



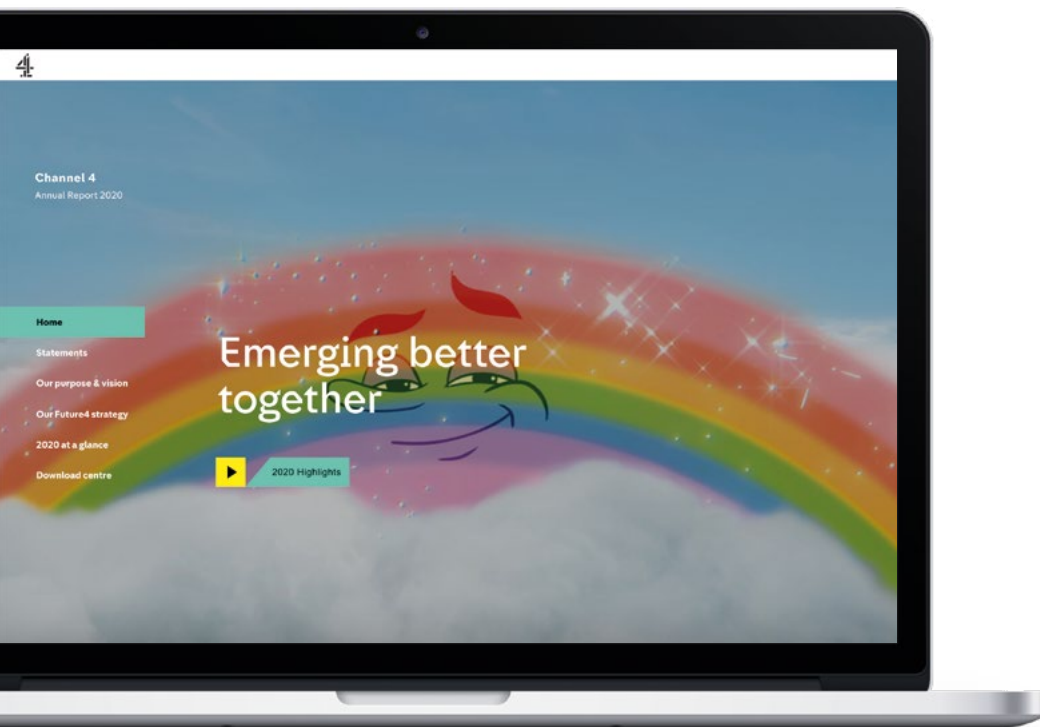
Emerging better together



Channel Four Television Corporation Report and Financial Statements 2020

Incorporating the Statement
of Media Content Policy

Presented to Parliament pursuant to Paragraph 13(1)
of Schedule 3 to the Broadcasting Act 1990



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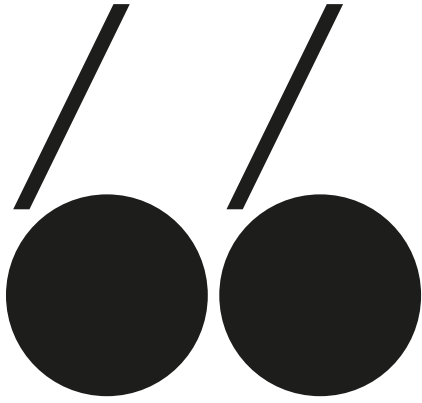
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The Covid-19 pandemic had a profound impact on many aspects of national life in 2020 and it continues to affect people across the UK in 2021. Channel 4's year was likewise impacted with all of our people, places and production severely affected by the lockdown and ongoing social distancing requirements.



Always creating positive change

Charles Gurassa Chair's statement

Our priority throughout this difficult crisis was to ensure we played our part in helping, supporting, informing and entertaining all the Nations and Regions of the UK. The Channel 4 team was focused on keeping the public up to date with the very latest information available, to explore, explain and challenge as events unrolled and reach out to every corner of the country and to all sectors of the community – one of our fundamental roles as a public service broadcaster.

Strong performance

Despite the restrictions of lockdown and the commercial constraints of reduced budgets, the organisation's creative and operational response to the crisis was swift and effective. Audiences responded positively to our 'spirit of the times' programming, which saw our share of audience grow. In the second half of the year, our income bounced back rapidly and, together with our cost reduction initiatives, this enabled us to start reinvesting back in content, to pay back all furlough money received from government and to announce a record financial surplus of £74 million at year-end. Our revenues were resilient, and we finished the year down only 5% on 2019.

A special thanks is due to our partners in the independent production sector who suffered badly as a result of cutbacks and restrictions but who, together with our commissioning team, responded magnificently to the challenge and created new formats and compelling content that captured the imagination of the millions of people stuck at home.

Channel 4 continued to meet or exceed all of its public remit metrics and to outperform for younger and diverse audiences. We are the clear leader as the channel that 'caters for audiences others don't' and our commitment to inclusion and diversity is a central tenet of our strategy. As the last year has shown, there is still much work to be done in this area both in front of and behind the camera.



The Personal History of David Copperfield



Our Leeds-based social business 4Studio has become the UK's most viewed social branded content partner, amassing more than 29 million views across Facebook and Instagram alone.

Charles Gurassa
Chair's Statement



Chair's statement continued

Digital future

However, it is Channel 4's exceptional digital performance that stands out the most in 2020. All 4 – the UK's biggest free streaming platform – achieved 1.25 billion streams during the year. With more than 250 million more views than in 2019, this is the biggest-ever increase in absolute terms, and the highest growth rate in percentage terms since 2010.

Equally impressively within one year of its launch, our Leeds-based social business 4Studio has become the UK's most viewed social branded content partner, amassing more than 29 million views across Facebook and Instagram alone – and across all social content, 4Studio achieved more than 11 billion views of our content.

The launch of our Future4 strategy this year has put digital at its heart, to give the viewer the freedom to access great content when and where they want. This continued strong performance of All 4 is a good platform from which to build.

Levelling up

All 4 the UK continues apace with the opening of our new digital studios in Leeds last year and our new permanent headquarters due to open there later this year. 2020 also saw record highs in the percentage both of our spend and volume on commissions outside of London, a testament to our burgeoning partnership with the creative talent to be found all around the Nations and Regions.

Leeds National HQ



#StayAtHome campaign



A vital public service

Public service broadcasters such as Channel 4 are the lifeblood of the UK's creative industries and we recognise that we have an important role to play in the UK's cultural and economic recovery post the pandemic and Brexit.

We act as a catalyst and as a pioneer for innovation in digital, in stimulating the growth of the independent production sector and as a leading media and early stage accelerator – particularly outside of London and among smaller companies and freelancer talent.

Against the background of the pandemic, the year saw a resurgence in demand for high-quality, reliable news content with viewing numbers up 25%. In an increasingly noisy and partisan world where 'fake news' abounds, Channel 4's news is consistently seen by the public as a highly trusted independent voice.

Filmmakers experienced unprecedented challenges in 2020, yet despite the hostile working environment, Film4 continued to support, develop and produce acclaimed films. From the double Oscar winning *The Father*, starring Olivia Coleman and Anthony Hopkins, to the BAFTA-winning *Rocks*, directed by Sarah Gavron, and Armando Iannucci's *The Personal History of David Copperfield*, it was an impressive and diverse slate from some of the best contemporary film makers. (Read more about Film4 on p42.)

Investing in the future

It has been an exceptionally challenging year in many ways, with the organisation having to face up to the pandemic-induced headwinds of restrictions on production and a significant reduction in content investment. These were offset by our swift and imaginative response in creating new formats and revitalising old favourites which, together with weaker-than-anticipated competitor schedules and large lockdown audiences, enabled Channel 4 to emerge from this unprecedented volatility in rude health both creatively and financially. Our ability to respond rapidly to the changing circumstances throughout the year reflects well on the capabilities and agility of the organisation and its leadership. We enter 2021 in good shape, with a strengthened balance sheet and excellent creative momentum, but recognise that the broader environment continues to be highly unpredictable and will require continuous vigilance and adjustment to unforeseen events.

What the unprecedented crisis in 2020 has amply demonstrated is that Channel 4 operates a business model that is flexible, competitive and resilient. What it has also underlined is our importance as a distinctive, trustworthy and authentic British voice. As global streamers jostle for a share of the UK market, and as audiences continue to fragment, Channel 4's role as a public service broadcaster becomes more important than ever.

Finally, I would like to thank all my colleagues at Channel 4 for the outstanding work they have contributed over the past 12 months. Often in the most difficult of personal circumstances, their energy, imagination and commitment have enabled Channel 4 to be ever present, contemporary and relevant for all the UK at a time when it mattered most.



We Need Your Butt campaign

The advertising recovery helped us end the year with a stronger balance sheet returning a sizeable surplus of

£74m

Dialling up and doubling down

2020 has shown decisively that Channel 4 is a vital and relevant force in UK public service media. Our distinctive content and our ability to tell British stories for our audiences have never been more needed – nor more important to protect.





Alex Mahon

Chief Executive's Statement

The year was marked by the Covid-19 pandemic, which saw Channel 4 deliver responsive and relevant public service content for all. Although the first lockdown shut down Channel 4's planned creative pipeline overnight, we continued to invest and deliver reactive and tactical content. This ensured that we were supporting the independent production sector through the pandemic and that we were reflecting the challenges that the UK was facing on screen.

At a time of great difficulty for the country, we were able to provide essential information through our news and current affairs coverage, as well as keeping the nation entertained and informed during the lockdowns. We commissioned 28 current affairs films and documentaries in response to the crisis and worked closely with our production partners to keep some of our biggest shows, such as *The Great British Bake Off* and *Gogglebox*, on air. The combination of rapid information and relevant entertainment ensured that Channel 4 played a vital role in reassuring and supporting our viewers during 2020 and that our performance was outstanding.

Chief Executive's Statement continued

Growth in linear viewing

Channel 4's creative slate stood out from other public service broadcasters and global streamers during 2020. Across our genres – from our investigative current affairs films and documentaries about Covid-19 and our regularly extended news programmes, to our biggest returners and new shows – audiences found Channel 4 content to be relevant and responsive to their needs. Stand-out examples include films such as *A Day in the Life of Coronavirus Britain* or the programmes from our Stay At Home Academy, which featured some of Britain's most-loved presenters, including Jamie Oliver (*Jamie: Keep Cooking and Carry On*), Kirstie Allsopp (*Kirstie: Keep Crafting and Carry On*) and many others.

Throughout 2020, programmes such as *Grayson's Art Club*, *Gogglebox*, *Steph's Packed Lunch* and many others reflected our Nations in all of their diversity. Alongside these, I am very proud of essential pieces *The Talk* and *Take Your Knee Off My Neck*, which looked at the inherent racism and injustice that black people face in Britain. Content like this underlines our very purpose, to create change through entertainment.

Thanks to our strong creative response and despite many major shows being cancelled, we recorded 2% growth in viewing share to our TV channel portfolio, to 10.1% – our first year-on-year increase since 2011. The main channel had 3% growth

The Great British Bake Off

Digital first

Our strong creative response led to a significant increase in both our digital and linear viewing. On digital, our streaming platform All 4 grew particularly well.

All 4 is the biggest free streaming service in the UK and we improved and upgraded the service for consumers even more during the year. All 4 of course features all of our hit shows (such as *Gogglebox*, *The Great British Bake Off* and *Taskmaster*), our huge library (featuring shows such as *Friday Night Dinner*, *The Inbetweeners* and *Scrubs*), and All 4 exclusives (such as *The West Wing*, *Married At First Sight* and *Buffy: The Vampire Slayer*), as well as our rolling catalogue of feature films, including Film4 exclusives.

As a result of the quality of the offering and the fact people were hunkered down at home, Channel 4 achieved its highest-ever level of views and biggest-ever annual increase in streaming views, to 1.25 billion views in 2020 (up 26% year-on-year), with 16-34-year-olds accounting for just under half of our monthly average viewers on All 4.

2020 was also transformative for Channel 4's digital media ambitions, with the creation of our Leeds-based 4Studio. 4Studio's mission is to foster digital-first talent, diversify revenue streams and drive digital education across the business – all with a clear focus on reaching young audiences wherever they are consuming content. The team had a phenomenal year, achieving more than 11 billion views of our content across digital media and creating our first slate of digital-only content. During the year, 4Studio signed important partnerships with key social platforms including YouTube and Snapchat (see page 75).



year-on-year, to 5.9%. Viewing by ethnically-diverse viewers grew by 2% year-on-year, while 16-34-year-old viewing share increased by a notable 7% on the main channel (and grew an impressive 15% in peak-time) showing that our strategy of focusing on content for those audiences delivered. In addition to our strong creative response and swift actions, we also benefited from the loss of some key events on other channels, which are likely to return in 2021.

Swift and prudent action

The Covid-19 pandemic also unfortunately required immediate changes to how we operate and our ability to invest. However, Channel 4's unique model as a publisher-broadcaster, in which we reinvest all of our revenues into the delivery of our creative remit and purpose, allows us to work nimbly and adapt quickly to external circumstances, even if these decisions were not always easy or popular.

The dramatic nature of the pandemic and the immediate impact of lockdown on production and advertising revenues meant that we had to take swift and prudent action to keep the schedules alive and also balance the books. This was not something that we wanted to do, and we fully recognise and lament the adverse impact that postponing shows and reducing content investment had on our partners in the production community.

At the start of the second quarter of the year, not only were revenues declining with alarming volatility, but we all had a lack of visibility of when the economy might recover. Additionally, many major shows like *Hollyoaks* and *The Circle* were impossible to produce in the circumstances.

To protect our long-term sustainability and ensure that we could continue to commission the programmes that viewers expected of Channel 4 throughout the crisis, we identified £95 million of cash savings that we could implement through a full review of projects and investments if required, and then up to £150 million of savings from delays and stopping spend in our 2020 content budget. We created a set of financial planning scenarios to ensure liquidity and safeguarding of the business through a wide range of situations.

In our content spend reductions, we ring-fenced 50% of our spending for ethnically-diverse-led, Nations and Regions based, and small indies and ensured that we kept development spend protected. We also invested £16 million in our fast-turnaround Covid-19 programming. As soon as the market started to improve in the autumn, we were able to reinvest tens of millions back into the content budget and, by working collaboratively and swiftly with our production partners, we introduced innovative ways to keep producing programmes for our audiences, supporting jobs in production and helping to attract investment back into the market.

We did furlough a small volume of staff as certain areas of work reduced during Q2/Q3; however, as we came through the autumn, we repaid all furlough monies to the Exchequer. We also donated £250,000 to the Covid-19 Film and TV Emergency Relief Fund, to support its work with the freelance community, which is the lifeblood of Channel 4 and the wider sector. We sincerely appreciate our creative partners' support throughout the year.



The Talk

I would also like to recognise the strength and resilience of the Channel 4 team. I am immensely grateful for their efforts this year and how they continued to deliver exceptional work throughout the crisis, despite being under tremendous personal pressures.

Thanks to the strength of our creative response and a stronger-than-expected bounceback in the advertising market, our overall revenues for the year were remarkably resilient, finishing the year down only 5% on 2019. In combination with the decisive cost savings implemented in response to the pandemic, this resulted in Channel 4 ending the year with a sizeable financial surplus of £74 million, the highest in our history. This puts us in a position where we can continue to invest in the UK's creative sector and our Future4 strategy through 2021 and beyond.



Steph's Packed Lunch

Clear strategy

In the last quarter of the year, we launched a new strategy for Channel 4 in order to respond to changing viewing habits. Future4 is focused on transforming Channel 4 into a digital-first public service broadcaster ('PSB') by growing our streaming and social platforms while maintaining our linear schedule.

We have set ambitious, three-year targets for 2025, including: doubling the viewing on All 4, for at least 30% of our total revenues to come from digital advertising, and at least 10% of our total revenues to come from non-advertising sources.

To deliver this, we are prioritising digital growth over linear ratings; putting viewers at the heart of our decision-making; diversifying new revenue streams to underpin our sustainability; and focusing on strategic partnerships to compete more effectively. It is an ambitious and comprehensive plan to transform Channel 4 into a digital PSB that retains its distinctive brand and public service impact. (Full details of Future4 are on page 22.)

Because all of our revenues go back into delivering Channel 4's remit, this benefits both viewers and the creative industries. We are now in a very strong position to continue to invest in our Future4 strategy and develop the UK production sector for years to come.

I'd like to thank our people, our creative and commercial partners, the Channel 4 Board and everyone else who has supported us in their herculean efforts during these unprecedented times. Most importantly, I'd like to thank our viewers across streaming and linear, for the trust and time they have given to Channel 4.



To create change through entertainment



Channel 4's purpose

To create change through entertainment

We aim to create change in the wider world through all of our activities: from TV, to streaming, social media and film – and our day-to-day roles at Channel 4. It's the impact that Channel 4 has on society, on viewers, on British culture, on the creative industries and on the wider economy. It's why Channel 4 is – and will continue to be – different.



1

Channel 4's vision **Represent unheard voices**

Channel 4 has a strong commitment to representing the whole of the UK. It means using our strong brand and wide reach to elevate unheard voices – from diverse communities, emerging writers and producers, to those who have different points of view or experiences.





2

Channel 4's vision **Challenge with purpose**

We are here to challenge groupthink and hold power to account. We don't challenge for the sake of it. We are here to test boundaries and challenge conventions, and inspire reflection and critical thought.

3

Channel 4's vision **Reinvent entertainment**

Channel 4 has a long-established role as an innovator in the creative industries across 'entertainment' in the broadest sense: we challenge ourselves to continuously refresh what we do creatively; to develop new and emerging talent; to find new ways of reaching audiences; and to find new ways of working with our partners.



In 2020, the single biggest thing that we were able to do in order to support the TV and film production sector was to continue commissioning and producing programmes through the pandemic. Unlike other commercial broadcasters – many of which have private shareholders – Channel 4 reinvests its profits back into working with the creative industries and delivering on its remit.

Deadwater Fell



Covid-19: Our work with producers

Celebrity SAS: Who Dares Wins





The Great British Bake Off



Like the rest of the world, in March 2020, Channel 4 found itself in a pandemic. This presented huge challenges for broadcasters and the creative industries.

To ensure that we could navigate through the economic impact of the crisis, we took swift action and put into place immediate financial measures to enable us to protect Channel 4's ongoing ability to serve its audiences and invest in the UK's creative industries. Channel 4's unique model as a publisher-broadcaster, as well as our culture and size, enables us to be agile and respond quickly.

This included identifying up to £150 million of reductions to our 2020 content budget and a further £95 million of cash savings that we were ready to implement across our projects and investments if required. These significant cuts had a significant impact on our production partners, but where we could we ring-fenced budget to maintain our support for the sector, to keep production staff in work and to continue commissioning originated content that audiences wanted and needed to get through these unprecedented times.

Our focus was to protect our spend outside of London and we achieved the highest-ever percentage of spend outside of London on the main channel in 2020, with 47% of our spend on first-run originations from production companies in the Nations and Regions. We also continued to work with as many producers in 2020 as the year before – 274 in total – of which 161 were independent producers (2019: 166) and 37 were new suppliers (2019: 43).

Production companies and their creative teams showed huge inventiveness and resourcefulness in finding ways to make shows in difficult conditions, as well as to keep some of our biggest shows on air, such as *Gogglebox* and *The Great British Bake Off* among others.

Our twin editorial priorities were to reflect the real impact of the pandemic on people's lives and to help our audiences through lockdown – including through vital public health messaging to stay at home (page 66).

From mid-March, we commissioned highly relevant current affairs films and documentaries, tackling burning questions such as how to protect yourself against the virus or what is the impact of the pandemic on the elderly, NHS workers and members of ethnic minorities. Overall, we commissioned 28 current affairs films and documentaries in response to the crisis, with many of them rating highly amongst audiences. These complemented

our unrivalled news coverage of the pandemic, which featured regularly extended bulletins and additional programmes – read more on page 48.

From the end of the summer, and into the early autumn, the advertising market saw a notable bounce back and, while total revenues for the year were down 5% on 2019, this recovery meant that we were able to return £11 million back into our 2020 content budget to spend with producers. We also donated £250,000 to the Covid-19 Film and TV Emergency Relief Fund, to support freelancers – building on mentoring, training and other practical support from our commissioning team through the crisis.

Channel 4 has always been at its best when there is a big creative challenge that requires fresh thinking under pressure. This Annual Report tells the story of how we responded to the pandemic, how audiences reacted to our content – and how we have emerged stronger as a result.

We would like to thank our production and commercial partners for their support in 2020.

FUTURE 4



Celebrity Snoop Dogs

Since Channel 4 was created in 1982, it has been at the centre of national conversations and has been instrumental in being a catalyst for the creation of a world-beating production sector in the UK.

Channel 4's model enables us to adapt quickly to how our environment is changing and respond to market challenges head-on. Our Future4 strategy builds upon our strong track record of digital innovation and will accelerate Channel 4's transformation to digital by driving online viewing and new revenues. It is an ambitious and comprehensive plan to transform Channel 4 into a digital PSB that retains its distinctive brand and public service impact.

By giving us a strong bias towards digital growth, Future4 will ensure that Channel 4 thrives in the digital age and continues to deliver for the creative industries, the economy and the wider public.

Targets:

Double All 4 viewing by 2025

Digital advertising to be at least 30% of total revenue by 2025

Non-advertising to be at least 10% of total revenue by 2025

Mo Gilligan: Black, British and Funny



1

Content: Prioritise digital growth over linear ratings

A central goal of the Future4 strategy is to double All 4 viewing by 2025. To achieve this, we are dialling up our ambitions for All 4 and doubling down on the types of programmes that we know people love to binge on demand.

- Investing more in highly distinctive, young-skewing formats, which are the engines of All 4's success
- Using deeper audience insights to find shows that drive streaming
- Maximising use of our Leeds-based digital content hub, 4Studio, to produce more original shorts and grow branded digital entertainment
- Continuing to be as noisy and unruly as ever and finding new inventive and entertaining ways of engaging people with the most important issues
- Launching a £30 million Global Format Fund to invest in new British-created and produced content formats that have global potential

2

Viewers: Put viewers at the heart of our decision-making

Viewers' expectations are changing in a digital world. They expect Channel 4 to know how, where and why they watch. They expect more content, communications and experiences based on their motivations – not just their demographics.

- Using a more viewer-centric approach to inform activity and decisions across Channel 4
- Rolling out personalisation features on All 4, including smarter recommendations
- Evolving how we commission, schedule, plan and develop products, sell and market to put viewers at the heart of what we do
- Refining our channel brands and their connection with their editorial positioning

3

Commercial: Diversify new revenue streams to underpin our sustainability

We have clear commercial targets as part of the Future4 strategy: digital advertising to be at least 30% of total revenue and non-advertising to be at least 10% of total revenue by 2025.

- Innovating our core advertising proposition for a digital world through data-driven targeting, including allowing clients to 'bring their own data' to target All 4 viewers via our BrandMatch offer
- Diversifying our revenue streams by making the most of our ad-free All 4+ proposition and scaling the Indie Growth Fund and Channel 4 Ventures further, as well as launching new Global Format Fund
- Provide innovative partnership opportunities for our clients, including creative solutions, ad-break takeovers, short-form and long-form branded content and access to talent

4

Partnerships: Focus on strategic partnerships to compete more effectively

Channel 4 has partnership in its DNA and our success is built upon working with other organisations, and this will become even more important in the future.

- Building upon our network and forging new arrangements to get our content in front of the right audiences, more of the time
- Further developing mutually beneficial collaboration in production, advertising, distribution and technology

2020 at a glance

Putting digital first

£161m record digital advertising revenue (+11% year on year)

making up 17% of total corporation revenue and reflecting Channel 4's strong strategic focus on accelerating digital

1.25bn programme streaming views (+26%)

the highest-ever level and biggest-ever annual increase in absolute terms

14,500 hours of content available on streaming

making All 4 the biggest free streaming service in the UK

24m

viewers registered on All 4, including 80% of all 16-24-year-olds and 16-34-year-olds in the UK, making it the youngest-profiling UK PSB streaming service



Grayson's Art Club



Financial sustainability despite uncertain times

£934m corporation revenue (-£51m on 2019)

revenues remained resilient (down only 5% on 2019) even as Covid-19 hit demand for advertising

£74m pre-tax surplus (+£100m on 2019)

the highest surplus in our 38-year history, delivered as a result of Channel 4's swift and decisive financial response at the start of the pandemic and the rapidly-improving ad market towards the end of the year

£201m net cash reserves* (+£64m on 2019)

the second-highest positive cash flow in our history and the first time Channel 4 has been cash positive since 2015 (see p130)

* Cash reserves reflect the sum of the Group's cash and cash equivalents and other financial assets net of cash borrowings at the balance sheet date, defined on p186.

Supporting the British creative industries

£522m total content spend (2019: £660m)

identifying up to £150m of cuts to our content budget during the year, two-thirds of which were for programmes that could no longer be made in 2020. This allowed us to focus on the productions that could still go ahead, enabling us to maintain our support for the creative industries through the pandemic and to release funds for content investment later in the year, as the situation improved

£370m spend on originated content (2019: £492m)

despite the originated content budget being reduced, we ring-fenced the budget where we could to ensure that we could create content that audiences needed to get through these unprecedented times

47% of spend on first-run originations came from the Nations and Regions (2019: 46%)

the highest-ever percentage of investment outside of London on the main channel

161 independent producers worked with in 2020 (2019: 166)

274 producers worked with in total (equal with 2019), of which 37 were new suppliers (2019: 43)

£250k donated to the Film and TV Charity

supporting the mentoring and training for those in the industry during Covid-19



Must-watch content

+2% growth in viewing share to our TV channel portfolio to 10.1%

our first year-on-year increase since 2011, as viewers turned to PSBs for news and entertainment during 2020

+3% growth in main channel viewing share to 5.9%

despite increased competition in the linear TV space and the migration of viewers to streaming services

+7% growth in main channel viewing share among 16-34-year-olds to 8.6%

the highest share since 2011, and 15% growth in peak-time share to 10.7% (the highest level since 2007)

+2% growth in main channel viewing share among ethnically-diverse viewers to 5.2%

our highest ethnically-diverse yearly share since 2013



The Great British Bake Off





Pages 28–29



Pages 30–31



Pages 34–35



Pages 38–39



Pages 42–43

Represent

unheard voices

Channel 4 commits to being representative of the whole of the UK. Diversity of thought is as important to us as other characteristics. This means hearing from people right across the UK, from voices that are often not heard on TV and from a wide range of diverse communities.



Diverse views

Channel 4 is proud of its long history of inclusion and diversity. Ensuring that diverse voices are portrayed on screen in an authentic manner is a key element of our public service remit.

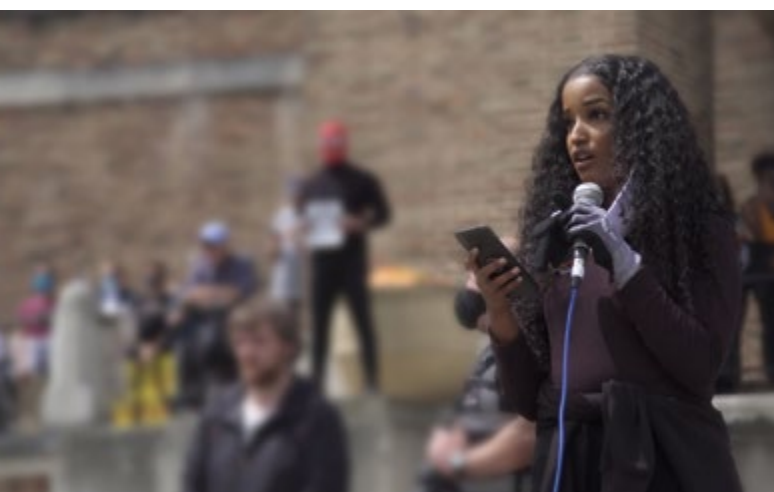
Highlights on All 4 and Channel 4 this year included positive and accurate representations of all facets of diversity – whether disability or gender, sexuality or ethnicity, diversity of thought or diverse voices from all over the UK – in the likes of Lucy Kirkwood's *Adult Material*, a dark comedy series about the porn industry; *Me and My Penis*, which took an uncompromising look at 21st-century masculinity; or *Peter: The Human Cyborg*, a film that documented the life of scientist Peter Scott-Morgan as he navigates life with Motor Neurone Disease.

