance charges	(2.2)		(0.4)	
		(7.5)		(0.6)
		(5.4)		1.2

In addition to the co-finance included above, £24.2 million (1991: £27.5 million) was contracted in 1992 by co-financiers to pay direct to production companies and hence does not appear in these financial statements.

The geographical analysis of programme and film sales income is as follows:

	1992 £m	1991 £m
Exports:		
USA	2.6	1.7
Rest of the world	7.4	6.9
	10.0	8.6
UK sales and other income	2.5	2.8
	12.5	11.4

Notes to the financial statements continued

6 Taxation

Taxation is not levied on the income from the ITC less related costs.

UK corporation tax is payable on other income less expenditure as follows:

	1992 £m	1991 £m
UK corporation tax based on other income less expenditure for the year at 33.0% (1991:33.25%)	1.2	1.1
Double tax relief	(0.2)	(0.2)
Adjustment in respect of prior years	1.0	0.9
Overseas taxation	-	(0.1)
	0.2	0.2
	1.2	1.0

7 Investment in British Screen Finance Limited

Channel 4 holds 1,800,030 ordinary £1 and 1,842,141 B class £1 shares in British Screen Finance Limited (British Screen), representing 43% of the ordinary share capital and 39% of the total capital. The shares were received in consideration of Channel 4 advancing £0.3 million per annum from 1986 to 1991 to British Screen - a total of £1.8 million. British Screen is incorporated in England.

The ability of British Screen to pay dividends out of any profits is restricted by its present policy to reinvest all available funds in further films. Draft financial statements for British Screen for 1992 show accumulated losses of £8.6 million and a loss for 1992 of £1.2 million. Channel 4 has recognised its share of the accumulated losses made by British Screen by charging the amounts advanced each year as an expense. The shares are therefore held in the balance sheet at nil value. Channel 4 has no commitment to advance any further funds to British Screen.

8 Fixed assets**(a) Tangible assets**

	Freehold properties £m	Leasehold properties £m	Furniture and equipment £m	Motor vehicles £m	Total £m
Cost					
At 1 January 1992	29.2	8.2	23.4	0.5	61.3
Additions	11.4	0.4	6.9	0.5	19.2
Disposals	-	-	(0.1)	(0.2)	(0.3)
At 31 December 1992	40.6	8.6	30.2	0.8	80.2

Depreciation					
At 1 January 1992	0.1	4.8	13.2	0.1	18.2
Charge for the year	-	1.0	2.6	0.2	3.8
Disposals	-	-	(0.1)	(0.1)	(0.2)
At 31 December 1992	0.1	5.8	15.7	0.2	21.8

Net book value					
At 31 December 1992	40.5	2.8	14.5	0.6	58.4
At 31 December 1991	29.1	3.4	10.2	0.4	43.1

- (b) Certain of the fixed assets owned by Channel 4 are utilised by third party programme makers in the independent production sector. The net book value at 31 December 1992 was located as follows:

	Freehold properties £m	Leasehold properties £m	Furniture and equipment £m	Motor vehicles £m	Total £m
Held by Channel 4	40.2	2.8	14.5	0.6	58.1
Held by third parties	0.3	-	-	-	0.3
At 31 December 1992	40.5	2.8	14.5	0.6	58.4

- (c) The freehold property held by Channel 4 is land and related costs at Horseferry Road, London SW1 which is being developed to become Channel 4's office and transmission centre. The building is under construction and is on schedule and budget for completion early in 1994.

The freehold properties held by third parties are houses in Liverpool which are used as a permanent location set for the **Brookside** programme.

The leasehold properties mainly represent work carried out on Channel 4's offices and transmission centre at 60 and 76 Charlotte Street, London W1 which are leased for 25 years from 1981 and 1988 respectively.

Notes to the financial statements continued

9 Programme and film rights

	1992 £m	1991 £m
Programmes and films completed but not transmitted	31.7	37.5
Programmes and films in the course of production	47.4	44.4
Purchased programme and film rights	32.8	30.9
	111.9	112.8

Depending on programme scheduling, and programme and film sales, certain of the above programme and film rights may not be realised within one year.