Our daily live lunchtime show, *Steph's Packed Lunch*, filmed in Leeds, regularly featured a range of voices, ranging from politicians such as Michael Portillo, Baroness Warsi, Anna Soubry and Alan Johnson, to many regional and diverse voices from across the UK.

Divided Britain: The Lockdown Debate saw Channel 4 News' Krishnan Guru-Murthy chair a debate about the October Covid-19 lockdowns. Featuring a range of voices – from hospitality business owners to police officers, intensive care doctors to entrepreneurs and head teachers – the debate asked whether the lockdown was too tough or too late, too far or not far enough.

The Yorkshire Jobcentre went behind the scenes at a busy job centre in Leeds, revealing the lives of those living on benefits and the job coaches' efforts to help them. Viewers described it as "informative", "honest" and "thought-provoking", with more than 75% of those surveyed agreeing that it "gave a voice to those typically marginalised in society" and that it reflected the diversity of the UK.

Take Your Knee Off My Neck



46.5%

The Black and Proud season reached 46.5% of the population (28.2 million viewers)

Supporting proud black voices

Three weeks after George Floyd was killed, and as Black Lives Matter protests spread around the world, Channel 4 announced a series of five original shorts by black filmmakers, to be available on streaming and to watch on linear TV. The *Take Your Knee Off My Neck* series formed a collective – and urgent – protest about the systemic racism and injustice black people continue to face in Britain. They included personal stories of racial abuse in *My First Time*; a powerful call to action by George the Poet; and an exploration of the impact of the toppling of Edward Colston's statue in *The Shadow of Slavery*.

Channel 4 also commissioned *The Talk*, in which Tinie Tempah, Emeli Sandé and other well-known Black Britons shared their poignant and emotional experiences of the conversations parents have to help their children face racism. The programme was described as "emotive", "eye-opening" and "honest", with nine in ten viewers saying it highlighted the importance of having open discussions about race, and seven in ten agreeing that it explored racism in a way they'd not seen before on TV.

To mark Black History Month in October, Channel 4 curated a season of classic and new programming, on All 4 and across our channels, under the Black and Proud banner. Compared to 2019, views of our collection celebrating Black History Month on All 4 were up by 67%.

The season included documentaries such as *Damilola: The Boy Next Door* and *Hair Power: Me and My Afro*; comedies such as iconic sitcom *Desmond's* and Michaela Coel's E4 hit *Chewing Gum* and Film4 titles such as *12 Years a Slave* and *Hidden Figures*. The season reached a huge 46.5% of the population, equivalent to more than 28 million viewers. Eight in ten viewers agreed that the programmes helped to break taboos, while 85% said they sparked conversations on racism in society.

We also announced a Black Takeover Day to showcase black talent on screen in 2021. A year on from the death of George Floyd and leading into Black History Month, this will encompass every genre and service, and will be one of the most radical diversity interventions in the channel's history.





Council House Britain

Deadwater Fell





A Day in the Life of Coronavirus Britain



...a beautiful programme. Heartbreaking, hopeful, uplifting, funny, poignant and real.

A Day in the Life of Coronavirus Britain

In March 2020, as the UK approached its first lockdown, Channel 4 was confronted with the challenge of how best to respond editorially to Covid-19. A key early decision was to commission fast-turnaround programming throughout the crisis, to respond to our audience's needs and to support the independent production industry.

An editorial priority was to reflect how the pandemic was affecting people's lives. Amongst a series of highly reactive current affairs programmes, *A Day in the Life of Coronavirus Britain* was an extraordinary film from Leeds-based Candour Productions that brought together footage shot by over 3,000 members of the public to capture a snapshot of British life in lockdown during a 24-hour period. It epitomised our ability to move quickly: planned in two and a half weeks, it was filmed on a single Friday, edited over the weekend and then broadcast on the following Monday, 6 April. The documentary captured the many acts of creativity and kindness that characterised the first lockdown alongside the trials and tribulations of home-schooling, caring for people who were ill or self-isolating and working from home. Its large cast included police, nurses, doctors, binmen and supermarket shelf stackers.

A Day in the Life of Coronavirus Britain reached almost two million people and was applauded for making them smile, cry and feel good, with one viewer from Leeds summing it up as "...a beautiful programme. Heartbreaking, hopeful, uplifting, funny, poignant and real." A superhuman effort in production, it was rewarded with an Edinburgh Festival TV Award nomination for Creativity in Crisis and an AIB nomination for Best Domestic Affairs Documentary.

8.6%

main channel share for 16-34-year-olds (+7% year-on-year), the highest figure since 2011

Reaching young people

We continue to work hard to engage with young people, however and wherever they watch TV. In 2020, record numbers of people watched our content on All 4, with views up 26% to significantly over one billion for the first time ever – of which 16-34-year-olds accounted for just under half.

In addition, a growing number of shows – including *Leaving Neverland: Michael Jackson and Me*; *Spencer*, *Vogue* and *Wedding Two*; and *Celebs Go Dating* – now attract more young viewers on All 4 than on traditional TV.

Viewing to our main channel among young people also rose by 7% year-on-year to 8.6%, the highest figure since 2011. During the first lockdown in the spring, Channel 4 was watched by more 16-34-year-olds than any other TV channel in the 8–11pm slot for 12 consecutive Friday nights, thanks to the performance of *Gogglebox* and *Friday Night Dinner*.

Channel 4 remains the third most popular TV channel for young people, behind only ITV and BBC One – and it grew more strongly than either of them.

Our youth-focused channel, E4, saw the 16-34-year-old share fall by 17% in 2020, to 3.9%, its lowest level in the last decade. Increased competition amongst digital channels was exacerbated this year by the pause in filming of popular soap *Hollyoaks* due to Covid-19; with 37% fewer episodes being aired, this impacted overall E4 viewing by young people. Nevertheless, E4 remained the second-most-watched digital TV channel in the UK for 16-34-year-olds, behind only ITV2. And across Channel 4's whole TV portfolio, total 16-34-year-olds viewing held steady year-on-year.



Hollyoaks



Turned Friday n



Gogglebox

night into laughter night.



Quentin Blake's Clown

Younger viewers

For younger viewers, our focus was on popular mainstream programming that reflects their lives and interests and helps them to better understand the world around them.

Meat the Family, in which families considered their eating habits by caring for animals at home, had a strong appeal to 14-19-year-olds with its educative content; 57% of viewers said they spoke about the issues raised in the programme with others.

Award-winning *The School That Tried to End Racism* attracted a substantial 17% viewing share amongst 10-15-year-olds, 148% above slot average for this age group. Almost half of the parents who watched it said that the programme motivated them to ensure their children mix with friends from different racial or cultural backgrounds. *The Daily Telegraph* called it "positive and thought-provoking", while the *Daily Mail* said it was a "brave and thought-provoking initiative".

Older children were also treated to a festive treat in *Quentin Blake's Clown*, a glorious animated adaptation narrated by Helena Bonham Carter, at Christmas.

“
Positive
and thought-
provoking...

The Daily Telegraph

The School That Tried to End Racism

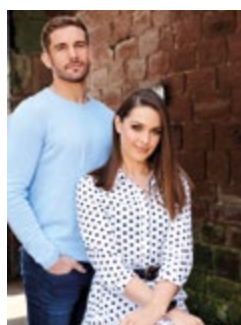








The soap most willing to take on challenging issues – and do them justice.



Hollyoaks

Hollyoaks

Twenty-five years since *Hollyoaks* hit our screens, the young-skewing soap continues to earn a reputation for grit as well as glamour, breaking hard-hitting stories and bravely tackling taboos that affect young people's lives.

2020 saw *Hollyoaks* launch on Snapchat's Discover platform, with short-form made-for-mobile episodes going live immediately after airing on E4, All 4 and Channel 4. The launch also featured an innovative bespoke augmented reality lens, which allowed Snapchat users to create their own cliff-hanger finale, complete with the *Hollyoaks* theme tune and end credits.

Major storylines featured during the year included child exploitation, male depression and post-partum psychosis, helping to start conversations on big social issues and boldly going where no soap has gone before.

Like other broadcasters' soaps, production of *Hollyoaks* was suspended in March 2020, which affected its performance, especially on linear. We were forced to reduce the number of weekly episodes transmitted before having to take it off air completely over the summer months. The resumption of production allowed *Hollyoaks* to return to the screens in September. Despite these disruptions, per-episode views on All 4 were up by 10% year-on-year amongst young audiences.

Performance was also strong on social platforms, where *Hollyoaks* continues to innovate – from its multi-award-winning #DontFilterFeelings campaign to made-for-mobile shows on Snapchat's Discover platform, where users can create their own cliff-hanger endings. Nearly 90% of viewers aged 16–34 think the show is “for people like me” (answering six or above on a ten-point scale).

Hollyoaks was named ‘Best Soap or Continuing Drama’ at last year's Broadcast Awards, where judges described it as “the soap most willing to take on challenging issues – and do them justice”.

Interview with Steph McGovern



Leeds Dock



We don't pretend
the hard stuff isn't
happening...

Q Why is it important that *Steph's Packed Lunch* is broadcast live from Leeds?

A We are rooted in a part of the country that doesn't usually have a live national TV show coming out of it. This makes us distinct in terms of our studio backdrop at Leeds Dock, but it also means that we've been able to provide work to a lot of talented people, on and off air, based in the North who can't – or don't want to – move to London to work on national TV.

Q What impact are you looking to have on viewers?

A We've thought hard about what our audience needs and wants right now. We aim to entertain but also give them a lot of information to help in their lives. For example, we received a heartbreaking letter from a mum struggling to feed her children. She asked for our help, so we tailored a cooking item to help with cooking on a small budget.

It's about creating an inclusive environment on the show. We don't judge, so our guests feel comfortable to be open, such as Chris Kamara talking about the racism that he suffered in his football career, which touched so many of our viewers.

We're also the only daytime show running a job clinic where we get employers on to talk about the vacancies they have and give advice on applying for them – so far, we've highlighted more than 30,000 roles.

Q Why is it so important to provide a positive boost for viewers, to help them navigate through these tough times?

A Public service broadcasting is about more than news. We use our platform to entertain and inspire our audience. We don't pretend the hard stuff isn't happening, but we aim to motivate and inspire people through it, while also being part of their daily routine at a time when most other habits have disappeared. We bring everyone together; we laugh and then hopefully we leave people feeling like they are a bit more prepared to tackle whatever is coming next.



Gogglebox

Since hitting our screens eight years ago, *Gogglebox* has captivated viewers with its intimate glimpse inside the nation's living rooms, presenting a modern Britain and becoming one of the most representative shows anywhere on TV, offering regional, economic, ethnic and political diversity.

Filming during the pandemic required a more complex production process using rigged cameras and a remote crew, but it was worth the effort. As people were stuck at home watching TV, watching other people stuck at home watching TV provided welcome light relief, and series 16 of *Gogglebox* drew its highest audience ever across both volume and share (as well as its biggest-ever 16-34-year-old share, at 39.2%). The series gained a further 2.0 million viewers on the main channel year-on-year, with an average of 5.8 million consolidated viewers per episode and a 25% viewing share, while on All 4 it was consistently amongst the top three shows for all ages. Its geographically diverse cast contributed to its strong regional appeal; viewers in Wales and the North of England were 16% more likely to tune in than those in the rest of the UK.

With the sense of companionship and shared experience it gave viewers during the pandemic, 81% of viewers rated *Gogglebox* as "good" or "great", more than any other Channel 4 show during lockdown. "It's the one tiny bit of normalcy and routine that brightens up my week," said one viewer. Others described *Gogglebox* as "an old friend", "the light at the end of the tunnel" and "the healing balm I so desperately needed". It's the show that "turned Friday night into laughter night" and "captured the mood of the nation".



It's the one tiny bit of normalcy and routine that brightens up my week.





4 All the UK

Our 4 All the UK programme – which supports creative talent and companies across the UK – made good progress in 2020.

Our new Bristol office in Finzels Reach formally opened in January. We now have more than 220 employees – including key Commissioners across multiple content genres – working in the Nations and Regions. This includes the Head of Features & Daytime based in Glasgow, and the Head of Drama and Head of Sport based in Leeds.

Despite the disruption from Covid-19, we increased the proportions of our content sourced from the Nations and Regions in 2020. In spend terms, we achieved our highest-ever level of investment outside London on the main channel, with 47% of our expenditure on first-run originated programming sourced from suppliers in the Nations and Regions (one percentage point up year-on-year). Across our TV portfolio, we spent £141 million on programmes from production companies based outside of London. Reflecting the Covid-19-related reduction in the overall content budget, this was down 25% on 2019's record level of £189 million.

Industry engagement continued throughout 2020. Independent producers from across the UK attended a series of genre briefings and insight sessions held in early summer, while our Indie Growth Fund (see page 77) made its first investment into a Wales-based independent producer, Yeti. We also launched the Emerging Indie Fund, to provide financial assistance for slate development underpinned by significant Commissioner commitment to help enable small, emerging indies across the UK grow. 11 companies, representing every genre, were selected from more than 140 applications.

We continued to strengthen talent pools and create opportunities in the Nations and Regions. Some 1,300 people participated in a four-week virtual training programme that Channel 4 hosted in conjunction with the National Film and Television School ('NFTS'), specifically aimed at independent producers and freelancers outside of London. In October, we launched our new commitment to training and development, 4Skills. This initiative is focused on attracting people from diverse backgrounds into our industry and progressing the careers of those already within the sector, with a particular focus on the Nations and Regions. We also led on the creation of a new employment initiative in the North of England, partnering with TV Talent North to link indies with freelancers who are looking for work. Delivered over social platforms, the initiative attracted 3,000 members in just three months. Our aspiration is to roll this out to other parts of the UK in 2021.

And we built on our relationships with the Nations' screen agencies. A new funding partnership with Screen Scotland supported the development of creative output from independent production companies based in Scotland; a model we also hope to replicate elsewhere.

Film4

The closing of cinemas, curtailment of the film festival circuit and difficulty of shooting under Covid-19 restrictions for much of the year meant that Film4 was as impacted as many other parts of Channel 4. Production was disrupted, as was the release of films that had already been shot. A number of planned cinema releases were postponed until 2021, and most of those that were released in 2020 were either premiered on streaming platforms or had just a very limited theatrical release in the few short periods of the year when some cinemas were open. Despite these challenging circumstances, Channel 4's feature film division still achieved notable successes.



Everybody's Talking About Jamie



Six Film4 productions were shot and completed in the last four months of the year, working within the lockdown restrictions. Eva Husson's adaptation of Graham Swift's *Mothering Sunday* led the way, starring Oscar-winners Olivia Colman and Colin Firth. Film4 backed new films from two other rising European female auteurs: *Earwig* from Lucile Hadžihalilović, and *Titane*, Julia Ducournau's highly anticipated follow-up to her debut *Raw*. Michael Pearce followed up his BAFTA-winning Film4-backed debut *Beast* with the US-set *Invasion*, starring Riz Ahmed and Octavia Spencer. And *Boxing Day*, a Christmas-set romantic comedy with an all-black cast from writer-director-star Aml Ameen was the first of two comedy debuts to shoot, alongside *Brian & Charles*, featuring the comic creation of writer-star David Earl.

Steve McQueen began shooting his first documentary feature, *The Occupied City*, in November. Basil Khalil got under way with his debut feature *A Gaza Weekend*. John Michael McDonagh's *The Forgiven*, starring Ralph Fiennes and Jessica Chastain, was able to wrap late-summer after being

The Personal History of David Copperfield went on to gross

£6m
at the UK box office

shut down during the first lockdown. And Film4 also backed a collection of five short films from new voices, visions of British dystopia/utopia through a black cultural lens.

Turning to films that were released this year, Armando Iannucci's witty and charming take on Dickens' classic *The Personal History of David Copperfield*, starring Dev Patel, was the sole Film4 title that had something close to a full theatrical run before the pandemic closed cinemas in Britain. Released in January, it went on to gross over £6 million at the UK box office, and was widely praised by critics. Other titles that launched in the first quarter of the year – Michael Winterbottom's fast fashion satire *Greed*; Justin Kurzel's revisionist take on a mythical Australian outlaw *True History of the Kelly Gang*; and Nick Rowland's thrilling debut *Calm with Horses* – were all impacted to some degree by the introduction of Covid-19 restrictions.

Later in the year, Coky Giedroyc's adaptation of Caitlin Moran's bestselling semi-autobiographical novel *How to Build a Girl* pivoted from a planned summer cinema release to a debut on Amazon Prime; and *Rocks*, the critically acclaimed slice-of-life drama about a multicultural group of East London schoolgirls from director Sarah Gavron, similarly pivoted to Netflix after a brief bow in cinemas. Rose Glass's debut *Saint Maud* – named by film critic Mark Kermode as one of his top ten films of the year – grossed a creditable £800k in cinemas with social distancing limits in place, just before the country returned to lockdown in November.

High-profile films whose releases were pushed back to 2021 include the adaptation of *Everybody's Talking About Jamie* from the creators of the original smash hit stage musical; Edgar Wright's *Last Night in Soho*, starring *The Queen's Gambit*'s Anya Taylor-Joy; awards frontrunner *The Father* starring Anthony Hopkins and Olivia Colman, adapted by Florian Zeller from his own play; and the incredible true story of a prize-winning Welsh racehorse, *Dream Horse*.

Ben Sharrock's *Limbo*, a wry comedy-drama about asylum seekers awaiting the outcome of their asylum application on a remote Scottish island, sold to distributors around the world after becoming an international film festival hot ticket. The film made its world premiere in Toronto, after being awarded the Cannes 2020 selection label and following the festival's cancellation due to Covid-19. Cathy Brady's debut feature *Wildfire* is also slated for cinema release in 2021 following a Toronto bow.

Film4 finished 2020 on a high, with 52 nominations for the British Independent Film Awards, with *Saint Maud*, *Rocks* and *Calm with Horses* comprising three of the four most highly nominated films.



Mothering Sunday

Calm With Horses



Working off screen

In 2020, Channel 4 turbocharged its efforts to find and develop diverse talent behind the camera by launching a new training and development initiative called 4Skills. It aims to make Channel 4 even more open to new talent and fresh voices from underserved parts of the UK. Apprenticeship schemes and outreach programmes will target school kids and college students from diverse backgrounds – people who might never have considered a career in broadcasting.

We joined The Valuable 500, a global initiative to put disability on the business leadership agenda, and doubled our workforce disability target, which will increase from 6% to 12% by 2023.

We doubled down on fighting racism, outlining a six-point plan to drive change and publicly declaring ourselves an “anti-racist organisation”. Taking action to narrow our ethnically-diverse pay gap, we launched a new mentoring scheme for diverse employees, and set targets of at least 20% of all staff, and 20% of the top 100 highest-paid staff, being ethnically-diverse by 2023.

As part of our programming plans, we pledged to double the number of commissions from ethnically-diverse-led independent producers by 2023. To help with this, we launched an Indie Accelerator scheme that gave ten ethnically-diverse-led indies – including Afro-Mic Productions (Northern Ireland), Meridian Line Films (York) and Ranga Bee Productions (London) – unprecedented access to Commissioners and bespoke support to help supercharge their progression. We also partnered with The TV Collective to run a series of online events to help ethnically-diverse industry professionals through the Covid-19 crisis, addressing their specific challenges and offering a mix of free live talks with experts, Q&As and career advice.

In 2020, 85% of our programmes met our Commissioning Diversity Guidelines, which set on and off-screen diversity targets in each genre for the people working on the programmes that we invest in, as part of our efforts to promote diversity within our industry. This is an increase on 2019 and reflects the commitment across Commissioning to ensure that programmes meet the guidelines despite the challenges of Covid-19.

Beyond our programmes, for our £1 million Diversity in Advertising Award initiative, this year we invited agencies to create advertising campaigns focusing on the authentic portrayal of UK ethnically-diverse cultures. EA Sports and its creative agency adam&eveDDB won the prize, with their ad airing in 2021.

Ade Adepitan – The Talk





Yinka Bokinni – Damilola: The Boy Next Door



Channel 4
helped
me take my
first steps
down a
new path.

Yinka Bokinni



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Challenge

with purpose

Peppered with shows that have something sharp to say about modern Britain, Channel 4's creative slate stands out from other public service broadcasters and global streamers.





Channel 4 News

Challenge with purpose continued

At its most impactful, our content exposes the truth and acts as a powerful catalyst for change. By testing conventional thinking and inspiring critical thought, we offer something unique and distinctive to the country.

Channel 4 News


2020 saw *Channel 4 News* achieve huge success in reaching audiences digitally, as people spent more time at home. During the first lockdown, as record numbers of viewers watched *Channel 4 News*, viewing increased by nearly 80%. Through the year, more than half a billion views were recorded to *Channel 4 News* content on Twitter, Facebook and YouTube, as viewers sought unbiased news and expert commentary. *Channel 4 News* is the biggest news programme on social media in the UK.

More than 1.5 billion minutes of *Channel 4 News* content were watched on social media over 2020 (11% up year-on-year) and, in total across Facebook, YouTube, Twitter and Instagram, *Channel 4 News* had 9.5 million followers or subscribers by the end of 2020. 50% of its YouTube audience and 60% of its Facebook audience are under 35 years old.

When the country first went into lockdown in March, Channel 4's response epitomised our ability to act fast and to respond to what was happening, giving British viewers content that they wanted and needed as the pandemic spread and people were forced to make some of the biggest-ever adjustments to their lives overnight. This made us stand out strongly in a market where global streamers had a limited response to the pandemic.

Channel 4 boosted its News and Current Affairs output, regularly extending bulletins to as long as one hour and 45 minutes and adding additional programmes. Across the whole year, we provided a greater volume of news programming in peak-time than in any other year in our history.

Produced in the most challenging of circumstances – with the *Channel 4 News* team presenting live from their living rooms at times –

A portrait of Fatima Manji, a woman wearing a white blazer over a maroon top and a matching maroon hijab. She has her arms crossed and is smiling slightly. The background is a blurred indoor setting.

Fatima Manji

our enterprising journalism combined powerful storytelling with compassion and engaging reportage during the year. Ofcom's research found Channel 4's news provision to be the most trusted national TV source for information about the pandemic. It also continues to be the most highly regarded news provider in terms of its perceived independence from the government and from the influence of big businesses, leading other public service broadcasters by clear margins (see page 118).

The programme's comprehensive Covid-19 coverage, led by Health and Social Care Editor Victoria Macdonald and a team of regional journalists, was committed to exploring and scrutinising the government's handling of the pandemic, exposed injustices and charted the devastating toll of the Covid-19 tragedy on the UK.

Beyond Covid-19, key editorial highlights in 2020 included *Channel 4 News'* Deterring Democracy investigation. Sparked by a leaked file from Donald Trump's 2016 Presidential campaign, the investigation revealed its strategy to deter 3.5 million black Americans from voting. It became an international news story. On social media, it drove more views than any other Twitter video from Channel 4 last year. "*Channel 4 News* unearthed perhaps the best American political story a British broadcaster has ever come up with," commented UK media columnist Raymond Snoddy.

Channel 4 News had an outstanding year delivering world-class original journalism, hard-hitting investigations, access-based films and a raft of exclusive news stories. The flagship news programme, broadcast at 7pm each weekday, recorded a 14% increase in viewing share during the year and also reached more young and diverse viewers, with 52% growth among 16-34-year-olds and 8% among ethnically-diverse audiences.

Channel 4 News' reputation extends far beyond the UK's shores: its international recognition included two International Emmy® Awards, a Peabody Award and a Rory Peck Award in 2020.

Channel 4 News
is the biggest news
programme on
social media in the
UK, with more than

9.5m
followers

Current Affairs and Documentaries

Beyond the news, we also responded with a slate of Factual and Current Affairs commissions that confronted the challenges of the pandemic head-on. Channel 4's mission was to keep viewers informed and connected; to help them navigate the extraordinary new circumstances; and to bring them the human stories of those on the frontline of the crisis and the scientists and experts racing to tackle it.

We commissioned 29 Current Affairs films and documentaries that addressed different aspects of the crisis, with a number of them ranking among our highest-rating shows of the year. Together, they reached 22.7 million people, or 38% of the UK population, including over one-quarter of all 16-34-year-olds and over one-third of ethnically-diverse viewers.

A Day in the Life of Coronavirus Britain was planned in two and a half weeks and shot in one day. The documentary brought together footage shot by over 3,000 members of the public to capture life in lockdown: the trials and tribulations of home-schooling; caring for people who are ill or self-isolating; working from home; police; nurses; doctors; binmen; supermarket shelf stackers; and the many acts of creativity and kindness (see case study, page 31)



Viewers described the show *NHS Heroes: Fighting to Save Our Lives* as "moving", "eye-opening", "important" and "informative".

NHS Heroes: Fighting to Save Our Lives





We acted fast, commissioning 29 Current Affairs films and documentaries in response to the crisis; combined, these reached

38%
of the UK
population



Coronavirus: How to Isolate Yourself

Rated by viewers as the most relevant and interesting programme shown by Channel 4 during the pandemic, *NHS Heroes: Fighting to Save Our Lives* gave a glimpse into what it's like to be a doctor or nurse in the thick of the pandemic, as they filmed powerful and tearful testimonials from their smartphones. Viewers described the show as "moving", "eye-opening", "important" and "informative".

Coronavirus: Can You Avoid It? was Channel 4's most-watched Covid-19-related programme of the year. Presented by Dr Helen Lawal, the one-hour special explored how the virus is spread; it featured interviews with experts in virology, microbiology and epidemiology; and offered strategies for staying healthy. With audiences craving such practical and relevant advice, the show attracted 1.9 million viewers (an 8.6% share).

Other most-viewed pandemic programmes included *Coronavirus: How to Isolate Yourself*, with expert tips from Dr Xand van Tulleken and psychologist Kimberley Wilson on coping in lockdown; *Coronavirus: How Clean Is Your House?* on making sure your home stays virus free; and *Race Against the Virus: Hunt for a Vaccine* on how Covid-19 spread unstoppably throughout the world, told through the eyes of key scientists.



Unreported World: USA Down and Out



Tackling global social issues

Starbucks and Nespresso: The Truth About Your Coffee was a painstaking and lengthy *Dispatches* investigation, conducted over several months, into Starbucks' and Nespresso's claims of not using child labour.

The film relied on cultivating sources and gathering documentary evidence and then involved undercover filming in remote and hostile parts of Guatemala. It proved conclusively that young children were used on farms that supply beans to both international corporations, contrary to their public statements. Not only were these children filmed picking for very long hours for minimal pay, but sometimes they were working in hazardous conditions.

Following our reporting, Nespresso launched its own investigation which confirmed that child labour in breach of international regulations was being used and pledged to eradicate the practice by introducing a "zero-tolerance" policy against child labour in its supply chains and a programme providing safe spaces for children during harvest season. Starbucks also launched an immediate investigation and pledged to increase third-party audits of coffee farms and pilot regional community and childcare centres.



Dispatches: Starbucks and Nespresso: The Truth About Your Coffee

Dispatches and Unreported World

Channel 4's investigative journalism seeks to hold power to account in a duly impartial way. Last year, across 21 episodes, our award-winning current affairs programme *Dispatches* tackled important topics ranging from big tobacco and traveller crime to the Covid-19 jobs crisis and Hong Kong's battle for freedom.

The most-watched episode in 2020, attracting 1.8 million viewers (an 8.5% viewing share), was *Trump's Coronavirus Catastrophe*. As America prepared to go to the polls, Matt Frei gained extensive insider access to investigate the US President's policies, actions and decisions during the pandemic. On the other side of the Atlantic, reporter Anja Popp looked into stories of criminality and lawlessness, as well as prejudice and attack, in English Traveller sites in *The Truth About Traveller Crime*, the second-most-watched programme in the series with 1.7 million viewers (a 6.7% share). Closer to home, *The Great Charity Scandal* investigated how celebrities charged huge fees to support charities.

Our foreign affairs series *Unreported World* uncovered a range of extraordinary international stories. Marcel Theroux met the Japanese schoolgirls seeking pop stardom, performing for mostly older male fans, and travelled to Thailand to investigate the controversial Dhammakaya movement. Sahar Zand went to Kenya on the trail of the worst swarm of locusts in decades, while Adnan Sarwar followed migrants crossing the Alps risking hypothermia and death. In the most-viewed documentary in the series, Karishma Vyas visited California's 'TradWives', who abhor feminism, embrace submissiveness and want Trump re-elected.

Attracting
1.8m
viewers (an 8.5%
viewing share) was
Trump's Coronavirus
Catastrophe



Barrymore: The Body in the Pool

Justice and injustices

A number of revelatory documentaries got the nation talking this year. At a time when television is becoming ever more global and content is designed to appeal to audiences around the world, these quintessential public service programmes stood out for being distinctly British and different.

Nineteen years after Stuart Lubbock was found dead at popular entertainer Michael Barrymore's home, *Barrymore: The Body in the Pool* forensically explored the full story behind one of Britain's most high-profile unexplained deaths.

This painstaking investigation re-engaged the public with a shocking failure of the justice system and led to the reopening of the police investigation. The 90-minute documentary was a hit on our streaming service All 4, helping it to achieve its best-ever first quarter of any year. On linear, the programme consolidated to 2.7 million TV viewers, double the slot average.

Channel 4's searing, BAFTA-nominated *Crime and Punishment* also returned in 2020, exploring the challenges faced by the police, prosecution and prison systems in the wake of cuts and limited resources across six hour-long episodes.

A tough watch, key themes included rape, domestic violence, anti-social behaviour, young offenders and historical sex abuse cases – with the films looking at the situations from multiple perspectives, including those of the women involved, the police and the Crown Prosecution Service. Viewers praised the series for its "absolutely amazing insight into our public services".



Absolutely amazing insight into our public services.





Meat the Family reached 1.9 million viewers.

Changing behaviours

At the start of the year, Channel 4 broadcast a suite of provocative programmes during 'Veganuary' designed to stimulate debate about how our food is produced.

Meat the Family challenged viewers' attitudes to eating meat. In a unique experiment, four families were asked to care for farm animals at home for three weeks, at the end of which they were given a choice: spare their animals from slaughter or send them back into the food chain to be processed by a farm and then returned to them as meat.

The programme, which reached 1.9 million viewers, was described by viewers as "eye-opening" and as successfully demonstrating the moral dilemmas involved. It was Channel 4 at its best: noisy, entertaining and thought-provoking.

And it helped change people's behaviour: as a direct result of watching *Meat the Family*, one in five viewers claimed that they or a family member have given up meat altogether, 57% said they had spoken about the issues raised with other people, and 48% said the series made them think about how they could reduce their own carbon footprint.

Other programmes in the season included environmental campaigner George Monbiot's hard-hitting documentary *Apocalypse Cow: How Meat Killed the Planet*, while *How to Steal Pigs and Influence People* followed a unique community of vegan influencers.

Apocalypse Cow: How Meat Killed the Planet





1.6m

viewers watched
The Write Offs,
an 8.6% share
– up 23% against
the slot average

The Write Offs

Imagine not being able to read a book, use the internet or fill out a form. Five million people in Britain wake up to that reality every day, with one in five adults considered functionally illiterate. Too often condemned as “unintelligent”, they are frequently locked out of the job market and shamed by society.

The Write Offs, a two-part series hosted by Sandi Toksvig, offered a group of adults – aged as young as 22 all the way up to 66 – the chance to improve their literacy and transform their lives with 16 weeks of intensive, one-to-one tuition. Charting their struggles, courage and triumphs, this joyous show tackled an important and largely overlooked issue.

Watched by an average 1.6 million viewers (an 8.6% share – up 23% against the slot average), *The Write Offs* helped to challenge perceptions and lift the stigma around illiteracy. Nearly 90% of viewers said they were positively impacted by the series: more than one-third claimed it made them “think about the programme’s subject in new and different ways” and they had “discussed the programme with others”.





The Write Offs
helped challenge
perceptions and
lift the stigma
around illiteracy.

Born to Be Different



The Write Offs



Challenging preconceptions and shaping culture

At our best, our shows drive the national conversation and challenge preconceptions. Our ability to engage mass audiences and shape culture can bring positive changes to viewers' lives.

The School That Tried to End Racism was a bold and successful new series that followed a South London school's ground-breaking programme to combat prejudice by taking the controversial step of racially segregating 11-12-year-old pupils and encouraging them to talk freely about their attitudes to race. It performed exceptionally well for ethnically-diverse audiences (up 212% for volume and up 201% for share compared to other programmes in its slot) and reached 3.1 million of the population overall.

Its impact on viewers was strong, with nine in ten saying that the programme highlighted the importance of having open discussions about race, particularly from a young age, and seven in ten agreeing that it made them think about their own possible unconscious biases when it comes to race.

Our long-running documentary series *Born to Be Different* also returned to our screens. The programme has been following the lives of six children since 2003 as they grow up with different disabilities and, across the past two series, the programme has reached 4.3 million viewers.

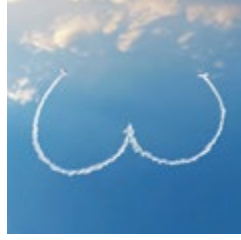
This is one of Channel 4's most impactful programmes in terms of challenging preconceptions about disability, and the latest series was no different, with 85% of viewers saying that *Born to Be Different* made them think differently about the challenges facing those with a disability. Amongst viewers with a disability themselves or with a disabled family, 95% agreed that the show showed disability issues in a true light and helped to challenge preconceptions around disability.



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Reinvent

entertainment

Our remit encourages us to push creative boundaries, take risks and experiment through our programming and across our business, in ways that other broadcasters do not. We have tasked ourselves to continuously refresh what we do creatively, to find new ways of reaching audiences, new ways of delivering our content and new ways of working.





Jamie: Keep Cooking and Carry On

Reinvent entertainment continued

Channel 4 responded directly to Covid-19 and lockdowns with fast-turnaround shows and public messaging, and with a speed and focus on UK viewers that made Channel 4 more responsive than any other broadcaster. All of this happened because of our remit to take risks and experiment.

Richard & Judy: Keep Reading and Carry On



The Stay At Home Academy

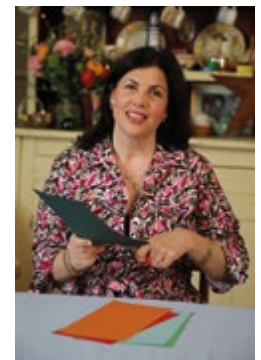
Covid-19 required us to act quickly to adapt our schedule and programmes to address the impact that the pandemic was having on audiences across the country. Few, if any, broadcasters moved as quickly as Channel 4 to bring to screen a range of programmes designed to entertain viewers having to newly adapt to life under lockdown.

Producers and Commissioners showed huge inventiveness in finding ways to make shows at reduced tariffs and with Covid-19 restrictions, with significant effort going into keeping our major shows on air – or producing them as soon as conditions allowed. This was rewarded with record audiences for many of Channel 4's biggest titles.

Just two days after the Prime Minister announced that people must stay at home, we announced our 'Stay At Home Academy': a slate of shows with the mission to help audiences navigate through the crisis and stay connected with the rest of the country, and to help families stay occupied in isolation and, most importantly, keep their spirits high.

Produced at incredible pace, the Stay At Home Academy programmes were anchored by some of Britain's most-loved presenters: Grayson Perry creating art with the whole nation (*Grayson's Art Club* – see case study, on next page); Kirstie Allsopp sharing craft ideas for all the family (*Kirstie: Keep Crafting and Carry On*); Jamie Oliver helping people cook with store cupboard essentials (*Jamie: Keep Cooking and Carry On*); Richard Madeley and Judy Finnegan revealing their best reads (*Richard & Judy: Keep Reading and Carry On*); and Dick and Angel Strawbridge offering homemade help (*Escape to the Chateau: Make Do and Mend*). Combined, they reached 21.1 million viewers, a substantial 35% of the population.

Among viewers of the programmes, there was very strong agreement (82%) that Channel 4 is always trying something new. Just under two-thirds agreed that Channel 4 captured the spirit of the country with its 'Stay At Home' lifestyle programming, and the same proportion agreed that "you wouldn't find programmes like this on services such as Netflix and Amazon".



Escape to the Chateau: Make Do and Mend

Kirstie: Keep Crafting and Carry On

Grayson's Art Club

During the first lockdown, *Grayson's Art Club* saw Turner Prize-winning artist Grayson Perry encourage the British public to pick up their paint brushes and unleash their creative side. The show truly captured the zeitgeist of lockdown Britain better than any other show last year.

The six-episode series, hosted from Grayson's own studio, featured masterclasses and top tips on how to get started with art. Grayson and his wife, psychotherapist and author Philippa Perry, talked to a string of famous faces, such as comedian Jenny Eclair and sculptor Antony Gormley, to discover their creative inspirations. Viewers were encouraged to take part in an array of artistic challenges, from drawing a portrait of a family member or housemate to depicting the view from their windows.

Grayson's Art Club was one of the best-performing series from Channel 4's Stay At Home Academy, attracting more than one million viewers per episode and causing a spike in online sales for craft specialists. Nearly 10,000 people submitted their art to Grayson and Philippa – a selection of which went on display at Manchester Art Gallery, providing a visual record of Britain in isolation.

Viewers described the show as “positive”, “therapeutic”, “stress releasing”, “inclusive” and “authentic”. It was hailed by *The Daily Telegraph* as “one of the most joyous bits of television made during lockdown, a tonic amid all the gloom”.

Grayson's Art Club was commissioned for a second series in 2021, featuring a host of celebrities from across the UK.



One of the most joyous bits of television made during lockdown, a tonic amid all the gloom...

The Daily Telegraph

Grayson's Art Club





Vital public health messaging

As a free-to-air broadcaster available in all households, Channel 4 has a reach and trusted relationship with audiences that is unique to the PSBs, and we were well placed to communicate vital public health information and advice during the crisis.

After lockdown was announced, we activated a 'Stay At Home' digital on-screen graphic that appeared on screen – all day and every day – during Channel 4's programming across our channels. The message was later changed to 'Stay Safe' from mid-May, to reflect the next phase of lockdown. The first public service broadcaster to do this, it was a very simple but powerful way to remind viewers to keep vigilant, and these messages succeeded in reaching 79% of the UK population.

Even more inventive, we showed a series of ten-second, fly-on-the-wall-style films featuring celebrities carrying out mundane tasks at home, from Jon Snow ironing his ties to Big Narstie mowing the lawn and Scarlett Moffatt pairing her socks. Targeted at hard-to-reach young male viewers, they further amplified the important public health message to stay home and save lives. In addition, a cheeky Channel 4 brand film encouraged viewers to stay at home featuring the voice of comedian Matt Berry crying, "Britain! When was the last time you did something that really mattered, with your arse? We need your buttocks. No ifs. Just butts. Because we'll beat this faster, clenched together, on the sofa."

Over the summer, as the country grappled with important social issues and moved out of lockdown, we revealed a Stay Safe #BeMoreRainbow film to remind viewers of the need to carry on being community-minded, to be kind to each other and to stay safe.

Produced by our in-house creative agency 4Creative, the film featured an animated 80s-style sparkly talking rainbow, who recounted how busy he was representing both the NHS and Pride while also standing up for all communities during the Covid-19 pandemic. The trail reached 45% of the UK population, with two-thirds of viewers agreeing that campaigns like these brought people together.





#StayAtHome campaign



We Need Your Butt campaign

#StayAtHome campaign



Britain! When was the last time you did something that really mattered, with your arse? We need your buttocks. No ifs. Just butts. Because we'll beat this faster, clenched together, on the sofa.

We Need Your Butt campaign





It's the same old
Bake Off... familiar,
comforting, lovely.



The Great British Bake Off

11.5m

viewers – the final
was the highest-
rating individual
Channel 4 episode
since modern TV
viewing records
began in 2002

The Great British Bake Off

"It's the same old Bake Off," said judge Prue Leith at the start of season 11. "Familiar, comforting, lovely."

Filming *The Great British Bake Off* during a pandemic required the production team to entirely rethink its approach. To make sure the series could be made safely – and would look as familiar as possible – the cast and crew were tested three times before filming began, before going on to live together in a self-contained 'biosphere' bubble at Down Hall Hotel in Essex for the six-week shoot. All of this meant that Paul Hollywood's famous handshake didn't have to be replaced with an elbow bump, and that viewers could continue to find reassuring warmth and nostalgia in the Bake Off tent – a place where the worst thing that can happen is a pineapple upside-down cake ending up on the floor.

It was the escapist entertainment and sugar-coated version of reality that the nation craved. The season was watched by an average of 10.6 million viewers and a 40% share of the audience, making it Channel 4's second-biggest series ever, after *A Woman of Substance* in 1985. Drawing 2.5 million young viewers, it was also the second-highest-rating series on TV for 16-34-year-olds this year, behind ITV's *I'm a Celebrity... Get Me Out of Here!* "The programme has always been comfort food but, at times this year, it almost transcended television," said *The Guardian*. "It felt like a hug. It felt like medicine."

And with 11.5 million viewers, the final was the highest-rating individual Channel 4 episode since modern TV viewing records began in 2002, and the most popular *Bake Off* final ever for 16-34-year-olds across all channels. Viewers described it as "a little escape from reality", "therapeutic" and "the perfect antidote to 2020": "Loving #GBBO. They just need to make a vaccine out of it and save the world."



Best On Demand TV Service

2020 Edinburgh TV Festival Awards





Deadwater Fell



Record streaming growth

With over 14,500 hours of content, All 4 is the UK's biggest free streaming service. Viewers turned to All 4 in record numbers in 2020, surpassing one billion views for the first time ever. Across the year, All 4 reached a total of 1.25 billion views (26% up year-on-year), of which 49% were from 16-34-year-olds. All 4 now has 24 million registered viewers, an increase of 11% year-on-year.

Digital viewing made up 11.3% of Channel 4 viewing as viewers move to a digital world. Streaming growth is at the heart of our new Future4 strategy, which aims to double All 4 viewing by 2025.

When on-demand viewing started to accelerate during the first lockdown, we focused on ensuring operational resilience on the All 4 platform to ensure a high-quality and consistent viewer experience, with some infrastructure enhancements to improve the service's reliability.

While Covid-19 and our swift cost-saving measures curtailed some of our plans to develop the All 4 platform, we rolled out a number of improvements this year to make it a more personalised and targeted experience. We redesigned and rebuilt the 'big screen' experience from the ground up to ensure that it is faster and more modern, and to facilitate future enhancements. We significantly increased the number of shows available in HD, with most of the catch-up and most-watched archive now available in HD. And we started to roll out new personalisation features, including smarter recommendations, and tested a new preference centre to allow viewers to identify their most-loved shows.

Our paid-for service, All 4+, which allows viewers to watch TV shows without ads, continued to grow, with the introduction of in-app payments on iOS and new content in the autumn.

Over the year, the All 4 platform significantly increased both its total reach and its share relative to commercial competitors. During the second quarter of 2020, at the time of the first lockdown, All 4 experienced similar rates of growth to Netflix.

Growth has been fuelled by our deep archive of Channel 4 origination – which includes popular shows such as *Friday Night Dinner*, *The Inbetweeners* and *Scrubs* – and exclusive, bingeable box-sets such as *ER*, *The West Wing*, *Married at First Sight Australia* and *Buffy the Vampire Slayer* (many of which had their original UK transmission on our channels).

Simulcasting of hit shows such as *Gogglebox*, *The Great British Bake Off* and *Hollyoaks* also strongly contributed to All 4's growth. Viewing to new titles – including hits such as *Deadwater Fell*, *Murder in the Outback*, *Barrymore: The Body in the Pool* and *The Great House Giveaway* – further drove up views during the year.

Driven by its unrivalled content library and our continued innovations, All 4 was recognised by the industry by winning 'Best On Demand TV Service' at the 2020 Edinburgh TV Festival Awards.

Lady Parts



Alternative Christmas Message

11bn

views of our content on
social media platforms and
the creation of 4Studio

Deepfakes and misinformation

Channel 4's *Alternative Christmas Message* 2020, usually a message of hope and unity, was an innovative but stark warning about how advanced technology is enabling the proliferation of misinformation and fake news in a digital age.

Created by Oscar-winning VFX studio Framestore, the four-minute film featured renowned actress Debra Stephenson as a 'deepfake' Queen Elizabeth II on screen. It was one of Channel 4's most pioneering and challenging programmes of the year.

Deepfake technology can be used to create convincing (yet entirely fictional) video content of people in the public eye and, therefore, can be used to spread misinformation. With such advancements in technology enabling a slick and believable presentation of misinformation across all areas of life – from politics to public health – it has never been more important for viewers to seek out trusted sources, such as Britain's regulated public service broadcasters.

Through the film, we created a sequence that was entertaining enough that it would be seen by a significant number of people while spreading the very real message that images cannot always be trusted. The broadcast averaged 1.2 million viewers, which was double the volume of 2019's *Alternative Christmas Message*.



Alternative Christmas Message



4Studio: reaching new audiences

2020 was a transformative year for Channel 4's social media ambitions, with more than 11 billion views of our content on social media platforms and the creation of 4Studio. This department was established to embody the Future4 strategy by fostering digital-first talent, diversifying revenue streams and driving digital education across the business – all with a clear focus on reaching young audiences wherever they are consuming content.

The 49-strong 4Studio team is based in Leeds and the surrounding Yorkshire area, supporting our vision to establish our new National HQ as a hub of digital excellence.

During the year, we signed landmark agreements with key social platforms such as YouTube and Snapchat (see next page). These multi-faceted agreements enable us to work in close partnership with these major platforms to drive audience growth and enable us to monetise our content.


4Studio has data at its heart, and much of the year was spent building a data warehouse which enables us to understand the holistic impact of the content we publish on social platforms. Supported by a team of Social Analysts, this ensures that our digital strategies become as agile as the platforms we publish upon.

We diversified our social media strategy in a number of ways. Several digital original series were commissioned to entertain and educate young, diverse audiences online via series such as *True Stories* and *The B@it*, as well as one-off documentaries such as *The Boy Who Climbed The Shard*. The introduction of Channel 4's branded entertainment proposition also saw the creation of brand-funded digital commissions such as *Mission: Accessible*, to critical and commercial success. Through both types of digital commissions, we supported our core PSB remit and diversified new revenue streams.

Whether embedding a 4Studio Social Producer on *Steph's Packed Lunch* to help engage audiences, creating an exclusive behind-the-scenes special to support our *Alternative Christmas Message*, supporting and amplifying our successful public health Covid-19 campaigns, or using data to inform digital-first content commissions, 2020 was a year of great experimentation and success on social media.

Rick and Morty





124m
social engagements
achieved across
Facebook, Twitter,
YouTube and Snapchat

Scaling through partnerships

Channel 4 has always believed in the power of partnerships and – as an organisation without any in-house production capacity, which relies entirely on external suppliers – our model makes us a naturally networked business. Being open to partnering with other platforms gives us the best chance of serving the widest audience possible. It is a complex ecosystem and striking the right partnerships remains key for us to be successful.

In 2020, we expanded our social partnerships to further build on our social reach with great success. Channel 4 brands achieved 11 billion social views and 124 million social engagements across Facebook, Twitter, YouTube and Snapchat.

A major new partnership with Snapchat was agreed in June for upwards of 300 short-form excerpts and edits of Channel 4 content to be posted on Snapchat's Discover platform over a 12-month period. In 2020, Channel 4 content saw over 44 million unique global viewers on Snapchat from 25 shows including *Tattoo Fixers*, *Hollyoaks*, *How To Get Rich Quick*, *Celebs Go Dating* and *Divided America*.

In addition to social platforms, we have continued to work on securing more innovative partnerships to increase Channel 4's reach and partner strategically with services and devices that increase the scale of All 4. We will also continue to work with other public service broadcasters to highlight the importance of prominence and look at how we position our unique PSB content in an increasingly IP-delivered world.



£20m

Indie Growth Fund has a remit to generate commercial returns for Channel 4

Investing in the future

The Indie Growth Fund has a remit to generate commercial returns for Channel 4 by investing in and helping to grow early-stage production companies across the UK. All profits from the fund's ventures are invested back into the delivery of Channel 4's public service remit.

Now six years old, the Indie Growth Fund has invested in 19 companies to date, with eight exits so far and 11 companies remaining in the fund by the end of 2020. This year, the fund invested in two new companies: Cardiff-based indie Yeti Media, and Proper Content, which produces engaging factual programmes with social purpose. There were two successful exits: Whisper Films and Eleven Film were both sold to Sony Pictures Television.

Sitting alongside the Indie Growth Fund, 2020 saw the launch of our Emerging Indie Fund, which is specifically designed to help small, new or emerging indies outside of London break through with support at key stages of early growth. Announced in December, 11 production companies from across the UK benefited from the inaugural fund. They received financial assistance for slate development, and continue to receive mentoring sessions and expert advice. The Bristol and Glasgow Heads of Hub granted discretionary awards to five further companies.

The Commercial Growth Fund was rebranded as Channel 4 Ventures in 2020. The fund invests in high-growth digital consumer businesses, offering media airtime in exchange for equity. This fund has 17 active equity investments that had a balance sheet value of £16.5 million at 31 December 2020 (2019: £20 million).

Channel 4 Ventures made five new investments this year. They included what3words, a location technology providing an easy way to identify precise locations; DeadHappy, a challenger brand in life insurance; and B-North, a firm building a regional SME lending bank for the UK.

Global Format Fund

In 2020, as part of our Future4 strategy, we launched a new Global Format Fund – which will be investing £30 million over coming years – to invest in new British-created and produced content formats with global potential. We will partner with a range of producers to create content focused on delivering both UK audience appeal and potential for exploitation in international territories. The fund is focused on those genres with the greatest potential for global format success, including Daytime, Factual Entertainment, Features, Entertainment, Documentaries and Specialist Factual.

Using a research and development approach, the Global Format Fund guarantees minimum runs and recommissioning triggers upfront, as well as minimum levels of marketing support. It leverages Channel 4's creative, marketing and audience insights to support producers with their international exploitation of the format. Within the UK, content created by the Global Format Fund is subject to the current Terms of Trade.

Ramy





Creative Forward Look

Ian Katz

Annual Report 2020 Creative Forward Look



Channel 4 has never been more buoyant, noisy and relevant than in 2021, and we are delivering our remit through a slew of programmes that viewers would not find elsewhere.

Ian Katz

Chief Content Officer

First Dates Hotel



Paralympic Games



2020 delivered a vivid reminder of the value of public service media. When Covid-19 hit the UK last year, Channel 4 had two clear roles as a public service broadcaster: to tell our audiences what they needed to know, and to help people through a difficult time. In 2021, we've also put our minds to cheering people up.

Annual Report 2020 Creative Forward Look continued

Channel 4 has never been more buoyant, noisy and relevant than in 2021, and we are delivering our remit through a slew of programmes that viewers would not find elsewhere. The year will see our slate of programmes realigned with our Future4 strategy (see page 22), working towards doubling All 4 views by 2023. We saw strong growth in streaming last year – at +26% year on year on All 4 – and 2021 is starting even bigger, up 130% so far. We will continue to be as noisy and unruly as ever, while finding new and inventive ways of engaging people with the most important issues.



The Great Pottery Throw Down

Representing unheard voices

At the heart of Channel 4 is the concept of representing unheard voices. From diversity of thought and opinion, through to elevating voices from diverse communities, our programmes telling stories that no other streamer or broadcaster would.

2021 is already seeing record-breaking success in drama through Russell T Davies' five-part *It's A Sin*, which tells the story of five friends living and loving in the shadow of AIDS. It has become All 4's biggest instant boxset to date and 63% of viewers agree that this is the sort of drama that you wouldn't find on any other channel but Channel 4. It is exactly the type of programme that we exist to make and that only we would commission.

Two flagship moments will punctuate the Channel 4 year. First, the Tokyo 2020 Paralympic Games, which were postponed to summer 2021. We will use the Games to build upon the ground-breaking impact we have had in disability sport, featuring the highest level of disabled presenting talent of any Paralympic Games yet.

Second, as part of our ongoing commitment to improve black representation on and off screen, we are working with our production partners to create career enhancing opportunities and amplify black talent, stories and voices through *Black To Front*. This an ambitious day of new and returning programmes in the autumn that will see our entire programming schedule fronted by black talent. This will be much more than a day of eye-catching programming, providing a focal point for our efforts to drive up on- and off-screen representation and leaving a lasting legacy on the channel and beyond.

Throughout the year, we will continue to invest in a mix of shows and genres that represent unheard voices, be it through comedy – such as Nida Manzoor's *We Are Lady Parts*, which tells the story of a geeky student who is recruited to join a Muslim female punk band – or hard-hitting films such as *Britain's Destitute Kids*, a follow up film to *Britain's Breadline Kids*, filmed two years ago. *Ackley Bridge* is also returning in 2021 for another series, as is Rosie Jones in *Trip Hazard: Rosie Jones*, following her success in 2020's travelogue *Mission: Accessible*.

We are as committed to diversity of thought as other forms of diversity so will air a wide range of views and opinions through regular programming such as *Steph's Packed Lunch* and *Channel 4 News*, as well as major commissions such as *The World According to Paul Dacre*.



Challenging with purpose

At our best, our shows drive the national conversation. As ever, in News and Current Affairs, we can expect a slate of polemical current affairs programmes that address challenging themes. *Channel 4 News* will also continue to lead investigations and hold power to account through its daily hour-long news, which will be co-hosted from Leeds later in the year.

Aligned with the COP-26 international climate conference in November, we will be tackling the climate emergency from different angles in the second half of the year through a range of genres and programmes.

The searing series *Rape: Behind the Headlines* (w/t) will look at the policing of rape in the UK. Filmed, produced and directed by an all-female team with exclusive access to Avon & Somerset Police, the series will examine the complex reasons why conviction rates for these appalling crimes are so low. A new Specialist Factual title, *Grenfell* (w/t), will explore life in London's Grenfell Tower before the fire, looking at who should be held to account.

We will continue to explore pertinent themes in our dramas, for example through Jack Thorne's newest film, *Help* (w/t), which will star Jodie Comer and Stephen Graham. This will shine an unflinching light on the Covid-19 crisis and tell a compelling, heart-wrenching relationship story set in a Liverpool care home.

And we will explore Britain's bedroom habits in Alice Levine's *Sex Odyssey*, a documentary produced by Louis Theroux that asks whether there is any such thing as 'normal' when it comes to sex and sexuality in the 2020s.

Dead Pixels

The Circle



Reinventing entertainment

Channel 4 will continue to take creative risks throughout the year, finding new ways to tell stories and to reach audiences through highly distinctive commissions.

We will keep exploring innovative new formats, such as the genre-bending immersive competition format *Murder Island*, in which members of the public will have one nail-biting week to compete to find out whether they have what it takes to solve a murder; or the new irreverent quiz show *I Literally Just Told You*.

Throughout the year, we are exploring new potential returning formats, such as the nature documentary *Secret Safari: In the Wild*, woodwork competition fronted by Mel Giedroyc *Good With Wood*, daytime restoration show *Mend It for Money* and, of course, the delayed return of *The Circle* following its Covid-19 postponement in 2020.

And we'll continue to do our best to bring a bit of joy to a joyless world in 2021 through feelgood programmes and returning hits such as *The Great Pottery Throwdown*, *Taskmaster*, *Grayson's Art Club*, *The Great British Bake Off*, *Junior Bake Off* plus many others, including the return of BAFTA award-winning *Stath Lets Flats*.