10 Debtors

	1992 £m	1991 £m
Prepayments and accrued other income	7.2	13.8
Subscription income due from the ITC	3.1	-
Value added tax	-	0.3
Other debtors	3.0	2.8
	13.3	16.9

The above amounts are receivable within one year.

11 Creditors

	1992 £m	1991 £m
Trade creditors	6.5	3.2
Accruals	21.4	17.1
Other creditors including taxation and social security:		
United Kingdom corporation tax	0.4	0.6
Social security	0.5	-
Value added tax	0.2	-
Other creditors	0.9	0.5
	29.9	21.4

The above amounts are payable within one year.

12 Borrowing facilities

Channel 4 has arranged £75 million of term and revolving loan facilities which are available for drawdown between March 1992 and September 1994, and are due for repayment between March 1995 and March 1999. At 31 December 1992 Channel 4 had utilised £19 million of these loan facilities.

Exposure to fluctuations in interest rates has been managed through interest rate swaps which have the effect of fixing the rate of interest at 9.38% for £50 million of these facilities until September 1996.

The loans are secured by a first legal charge over the freehold land and office building under construction at Horseferry Road, London SW1.

In addition to these medium term loan facilities, Channel 4 has a £20 million overdraft facility with the Midland Bank plc.

13 Deferred tax

Losses for tax purposes, arising from the start up costs of the new advertising sales trade and capital allowances, are carried forward and available to provide future tax relief. No deferred tax asset is recognised in respect of these losses.

14 Share capital

The authorised and allotted share capital consists of 100 ordinary shares of £1 each, fully paid.

15 Deferred income

	1992 £m	1991 £m
At 1 January	137.6	134.2
Net transfer for the year	(0.8)	3.4
At 31 December	136.8	137.6

16 Income and expenditure account

	1992 £m	1991 £m
At 1 January	9.3	9.1
(Deficit)/surplus for the year	(6.6)	0.2
At 31 December	2.7	9.3

17 Company status

On 1 January 1993 Channel Four Television Company Limited became a wholly owned subsidiary of Channel Four Television Corporation which is a body incorporated under the terms of the Broadcasting Act 1990.

Until 31 December 1992 Channel 4 was a wholly owned subsidiary of the Independent Television Commission. On 1 January 1993 all of the shares of Channel 4 were transferred from the ITC to Channel Four Television Corporation under the terms of the Broadcasting Act 1990.

Notes to the financial statements continued

18 Subsidiary companies

Channel 4 owns the whole of the issued share capital of the following companies, none of which has traded since incorporation and all of which were dormant during 1992. All are incorporated in England.

	Issued ordinary £1 shares
Film on Four Limited	100
Sport on Four Limited	2
Channel Four Racing Limited	2

19 Programme and film commitments

At 31 December, Channel 4 had committed future expenditure for programmes and films due for payment as follows:

	1992 £m	1991 £m
In one year	159	123
After one year	36	21
	195	144

20 Other commitments**(a) Capital expenditure:**

	1992 £m	1991 £m
Amounts contracted but not provided for in the financial statements	25.8	0.4
Amounts authorised for expenditure but not contracted at 31 December	9.9	30.3

The capital expenditure commitments relate mainly to the construction of the building at Horseferry Road and the technical equipment required for broadcasting from that building in 1994.

(b) Forward foreign exchange contracts:

At 31 December 1992, Channel 4 had entered into commitments to purchase foreign currencies amounting to £5.5 million (31 December 1991: £5.9 million), maturing between February and July 1993, which were entered into in order to fix the sterling cost of certain foreign programme and film purchase commitments.

(c) Operating leases:

Channel 4 has financial commitments in respect of operating leases for its premises, which will terminate in 1993 or thereafter. The amount payable under these leases in 1993 will be £2.9 million (1992: £2.9 million).

21 Pension costs

Channel 4 operates a contributory pension scheme providing benefits based on final pay. The assets of the scheme are held separately from those of the company, being invested through Legal & General Assurance (Pensions Management) Limited. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with Channel 4. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent independent valuation was as at April 1991. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 5% per annum.

The pension charge for 1992 was £1.7 million (1991: £1.5 million).