Driving digital growth while maintaining our linear schedule is a priority and we will continue to release instant box sets for key titles (including *It's A Sin*, new comedy *Frank of Ireland*, plus returning hits such as *The Dog House*, *Back*, *Dead Pixels* and others) and exclusives (such as *The Tudors* and *The O.C.*). And, working in partnership with the BFI's Young Audiences Content Fund, we have also expanded our *First Dates* franchise with *Teen First Dates*.

We will also continue to invest in All 4's platforms and technology to enhance functionality and usability, acquire wider VoD content rights and ensure that our platforms can be played across all of our platforms – as well as expanding our reach on social platforms through key partnerships with Snapchat and TikTok, to give audiences what they want, where they want.



Metrics

Channel 4's commitment to innovation extends across the full range of its creative output on TV and digital, while off-screen it spans the geographical spread of its supplier base and the diversity of voices brought to the screen.

Engaging the audience

In 2020, television viewing trends were heavily impacted by external factors – more so perhaps than in any previous year in Channel 4's history. Complicating matters, these factors pulled in different directions. On the one hand, when the Covid-19 pandemic reached our shores and everyone was forced to stay at home, demand for trustworthy news and high-quality entertainment shot up, and Channel 4 was well-positioned to benefit. On the other hand, lockdown restrictions meant that TV production was curtailed across the industry, and reduced advertising revenues led to reduced budgets and fewer new programmes to attract viewers. And meanwhile, the existing trend for viewing to migrate from traditional TV channels to video-on-demand ('VoD') services accelerated this year – to the benefit of our streaming service All 4 but putting pressure on our linear channels.

Even with fewer new commissions and increased competition from VoD services, when combined with our strong creative response, the overall net impact of these external factors was mostly positive for Channel 4. Testament to the quality and value of our output – including our evening news and a range of fast-turnaround lockdown programmes – we enjoyed increases in both the total volume of viewing to our digital TV portfolio and in its viewing share, as well as a surge in viewing to All 4 and big increases in consumption of our news programming. Alongside these positive trends, there were areas where viewing declined: there were small reductions in portfolio share by ethnically-diverse audiences and in overall viewing to E4.

Hair Power: Me and My Afro



The Big Narstie Show

The Yorkshire Jobcentre



Engaging the audience

10.1%

viewing share across the TV channel portfolio

Up 2%

on last year

TV viewing share

In a year in which viewers turned in increasing numbers to the PSBs for news and entertainment, Channel 4 increased its TV portfolio viewing share year-on-year for the first time since 2011. Total viewing was 10.1% across the TV channel portfolio in 2020, an increase of 0.2 percentage points (equivalent to a 2% rise).

The main channel's share rose by 0.1 percentage points to 5.9% (a rise of 3%), taking it back to the same level as between 2014 and 2018. This means that, apart from the 0.1-point dip in 2019, share has held steady since 2014 at 5.9% – an impressive record given the increased competition in the linear TV space and the migration of younger viewers to video-on-demand services.

In 2020, the main channel's share grew by 7% year-on-year amongst 16-34-year-olds (to 8.6%), its highest figure since 2011. Share in the peak-time hours of 7-11pm was 10.7%, the highest figure since 2007 amongst this demographic. For ABC1 adults, viewing share rose by 2% to 6.6%, the highest figure since 2017; and the 7-11pm share was 8.6%, the highest figure since 2008.

Turning to the digital channels, the viewing share figures show little year-on-year variation in their performance, with E4, Film4 and the Box music channels holding steady, while More4's share rose by 0.1 percentage points. Looking at the exact figures, Film4 and E4 experienced declines in viewing, of 2% and 5% respectively. E4's share has fallen gradually since 2017 and is now 0.4 points below its 2016 level; this may be attributed to increased competition for young audiences amongst digital channels – E4 has not had any new hits of the scale of ITV2's *Love Island* over this period. The other digital channels enjoyed growth in their viewing share in 2020: More4 was up by 8%, with a range of daytime shows (such as *Four in a Bed* and *Find It, Fix It, Flog It*) performing well, while the Box music channels' share rose by 24%.

Channel 4 portfolio share as a percentage of total TV viewing

		Total
2020	5.9 4.2	10.1
2019	5.8 4.1	9.9
2018	5.9 4.3	10.2
2017	5.9 4.6	10.5
2016	5.9 4.6	10.5

Channel 4 (main channel) Digital channels

Source: BARB.

Viewing share of digital channels as a percentage of total TV viewing

					Total
2020	1.5	1.1	1.3	0.3	4.2
2019	1.5	1.0	1.3	0.3	4.1
2018	1.6	1.1	1.4	0.2	4.3
2017	1.8	1.1	1.4	0.3	4.6
2016	1.9	1.1	1.4	0.2	4.6

E4 More4 Film4 Box/4Music

Source: BARB.

Engaging the audience

73.0%

of all TV viewers reached every month across Channel 4's TV channels

Down 2.8pts

on last year

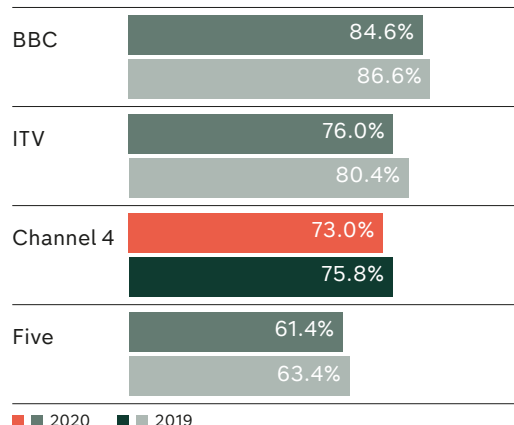
Audience reach

Channel 4 is the third-biggest UK broadcaster in terms of audience reach, behind only the BBC and ITV. In 2020, almost three-quarters (73.0%) of individuals in homes with a TV watched Channel 4's TV channels for at least 15 consecutive minutes each month on average (live or catching up within a week of transmission). With viewing continuing to migrate to streaming services (including the broadcasters' own streaming services, which are not reported in this metric), overall TV reach fell by 2% year-on-year. The main PSBs all suffered reductions in the reach of their traditional TV channels – as they did in the previous three years – with declines ranging from 2.0 percentage points (for the BBC and Channel 5) up to 4.4 points (ITV). At the lower end of this range of PSB declines, Channel 4's reach fell by 2.8 percentage points year-on-year (equivalent to a 3.7% fall).

These declining reach figures do not paint a complete picture of what was a strong year for TV overall and for Channel 4 in particular. The total amount of traditional viewing – measured in terms of the volume of viewers across the day – rose in 2020 for TV overall, by 6% for all viewers. It rose by even more for Channel 4, by 7% across the portfolio; and by more still for the main channel, whose volume of viewing was up by 8%. Moreover, the reported decline in reach only covers traditional viewing and is offset by the continued increase in video-on-demand viewing to Channel 4 (see 'On-demand viewing' on page 87).

Turning to the individual channels in Channel 4's TV portfolio, the main channel's reach fell by 2.1 percentage points year-on-year (less than 2019's 2.8-point drop). Looking at the trends in more detail reveals notable variations across the year: at the time when audiences had the greatest need for reliable information and entertainment, during the lockdowns, Channel 4's performance was especially strong: during the first lockdown in March and April, the main channel's reach was up by 1% relative to the same months in 2019. Of the digital channels, E4, More4 and Film4 all experienced small annual declines in reach, of less than one point, this year.

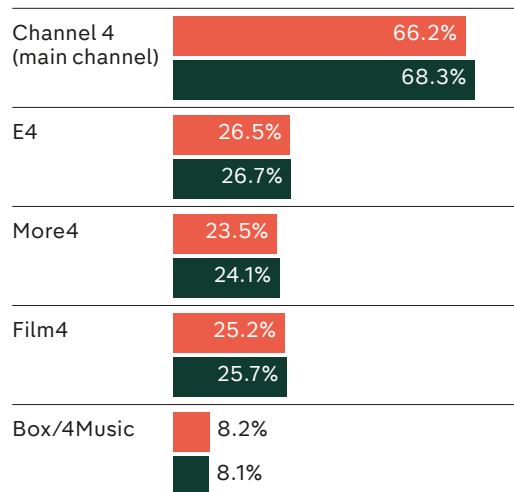
Average monthly reach of public service broadcasters' TV portfolios



■ 2020 ■ 2019

Source: BARB, 15-minute consecutive, average monthly reach, all people.

Percentage reach of individual TV channels in Channel 4 portfolio



■ 2020 ■ 2019

Source: BARB, 15-minute consecutive, average monthly reach, all people.

Engaging the audience

1,253m

programme views
initiated on demand

Up 26%

on last year

On-demand viewing

The arrival of lockdown accelerated existing trends in television viewing in 2020, most notably the rise in consumption of TV programmes via on-demand services, especially amongst younger audiences. Channel 4 continued to respond to these trends, for example by making more new TV series available to binge as box-sets on its streaming service, All 4, as well as investing in exclusive content for the platform (see 'Reinvent entertainment' chapter on page 60).

This resulted in record growth in on-demand viewing of All 4 content this year as total views passed the 1 billion mark for the first time. The number of programme views initiated through All 4-branded platforms – which include PCs, smartphones, tablets, games consoles and connected TVs – rose by 26% to reach 1.25 billion. With more than 250 million more views than in 2019, this is the biggest ever increase in absolute terms for this metric, and the joint-highest growth rate in percentage terms since 2010.

As was the case for the last two years, the strongest area of growth in 2020 was on 'big screen' devices, i.e. connected TVs and streaming devices that plug into TVs, with viewing up by more than 50%. Within this group, individual platforms on which growth was especially high included Freeview Play and tvOS (Apple TV).

On-demand viewing (million)

2020	1,253
2019	995

Source: Channel 4.

Engaging the audience

8.9%

portfolio viewing share amongst ethnically-diverse audiences

Down 3%

on last year

5.2%

main channel viewing share amongst ethnically-diverse audiences

Up 2%

on last year

Share among hard-to-reach audiences – ethnically-diverse

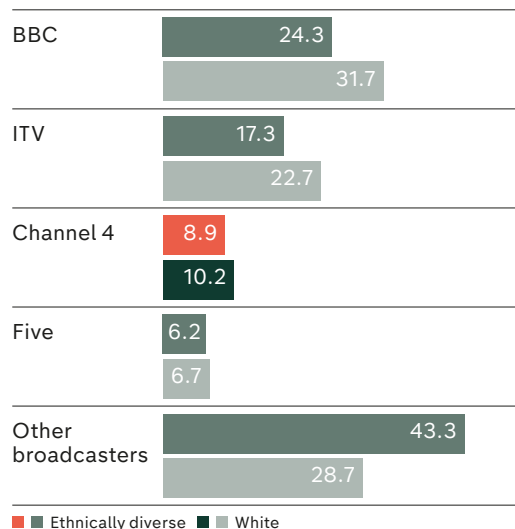
As part of Channel 4's remit to make programmes that appeal to people from different cultural backgrounds, it is important for the broadcaster to attract ethnically-diverse audiences. While the PSBs all have lower overall viewing shares amongst ethnically-diverse audiences than white audiences across their portfolios, Channel 4 strives to make this differential as small as possible.

In 2020, Channel 4's TV portfolio attracted an 8.9% viewing share amongst ethnically-diverse audiences. The corresponding share amongst white audiences was 10.2%, giving a viewing share differential between ethnically-diverse and white audiences of 13%. Relative to the other PSBs, the BBC and ITV had higher viewing share differentials, of 23% and 24% respectively, but for the first time this year Channel 5's was lower. Its 7% differential reflected strong growth in ethnically-diverse viewing to its digital TV channels (by as much as 86% for the Paramount Channel, which assumed the EPG positions vacated by 5Spike in January 2020).

Channel 4's TV portfolio viewing share amongst ethnically-diverse audiences fell by 0.3 percentage points year-on-year. In percentage terms, this was a 3% decline, and contrasts with the corresponding 2% increase amongst white audiences. As a result, the 13% differential is five percentage points higher than last year's figure, and sits above the 4% – 11% range achieved over the prior decade (between 2010 and 2019).

The widening of the differential in viewing between ethnically-diverse and white audiences was driven by Covid-19-related factors in 2020. During the lockdowns, there was a general migration of viewing to the main PSB channels and to the dedicated news channels, particularly during daytime. This benefited Channel 4's main channel, whose viewing share amongst ethnically-diverse audiences rose this year, by 2%, to 5.2% – its highest level since 2013. But Channel 4's digital channels suffered from this migration, most notably E4, whose viewing share fell this year, in large part due to the reduced number of episodes of *Hollyoaks* – the soap, which performs disproportionately well amongst ethnically-diverse viewers, contributed to a huge 23% decline in ethnically-diverse viewing to E4 this year, versus a much smaller decline of just 3% amongst white audiences.

Public service broadcasters' portfolio viewing shares amongst white and ethnically-diverse audiences as a percentage of total TV viewing by those audiences (2020)



Source: BARB.

Engaging the audience

15.7%

portfolio viewing share amongst 16-34-year-olds

Equal

with last year

8.6%

main channel viewing share amongst 16-34-year-olds

Up 7%

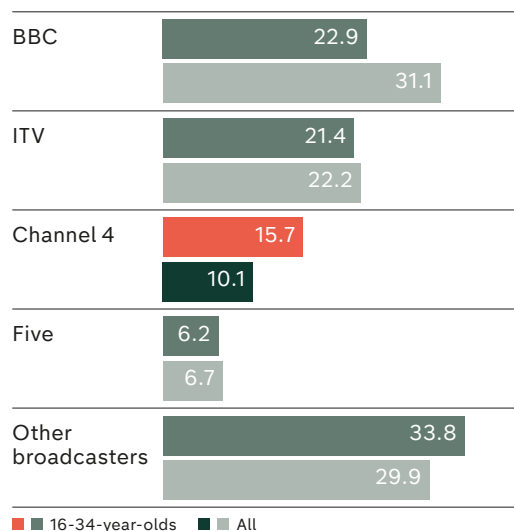
on last year

Share among hard-to-reach audiences – 16-34-year-olds

Channel 4 is unique amongst the PSBs in that its TV channels attract a disproportionately large share of viewing amongst hard-to-reach 16-34-year-olds. Across its TV channel portfolio, Channel 4's viewing share amongst 16-34-year-olds was 15.7% in 2020, a figure that is 55% higher than the corresponding all-audience share of 10.1%. Conversely, the other PSBs' 16-34 viewing shares were below their all-audience shares across their portfolios – by amounts ranging from 4% (for ITV) up to as much as 26% (for the BBC, which has an especially strong appeal to older audiences).

Channel 4's 55% viewing differential was slightly lower than the corresponding 2019 figure of 59% (a drop of four percentage points). While viewing amongst 16-34-year-olds held steady year-on-year (0% change in share), across all audiences it rose by 0.2 percentage points (equivalent to 2%) year-on-year, leading to the small decline in the ratio of 16-34-year-olds to all-audience viewing share.

Public service broadcasters' portfolio viewing shares amongst 16-34-year-olds and all audiences as a percentage of total TV viewing by those audiences (2020)



■ 16-34-year-olds ■ All

Source: BARB.

Engaging the audience

3.9%

viewing share for E4 amongst 16-34-year-olds

Down 17%

on last year

Most popular channels for young viewers

Viewing to Channel 4's channels by 16-34-year-olds was significantly impacted by the scheduling changes that resulted from Covid-19. Youth-focused channel E4 was negatively affected, primarily due to the pause in filming of *Hollyoaks* due to Covid-19 restrictions, as a result of which the number of episodes transmitted was cut back for most of the year, with just 162 new episodes airing this year compared to 256 in 2019 (a 37% reduction). At the same time, as with other age groups, 16-34-year-olds turned to the main channel in bigger numbers this year for its news and mainstream entertainment, boosting its viewing share. These effects cancelled each other out across Channel 4's TV portfolio, with overall viewing share by 16-34-year-olds holding steady year-on-year.

E4 was hit hard by the reduced volume of *Hollyoaks* episodes; after a record 16-34 share in 2019, viewing to the soap fell by 19% this year, to its lowest share in five years. 2020 was also the first year in which there were no new episodes of popular US comedy *The Big Bang Theory*, following its finale in 2019. As a result, overall viewing to E4 by 16-34-year-olds fell by a substantial 17%, to 3.9%. This fall, of 0.8 percentage points, gave E4 its lowest 16-34 viewing share in the last decade. Nonetheless, it remained the second-most-watched digital TV channel in the UK for 16-34-year-olds (behind only ITV2, whose own share fell by 27% after the cancellation of 2020's *Love Island* due to the pandemic). Across all channels, E4 fell behind Channel 5 (16-34 share: 4.1%), making it the sixth most popular TV channel overall for this audience (of the main PSB channels, it remained ahead of BBC Two).

Conversely, Channel 4's main channel enjoyed its biggest year-on-year increase in viewing by 16-34-year-olds in the last decade, rising by 8%. The resulting share, of 8.1%, was the highest figure since 2013. This increase, equivalent to 0.6 percentage points, offset most of the declines suffered by E4 this year. The main channel remains the third most popular TV channel for 16-34-year-olds, behind only ITV and BBC One, and performed more strongly in terms of its growth than either of those channels (ITV's 16-34 share fell by 5% year-on-year, while BBC One's share rose by 3%).

Viewing share for the top 10 channels amongst 16-34-year-olds as a percentage of total viewing by this age group

		Year-on-year change
ITV 1	14.4%	-5%
BBC One	14.0%	+3%
Channel 4	8.1%	+8%
ITV 2	4.7%	-27%
Five	4.1%	+2%
E4	3.9%	-17%
BBC Two	3.8%	+2%
CBeebies	3.1%	+3%
Sky 1	1.6%	+4%
Dave	1.6%	+5%

Source: BARB.

Engaging the audience

11%

of viewing to *Channel 4 News* programmes on the main channel in 2020 accounted for by viewers aged 16–34

Up 1pt

on last year

15%

of viewing to *Channel 4 News* programmes on the main channel in 2020 accounted for by ethnically-diverse viewers

Down 1pt

on last year

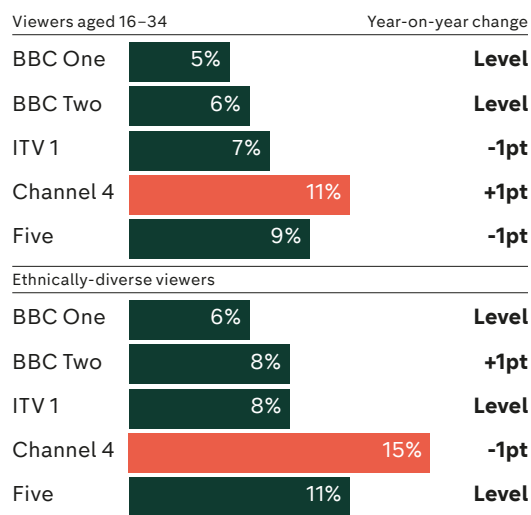
Viewing to national news

Channel 4 News maintained its uniquely strong appeal to young and ethnically-diverse audiences in 2020. 16–34-year-olds accounted for 11% of its audience this year, higher than the corresponding viewer profiles of the other main PSB channels' national news programmes, which ranged from 9% (Channel 5) down to as little as 5% (BBC One).

Channel 4 News' profile of 16–34-year-olds was one percentage point up year-on-year, recovering slightly from the low point reached in 2019 following years of gradual decline as young audiences migrate faster than other age groups to digital and social media for their news consumption (see 'Reach of *Channel 4 News*', on page 92 for its growth on other platforms). While the increase is small, *Channel 4* was the only main PSB channel to increase its 16–34 profile for its national news programmes in 2020, and it is the first time since 2010 that it has recorded a year-on-year rise.

Channel 4 News' appeal is more marked, and more stable, for ethnically-diverse audiences. This group represented 15% of its total viewing in 2020. While this is one percentage point down on 2019, it remains at the top end of the 11% – 16% range achieved over the last decade. *Channel 4* remains the only main PSB channel whose news viewing by ethnically-diverse audiences matches or even exceeds this group's representation in the UK population (estimated to be around 13% – 14%): the other channels' news programmes had ethnically-diverse viewing profiles in the range of 6% – 11%.

Percentage of viewing to national news programmes on the main PSB channels in 2020 accounted for by 16–34-year-olds and ethnically-diverse viewers



Source: BARB.

Engaging the audience

9.8m

people watched
Channel 4 News each
month

Up 25%

on last year

Reach of *Channel 4 News*

In 2020, an average of 9.8 million people watched *Channel 4 News* for at least 15 consecutive minutes each month, across the main weekday evening programme, as well as the daytime and weekend news bulletins on the main channel. This is a massive 25% increase on the 2019 figure – by some margin, the biggest year-on-year rise since this metric was first reported in 2008. After a period of gradual decline over the last decade as audiences migrated to digital and social media for their news, reach jumped back to its highest level since 2011. While the other PSBs also saw growth this year, *Channel 4 News* enjoyed bigger gains than the other main national news programmes – on BBC One, ITV and Channel 5 – whose corresponding rises in average monthly reach ranged from 10% (BBC One) down to 4% (Channel 5).

Looking at the main weekday evening programme specifically (which usually airs at 7pm), for the second year running it enjoyed significant increases in its viewing share, rising by 14% year-on-year to 4.2% of viewing – its highest level since 2008 (when it was 4.3%), a hugely impressive performance given the increased competition in the digital space since then. With overall TV audiences up this year, its absolute viewing figures rose even more in 2020, by 18%, to 768,000.

Growth was also very strong amongst key demographic groups. Amongst ethnically-diverse audiences, the main weekday news programme's share rose by 8% this year, to 8.0%, its highest figure since ethnically-diverse audiences were added to the BARB measurement system in 2010. ABC1 adult share also rose by 8%, to 5.6%, the highest figure since 2007. And share amongst 16-34-year-olds increased by a huge 52%, to 4.6%, the highest level since 2010.

The figures above exclude the programme's growing presence on digital and social media. A highlight in 2020 was *Channel 4 News*' investigation into Trump's campaign data, which drove more views than any other Twitter video from Channel 4 across the year. Overall growth was particularly strong on YouTube, with video views rising by 50% to 280 million. This year, *Channel 4 News* expanded its touchpoints among younger audiences by launching on Snapchat with new shows such as *Divided America* and *Rated*. In the month of the US election, *Channel 4 News*' Snapchat show *Divided America* saw over 6.1 million global unique viewers. Across the main social platforms (Facebook, YouTube, Twitter, Instagram and Snapchat), *Channel 4 News* had 9.4 million followers/subscribers by the end of 2020.

Engaging the audience

18pt

lead over average for other channels for catering for audiences that other channels don't cater for

Down 1pt

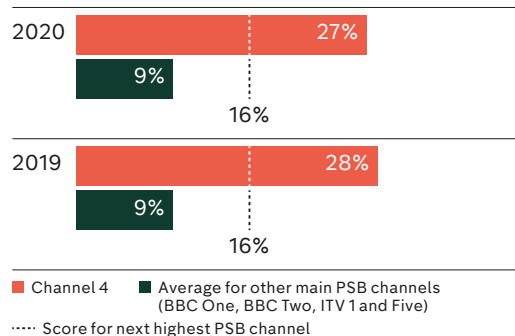
on last year

Channel reputations – catering for audiences other channels don't cater for

In 2020, 27% of respondents selected Channel 4's main channel over the other main PSB channels as catering for audiences other channels don't cater for. This gave Channel 4 a lead of 18 percentage points over the average of the other main PSB channels.

There were slight declines in Channel 4's scores year-on-year. The proportion of people selecting the main channel, its lead over the average of the other main PSB channels, and its lead over the next-highest-scoring channel all fell by one percentage point. Nonetheless, this metric remains stable: Channel 4's average lead over other channels is at the upper end of the 10-22-point range it has occupied over the last decade.

Caters for audiences other channels don't cater for



Source: Ipsos MORI commissioned by Channel 4.

794m

total visits to Channel 4's websites, mobile sites and apps

Up 14%

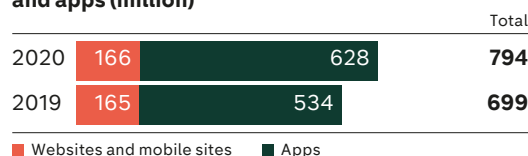
on last year

Total visits to Channel 4's websites and apps

In 2020, Channel 4's websites and apps attracted a record total of 794 million visits, after increasing by 14% year-on-year – the highest ever total for this metric. The dedicated All 4 app – available on a wide range of smartphones, tablets and connected TVs – accounted for 79% of total visits (up from 76% in 2019), with the remaining 21% being visits to Channel 4's websites (including mobile sites).

The growth this year was driven primarily by visits to All 4 apps, which increased by 18%. Visits to Channel 4's websites were also up, but only by 1%.

Total annual visits to Channel 4's websites and apps (million)



Source: Channel 4.

Engaging the audience

73%

of total viewing across the main channel, E4 and More4 accounted for by network originations

Equal

with last year

Viewing to network originations

Channel 4's output can be divided between 'network originations' – i.e. programmes commissioned by Channel 4 and transmitted on any of the channels in its TV portfolio – and programmes that were acquired by Channel 4 (primarily US content). Network originations are important as Channel 4 delivers its public remit for the most part through its investment in original content: these are the programmes over which it has creative and editorial influence in partnership with the production companies that Channel 4 commissions to make them.

In 2020, network originations accounted for 73% of total viewing to the main channel, E4 and More4. Coming after six years of consecutive growth, the proportion of network originations held steady this year. Over the last two years network originations have represented a higher proportion of viewing to these channels than at any time since this metric was first reported in 2008, and network originations' share of viewing is ten percentage points more than in 2013.

Turning to the volume of programming in the schedules, network originations represented 62% of all hours across the schedules of the main channel, E4 and More4 in 2020, one percentage point more than last year.

A comparison of these viewing and output figures shows that network originations continue to be responsible for a disproportionately high share of overall viewing to the main channel, E4 and More4, outperforming acquired programmes: in 2020, they generated a higher share of viewing (73%) than their corresponding share of the volume of programming (62%).

Please note that:

- 1 The Film4 and 4Music/Box channels are excluded from this metric as their output is primarily made up of acquired feature films and content.
- 2 Network originations differ from the narrower Ofcom definition of 'originations', which only count programmes on the individual channel that commissioned them. Network originations better reflect the multichannel world by taking into account the multiple opportunities broadcasters can provide viewers to catch up on programmes across their digital TV portfolios.

Innovation through content

When the Covid-19 pandemic hit the UK early in 2020, the impact on Channel 4 was substantial and affected plans across the whole year. The first lockdown imposed by the government forced an immediate hiatus in production across all genres in March. Shortly thereafter, the Tokyo 2020 Paralympic Games – of which Channel 4 has exclusive UK coverage – were postponed by the event organisers.

We initially had to cut total programming investment by up to £150 million to ensure we could manage the financial implications, should the advertising market not recover from the extreme nature of the revenue declines we saw in April and May 2020. From that point, we ring-fenced content spend in order to protect the independent production sector and reinvested in the content budget later in the year, once we had better visibility.

Over the following months, this enabled us to manage a prolonged interruption to our creative pipeline. The ingenuity and agility demonstrated by the sector in response to the situation was remarkable. However, the combination of reduced budget and enforced production restrictions resulted in fewer hours than planned of some regular programming (e.g. *Hollyoaks*), while some titles (e.g. *The Circle* and *It's A Sin*, along with our extensive coverage of the Paralympic Games) were pushed back to 2021.

Towards the end of the year, once the financial outlook began to improve and thanks in part to our own cost-saving initiatives, we were able to put money back in the content budget, allowing more new shows to air in the last quarter.

Paralympic Games



The End of the F***ing World

Innovation through content

Meeting Channel 4's licence obligations

Average hours per week		Compliance minimum	2020
News	In peak-time (6–10.30pm)	4	4
Current Affairs	Overall	4	6
	In peak-time (6–10.30pm)	2	4
Hours per year	Schools	1	24
Percentage			
Origination production	Overall	56	60
	In peak-time (6–10.30pm)	70	79
Independent production		25	50
European independent production		10	27
European origin		50	69
Subtitling for the deaf and hard of hearing		90	100
Audio description		10	44
Signing		5	6
Regional production		35	47
Regional hours		35	58
Production in the Nations		9	9
Nations hours		9	12

Innovation through content

£522m

spent on content
across all services

Down 21%

on last year

£510m

invested in originated
and acquired
programming across
the Channel 4 TV
portfolio (all genres)

Down 22%

on last year

Investment in all content

Following the enforced budget reductions, Channel 4 spent £522 million on content across its services in 2020. This represented a reduction of £138 million year-on-year, a 21% drop.

The main channel – which attracts the biggest audiences in the portfolio – continued to account for the bulk of the investment: its budget was £420 million this year, 81% of the total. Spend was down by 21% year-on-year, a £110 million decline. Across the digital TV channels, spend totalled £90 million, a decline of £30 million relative to the 2019 level (a 26% drop). Reflecting the growing importance of digital media to Channel 4, content spend on these services actually rose in 2020, by £2 million to £12 million (a 27% increase). Overall, digital services (the digital TV channels and digital media) accounted for 19% of Channel 4's total content investment in 2020, marginally down from 20% in 2019.

Focusing on the TV portfolio, i.e. the main channel and digital TV channels, total spend was £510 million in 2020, £140 million less than in 2019 (a 22% decrease). At the genre level, spend was down in most cases, with two exceptions. To allow for the extended running times of some editions of *Channel 4 News* during lockdown, spend on News rose by 5% this year, to £29 million (a £1 million increase). And with some gaps in the schedule when production was halted by Covid-19, spend on Film also rose, by 4% to £84 million (a £3 million increase). In all other genres, investment fell by at least 20%. The individual declines do not, however, tell the main story of the year, which was how Channel 4 reacted in response to Covid-19 to provide relevant programming across a range of genres to a population that suddenly found itself in lockdown.

Spend across the Channel 4 network on all content (£m)

				Total
2020	420	90	12	522
2019	530	120	10	660

■ Channel 4 (main channel) ■ Digital channels
■ Digital media (excluding main channel)

Source: Channel 4.

Total investment in originated and acquired programming across the Channel 4 TV portfolio by genre (£m)

Film	84	81
Drama	58	79
Factual	182	236
Comedy	39	56
Entertainment	68	94
News	29	28
Current Affairs	22	28
Older Children	1	6
Education	4	11
Sport	23	31

■ 2020 (£510m) ■ 2019 (£650m)

Source: Channel 4.

Innovation through content

65%

of the main channel peak-time schedule devoted to first-run originations

Down 9pts

on last year

Output mix on Channel 4

Changes to the programme schedule following the Covid-19-related budget reductions led to a significant reduction in the volume of first-run originated content on the main channel in 2020, especially during peak-time hours (defined by Ofcom as 6–10.30pm). There were corresponding increases in the shares of acquisitions and repeats.

During peak-time hours – when Channel 4 typically premieres its originations, as they can reach the largest audiences – the share of first-run originated programming on the main channel was 65%, nine points below 2019's figure. Repeats of original programming accounted for another 14% of hours (up by four points year-on-year), meaning that total originations comprised 79% of peak-time output. This is well ahead of Ofcom's 70% licence requirement.

Daytime schedules offer a more balanced spread of originations and acquisitions, and originations represented 60% of output on the main channel across the day in 2020 – two percentage points less than in 2019 but still comfortably above the relevant Ofcom quota (of 56%).

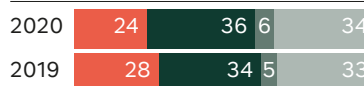
Overall, in peak-time, there was a shift from originations to acquisitions of five percentage points, and a seven-point rise in the share of repeats (with a corresponding drop in first-run programming).

Percentage of output on the main channel accounted for by originations and first-run programmes

Peak (6–10.30pm)



All day



■ Originations – first-run ■ Originations – repeat
■ Acquisitions – first-run ■ Acquisitions – repeat

Source: Channel 4.

£370m

spent on originated content across all services

Down 25%

on last year

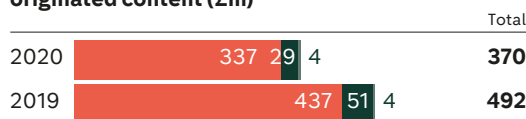
Investment in originated content

Channel 4 delivers its public remit primarily through the original content that it commissions and invests in. In 2020, the reduction in the overall content budget meant that total expenditure on originated content (first-run transmissions and repeats) across its TV channels and online services fell to £370 million. Year-on-year, this was a decline of £122 million, equivalent to a 25% drop.

On the main channel – which attracts the biggest audiences and correspondingly accounts for the large majority of Channel 4's content budget – investment in originations was £337 million (91% of the total). This was exactly £100 million less than 2019's level, a 23% drop.

Beyond the main channel, £29 million was spent on original content for the digital channels, £22 million less than in 2019 (a 44% drop). Spend on digital media content (including websites and cross-platform content) actually increased by 14% from £3.6 million to £4.1 million (the chart shows £4 million in both years in rounded terms).

Spend across the Channel 4 network on originated content (£m)



■ Channel 4 (main channel) ■ Digital TV channels
■ Digital media (excluding main channel)

Source: Channel 4.

Innovation through content

6.3hrs

of first-run originations every day on average across the Channel 4 portfolio

Down 20%

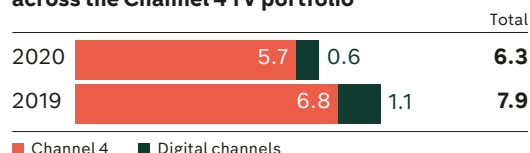
on last year

Originated output across Channel 4 TV portfolio

Channel 4 broadcast an average of 6.3 hours of new commissioned programmes (i.e. first-run originations) every day across the main channel, E4, More4 and Film4 in 2020. The main channel accounted for 5.7 of these daily hours (91% of the total). There were a further 0.6 hours on the digital channels.

Following the reduction in its content budget, the volume of first-run originations across the TV portfolio fell by 20% year-on-year to its lowest level since this metric was first reported in 2008. Hours on the main channel fell by 17% while those on the digital channels were down by 46%.

Average daily hours of first-run originations across the Channel 4 TV portfolio



Source: Channel 4.

2,281

hours of first-run originations across the portfolio

Down 20%

on last year

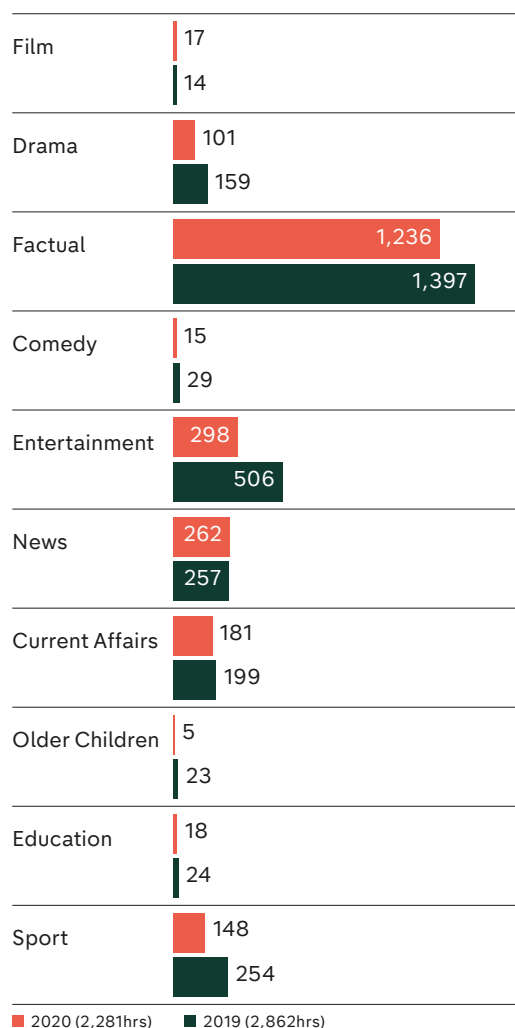
Volume of first-run originations by genre

Reflecting the decreases in originated and first-run content discussed in 'Output mix on Channel 4' on page 98, Channel 4 broadcast 2,281 hours of first-run originated programming across its TV portfolio (main channel and digital channels) in 2020, down by 581 hours (a 20% drop) year-on-year.

Mirroring the changes in spend shown in 'Investment in all content' on page 97, volumes were down for all genres except for News and Film. There were five more hours of News in 2020 (a 2% increase); while Film was up by three hours, a 17% rise.

Amongst the other genres, the two with the smallest percentage declines in volume, of 9% and 12% respectively, were Current Affairs and Factual – two key genres (alongside News) that Channel 4 prioritised in order to reflect the challenges the nation was facing on screen, with programmes that helped audiences to navigate the unprecedented times (see 'Challenge with purpose' chapter on page 46).

Hours of first-run originations shown across the Channel 4 portfolio by genre



Source: Channel 4.

Innovation through diversity

£329m

investment in first-run external UK commissions on the main channel in 2020

Down 24%

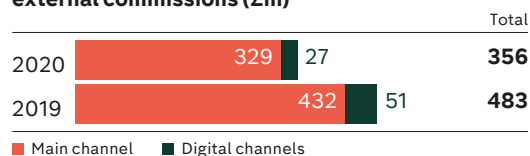
on last year

Broadcasters' investment in the production sector

Channel 4 sources all of its original programming from external suppliers. An intrinsic part of Channel 4's model, this maximises the benefits of its content investment to the UK's independent production sector.

In 2020, Channel 4's investment in first-run originations from external suppliers across its TV portfolio fell in line with the Covid-19-related reduction in its overall content budget (see introduction to 'Innovation through content' on page 95). On the main channel, spend on external suppliers was £329 million, 47% of which was spent on qualifying independent production companies. With a further £27 million spent on the digital TV channels, Channel 4's total investment in first-run originations from external suppliers across its TV portfolio was £356 million. This is 26% below the 2019 figure, a reduction of £127 million. Across the portfolio, spend fell by 24% on the main channel and by 46% on the digital channels.

Expenditure by Channel 4 on first-run external commissions (£m)



Source: Channel 4

Output from suppliers based outside London:

58%

of first-run originated programme hours

Up 4pts

on last year

Investment in the Nations and Regions (main channel)

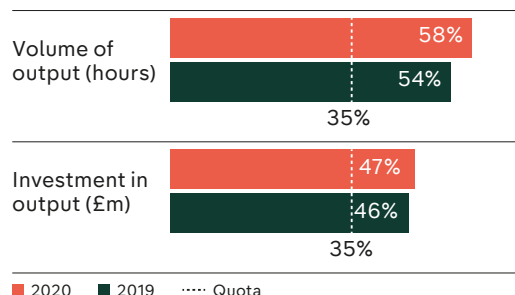
Despite the significant disruptions to the schedules following the Covid-19-related cut to content budgets and the enforced production restrictions in lockdown (see introduction to 'Innovation through content' on page 95), Channel 4 increased the proportions of content sourced from the Nations and Regions in both volume and spend terms in 2020.

It sourced 58% of the hours of first-run originated programmes on the main channel from suppliers based in the Nations and Regions. This is four percentage points more than in 2019 and just one point below the record level achieved in 2018.

As a proportion of spend, Channel 4 achieved its highest-ever level of investment outside London on the main channel, with 47% of its expenditure on first-run originated programming sourced from suppliers in the Nations and Regions, one percentage point up year-on-year.

Both of these figures exceed by a significant margin the 35% licence quotas set by Ofcom.

Proportion of first-run originated output and spend on Channel 4 which is made outside London



Source: Channel 4.

47%

of the value of first-run originations

Up 1pt

on last year

Innovation through diversity

274

companies working with Channel 4 portfolio across TV, film and digital media in 2020

Equal

with last year

161

Independent TV production companies supplied the Channel 4 portfolio in 2020

Down 3%

on last year

Diversity of supply base

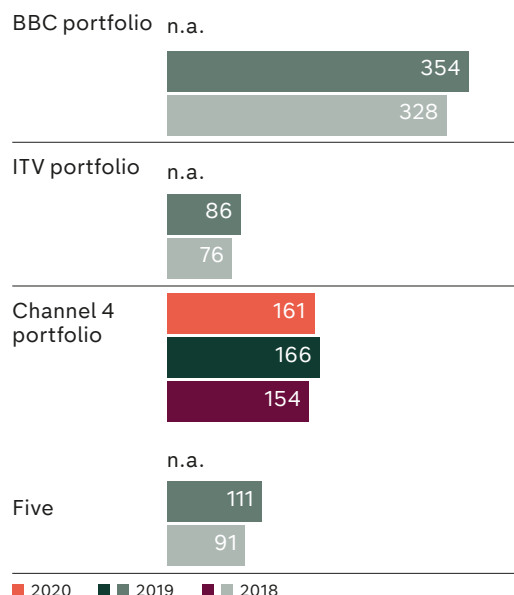
Channel 4 punches above its weight in terms of the extent of its relationships with independent TV production companies ('indies'). In 2019, the most recent year that comparative TV industry data is available, Channel 4 worked with 166 indies across its TV channels. Amongst the PSBs, this was second only to the BBC (354 indies), whose TV portfolio content budget of £1.6 billion in 2019/20 (according to its Annual Plan) is more than double Channel 4's. While ITV's content budget is also much larger than Channel 4's, it only worked with 86 indies.

Turning to 2020 (for which data is available only for Channel 4), there was inevitably some impact following the Covid-19-related reduction in original content spend (see 'Investment in originated content' on page 98). Channel 4's efforts to support the independent production sector enabled us to maintain the overall number of suppliers that we worked with. Across the year, a total of 274 companies supplied the TV, film and digital media content that it commissioned, the same level as 2019. In TV, this included 161 indies – just five fewer than 2019's total of 166 (the figure used for the PSB comparisons above), a 3% decline. A further 34 non-independent producers gave a total TV supply base of 195 companies (4% below the 2019 figure of 204).

In other media, there were 20 online suppliers, just one fewer than in 2019 (a 5% fall). Channel 4 worked with 79 film companies in 2020, seven more than in the previous year. This increase, of 10%, is due in part to the commissioning of a series of short films in response to the Black Lives Matter movement that imagine a future through a black cultural lens.

Across all types of content, 37 companies were new suppliers to Channel 4. While this is six fewer than in 2019 (a 14% drop), it remains higher than the 2018 figure of 34. Note that some suppliers worked across TV, film and online; removing the double-counting that arises from suppliers who worked across more than one media gives a total figure of 274 companies that Channel 4 worked with in 2020.

Number of independent TV production companies supplying the PSBs



Note: 2020 data not available for other PSB channels.
Source: Channel 4, Broadcast (other channels).

Innovation through diversity

Output from suppliers based in the Nations:

12%

of first-run originated programme hours

Up 1pt

on last year

9%

of the value of first-run originations

Up 1pt

on last year

Investment in the Nations (main channel)

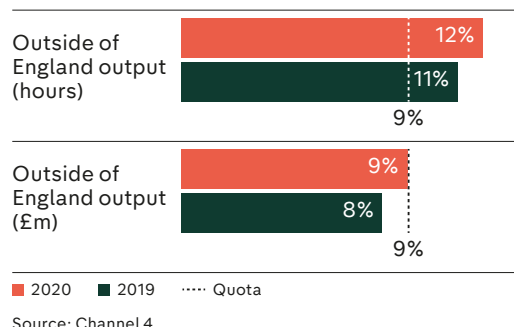
In recent years, the proportion of Channel 4's commissions made outside of England has been increasing steadily in anticipation of new Ofcom licence quotas of 9% for the proportions of volume and spend on the main channel that came into force in 2020 (up from 3% in earlier years).

This year, programmes commissioned in the Nations accounted for 12% of total hours of first-run originations on the main channel. This is one percentage point up on the 2019 figure, and level with the record for this metric previously set in 2017. It exceeds the new Ofcom quota by three points. Looking at the individual Nations, Scotland accounted for 5.7% of commissions this year, Wales 4.2% and Northern Ireland 1.7% (giving a total of 11.6% to one decimal point).

Turning to expenditure, the Nations represented 9% of the total budget for first-run originated programmes on the main channel. This is one percentage point up on the 2019 figure, again level with the record previously set in 2017. It comprised 6.1% spent in Scotland, 2.1% in Wales and 1.0% in Northern Ireland – totalling 9.2% to one decimal place, just above the new Ofcom quota.

Commissions from the Nations provided 210 hours of first-run programming on the main channel in 2020. Reflecting the Covid-19-related reduction in total first-run originated content this year, this is 38 fewer hours than in 2019, a 15% decline. Total spend in the Nations also fell by 15%, to £26.6 million (a £4.5 million fall). While this mostly translated into declines in volume and spend for each Nation, there were two exceptions: spend in Scotland rose by 1% year-on-year, to £17.7 million (with 102 hours of commissions). And the volume of programming from Northern Ireland more than doubled year-on-year to 31 hours (with spend at £2.8 million). In Wales, spend was £6.1 million for 76 hours of programmes.

Proportion of first-run originated output and spend on Channel 4 which is made outside of England



Innovation through diversity

£141m

spent on production companies based outside London

Down 25%

on last year

£28m

spent on production companies in the Nations

Down 19%

on last year

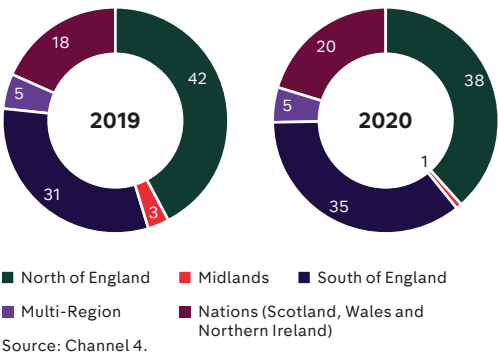
Spend by region across the Channel 4 TV portfolio

In 2020, Channel 4 spent £141 million across its TV portfolio on content commissioned from production companies based in the Nations and the English Regions. Reflecting the Covid-19-related reduction in the overall content budget, this was down 25% on last year's record level of £189 million (a £48 million drop).

Expenditure on content from production companies in the Nations was £28 million this year, a 19% reduction year-on-year (equivalent to £7 million). Scotland accounted for the largest share of this, with a spend of £19.0 million, followed by £6.1 million in Wales and £2.8 million in Northern Ireland. TV portfolio spend on commissions from the English Regions fell by 26% to £106 million (£38 million down), with a further £7.2 million spent on multi-region content (a decline of 27%, or £2.7 million). Given the overall reduction in the content budget in 2020, there were year-on-year declines in spend in all the individual Nations and English Regions, ranging from as little as 8% for Scotland up to 67% in the Midlands.

Note: these investment figures for the Nations cover spend across the Channel 4 TV portfolio, and differ slightly from those in the previous metric (see above), which relates to the main channel.

Percentage of Channel 4's expenditure across the TV channel portfolio outside London by region (£m)



Making an impact: Different voices

The Covid-19 pandemic – and the resulting production hiatus and budget cuts – significantly affected Channel 4's plans for a broad swathe of programming that would have contributed to its promotion of diverse voices and perspectives. Production was delayed on some key commissions planned for 2020 that will now air in 2021, such as 1980s AIDS drama *It's A Sin*. Producing the daily soap *Hollyoaks* – which frequently highlights social issues in its storylines – was a huge challenge in the circumstances, and the programme went off air for several months (as did all the PSBs' soaps). And the Tokyo 2020 Paralympic Games, which were to be covered extensively by Channel 4, were also postponed until 2021. Shows that were commissioned in their place sometimes had less space to cover diverse voices as central themes given their subject matter (in many cases focusing on Covid-19-related issues). These changes are likely to have contributed to some negative trends in the metrics in this section.

Despite these changes, we maintained our average lead over the other main PSBs across 12 tracker statements linked to our public service remit (four are presented in this section and the other eight in the following sections). These benchmark the main channel's reputation against the other main PSB channels, with the results focusing on our leads over the other channels' average scores. Averaged across the 12 statements, Channel 4's lead over the average for the other main PSB channels was 23 percentage points: level with the 2019 figure and in the middle of the 20-27-point range achieved over the last decade.



Joe Lycett's Got Your Back

Take Your Knee Off My Neck



The School That Tried to End Racism



Different voices

76hrs

of first-run programmes covering international topics on Channel 4 (excluding news) and *True Stories* across the portfolio

Up 17%

on last year

183hrs

of first-run foreign-language content across the portfolio

Down 20%

on last year

Range of international programming

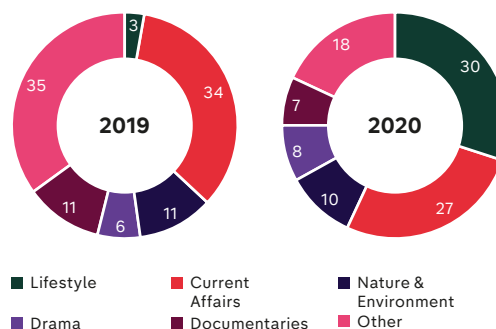
Channel 4's coverage of international themes extends across a range of genres in the schedule. Excluding *Channel 4 News*, there were 76 hours of first-run programmes with an international theme on the main channel and in the dedicated international documentary strand, *True Stories* (which in recent years has run across the main channel and Film4), in 2020. This figure is 17% above last year's total of 65 hours (11 additional hours). The *True Stories* strand accounted for six hours in 2019 and two hours in 2020.

This year, Lifestyle overtook Current Affairs as the biggest single genre, with 30% of total first-run hours of international programming (excluding news), up from 3% in 2019. This large year-on-year increase is due to *Work on the Wild Side*, a 20-part series following vets and volunteers who moved to South Africa to rescue, rehabilitate and release some of the world's most iconic animals. The second-biggest genre was Current Affairs, with 27% of the total (down from 34% in 2019). Alongside the long-running *Unreported World* and *Dispatches* strands this year were programmes offering a range of global perspectives on the coronavirus pandemic.

Channel 4's acquired TV programmes and films also include a diverse range of content from around the world. These include tie-ins with Walter Presents, Channel 4's innovative on-demand service curating the best foreign-language TV shows. This year, the main channel showed 13 series premieres, with the opening episode of Swedish thriller *Stockholm Requiem* attracting 386,000 viewers. A further seven series were launched on More4, with the first three episodes of *Nordic Murders* averaging 316,000 viewers. Taken together, the Walter Presents-branded foreign-language dramas shown on the main channel and More4 reached 7.0 million viewers in 2020 (11.6% of the TV population). While down by 1.9 million on last year's figure, this was compensated by a 36% increase in views to Walter Presents content on All 4, to 44 million.

Reflecting the overall reduction in content investment this year, there were 183 hours of first-run foreign-language TV shows and films across the TV portfolio, 20% less than in 2019 (46 fewer hours). Conversely, on the Film4 channel, the number of hours of films from outside the UK and US grew by 20% to 927 this year (156 additional hours). This total – which includes first-runs and repeats, and films shown both in the English language and in foreign languages – is at its highest level over the last decade, due primarily to a large increase in the number of hours of films qualifying as Mixed (both English and foreign-language), reflecting the increasingly global nature of filmmaking.

Genres covered by international-themed originations on Channel 4 (main channel) as a percentage of total first-run hours



Source: Channel 4.

Different voices

96hrs

of first-run
originations covering
diversity issues
on the main channel

Down 34%

on last year

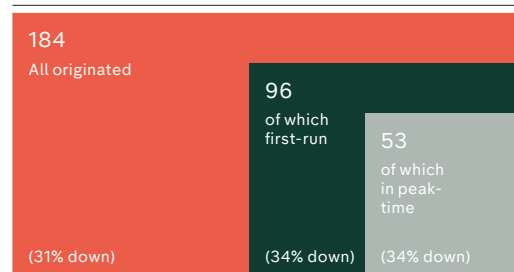
Diversity output on the main channel

While Channel 4 seeks to reflect the diversity of the UK across its entire output, it also commissions shows whose subject matter specifically covers diversity issues. In 2020, 184 hours of originated programmes on the main channel included subject matter covering issues relating to religion, multiculturalism, disability and sexuality. Of these originated hours, 96 were first-run programmes (the others being repeats), and 53 of the first-run hours were in peak-time (i.e. between 6pm and 10.30pm, following Ofcom's definition).

Our diversity output responded to the Covid-19 pandemic in a variety of ways. *Ramadan in Lockdown* followed the Muslim community as it adjusted to Ramadan under lockdown conditions (religion), *Is Covid Racist?* asked why so many black, Asian and minority ethnic NHS colleagues have died from the coronavirus (multiculturalism), while *The Last Leg: Locked Down Under* saw presenters Adam Hills, Josh Widdicombe and Alex Brooker host the show from their homes in Melbourne, London and Huddersfield (disability). Other diversity highlights included *Losing It: Our Mental Health Emergency* (disability), *The School That Tried To End Racism* (multiculturalism) and comedy series *Feel Good* (sexuality).

The Covid-19-related reduction in content budgets significantly impacted diversity output this year. In particular, some key series that were planned for 2020 were pushed back to 2021: these included Russell T Davies' major drama on the AIDS crisis, *It's A Sin*, and the return of *The Circle* (which contributed 26 first-run hours in 2019), as well as our extensive coverage of the Paralympic Games, which were themselves postponed by 12 months. As a result, the total volume of originations was down by 31%, while the volume of first-run originations and first-run originations in peak-time both dropped by 34%.

Total hours of programming covering diversity issues shown on the main channel (2020 with trends relative to 2019)



Source: Channel 4.

Film

40%

from outside the US

Up 8pts

on last year

21%

from the UK

Up 6pts

on last year

Diversity of Film4 channel schedule

The Film4 channel differentiates itself from other mainstream film channels by showcasing a diverse and alternative range of films from around the world. In 2020, the share of the schedule devoted to non-Hollywood-studio titles rose to its highest level in seven years.

British films – including projects that were co-funded by Film4 Productions – accounted for 20.5% of total programming hours in the schedule, a substantial jump of 5.1 percentage points year-on-year when looking at exact figures (2019: 15.4%). This substantial increase can be attributed to a greater number of British classics playing in weekday daytimes, and a marked rise in Film4 Productions playing throughout the schedule. With the share accounted for by other non-US films also increasing this year, by 3.2 points to 19.3%, a total of 39.8% of hours of output were devoted to films from countries other than the US, 8.3 points up year-on-year (2019: 31.5%). This total, of just under 40%, is the highest share of non-US programming on the Film4 channel since the same level was last achieved in 2013.

The Film4 channel reflected a number of important public events during the year. *Celebrating VE Day* was a selection of films to mark the 75th anniversary of VE Day. In recognition of Pride in London – and the cancelled march and other events that would have taken place on and around Saturday 27 June – the channel presented a varied and multi-faceted season of movies exploring issues, recognising achievements and celebrating relationships relevant to LGBT+ culture and lives, including the network premiere at 9pm of *Call Me By Your Name*. As part of Channel 4's *Black and Proud* season, Film4 aired a rich and powerful collection of films, beginning with *Fences*, starring and directed by Denzel Washington. The season also reflected on contemporary black lives with two titles backed by Film4 Productions: *Been So Long*, a big-screen musical starring Michaela Coel and Arinzé Kene; and playwright Debbie Tucker Green's intimate drama *Second Coming*, starring Idris Elba and Nadine Marshall.

Film4 also extended its reach on digital services, reflecting the migration of young viewers in particular to new platforms. Film4 on BritBox launched in September, bringing some of the most iconic British films of the last 30 years to the platform. Meanwhile, Film4 on All 4 significantly increased its selection of editorially curated titles, coming closer to replicating the style and scope of the output on the channel itself. Its range was further expanded by a selection of shorts from Film4 Productions, as well as the 15 LGBT+ films shortlisted for the Iris Prize Best British Short – a new partnership with Iris Prize, which over its 15-year history has become a leading voice in championing LGBT+ short film and introducing vital new talent.