The actuarial valuation at April 1991 showed that the market value of the scheme's assets was £12.3 million and that the actuarial value of those assets represented 108% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The contributions of Channel 4 and employees remain at 15.3% and 6% of earnings respectively. The next actuarial valuation will be at April 1994.

22 Contingent liabilities

There are contingent liabilities in respect of compensation that would be payable in the event of certain production contracts being discontinued. No payments under such arrangements are currently envisaged.

23 Directors' interests in contracts

Anne Lapping

Anne Lapping is a director and shareholder of Brook Productions (1986) Limited, an independent production company which was commissioned during the year to produce 26 one hour **A Week in Politics** programmes, a three quarter hour **A Week in Politics Special** programme, and a one and a half hour programme **Sunday Bloody Sunday**. The production costs for these programmes are £888,063 of which £22,600 is due to Anne Lapping as executive producer and £79,971 is the production fee to the production company. £5,771 of the production fee was paid in 1992, with the balance being payable in 1993. Weekly transmissions of **A Week in Politics** began in October 1992, **Sunday Bloody Sunday** was transmitted in March 1992, and **A Week in Politics Special** was transmitted in January 1993.

Brook Productions (1986) Limited was commissioned to produce a number of other programmes with executive producers other than Anne Lapping. The company received 25% of the production fees of £4,606 which were paid for those programmes in 1992, and to that extent Anne Lapping was interested in those contracts.

John McGrath

John McGrath is a director and shareholder of Freeway Films Limited, an independent production company which received £34,870 during the year for the development of two programmes **Home of the Ikon** and **My Old Flame**

Corporate governance

The Board

The Board of directors has full responsibility for ensuring that, in a changing public service and commercial broadcasting environment, the statutory functions of Channel 4 are discharged in accordance with policies regulated by the Board and in accordance with arrangements and procedures which have, to the extent required, the approval of the ITC.

The present Board directors are listed on page 43. Subject to periodic review and to the overall responsibility of the Board from time to time, the Board has delegated responsibility for the formulation and operation of detailed policy, in accordance with the Channel 4 remit and programme policy, and for the conduct of Channel 4's affairs to the Chief Executive and to the five other executive directors. The executive directors are responsible for ensuring that Channel 4's affairs are conducted in accordance with operating procedures approved by the Board.

The Board normally meets once every month.

Board committees

In 1982 the Board established the following three committees which each meet at least once every year:

Audit committee

The audit committee's purpose is:

- to satisfy itself on all matters of financial propriety and procedure;
- to discuss with the channel's external auditors any matters of concern arising out of their audit; and
- to review the draft annual report and financial statements before presentation to the full Board.

Two non-executive directors, Sir Michael Bishop (Chairman) and David Plowright, form the membership of the audit committee.

Michael Grade, David Scott and the Coopers & Lybrand audit partner attend meetings of the committee.

The committee is satisfied with the policies and controls applied during the year, and with the measurement and presentation of financial information in the 1992 Report and Financial Statements.

Budget committee

The budget committee's purpose is to examine and discuss the details of Channel 4's annual budget and any other significant financial matters which the full Board may wish to refer to the budget committee for detailed consideration.

The budget committee has six members: Sir Michael Bishop (Chairman), David Plowright, Bert Hardy, Michael Grade, David Scott and Frank McGettigan.

The budget committee reports to the Board which retains the right of approval of the annual budget and business plan.

Remuneration committee

The remuneration committee's purpose is to approve in relation to employees of the channel:

- the level of any general salary increase;
- merit or market rate increases for individuals; and
- the channel's pension fund arrangements and related employee benefits.

Appointments of non-executive Board members, and the fees payable to them, are determined by the Independent Television Commission.

The remuneration committee has a majority of non-executive members. Its membership consists of Sir Michael Bishop (Chairman), David Plowright, Bert Hardy, Michael Grade and Frank McGettigan.

No executive director attends meetings of the remuneration committee at times when any aspect of his remuneration or terms of employment are being discussed.

In mid 1992, the remuneration committee awarded a general salary increase of 4.5% to all staff.