News and Current Affairs

389

long-form News and Current Affairs programmes in peak-time

Down 3%

on last year

Commitment to long-form journalism

This metric looks at 'long-form' journalism in the News and Current Affairs output on the main PSB channels, defining long-form programmes as those running for at least 45 minutes for News and 15 minutes for Current Affairs.

In 2020, Channel 4's main channel showed 389 'long-form' News and Current Affairs programmes in peak-time (between 6pm and 10.30pm, as defined by Ofcom). This is substantially more than the corresponding combined total for the other main PSB channels (245 programmes between them). With extended editions of *Channel 4 News* displacing some Current Affairs programmes that would have aired as separate programmes, the number of long-form programmes on Channel 4 was slightly down year-on-year, by 3%. This decline is relative to the record level achieved in 2019, and the 2020 total remains the second-highest-ever figure on this metric since 2012 (the oldest year using the current methodology).

These figures – based on the number of programmes – do not reflect the extended running times of some special editions of *Channel 4 News*, as they would have counted as long-form programmes anyway. Eight editions were extended a little beyond the usual hour, and a further nine were extended to between 70 and 105 minutes, with the longest occurring on 23 March, the day of the Prime Minister's televised address instructing the British public to stay at home. Overall across the whole year, looking at the volume of programming in terms of total hours, Channel 4 showed more news in peak-time than any other year in the broadcaster's history, at 289 hours.

Channel 4 maintained a commanding lead over other channels even when the late evening period is also taken into account, which includes News and Current Affairs programmes broadcast after peak-time (in particular, BBC Two's *Newsnight*, which usually begins after 10.30pm). Between 6.30pm and midnight, Channel 4 showed 428 long-form News and Current Affairs programmes on its main channel in 2020, 6% below the previous year's figure. Channel 4's total was considerably greater than that for any of the other main PSB channels, with a bigger gap than last year over second-placed BBC Two, which broadcast 277 long-form News and Current Affairs programmes (only 23 of which were shown in peak-time). That put BBC Two 151 titles behind Channel 4 this year, versus a 129-title difference in 2019.

Number of long-form News programmes and single-story Current Affairs programmes with a duration of at least 45 minutes and 15 minutes respectively shown on the main channel between 6pm and midnight

				Total
BBC One	2020	84	82	166
	2019	114	90	204
BBC Two	2020	23	254	277
	2019	72	256	328
ITV1	2020	99	48	147
	2019	77	65	142
Channel 4	2020	389	39	428
	2019	403	54	457
Five	2020	39	5	44
	2019	2		2

■ Peak-time ■ Off-peak

Source: Channel 4, BARB (other channels).

Different voices

20pt

lead over average for other channels for showing different cultures and opinions

Down 1pt

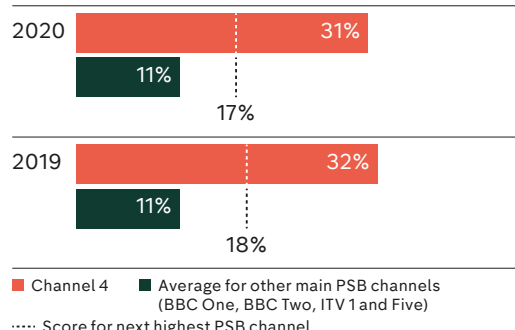
on last year

Channel reputations – shows different kinds of cultures and opinions

In 2020, Channel 4 maintained its reputation as being best for showing different kinds of cultures and opinions. 31% of respondents selected the main channel, giving it a lead of 20 percentage points over the average for the other main PSB channels, and a 14-point lead over the next-highest-scoring channel, BBC One.

Channel 4's scores fell marginally this year. The proportion of people selecting the main channel and its lead over the average for the other main PSB channels fell by one percentage point relative to 2019, while its lead over the next-highest-scoring channel was flat year-on-year. Despite some small declines over the last three years, Channel 4's average lead over other channels sits roughly in the middle of the 17-24-point range it has occupied over the last decade.

Shows different kinds of cultures and opinions



Source: Ipsos MORI commissioned by Channel 4.

20pt

lead over average for other channels for challenging prejudice

Down 1pt

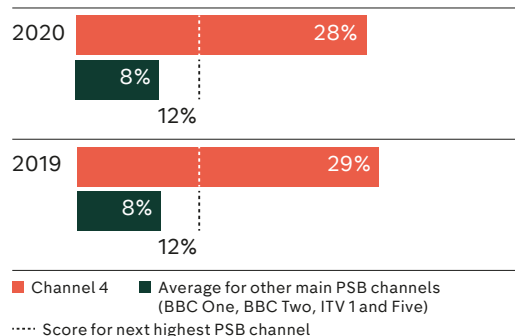
on last year

Channel reputations – challenges prejudice

Channel 4's main channel was chosen by 28% of respondents as the one they most associate with challenging prejudice in 2020, giving it a 20-percentage-point lead over the average score for the other main PSB channels, and a 16-point lead over the next-highest-scoring channel, BBC One.

All three scores – the proportion of respondents selecting Channel 4, its lead over the average for the other main PSB channels and its lead over the next-highest-scoring channel – fell by one percentage point year-on-year. Perhaps reflecting the schedule changes referred to above, 2020's scores dipped below the range achieved over the previous five years. Nonetheless, Channel 4's average lead over other channels remains within the 18-27-point range it has occupied over the last decade (albeit at the lower end).

Challenges prejudice



Source: Ipsos MORI commissioned by Channel 4.

Different voices

21pt

lead over average for other channels for showing the viewpoints of different minority groups

Down 1pt

on last year

Channel reputations – shows the viewpoints of minority groups in society

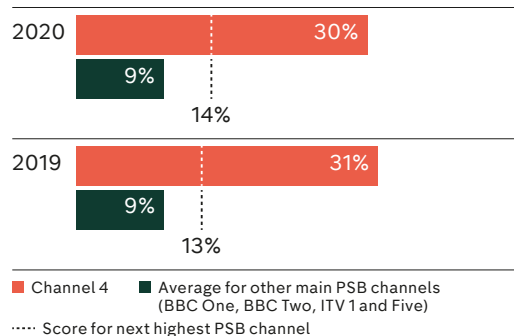
Channel 4 has a longstanding reputation for giving a voice to diverse groups, including some that are under-represented on TV. Channel 4 remained by a large margin the PSB channel regarded by viewers as being the best for showing the viewpoints of minority groups in society, and its scores fell by only small amounts year-on-year.

30% of viewers selected Channel 4's main channel as being the best for showing the viewpoints of minority groups in society. This translated to a significant lead, of 21 percentage points, over the average for the other channels, and a 16-point lead over the next-highest-scoring channel, BBC One. This year, the proportion of people selecting the main channel, and its lead over the average of the other PSB channels, both fell by one point, while its lead over the next-highest-scoring PSB channel was down by two points.

There still remains a considerable distance between Channel 4 and the other PSB channels, with Channel 4's 30% score this year more than double that of the next-highest-scoring channel (of 14%).

Moreover, Channel 4 continued to outperform the other PSBs by large margins as a platform for the viewpoints of individual minority groups. The main channel was selected by 28% of viewers as being best for showing the viewpoints of different ethnic groups in the UK (the same as in 2019), giving it a lead of 19 percentage points over the average for the other main PSB channels. 31% of viewers thought Channel 4 was best for showing the viewpoints of lesbian, gay, bisexual and transgender people (2019: 33%), a massive 24 points above the average of the other PSB channels. And 25% of viewers thought Channel 4 was best for showing the viewpoints of disabled people (2019: 26%), 17 points above the average of the other PSB channels.

Shows the viewpoints of minority groups in society



Source: Ipsos MORI commissioned by Channel 4.

26pt

lead over average for other channels for allowing people an alternative point of view

Equal

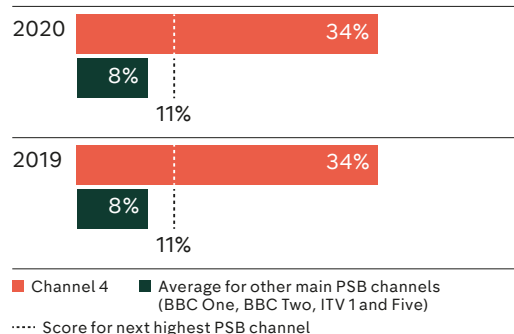
with last year

Channel reputations – home for alternative voices

Channel 4 continued to provide a mainstream platform for alternative voices in 2020. Its main channel was selected by 34% of respondents as being the home for alternative voices. Its lead over the average for the other main PSB channels was 26 percentage points, while its lead over the proportion selecting the next-highest-scoring channel, Channel 5, was 23 points.

Despite the revisions to the 2020 schedule, Channel 4's performance on this metric held steady this year. Its own score, its lead over the average for the other main PSB channels, and its lead over the next-highest-scoring channel, were all level with the corresponding 2019 figures.

Home for alternative voices



Source: Ipsos MORI commissioned by Channel 4.

Distinctive approaches

Revisions to the 2020 schedules – due to the Covid-19-related budget cuts, production delays and increased complexity for those productions that could continue – impacted the nature of Channel 4’s distinctiveness this year. Some of the programmes that we are most proud of include fast-turnaround commissions such as *Jamie: Keep Cooking and Carry On* and *Grayson’s Art Club*, which were filmed in the presenters’ own homes, and subject to entirely new production protocols that were developed and implemented at speed. These programmes were highly distinctive in terms of the production processes that enabled them to be made safely, and were amongst the fastest lockdown shows to come to screen on any TV channel.

Nonetheless, some of the tracker statements in this section show small falls in Channel 4’s leads over other channels in 2020, due to a number of factors. First, the innovations in fast-turnaround shows mostly occurred behind the scenes and will not always have been apparent to viewers. Second, some genres that appeared in greater numbers as a result of the pandemic – such as news and Covid-19-related documentaries – by their nature focused on elements of the remit other than distinctiveness. And third, a few of the most distinctive programmes that had been commissioned for 2020, such as *It’s A Sin*, were pushed back to 2021.



The Circle



It's A Sin

Grayson's Art Club



Distinctive approaches

13pt

lead over average for other channels for making viewers think in new and different ways

Down 2pts

on last year

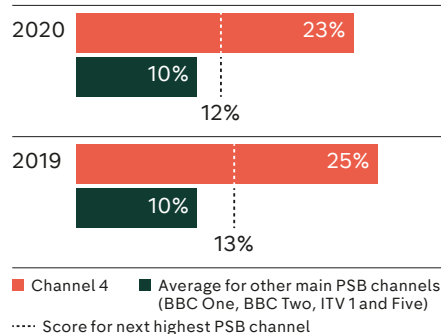
Channel reputations – makes me think about things in new and different ways

After achieving its joint-highest-ever score in 2019 for making people think about things in new and different ways, Channel 4's scores fell back a little this year. 23% of respondents selected the main channel on this metric, two percentage points below the 2019 peak.

This gave Channel 4 a lead of 13 percentage points over the average for the other main PSB channels, two points less than in 2019. Its lead over the next-highest-scoring channel, BBC One, was 11 points, one point down year-on-year.

Despite these small year-on-year declines, this metric remains stable. Channel 4's average lead over other channels remains within the tight 12-16-point range it has occupied over the last decade.

Makes me think about things in new and different ways



Source: Ipsos MORI commissioned by Channel 4.

30pts

over average for other channels for tackling issues other channels wouldn't

Equal

with last year

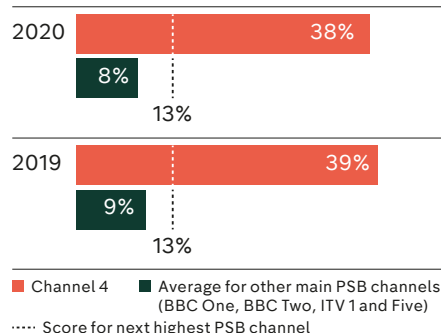
Channel reputations – tackles issues other channels wouldn't

Channel 4 maintained its strong reputation for being best for tackling issues that other channels wouldn't in 2020. A huge 38% of respondents selected the main channel on this metric – this is almost three times the figure achieved by the next-highest-scoring channel, Channel 5 (chosen by just 13% of respondents). This meant that Channel 4 had a 25-percentage-point lead over the next-highest-scoring channel.

The other main PSB channels were chosen by 8% of people on average, giving Channel 4's main channel a 30-point lead over them – level with the corresponding figure in 2019. This meant that this metric remains one of two reputational statements for which Channel 4 has maintained an average lead over the other PSB channels of at least 30% for the last five years.

The proportion of respondents selecting Channel 4 and its lead over the next-highest-scoring channel each fell slightly year-on-year, by one percentage point.

Tackles issues other channels wouldn't



Source: Ipsos MORI commissioned by Channel 4.

Distinctive approaches

25pt

lead over average for other channels for taking a different approach to subjects compared to other channels

Down 2pts

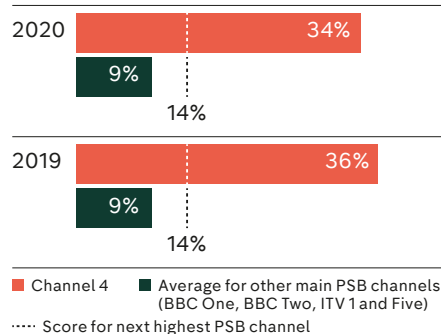
on last year

Channel reputations – takes a different approach to subjects compared with other channels

With one of the highest scores on the reputation statements, 34% of people selected Channel 4's main channel as the one they most associate with taking a different approach to subjects compared with other channels in 2020. This translated to substantial leads for Channel 4: of 25 percentage points over the average for the other main PSB channels, and of 20 points over the next-highest-scoring channel, Channel 5.

There were small declines year-on-year. The proportion of people selecting the main channel, its lead over the average for the other main PSB channels, and its lead over the next-highest-scoring channel all fell by two percentage points. Despite these declines, Channel 4's average lead over other channels remains in the middle of the 19-29-point range it has occupied over the last decade.

Takes a different approach to subjects compared with other channels



165

new or one-off programmes shown on Channel 4 between 6pm and midnight

Up 3%

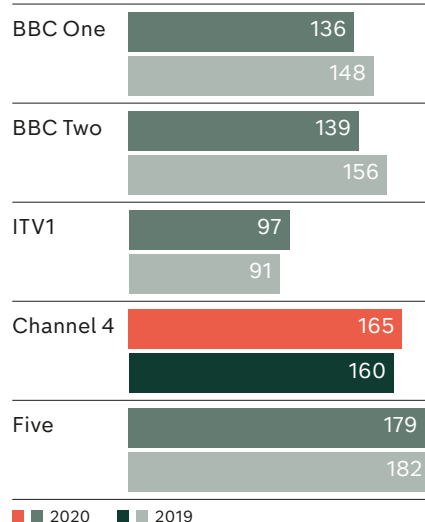
on last year

New and one-off programming

Channel 4's commitment to experimentation is demonstrated in part by the number of new and one-off programmes that it shows. This year, despite the reductions in content budgets due to Covid-19 (see introduction to 'Innovation through content' on page 95), Channel 4 increased the number of new and one-off programmes in the evening schedules (when audiences are highest) and maintained its leads over the BBC and ITV.

There were 165 new and one-off programmes on Channel 4's main channel between 6pm and midnight in 2020 – many of which were directly about, or in response to, the pandemic and the lockdowns that were introduced (see 'Reinvent entertainment' chapter on page 60). This is more than corresponding figures for BBC One (136 programmes), BBC Two (139 programmes) and ITV (97 programmes). Of the main PSB channels, only Channel 5 showed more new and one-off programmes (179 titles), as it continued its post-*Big Brother* revamp of its schedule. With a 3% increase, this was the second consecutive year-on-year rise in the number of new and one-off programmes in the evening schedules on Channel 4.

Number of new and one-off programmes shown on the main PSB channels between 6pm and midnight



Distinctive approaches

31pt

lead over average for other channels for taking risks that others wouldn't

Down 1pt

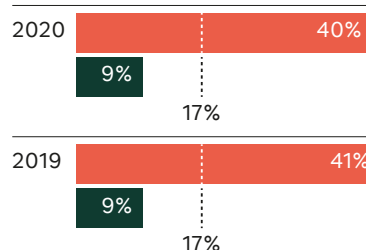
on last year

Channel reputations – takes risks with programmes that others wouldn't

Risk-taking lies at the heart of Channel 4's public remit, and its success in delivering on this on the main channel is reflected in its scores when respondents are asked which of the main PSB channels is best for taking risks with programmes that others wouldn't. A massive 40% of respondents selected Channel 4 on this metric in 2020, its highest score on any of the reputational statements. Channel 4 maintained a substantial gap over the other main PSB channels: its score was 31 percentage points above the average of the other channels, while it led the next-highest-scoring channel, Channel 5, by 23 points.

There were small year-on-year declines in this metric: the proportion of people selecting the main channel, its lead over the average for the other main PSB channels, and its lead over the next-highest-scoring channel, all fell by one percentage point.

Takes risks with programmes that others wouldn't



■ Channel 4 ■ Average for other main PSB channels (BBC One, BBC Two, ITV 1 and Five)
..... Score for next highest PSB channel

Source: Ipsos MORI commissioned by Channel 4.

24pt

lead over average for other channels for being experimental

Down 2pts

on last year

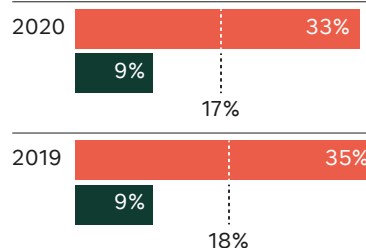
Channel reputations – is experimental

Channel 4's main channel was picked by 33% of respondents as the PSB channel that they most associate with being experimental in 2020. This gave Channel 4 significant leads over the other channels: the proportion of people choosing the main channel was 24 percentage points higher than the average for the other main PSB channels, while its lead over the next-highest-scoring channel, Channel 5, was 16 points.

The scheduling changes in 2020 resulted in less space for experimentation than planned at the start of the year, and this may account for small declines in the scores this year: the proportion of respondents selecting Channel 4 and its lead over the average for the other main PSB channels each fell by two percentage points year-on-year, while its lead over the next-highest-scoring channel fell by one point.

As a result, Channel 4's average lead fell to its lowest level over the last decade. Nonetheless, this metric has been fairly stable, with Channel 4's average leads sitting within a narrow range of 24 to 29 points over the whole period. And even despite this year's decline, Channel 4's performance remains well ahead of the other PSBs, with its 2020 score of 33% almost double the 17% achieved by the next-highest-scoring channel.

Is experimental



■ Channel 4 ■ Average for other main PSB channels (BBC One, BBC Two, ITV 1 and Five)
..... Score for next highest PSB channel

Source: Ipsos MORI commissioned by Channel 4.

Film

26pt

lead over average for other channels for being the best for modern independent film

Up 2pts

on last year

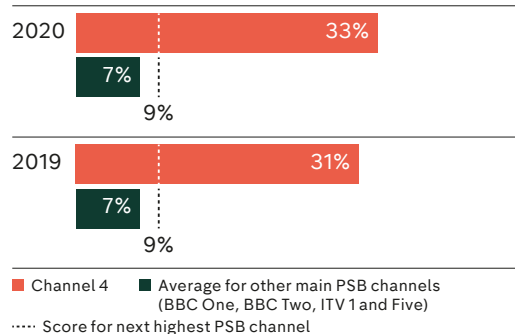
Channel reputations – is best for modern independent film

Channel 4 strengthened its reputation amongst the main PSB channels as being best for modern independent film in 2020, with scores at, or close to, their all-time peaks. 33% of respondents picked Channel 4's main channel for this metric, two percentage points more than in 2019, and just one point below the highest-ever score of 34% achieved in 2013.

Channel 4 also increased its lead over the average for the other main PSB channels by two percentage points, to 26 points, its joint-highest-ever score (last reached in 2018). And its lead over the next-highest-scoring channel, ITV, likewise rose by two points, just one point below the highest-ever lead, of 25 points, achieved in 2016.

Amongst the top-rated film premieres on Channel 4 this year, acclaimed Film4 production *Three Billboards Outside Ebbing, Missouri* attracted 2.1 million viewers (14.1% audience share) in July, while Asif Kapadia's *Diego Maradona* drew 873,000 viewers in March, an impressive figure for a feature documentary.

Is best for modern independent film



Source: Ipsos MORI commissioned by Channel 4.

Factual

21pt

lead over average for other channels for being the best for documentaries that present alternative views

Up 3pts

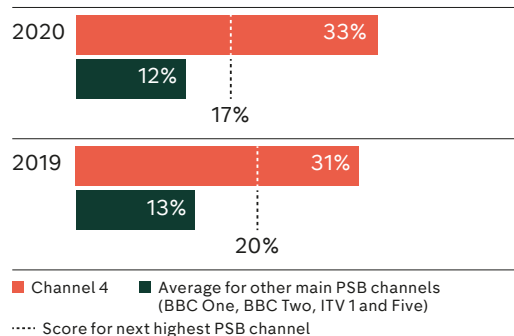
on last year

Channel reputations – is best for documentaries that present alternative views

Channel 4 seeks to differentiate its documentary programming from that of other broadcasters through its subject matter and approach, with a particular focus on offering alternative viewpoints less frequently seen on television. In 2020, after two years of declines, Channel 4's reputation improved as being best for documentaries that present alternative views. 33% of respondents selected the main channel for this metric, giving it a lead of 21 percentage points over the average for the other main PSB channels, and a 16-point lead over the next-highest-scoring channel, BBC One.

With no other PSB channel being selected by more than 17% of respondents, Channel 4's scores increased markedly this year: the proportion of respondents selecting the main channel rose by two percentage points, its lead over the average for the other main PSB channels was up by three points, and its lead over the next-highest-scoring channel rose by five points – a significant figure for a year-on-year change. Channel 4's average lead over other channels is at the upper end of the 10-24-point range it has occupied over the last decade.

Is best for documentaries that present alternative views



Source: Ipsos MORI commissioned by Channel 4.

Factual

69%

of viewers said that Channel 4's Factual programmes inspired change in their lives

Down 3pts

on last year

Inspiring change through Factual programming

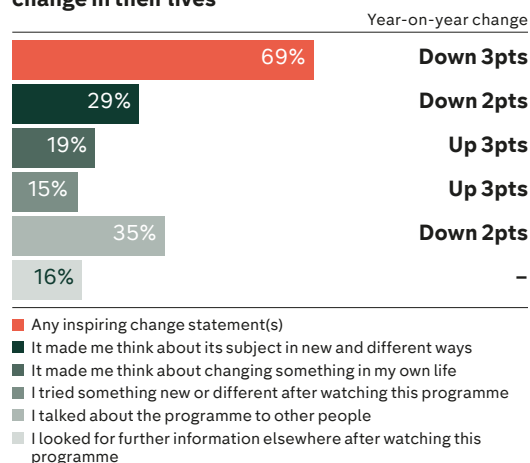
Channel 4's Factual programming seeks to inspire people to make changes in their lives and encourages them to think about things in new and different ways. Some programmes lead to active engagement, e.g. by encouraging people to talk to others about their subject matter, to seek out further information or – at their most engaging – to actually try something new or different.

Some of the programmes commissioned to air during the first lockdown in 2020 were specifically intended to inspire viewers who were stuck at home, and were amongst the best-performing titles covered by this metric; for example, *Grayson's Art Club* and *Jamie: Keep Cooking and Carry On* scored 84% and 69% respectively.

Across the whole Factual slate (comprising around 50 programmes and series), 69% of viewers said that Channel 4's programming inspired them in one or more ways this year. This figure fell by three points year-on-year, possibly reflecting the rebalancing of this year's Factual slate. While programmes such as those cited above were expressly inspirational in nature, some other Factual programming related to Covid-19 was inevitably less inspiring in its subject matter. Notwithstanding the drop in the overall score this year, it remained at the upper end of the 63% – 72% range it has occupied over the last decade.

The highest-scoring individual programme across all the statements this year was *100 Kilo Kids: Obesity SOS* – a documentary following young patients and the specialist NHS staff working in Britain's leading childhood obesity clinic in Bristol – with a score of 88%. Top-scoring programmes on individual statements included *Lose a Stone in 21 Days with Michael Mosley* (53% of viewers were inspired to think about changing something in their own life) and *Peter: The Human Cyborg* (49% of viewers talked about this programme to other people).

Percentage of viewers who said that Channel 4's Factual programmes inspired change in their lives



Source: Ipsos MORI commissioned by Channel 4.

News and Current Affairs

81%

of *Channel 4 News* viewers regard it to be independent from government

Down 1pt

on last year

Independence of TV news

In a year dominated by major news events – from the Covid-19 pandemic through the Black Lives Matter movement and on to the US elections – 2020 saw surges in conspiracy theories and the dissemination of inaccurate information, making the impartial and authoritative news services provided by the main UK broadcasters more important than ever. *Channel 4 News* continues to be the most highly regarded news provider in terms of its perceived independence from the government and from the influence of big businesses, leading the other broadcasters by clear margins.

81% of regular viewers to *Channel 4 News* regarded it as being independent from the government in 2020. This is ten percentage points more than the average for the other main news programmes (those from the other public service broadcasters and *Sky News*) and six points above the corresponding figure for the next-highest-scoring news programme (*ITV News*).

73% of regular viewers to *Channel 4 News* agreed that it is independent from the influence of big businesses, eight percentage points more than the average for the other main news programmes and five points more than the next highest-scoring news programme (*BBC News*).

There were year-on-year declines in the absolute proportion of respondents selecting *Channel 4 News* in 2020. Its score fell by one percentage point (2019: 82%) for being independent from the government, perhaps reflecting the important role played by the broadcasters this year in reporting official press briefings on Covid-19. Meanwhile, *Channel 4's* score for being independent from the influence of big businesses fell by three points (2019: 76%), possibly because reporting on the pandemic displaced some investigations relating to big businesses that would have been undertaken in a normal year.

These factors affected all broadcasters, and *Channel 4* maintained or extended its lead over the other main news programmes year-on-year. For both metrics – independence from the government and independence from the influence of big businesses – the trend was the same: *Channel 4's* lead over the average for the other main news programmes rose by one percentage point, while its lead over the next-highest-scoring news programme (2019: *Sky News* and *BBC News* respectively for the two metrics) held steady.

Percentage of regular viewers to TV news programmes in 2020 who agree with the following statements:

It is independent from the government		Year-on-year change
BBC News	64%	-2pt
ITV News	75%	0pt
Channel 4 News	81%	-1pt
Five News	73%	-2pt
Sky News	74%	-2pt
It is independent from the influence of big business		Year-on-year change
BBC News	68%	-4pt
ITV News	63%	-4pt
Channel 4 News	73%	-3pt
Five News	68%	-1pt
Sky News	61%	-6pt

Source: Ipsos MORI commissioned by *Channel 4*.

News and Current Affairs

45%

average programme reputation statement for *Unreported World*

Up 3pts

on last year

45%

average programme reputation statement for *Dispatches*

Equal

with last year

Programme reputation statements – Current Affairs

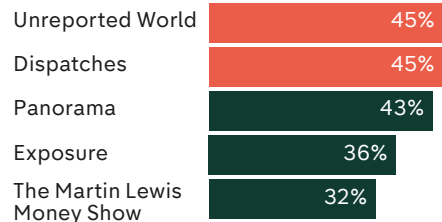
Channel 4's longstanding Current Affairs strands, *Dispatches* and *Unreported World*, differ from other public service broadcasters' Current Affairs programmes in terms of their approach and subject matter. Across a broad range of topical issues – which in 2020 included but was not limited to Covid-19 and the US elections – they continued to emphasise investigative journalism, challenging viewers to see things differently, giving a voice to those who might not otherwise be heard and (especially in *Unreported World*) providing a window on the wider world. One-hour Current Affairs specials delivered additional depth for important stories.

Channel 4 tracks five reputational statements in these areas looking at audience perceptions of the main Current Affairs shows – both regular strands and one-off programmes – on the main PSB channels. With an average score of 45% across the five statements, *Dispatches* and *Unreported World* were jointly the best-performing Current Affairs shows on the main PSB channels in 2020, ahead of BBC One's *Panorama* (in third place with a 43% score).

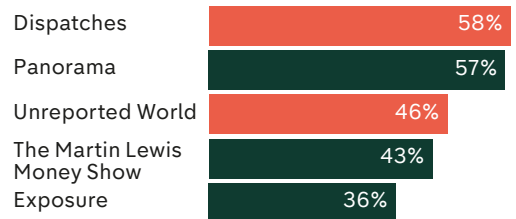
Dispatches was the most consistent show, ranking first or second for four of the five statements: it scored higher than any other Current Affairs show for “uncovers the truth” (for which it was selected by 58% of respondents) and “made me see something in a different light” (41% of respondents), and was in second place for “covers things in great depth” (50% of respondents) and “gives a voice to groups that aren't always heard in mainstream media” (39% of respondents). *Dispatches'* average score across the five reputational statements held steady year-on-year; it has only once scored higher over the last decade, with 48% in 2011.

Unreported World was the highest-scoring Current Affairs show for “shows stories about parts of the world you would rarely see on British TV” (53% of respondents) and “gives a voice to groups that aren't always heard in mainstream media” (51% of respondents). It ranked third for another two statements – “uncovers the truth” (46% of respondents) and “made me see something in a different light” (36% of respondents). After small declines over the previous two years, *Unreported World's* average score across the five reputational statements rose by three percentage points in 2020, back to its 2017 level.

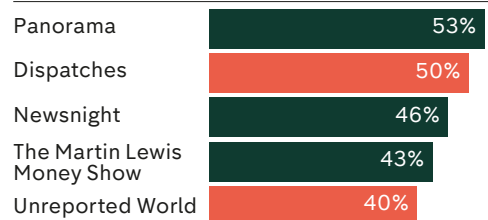
Programme reputation



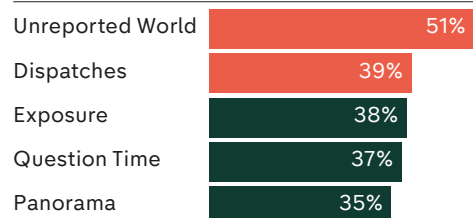
Uncovers the truth



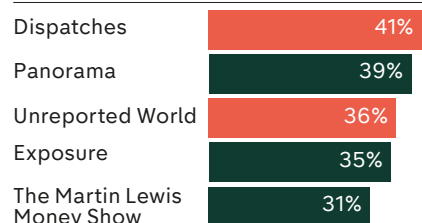
Covers things in great depth



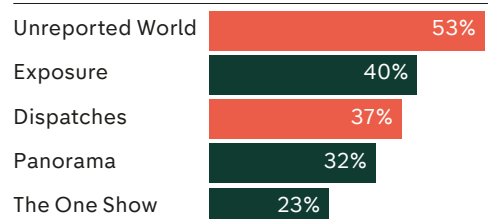
Gives a voice to groups that aren't always heard in mainstream media



Made me see something in a different light



Shows stories about parts of the world you would rarely see on British TV



■ Channel 4 show ■ Other broadcasters' shows

Source: Ipsos MORI commissioned by Channel 4.

Thank you

This list includes all our suppliers of originated television programmes that transmitted across the portfolio in 2020, plus film and digital companies that received project funding from us in. We also provided development funding to a range of other companies. While every effort has been made to identify and name all of the relevant companies for this list, we apologise if there are any accidental omissions.

We would also like to thank all of our advertising and commercial partners.



Quentin Blake's Clown

011 Productions	Dragonfly Film and Television	Mayfly Television	Sleeper Films
12 Yard Productions	Productions	Menace Productions	Snowdog Enterprises
72 Films	Duck Soup Films	Mentorn Media	Snowman Enterprises
Acme Films	Dura Mater Films	Mercury Studios Media	Spark Media / Kindling
Afro-Mic Productions	Eagle Eye Drama	MGM	Spelthorne Community
Agile Films	Ecosse Films	MiddleChild Productions	Television
Alcove Entertainment	Element Pictures	Milk and Honey Productions	Spirit Studios
Allegro Films	Emporium Productions	Minnow Films	Spring Films
Alleycats Films	EMU Films Productions LLP	Monkey Kingdom	Spun Gold TV
Amazing Productions	Erebus Pictures	Mother's Best Child	Stellify Media
Apocalypso Pictures	Escape Films	Mr Box Productions	Story Films
Archer's Mark	Escape Plan Productions	Naked TV (part of	Storyboard Studios
Ardimages UK	Euston Films (part of	FremantleMedia UK)	Strawberry Blond TV
Arrow International Media	FremantleMedia UK)	Netop Films	Stray Bear Productions
Assassin Films	Expectation Entertainment	Nineteen11	Studio Lambert
Atomized Studios	Fable Pictures	Nit Television	STV Studios
Avalon	Fifty Fathoms Productions	Noah Media Group	Sugar Films
Avanti Media	Filmnova	Noho Film and Television	Sunset+Vine
Baby Cow Productions	Firecracker Films	Noor Pictures	Swan Films
Back That	Firecrest Films	North One Television	Talkback (part of
Barcroft Studios	Five Mile Films	Number 9 Films	FremantleMedia UK)
Barefaced TV	Flicker Productions	Numiko	Tern Television
BBC Studios	Flint Television	Nuwave Pictures	Thames TV (part of
Bee's Wing	Fly Film Company	Objective Media Group	FremantleMedia UK)
Betty	Forward Films	October Films	That Mitchell & Webb Company
Big Talk Productions	Fox Cub Films	On The Corner Entertainment	The Bureau Film Company
Blacklight (On The Edge)	Framestore	One Tribe TV	The Church of London
Productions	Free Range Films	Open Mike Productions	Publishing
Blakeway	Freeform Productions	Optomen Television	The Connected Set
Blast! Films	Fruit Tree Media	Ott Lion	The Forge
Blink Entertainment (t/a Blink	Fudge Park Productions	Outline Productions	The Garden Productions
Films)	Full Fat Television	Paperepic Productions	Thin Man Films
Blink Productions / Industries	Fulwell 73 Productions	Parable	TI Media
Bluebird Film Productions	Greenacre Films	Parti Productions	Tinderbox Films
Blueprint Pictures	H.C.A Entertainment	Picturesque Films	True North Productions
Blumhouse Productions LLC	Hardcash Productions	Plan B Entertainment Inc	True Vision
Boom Cymru TV	Hat Trick	Plum Pictures	Try Hard Films
Boomerang Productions Media	Hello Halo Productions	Portobello Post (t/a Luti Media)	Turnover Films
Bosena	Heyday Films	Potboiler Productions	TV Cartoons
Brave New Media	Hot Sauce Productions / BFQ	Primal Media	Twenty Twenty Television
Bridge Way	House Productions	Proper Content	Two Rivers Media
Bright Button Production	Humble Pie Productions (t/a	Pulse Films	Twofour
BriteSpark Films	Studio Ramsay)l	Quicksilver Media	Uplands Television
Broody Duck	Illuminations	Quiddity Films	Vaudeville Productions
Brook Lapping	Indefinite Films	Raise the Roof Productions	Vertigo Films.
Buccaneer Media	InFilm Productions	Raw TV	Voltage TV
Burning Bright Productions	Inflammable Films	Ray Pictures	Waddell Media
Buzztrack TV	Initial TV	RDF Television	Wall To Wall
Bwark Productions	ITN Productions	Red Sky Productions	Warp Films
Candour Productions	ITV Studios	Remarkable Television	Wayward Films
Caravan Cinema	IWC Media	Remedy Productions	Wellington Films
Century Films	J W Films	Renegade Pictures (UK)	Westend Blackbird
Channel X	Jamie Oliver Productions	Revolution Films	Whisper Films
Chwarel	Joi Productions	Ricochet	Whitworth Media
Clerkenwell Films	Jolygood TV	Rize Television	Why Not Productions
Clockwork Films	Jon Lloyd (t/a Frieda TV)	Rockerdale Studios	Wild Blue Media
Company Television	Juniper Communications	Rogan Productions	Wild Pictures
Cowboy Films	Keo Films	Rook Films	Wildgaze Films
CPL Productions	Knickerbocker Glory	Rooks Nest Entertainment	Windfall Films
Crackit Productions	Kudos	Rumpus Media	Wise Owl Films
Cuba Pictures	Label1 Television	RVK Studios	Wonder Television
Curve Media	Left Bank Pictures	Sabina Smitham	Workerbee
D J Films	Lime Pictures	Sandpaper Films	Yipp Films
Daisybeck Studios	Lion Television	Sandstone Global Productions.	Young Bwark
Darlow Smithson Productions	Little Dot Studios	Scott Free Productions	Youngest Media
Delaval Film	Little Gem Media	Seadog TV & Film Productions	Zeppotron
DMC Film	Livewire Sport	See-Saw Films	
DNA Films	Lobo Films	Shine TV	
Doc Hearts	Love Productions	Shoebox Films	
Dominic Buchanan Productions	LuckyChap Entertainment	Significant Productions	
Dorothy St Pictures	Lupus Films	Silver Salt Films	
Double Band Films	Maverick Television	Simplestream	

Awards

UK Television Awards

National Television Awards

Great British Bake Off
Love Productions for Channel 4
Winner Challenge Show

BAFTA Film Awards

For Sama
Channel 4 News / ITN
Best Documentary

RTS Journalism Awards

For Sama
Channel 4 News / ITN
International Current Affairs Award

Broadcast Awards

Three Identical Strangers
Raw for Channel 4
Best Documentary Programme

Jade: The Reality Star Who Changed Britain
Blast! Films for Channel 4
Best Documentary Series

Broadcast Awards

The Virtues
Warp Films, Big Arty Productions for Channel 4
Best Drama Series or Serial

Brexit: The Uncivil War
House Productions for Channel 4
Best Single Drama

Hollyoaks
Lime Pictures for Channel 4
Best Soap/Continuing Drama

The Interrogation of Tony Martin
Storm Films, Story Films for Channel 4
Best Specialist Factual Programme

TRIC Awards

Great British Bake Off
Love Productions for Channel 4
Best Food Programme

RTS Programme Awards

The Virtues – Stephen Graham
Warp Films, Big Arty Productions for Channel 4
Actor Male

Derry Girls – Saoirse Monia-Jackson
Hat Trick Productions for Channel 4
Comedy Performance Female

The British Tribe Next Door
Voltage TV, Motion Content Group for Channel 4
Formatted Popular Factual

Jade: The Reality Star Who Changed Britain
Blast! Films for Channel 4
History Winner

BAFTA Craft Awards

This Way Up – Aisling Bea
Merman for Channel 4
Breakthrough Talent

Stath Lets Flats – Jamie Demetriou
Roughcut TV for Channel 4
Writer: Comedy

BAFTA Television Awards

Stath Lets Flats – Jamie Demetriou
Roughcut TV for Channel 4
Scripted Comedy Award

Stath Lets Flats – Jamie Demetriou
Roughcut TV for Channel 4
Comedy Performance Male Award

*The End of the F***ing World*
Clerkenwell Films for Channel 4
Drama Series Award

*The End of the F***ing World* – Naomi Ackie
Clerkenwell Films for Channel 4
Best Supporting Actress

Leaving Neverland
Amos Pictures for Channel 4
Single Documentary Award

Encounters Film Festival

The Tiger Who Came To Tea
Lupus Films for Channel 4
Animated Encounters Grand Prix

TV Choice Awards

Great British Bake Off
Love Productions for Channel 4
Reality Show Award

BAFTA Cymru Wales Awards

Flooding Strikes the South Wales – Channel 4 News
ITN for Channel 4
News and Current Affairs in 2020

On the Edge – Lisa Walters
BlackLight Television for Channel 4
Breakthrough Award

Edinburgh Television Festival Awards

Feel Good – Mae Martin and Joe Hampson
Objective Fiction for Channel 4
Writer Comedy

All 4
Best On Demand Service

The Big Narstie Show – Mo Gilligan and Big Narstie
Dice Productions, Expectation Entertainment for Channel 4
Presenter Award

For Sama
Channel 4 News / ITN
Documentary Programme

Grierson Awards

Jade: The Reality Star Who Changed Britain
Blast! Films for Channel 4
Best Documentary Series

Jade: The Reality Star Who Changed Britain
Blast! Films for Channel 4
Best Historical Documentary

For Sama
Channel 4 News / ITN
Best Cinema Documentary

The Restaurant That Makes Mistakes
CPL Productions for Channel 4
Best Reality and Constructed Documentary

Rory Peck Awards

Guillermo Galdos
Channel 4 News
Rory Peck News Award

RTS Craft and Design Awards

Baghdad Central
Euston Films for Channel 4
Music Original Title

Baghdad Central
Euston Films for Channel 4
Sound Drama

For Sama – Waad al-Kateab and Edward Watts
Channel 4 News / ITN
Director – Documentary and Non-Drama

For Sama
Channel 4 News / ITN
Music Original Score

Voice of the Listener and Viewer Awards

Dispatches
ITN Productions for Channel 4
Best TV News and Factual Programme

Drum Online Media Awards

Ayshah Tull
Channel 4 News
The Grand Prix

Drum Online Media Awards

Ayshah Tull
Channel 4 News
Chair Award

Ayshah Tull
Channel 4 News
Journalist of the Year Award

Channel 4 News
ITN for Channel 4
Outstanding Digital Team

Channel 4 News – Inside Quarantine, Wuhan Ben
Channel 4 News / ITN
Best Citizen Journalism

White House News Photographers Association

Channel 4 News – Ben Martin
Channel 4 News / ITN
Video Photographer of the Year

Channel 4 News – Ben Martin
Channel 4 News / ITN
Eyes of History

International Television UK

Animayo Animation Awards (Spain)

The Tiger Who Came To Tea
Lupus Films for Channel 4
Grand Prix Award

Annecy International Animation Festival

The Tiger Who Came To Tea
Lupus Films for Channel 4
Winner TV Jury Prize

International Emmys

Channel 4 News
ITN for Channel 4
International News Emmy

For Sama
Channel 4 News / ITN
Best Documentary

Prix Italia

For Sama
Channel 4 News / ITN
Special Prize

Grayson's Art Club
Swan Films for Channel 4
Special Mention

Peabody Award

For Sama
Channel 4 News / ITN
Documentary

Buncheon International Animation Festival

The Tiger Who Came To Tea
Lupus Films for Channel 4
Winner of Special Distinction

Rose D'or Awards

The School That Tried to End Racism
Proper Content for Channel 4
Reality and Factual Entertainment Award

Film UK

London Critics' Circle Film Awards

Fighting With My Family – Florence Pugh
Seven Bucks Productions, Misher Films, WWE® Studios
British/Irish Actress (for body of work)

Film International

San Sebastian Film Festival

The Father
Cine-@, Trademark Films, F comme Film
Audience Award – Best Film

Columbus Film Critics Association

Fighting With My Family – Florence Pugh
Seven Bucks Productions, Misher Films, WWE® Studios
Breakthrough Film Artist

Austin Film Critics Association

Fighting With My Family – Florence Pugh
Seven Bucks Productions, Misher Films, WWE® Studios
The Robert R. "Bobby" McCurdy Memorial Breakthrough Artist Award

Georgia Film Critics

Fighting With My Family – Florence Pugh
Seven Bucks Productions, Misher Films, WWE® Studios
Breakthrough Award

Alliance Of Women Film Journalists

Fighting With My Family – Florence Pugh
Seven Bucks Productions, Misher Films, WWE® Studios
Best Breakthrough Performance

Hawaii Film Critics Society

Fighting With My Family – Stephen Merchant
Seven Bucks Productions, Misher Films, WWE® Studios
Best First Film

Gold Derby Film Awards

Fighting With My Family – Florence Pugh
Seven Bucks Productions, Misher Films, WWE® Studios
Best Breakthrough Performer

Boulder International Film Festival

The Personal History of David Copperfield – Armando Iannucci
Best Feature Film

San Sebastian Film Festival

Limbo
Caravan Cinema
TCM Youth Award

Australian Academy Cinema Television Awards

True History of the Kelly Gang – Alice Babidge
Porchlight Films, Daybreak Pictures
Best Costume Design

True History of the Kelly Gang – Kirsten Veysey
Porchlight Films, Daybreak Pictures
Best Hair and Make Up

True History of the Kelly Gang – Karen Murphy, Rebecca Cohen
Porchlight Films, Daybreak Pictures
Best Production Design

APRA AMCOS Screen Music Awards

True History of the Kelly Gang – Jed Kurzel
Porchlight Films, Daybreak Pictures
Feature Film Score Of The Year

Macao film festival

Limbo
Caravan Cinema
Best Film

Limbo
Caravan Cinema
Best Screenplay

Cairo International Film Festival

Limbo
Caravan Cinema
The Golden Pyramid Award for Best Film

Limbo
Caravan Cinema
The International Federation of Film Critics (The FIPRESCI) Award

Awards continued

Limbo

Caravan Cinema

Henry Barakat Award for Best Artistic Contribution

European Film Awards

The Personal History of David Copperfield

– Cristina Casali

European Production Design

Boston Society of Film Critics Winners

The Father – Anthony Hopkins

Cine-@, Trademark Films, F comme Film

Best Actor

The Father – Florian Zeller

Cine-@, Trademark Films, F comme Film

Best First Filmmaker

Los Angeles Film Critics

Association Awards

The Father – Yorgos Lamprinos

Cine-@, Trademark Films, F comme Film

Best Editing

Florida Film Critics Circle

The Father – Anthony Hopkins

Cine-@, Trademark Films, F comme Film

Best Actor

Marketing

British Arrows

Complaints Welcome

Channel 4 / 4Creative

Best Entertainment Promotion (Gold)

Complaints Welcome

Channel 4 / 4Creative

Charity and Public Service (Gold)

Complaints Welcome

Channel 4 / 4Creative

Best Writing (Gold)

Complaints Welcome

Channel 4 / 4Creative

Best over 60s up to and including 90s (Bronze)

Creative Review

Derry Girls Mural

Channel 4 / 4Creative

The Annual (In Book)

Complaints Welcome

Channel 4 / 4Creative

The Annual (In Book)

Annual Report

Channel 4 / Emperor

The Annual (In Book)

All 4 re-brand

Channel 4 / 4Creative

The Annual (In Book)

Creative Circle Awards

Derry Girls

Channel 4 / 4Creative

Best use of Guerrilla / Ambient (Bronze)

*End of the F***ing World*

Channel 4 / 4Creative

Best Brand Activity at Public Event (Bronze)

Black History Month

Channel 4 / 4Creative

Best Digi Led Campaign (Bronze)

Bake Off

Channel 4 / 4Creative

Best Production (Bronze)

Bake Off

Channel 4 / 4Creative

Best Use of Music (Bronze)

Derry Girls

Channel 4 / 4Creative

Best Regional Poster (single) (Bronze)

Complaints Welcome

Channel 4 / 4Creative

Best Film Script (Silver)

Complaints Welcome

Channel 4 / 4Creative

Best Film for Positive Change (single) (Gold)

Complaints Welcome

Channel 4 / 4Creative

Best TV 60secs & over (single) (Gold)

Complaints Welcome

Channel 4 / 4Creative

Best Charity/Public Service Film (single) (Gold)

Shan & Beth

Channel 4 / 4Creative

Best New Creative Team (Gold)

Broadcast Digital Awards

*The End of the F***ing World*

4Creative / That Lot for Channel 4

Best Digital Support for a Programme (Winner)

Moon Landing Live

Channel 4 / That Lot / Little Dot Studios

Best Digital Support for a Strand, Channel or Genre (Winner)

Lovie Awards

*The End of the F***ing World*

Channel 4 / 4Creative

Advertising: Best Event Activation Campaign (Gold)

*The End of the F***ing World*

Channel 4 / 4Creative

Advertising: Best Event Activation Campaign (People's Lovie)

*The End of the F***ing World*

Channel 4 / 4Creative

Social: Entertainment & Sport (Bronze)

*The End of the F***ing World*

Channel 4 / 4Creative

Social: Entertainment & Sport (People's Lovie)

Complaints Welcome

Channel 4 / 4Creative

Advertising: Viral Advertising (Bronze)

*The End of the F***ing World*

Channel 4 / 4Creative

Advertising: Best Video Campaign (Gold)

Complaints Welcome

Channel 4 / 4Creative

Social: Public Service & Activism (Silver)

Promax Awards

New British Cinema

Channel 4 / 4Creative

Best Multiple Film – Clip based (Bronze)

Black History Month

Channel 4 / 4Creative

Best Season (Gold)

Butts

Channel 4 / 4Creative

Best Brand Spot (Bronze)

Savage Socials

Channel 4 / 4Creative

Something for Nothing (Bronze)

Butts

Channel 4 / 4Creative

Best Lockdown Spot (Gold)

Rainbow

Channel 4 / 4Creative

Best Lockdown Spot (Bronze)

Butts

Channel 4 / 4Creative

Best Reactive Work (Gold)

Rainbow

Channel 4 / 4Creative

Best Reactive Work (Bronze)

Awards continued

*The End of the F***ing World*
Channel 4 / 4Creative
Best Use of Animation / Graphic Design (Bronze)

The Great British Bake Off
Channel 4 / 4Creative
Best Use of Humour (Gold)

Rainbow
Channel 4 / 4Creative
Best Use of Script Writing (Bronze)

Friday Night Dinner
Channel 4 / 4Creative
Best Key Art (Gold)

Complaints Welcome
Channel 4 / 4Creative
Best Press / Out of Home (Gold)

Friday Night Dinner
Channel 4 / 4Creative
Best Press / Out of Home (Silver)

*The End of the F***ing World*
Channel 4 / 4Creative
Best Campaign (Gold)

Stay at Home
Channel 4 / 4Creative
Best Ident (Silver)

Every Mind Matters
Channel 4 / 4Creative
Best Brand Partnership (Gold)

*The End of the F***ing World*
Channel 4 / 4Creative
Best Use of Social Media Show Support (Gold)

Black History Month
Channel 4 / 4Creative
Best Use of Social Media: Content Strand, Season, Channel or Brand (Gold)

Moon Landing Live
Channel 4 / 4Creative
Best Use of Social Media: Content Strand, Season, Channel or Brand (Bronze)

Complaints Welcome
Channel 4 / 4Creative
Best Media Planning (Gold)

Stay at Home Idents
Channel 4 / 4Creative
Best Production (Silver)

4creative
Channel 4 / 4Creative
Creative Team of the Year (Gold)

Channel 4
Channel 4 / 4Creative
Creative Brand of the Year (Silver)

Campaign BIG Awards
Stay at Home Idents
Channel 4 / 4Creative
Creative Excellence: Best Reactive Idea TV & Cinema (Finalist)

Campaign Media Awards
Derry Girls
Channel 4 / OMD
Media Entertainment (Gold)

Hollyoaks
Channel 4 / OMD
Best Use of Insight (Silver)

Female Frontier Awards
Landy Slattery
Channel 4 / 4Creative
Honoree – Conquering Creativity (Winner)

D&AD Awards
Complaints Welcome
Channel 4 / 4Creative
Branding / Multiplatform TV Branding & Promotions (Yellow Pencil)

Complaints Welcome
Channel 4 / 4Creative
Branding / Tone of Voice (Graphite Pencil)

*The End of the F***ing World*
Channel 4 / 4Creative
Digital / Integrated Digital Campaigns (Shortlist)

Webby Awards
Complaints Welcome
Channel 4 / 4Creative
Social: Television & Film video (Winner)

*The End of the F***ing World Fan Theories*
Channel 4 / 4Creative
Social: Television & Film (series and campaigns) (Winner)

Media Week Awards
*The End of the F***ing World*
Channel 4 / OMD
Media Creativity (Silver)

Sales

Media Week Awards
#ClapForOurCarers
Channel 4
Media Idea Launch (Media Owner) (Gold)

Coors Light Rap Battle
Channel 4
Media Idea Over £1M (Media Owner) (Gold)

Disability Works
Channel 4, PHD, Wavemaker and Zenith with NatWest, Nationwide and Sainsbury's Small Collaboration (under 250k) (Gold)

24 Hours in A&E: Heart Special
PHD with Channel 4
Media Idea – under £250k (Media Agency) (Silver)

The TV Family Delivers a Festive First For Tesco
Channel 4, ITV, Sky and MediaCom
Large Collaboration over £250k (Gold)

24 Hours in A&E: Heart Special
PHD with Channel 4
Best Use of Content Under £250k (Gold)

24 Hours in A&E: Heart Special
PHD with Channel 4
Small Collaboration (under 250k) (Gold)

#ClapForOurCarers
Channel 4
Best Ethical or Good Cause during Covid-19 (Silver)

Laundry Against Landfill
Goodstuff with Uncommon Creative Studio, Channel 4, The Outfit
Media Idea – £250k – 1M (Media Agency) (Silver)

Starbucks: #WhatsYourName
Channel 4
Media Idea – £250K – 1M (Media Owner) (Bronze)

Save The Children's Christmas Jumper Day
Channel 4, Mediacom, John Lewis, Marks & Spencers, Duracell, Moonpig and Smyths Toys
Large Collaboration over £250k (Bronze)

Brush Like a Pro with Oral-B and Channel 4
Channel 4 and Publicis PGOne
Best Use of Content Under £250k (Bronze)

#ClapForOurCarers
Channel 4
Media Collaboration – Covid-19 (Bronze)

Mirror On The Industry
Channel 4
Research Insight (Bronze)

Independent Assurance Report to Channel Four Television Corporation

on selected disclosures included within the Statement of Media Content Policy

We have been engaged by the Directors of the Channel Four Television Corporation ('Channel 4') to conduct a limited assurance engagement relating to the Assured Disclosures* concerning the Statement of Media Content Policy ('SMCP') performance information for the year ended 31 December 2020.

Our unqualified conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Assured Disclosures*, which have been prepared in accordance with Channel 4's internal guidelines, materially misstate Channel 4's SMCP performance for the year ended 31 December 2020. The data have been prepared on the basis of the methodology set out in Channel 4's respective internal guidelines which can be seen on the Channel 4 website.

Respective responsibilities of the Directors and assurance provider

The Directors are responsible for preparing the SMCP Report, including the Assured Disclosures*, and for presenting the SMCP, including associated information and key measures in accordance with their methodology. Channel 4 has developed the methodology and summarises this accordingly, including definitions, how data for measures were selected and the calculation methodology. It is Channel 4's responsibility to implement and maintain the appropriate systems, processes and controls for preparing the SMCP and ensuring information is free from material misstatement.

Our responsibility is to express a conclusion on the Assured Disclosures* based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3000 revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board, in order to state whether anything had come to our attention that causes us to believe that the Assured Data have not been prepared, in all material respects, in accordance with the applicable criteria. Our engagement provides limited assurance as defined in ISAE 3000 (Revised). The evidence-gathering procedures for a limited assurance engagement are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Our procedures consisted primarily of:

- interviewing managers at Channel 4's head office, including those with operational responsibility for the preparation of the Assured Disclosures*;
- evaluating the processes and controls for managing, measuring, collating and reporting the Assured Disclosures*, including the application of the methodology within the internal guidelines to underlying assumptions; and
- testing the compilation of a representative sample of Channel 4's SMCP data, selected on the basis of their inherent risk and materiality to Channel 4, from receipt from third party through to the presentation shown in the SMCP data.

Measures which are dependent on sources outside of Channel 4's operational boundary (sourced from: BARB and TRP, Attentional, YouGov and Ipsos MORI) are limited to corroboration with Channel 4 on how data is received and used within Channel 4 as part of the SMCP disclosure.

Limitations

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally non-financial information is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating and sampling or estimating such information.