Pension plan

The six trustees of the Channel 4 Pension Plan meet with the Plan's managers, Legal & General Assurance (Pensions Management) Limited, several times each year. The Chairman of the trustees is Sir Michael Bishop. The trustees include an independent member, Louise Botting; two of the channel's executive directors, Frank McGettigan and David Scott; and two employee representatives, Robin Hurley and Dawn Stanley.

Directors and advisers

Chairman

Sir Michael Bishop CBE (age 51)
Joined the Board in March 1991 as Deputy Chairman, and succeeded Sir Richard Attenborough CBE as Chairman on 1 January 1993. His appointment runs to the end of 1997. Sir Michael Bishop is Chairman of British Midland Airways Limited.

Deputy Chairman

David Plowright (age 62)
Joined the Board in September 1992 following his retirement as Chairman of Granada Television Limited. His appointment runs to the end of 1997.

Other non-executive directors

Bert Hardy (age 64)
Joined the Board in September 1992. His appointment runs to the end of 1997. He is Managing Director of Associated Newspapers Limited.

Anne Lapping (age 51)
Joined the Board in January 1989. Her appointment runs to the end of 1994. She is an independent producer and a director of Brook Productions (1986) Limited.

Mary McAleese (age 41)
Joined the Board in September 1992. Her appointment runs to the end of 1997. She is Director of the Institute of Professional Legal Studies at Queens University, Belfast.

John McGrath (age 57)
Joined the Board in July 1989. His appointment runs to the end of 1994. He is an independent producer and writer; a director of Freeway Films Limited; a past member of the PACT Council; and past Chairman of Scottish IPPA.

Sir David Nicholas CBE (age 63)
Joined the Board in September 1992. His appointment runs to the end of 1997. He is a past Chairman and Chief Executive of ITN Limited.

Usha Prashar (age 44)
Joined the Board in January 1992. Her appointment runs to the end of 1996. She is a past director of the National Council of Voluntary Organisations.

Executive directors

Michael Grade (age 50)
Chief Executive since January 1988. He is a non-executive director of The Open College Limited and First Leisure plc and a member of the British Screen Advisory Council. Prior to joining Channel 4 he was Controller BBC1 (1984 to 1987), combining the post with that of Director of Programmes, Television from 1986; President of Embassy Television, Los Angeles (1981 to 1984); and Director of Programmes, London Weekend Television plc (1976 to 1981).

Stewart Butterfield (age 45)
Director of Advertising Sales and Marketing since January 1991. He was European Media Director for McCann-Erickson from 1989 to 1990 and had a number of other roles with McCann-Erickson from 1974 to 1990.

Colin Leventhal (age 46)
Director of Acquisition since March 1988 and Deputy Chairman of the British Screen Advisory Council. He joined Channel 4 in 1981 as Head of Programme Acquisition. Prior to that he was with the BBC from 1974 rising to Head of Copyright (1979 to 1981). He is a solicitor (admitted in 1971).

Frank McGettigan (age 42)
Director and General Manager since July 1988 and a governor of the National Film and Television School. He joined Channel 4 as Head of Industrial Relations and Administration in 1981. Prior to that he was with the Financial Times (1977 to 1981), ACAS and the Commission on Industrial Relations (1973 to 1977).

David Scott FCA (age 38)
Director of Finance since July 1988. He joined Channel 4 as Controller of Finance and Company Secretary in 1981. Prior to that he was with Peat Marwick Mitchell (1972 to 1981).

John Willis (age 46)
Director of Programmes since January 1993. He joined Channel 4 as Controller of Factual Programmes in 1988 rising to combine the post with that of Deputy Director of Programmes from 1991. Prior to joining Channel 4 he was with Yorkshire Television plc from 1970 to 1988 in a number of roles culminating in Controller of Documentaries and Current Affairs.

Secretary

Janet Walker ACA

Registered office

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Registered auditors

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Chartered Accountants
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Report of the auditors

To the members of Channel Four Television Company Limited

We have audited the financial statements on pages 28 to 41 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1992 and of its results and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

London

22 March 1993

Designed and produced by **Radley Yeldar** (London)
Printed in England by **CTD**



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