Our work did not include:

- procedures to test the robustness of source data provided by those third parties (BARB and TRP, Attentional, YouGov and Ipsos MORI), their management of data including assumptions, consolidation, normalisation and reporting;
- procedures to challenge the appropriateness of classification of presentation within the Assured Disclosures*; or
- review of how the data parameters used to classify broadcasts are produced (originations or acquisitions; first-run or repeat; genre; broadcast time, duration or channel; regional or national production; and language).

Our report is made solely to Channel 4, in accordance with ISAE 3000 (revised). Our engagement provides limited assurance as defined in ISAE 3000. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence

We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants' Code of Ethics and in some areas are more restrictive. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte LLP

London
5 May 2021

* Assured Disclosures are defined in the Appendix of this Report.

Appendix

Deloitte have reviewed the following metrics which form part of Channel 4's SMCP and are covered by our limited ISAE 3000 revised assurance statement:

- TV viewing share
- Audience reach
- On-demand viewing
- Share amongst hard-to-reach audiences – ethnically diverse
- Share amongst hard-to-reach audiences – 16-34-year-olds
- Most popular channels for young viewers
- Viewing to national news
- Reach of *Channel 4 News*
- Channel reputations – catering for audiences other channels don't cater for
- Total visits to Channel 4's websites and apps
- Viewing to network originations
- Investment in all content
- Investment in programming by genre
- Output mix on Channel 4
- Investment in originated content
- Originated output across Channel 4 TV portfolio
- Volume of first-run originations by genre
- Broadcasters' investment in the production sector – Channel 4 (main channel)
- Broadcasters' investment in the production sector – digital channels
- Investment in the Nations and Regions (main channel)
- Diversity of supply base
- Investment in the Nations (main channel)
- Spend by region across the Channel 4 TV portfolio
- Range of international programming
- Diversity output on the main channel
- Diversity of Film4 channel schedule
- Commitment to long-form journalism
- Channel reputations: shows different kinds of cultures and opinions
- Channel reputations: challenges prejudice
- Channel reputations: shows the viewpoints of minority groups in society
- Channel reputations: home for alternative voices
- Channel reputations: makes me think about things in new and different ways
- Channel reputations: tackles issues other channels wouldn't
- Channel reputations: takes a different approach to subjects compared with other channels
- New and one-off programming
- Channel reputations: takes risks with programmes that others wouldn't
- Channel reputations: is experimental
- Channel reputations: is best for modern independent film
- Channel reputations: is best for documentaries that present alternative views
- Inspiring change through factual programming
- Independence of TV news
- Programme reputations: Current Affairs

Financial Report and Statements

For the year ended 31 December 2020

In this section

Financial report and statements

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Financial review and highlights

£934m Corporation revenue

- 2020 began solidly with revenues in line with the previous year, but the initial wave of the pandemic caused linear advertising revenue declines of nearly 50% year-on-year in April and May. However, the market bounced back far more quickly and strongly than many anticipated later in the year
- TV advertising was particularly buoyant over the last four months of the year, meaning our annual revenues recovered well from the sharp declines seen in Q2, finishing 2020 down only 5% on the previous year (2019: £985 million)
- As expected, Q1 2021 has once again been more challenging as a result of the continued lockdown, but we have seen positive signs of recovery and anticipate revenues will improve as the economy opens up once again

£161m Digital advertising revenue

- All 4 views were up 26% on 2019, reaching 1.3 billion views in 2020 – the highest-ever level and well ahead of our target to exceed a billion views for the first time
- Digital advertising revenues increased by 11% on 2019 in spite of the economic effects of Covid-19 and now make up 17% of the Group's revenues, up from 15% in 2019
- Our Future4 strategy launched in 2020 will build on these results with an even greater focus on digital content, platforms and distribution – see pages 22 to 23
- Digital advertising revenue is a new metric for 2020 – further details are on page 134

£522m Content spend

- Channel 4's programming response to the pandemic was both creatively dynamic and financially robust
- There were huge Covid-related challenges in physically producing programmes, with significant levels of cancellations or delays into 2021, in addition to our need to significantly reduce our content investment (down from £660 million in 2019) to deal with the financial implications of the crisis (as set out in more detail on pages 20 to 21)
- Despite this challenging environment, we delivered a huge range of creatively successful original programming that effectively met our remit and all of our Ofcom quotas for the year were achieved
- We also increased our share of commercial impacts ('SOCi'), with 16–34 performance on our main channel particularly strong and portfolio SOCi for this demographic increasing to 21.3% (2019: 20.9%). Portfolio SOCi for ABC1s also increased slightly to 16.3% (2019: 16.2%)

£74m Pre-tax surplus

- 2020 presented a unique set of circumstances, but our strong and swift financial response at the start of the pandemic, combined with an impressive creative response delivering very strong viewing performance, allowed us to benefit fully from the recovery in the advertising market later in the year
- The combination of these factors contributed to delivering a record financial result, with £68 million of that surplus delivered in the final four months of the year as we maximised our commercial returns from the advertising market recovery
- These results demonstrate the flexibility of Channel 4's business model and our longer-term sustainability even through unprecedented times, and pave the way for reinvestment to support our Future4 strategy in the period ahead

£201m Net cash reserves

- £64 million increase in our cash reserves (considered net of funding from our revolving credit facility ('RCF')) versus 2019 reflects the Group's record surplus and an even greater focus on cash management throughout 2020
- Second highest positive cash flow in Channel 4's history, and the first time the Group has been cash positive since 2015
- While Channel 4 drew down on its £75 million RCF at the start of the pandemic to ensure maximum liquidity was available, none of this additional funding has been used during 2020
- Net cash reserves is an updated alternative performance measure ('APM') for 2020, with further details provided on page 186

£452m Net assets

- Net assets have grown by £67 million during 2020 (2019: £385 million) in line with our post-tax surplus for the year, with valuations of key balance sheet assets like the Horseferry Road property and our pension deficit remaining broadly stable, despite economic headwinds
- Significantly improved balance sheet puts Channel 4 in a very strong position heading into another year of uncertainty, and provides a sound platform for Channel 4 to pursue its ambitious new strategy and continued commercial self-sufficiency

Financial review and highlights (continued)

Income statement highlights

£m	2020 £m	2019 £m
Sales House revenues ¹	1,047	1,161
Corporation revenues	934	985
Content spend	522	660
Originated content spend	370	492
Pre-tax surplus/(deficit)	74	(26)

¹ Sales House revenues includes the gross revenues of our partners UKTV and Discovery (as well as BT Sport for part of 2020). The difference between Sales House revenues and Corporation revenues relates to the revenue we collect on behalf of our partners. As Channel 4 is an agent in these relationships, we only recognise our commission on these sales within Corporation revenues.

Following the shock to the TV ad market felt with the initial outbreak of Covid-19, Channel 4's rapid financial and creative response allowed us to benefit from a significant bounceback in revenues in the second half of the year, meaning that the Group delivered the largest surplus in its history in 2020 at £74 million.

The initial impact of Covid-19 resulted in our linear advertising revenues falling nearly 50% on the previous year at the lowest point, in line with the market as a whole, but by year end these had recovered to -10% for the full year. Whilst our linear advertising revenues fell in 2020, strong digital growth even in light of the pandemic and improved rights revenues protected our Corporation revenues to reach £934 million, down only 5% year-on-year (2019: £985 million).

The challenges in physically producing programmes with significant levels of cancellations or delays in 2021, in addition to our need to significantly reduce our content investment to deal with the financial implications of the crisis, meant a large fall in content spend for the year. We announced a reduction of up to £150 million if required in April, although we managed to improve against this initial position and deliver final content spend of £522 million, down from £660 million the year before. Nearly two-thirds of this reduction was from content that was delayed into 2021 and beyond. Despite this situation, Channel 4's creative response to the challenges of 2020 allowed us to grow our share of the audience; our share of commercial impacts ('SOC1') increased in 2020, in particular amongst our key 16-34 demographic but also across the portfolio as a whole, and All 4 views increased by 26% year-on-year to over one billion for the first time.

Given the impact of the initial outbreak of Covid-19 on the Group's revenues, and uncertainty at that point around the timing of recovery, the Group made the difficult decision in April 2020 to furlough employees under the Coronavirus Job Retention Scheme ('CJRS') to help protect its financial position. As the advertising market recovered more strongly than originally anticipated, particularly during Q4, Channel 4 was in a position by the end of the year to repay in full the £1 million of payments received under the CJRS, further underlining its financial sustainability and self-sufficiency.

Balance sheet highlights

	2020 £m	2019 £m
Net assets	452	385
Freehold land and buildings	96	100
Growth Fund investments	26	27
Programme stock and film rights	240	291
Net cash reserves ¹	201	137
Pension deficit	(68)	(79)

¹ This alternative performance measure reflects the sum of the Group's cash and cash equivalents and other financial assets net of cash borrowings at the balance sheet date; further details are provided on page 186.

As shown on page 183, the Group's net assets increased by £67 million during 2020. This reflects the Group's post-tax surplus for the year of £69 million, with an improvement on our pension liability (see below) offset by slight declines in the valuation of our Horseferry Road building and Growth Fund investments. While our programme stock and film rights balance decreased by £51 million in the year, this was offset by other working capital movements (notably, higher trade receivables as a result of strong Q4 revenues).

The net pension deficit has decreased to £68 million (2019: £79 million), with contributions made by the Group during the year plus strong returns on the scheme's investment assets more than offsetting higher liabilities as a result of a lower discount rate.

The Group's results for the year have significantly reinforced our balance sheet position, putting us in good stead for the continuing volatility we anticipate in 2021 and underlining Channel 4's financial sustainability.

Cashflow

In March 2020, Channel 4 drew down the full £75 million of its revolving credit facility to provide maximum liquidity if required in response to the Covid-19 pandemic and its negative impact on the TV advertising market, particularly as working capital requirements and cash balances fluctuate during the year due to the seasonality of ad revenues, programme investment and other spend. None of this additional funding has been utilised during 2020, although the facility remained fully drawn as at 31 December 2020. Under HMRC's VAT deferral scheme the Group deferred £10 million payments for Q1 and Q2 2020, which will be paid in instalments over the course of 2021.

Channel 4 finished 2020 with net cash reserves £64 million higher than 2019, the second highest positive cash flow in Channel 4's history, and the first time the Group has been cash positive since 2015. This cash inflow reflects the £74 million surplus offset by Channel 4's pension funding commitments, capital expenditure and investment acquisitions during 2020 balanced by several successful exits from our Growth Fund investments.

Financial review and highlights (continued)

Going concern

As noted on page 147, while we saw significant recovery in the advertising market as 2020 progressed, the outlook for 2021 remains uncertain, as increased business confidence as a result of the vaccine rollout may be offset by continuing lockdowns, high unemployment and the impact of new variants. This is in addition to ongoing challenges following the end of the Brexit transition period. Specific consideration has been given to these risks and scenario analysis performed (see page 147) in addition to normal business planning and control procedures, indicating that the Group has sufficient financial resources. The Members believe that the Group is well placed to manage its business risks, and have a reasonable expectation that the Group will continue in operational existence for the 12 months from the date of this Annual Report and for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Our remit and business model

Channel 4 is a unique organisation: a public service publisher-broadcaster with a distinctive creative remit, funded solely from commercial revenues, existing to provide a range of distinctive, challenging and provocative content. In order to fulfil our public service remit (which is set out throughout the Statement of Media Content Policy) we seek to optimise returns from our commercial activities and minimise our overheads in order to maximise our spend on screen, marketing and investment in our digital strategy.

As a not-for-profit public service broadcaster, our aim is to be commercially self-sufficient in the long term, generating surpluses and maintaining a strong balance sheet. A key element of our long-term financial strategy is the way we cross-fund commercially challenging genres with profitable programming. We invest our surpluses (when financially prudent to do so) back into original content and digital innovation to evolve our commercial business model and to maintain the relevance and reach of our remit.

The delivery of Channel 4's unique remit has always relied on a challenging funding model which requires an agile, pioneering and well-executed commercial strategy. The Members' view is that this is one of the organisation's strengths, incentivising Channel 4 to remain at the sharp end of innovation.

The Section 172(1) statement made on page 156 sets out how the Members promote Channel 4's success in line with our remit and the business model described above.

Our strategy

In November 2020, Channel 4 launched its new Future4 strategy focusing on innovation in light of challenges to the traditional TV marketplace to ensure the Channel remains relevant as a destination for the next generation of audiences, securing the Group's long-term sustainability.

The strategy is centred on a newly articulated view of Channel 4's purpose: to create change through entertainment. This is supported by the following key strategic pillars (as shown on page 23):

- Prioritising digital growth over linear ratings
- Putting viewers at the heart of decision-making
- Diversifying our revenue streams to underpin our sustainability
- Focusing on strategic partnerships to compete more effectively

Future4 is outlined in greater detail on pages 22 to 23, including an overview of the current corporate and financial priorities that our key pillars translate to. The key performance indicators outlined on pages 134 to 135 show how we intend to monitor progress against these objectives going forward. Our assessment of our key business risks on pages 141 to 146 notes the hurdles faced in implementing Future4 in practice, and the mitigations in place to ensure we perform against our strategic targets.

Our principal activities

Our principal activities include free-to-air television channels which help to maintain our scale and creative impact (available on terrestrial, satellite and cable platforms), our Growth Funds and film investment



Channel 4

Core focus on the values of innovation, creativity and diversity through original UK-commissioned programming. Channel 4 is available in standard and high definition on the main broadcast platforms and also encompasses our delayed transmission service Channel 4+1 and 4seven. 4seven provides another opportunity to watch Channel 4 programmes from the past week that have generated public, media and social media attention.



E4

Focuses on comedy, drama and entertainment, including original commissions and US acquisitions. E4 is the second most popular digital channel for 16-34-year-olds and the third most popular digital channel in the UK.



More4

Offers lifestyle-based content to help viewers to get the most out of their everyday lives. More4 focuses on popular factual and features programming including homes, property, food, health and fashion.



Film4

The UK's leading dedicated film channel and the fourth most popular digital channel, Film4 offers a mix of the best British, European, US and international cinema.



4Music

A Channel 4-branded music and entertainment channel targeted at the 16-34 demographic.

Other

Our channels are available on all the main broadcast platforms and offer delayed transmission and high definition services.

Channel 4 also broadcasts a suite of entertainment and music channels targeted at the 16-34 demographic which were acquired on the full acquisition of The Box Plus Network Limited in 2018, including Box Hits, The Box, Kiss, Magic and Kerrang!



All 4

All 4, our VoD proposition, and other interactive platforms, have helped to extend the depth and impact of programming output. All 4 enables us to package together a much wider variety of content: live TV, catch-up, box-sets and an increasing volume of online-specific content. All 4 moves perceptions beyond that of a catch-up TV service, to a standalone video destination with a clear editorial tone of voice. We are maintaining investment in technology to ensure a reliable user experience which keeps pace with heightened competition and consumer expectations.



Film4 Productions

Film4 Productions develops and co-finance films and is known for working with the most distinctive and innovative talent in UK and international filmmaking, whether new or established.

4Studio

4Studio is our in-house digital content studio, at the heart of our digital acceleration strategy leading on all aspects of short-form content publication across social media platforms and delivering on Channel 4's strategy to serve young audiences in the spaces where they like to consume and interact with content.

Growth Funds

The Indie Growth Fund helps to nurture the independent production sector by providing access to finance for a broad portfolio of small and medium-sized companies based in the UK to help them grow and develop their business.

The Commercial Growth Fund attracts new advertisers to TV and helps stimulate existing advertising sectors. The fund exchanges advertising airtime for minority stakeholdings in fast-growing companies.

Rights

Our UK secondary rights business generates income through the distribution of programmes and other associated products.

Key performance indicators

The Board uses a range of quantitative financial and non-financial information to monitor the Group's performance. The key performance measures presented here have been identified by the Board as the most effective indicators in assessing progress against Channel 4's key objectives and strategy. The KPIs outlined on these pages are reviewed alongside the Statement of Media Content Policy ('SMCP') metrics set out on pages 83 to 119 of this report and a wider range of performance metrics set out on pages 218 to 220.

Certain KPIs were presented in the 2019 Annual Report which have not been reported for 2020, as they are no longer considered the most relevant indicators of the business's performance in line with its Future4 strategy. These measures are outlined below, along with an assessment of why they are no longer included on these pages and (if relevant) the appropriate metrics that have been included in their place for 2020:

- TV and digital revenues – our Future4 strategy emphasises the importance of revenue diversification, and as such linear advertising revenues are no longer considered a key measure of performance. The Digital revenue metric which was reported as part of the previous KPI has now been replaced with Digital advertising revenue, which is aligned with the commercial targets set by the Future4 strategy. The reduction between Digital revenue in 2019 and Digital advertising revenue in 2020 is due to revenues related to our digital activities but not generated through the sale of advertising or sponsorship, which have been reclassified to Non-advertising revenues.
- Originated content spend – this measure is still reported in our Metrics section on page 98, but is no longer considered a key indicator of the Group's performance given its broader digitally-focused investments and objectives.
- Audience share – portfolio share of viewing was used as an indicator of viewing performance in the 2019 Annual Report. We have reported share of commercial impacts for 2020 as (unlike share of viewing) this additionally reflects how viewing translates to revenue generation through the advertising we sell.

Digital advertising revenue

Definition

Digital advertising revenue reflects revenues generated from advertising on All 4 as well as other third-party platforms. This is monitored both in absolute terms and as a percentage of the Group's total revenues.

Importance

Diversifying our revenues is a key pillar of our Future4 strategy, reflecting the changing viewing environment that Channel 4 operates in, and aimed at ensuring future sustainability. The strategy sets a clear commercial target: digital advertising revenue to be at least 30% of total revenue by 2025.

2020 performance

Digital advertising revenue saw strong growth in 2020, up 11% year-on-year despite the impact of Covid-19 on the advertising market. Digital advertising revenue now makes up 17% of our total revenue, compared with 15% in 2019.

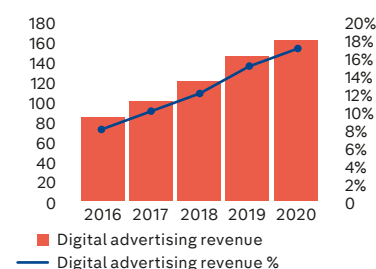
17% ▲

% of total revenue

£161m ▲

Digital advertising revenue

Digital advertising revenue



Non-advertising revenue

Definition

Non-advertising revenue includes all revenues not generated directly through either linear or digital advertising – including (but not limited to) rights income, distribution and theatrical revenues. This metric also reflects new revenue streams developed as part of our Future4 strategy. Non-advertising revenue is monitored both in absolute terms and as a percentage of the Group's total revenues.

Importance

Diversifying our revenues, and developing new revenue streams outside of our advertising business, is a key pillar of our Future4 strategy, aimed at ensuring future sustainability. The strategy sets a clear commercial target: non-advertising revenues to be at least 10% of total revenue by 2025.

2020 performance

Revenue from new streams, including our 4Studios unit and new partnership deals, as well as improved rights income, saw non-advertising revenue grow to £84 million in 2020. The percentage increase to 9% of total revenue (up from 7% in 2019) was accentuated by the impact of the pandemic on total advertising revenue.

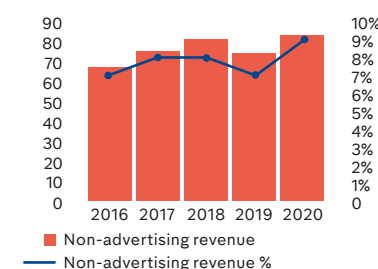
9% ▲

% of total revenue

£84m ▲

Non-advertising revenue

Non-advertising revenue



Programme streaming views

Definition

A streaming view occurs when a clip or full-length programme is accessed on our All 4 on-demand platform.

Importance

Doubling All 4 viewing by 2025 is a central goal of our Future4 strategy, to ensure that Channel 4 remains relevant in an increasingly digital viewing landscape. Streaming views measure our success in attracting viewing to our on-demand platform in the face of competition, both from traditional broadcasters and global giants.

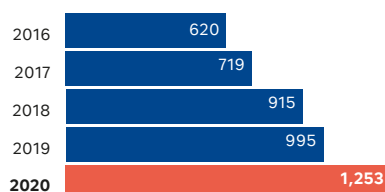
2020 performance

Streaming views were up 26% on 2019, bettering our target to exceed a billion views for the first time ever and finishing the year on 1,253 million views.

1,253m ▲

Programme streaming views

Streaming views



Share of commercial impacts

Definition

Share of commercial impacts ('SOCl') measures our share of the commercial viewing audience, and specifically of commercial impacts (one member of a target audience viewing one advert). Channel 4 focuses on its portfolio SOCl across the two target audiences which make up its key demographic – 16-34-year-olds and ABC1s.

Importance

SOCl is a clear indicator of viewing performance, and additionally (unlike a broader general share of viewing metric) acts as an indicator of how viewing translates to revenue generation through the advertising we sell.

2020 performance

In 2020, portfolio SOCl across 16-34-year-olds increased to 21.3% (2019: 20.9%). Our main channel saw higher growth among this demographic than any other channel during 2020. Portfolio SOCl for ABC1s also grew slightly year-on-year to 16.3% (2019: 16.2%). While this performance is a reflection of the success of Channel 4's creative response to the pandemic, this was also assisted by factors that may not repeat in future years (particularly the impact of Covid-19 on production for our competitors).

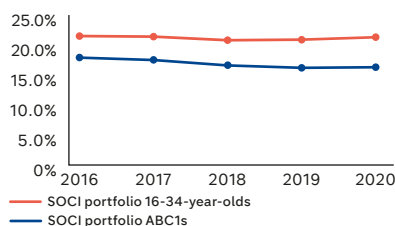
21.3% ▲

SOCl portfolio 16-34-year-olds

16.3% ▲

SOCl portfolio ABC1s

Portfolio SOCl



Ofcom requirements

Definition

As a public service broadcaster, the Channel 4 main service is set various licence obligations by Ofcom. Targets are set for a range of production and transmission measures.

Importance

Channel 4 must demonstrate compliance with its licence obligations. Our delivery against these targets is set out on pages 95 to 108.

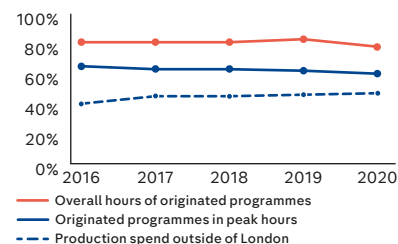
2020 performance

In 2020 we met or exceeded all of our licence requirements, despite challenges and delays to production posed by Covid-19. Key quotas achieved are shown below. During 2020, the main channel achieved 60% of overall hours of originated programmes (target: 56%) and 78% in peak hours (target: 70%). As shown on pages 100 and 102, we also achieved 47% of programme production spend outside London (target: 35%) and 9% of programme production spend in the Nations (target: 9%).

Exceeded ▲

Ofcom requirements

Ofcom requirements



People and corporate social responsibility

People

In 2020, our concern was the welfare of our employees, to protect jobs where possible and provide support to enable our employees to navigate the life changes that Covid-19 presented to us.

To help us protect our financial position during the first half of the year, Channel 4 made the difficult decision to furlough around 120 of our employees under the CJRS at the peak of the pandemic, with most returning to work in the autumn. At the end of 2020, thanks to an improved financial situation and our clear focus on commercial self-sufficiency, we repaid the furlough funding back to the Exchequer. We are very appreciative of our employees who supported the organisation by accepting to be furloughed.

During the year we held regular all-staff sessions with the Chief Executive and also conducted quarterly pulse surveys to listen to our employees and respond as appropriate. Our annual engagement score was above the Creative & Media benchmark¹ and our employees continue to say that they are “proud to work for Channel 4”.

In response to the surveys, we put in place the following to support the organisation and our employees:

- We introduced no-meetings Friday, to allow employees to have time to focus and time away from virtual meetings, plus a company wellness day
- We set up a coronavirus hub on our intranet with information on remote working, how to obtain equipment, occupational health support as well as guidance for those with caring responsibilities
- We focused on our employees’ mental health, providing guidance, training and workshops in partnership with our 4Minds employee resource groups

Diversity profile

Channel 4’s focus on Inclusion and Diversity (‘I&D’) continues to ensure we have a diverse makeup of employees.

Our employees choose whether to voluntarily share their diversity information with us and have an option to choose “prefer not to say” for each question.

	December 2020	December 2019	2023 target (staff)
Female	54% (45% in top 100)	56% (46% in top 100)	50% in the top 100 paid employees
Ethnically diverse	17% (12% in top 100)	17% (14% in top 100)	20% (and 20% within the top 100 paid employees)
Disabled	10%	10%	12%
LGBT+	8%	8%	6% (target already met)

Employee breakdown and gender balance

The average number of employees for the year, on a full-time equivalent basis, was 912 in 2020 (2019: 903). The average number of people employed by the Corporation for each group of employees was as follows:

2020	Male no.	Female no.
Executive team	9	4
Senior managers	20	19
Employees	379	481
Total employees	408	504
Non-Executive Members	7	3
Total including Non-Executive Members	415	507

Our employee resource groups (‘ERGs’), listed below, have played a huge role in supporting our employees and the business throughout 2020. They have organised and held regular virtual meetings and support sessions throughout the year, continuing to raise awareness of difference and fostering an inclusive culture:

- The Collective (diverse ethnicities)
- 4Earth (environment)
- 4Mind (mental health)
- 4Parents & Carers (parents and carers)
- 4Pride (LGBT+)
- 4Purple (disability)
- 4Reps (employee representatives)
- 4Women (women)

Attracting diverse talent

We monitor recruitment activity each month by asking all candidates to share their diversity data with us if they wish to do so. As a ‘Disability Confident Leader’ we offer a guaranteed interview to all candidates with a disability who meet the essential criteria for a role. We continue to advocate the benefits of this programme to other employers by speaking at events and sharing best practice.

The Channel 4 Production Trainee Scheme ran throughout 2020 with trainees placed in independent TV production companies across the UK, and in what was originally planned to be a Paralympic year, all places on the scheme were offered to people with a disability.

Whilst the pandemic has impacted the activity we had originally planned in terms of youth outreach and engagement, we partnered with organisations including the National Film and Television School to offer online and virtual programmes and events to people looking to start their careers in the industry. Over 5,000 individuals signed up to over 40 masterclasses.

In October we opened applications for our apprenticeship programme, with all 13 places based in Leeds and Manchester for the first time. We received 1,121 applications and successful applicants joined the apprenticeship scheme in March 2021.

This coincided with the launch of 4Skills, which aims to turbocharge our efforts to find, nurture and develop talent in the Nations and Regions. The 4Skills programme, unveiled on the first anniversary of our national HQ in Leeds, will bring together and build upon Channel 4’s external talent schemes and initiatives to increase our overall impact. It aims to attract people from diverse backgrounds into broadcasting and production, address skills gaps and help those who are already in the industry to progress their careers.

¹ Source: Culture Amp

People and corporate social responsibility (continued)

Investing in people

People love working at Channel 4 because we offer them the chance to do the very best work of their career in the broadcast sector: we give them the chance to learn and grow on-the-job as well as supporting them in other learning and development interventions. Our philosophy is to focus on what people need, when they need it. Like many other businesses in the UK this year, our people have been working from home and so our approach has been to ensure that line managers have had clear guidance and the toolkits and resources to support their teams through the new process of furlough.

We also needed to focus on providing support to line managers and employees on how to fully work remotely and effectively as a remote team.

We ran wellbeing workshops for both employees and line managers, focusing on a preventative approach towards mental health and providing insights and strategies to alleviate anxiety and chronic stress. We ran additional Mental Health First Aid sessions, giving employees the opportunity to develop skills and to support others within their teams. When our employees returned from furlough, we provided coaching support for the individuals and organised sessions for line managers to guide on how to integrate them back into the team to help with the transition back into work and getting back up to speed.

In November we launched two programmes. The first was our 4Inclusion mentoring programme – The Link. This was launched in connection with our ERGs to build an inclusive peer-to-peer network for our diverse Channel 4 colleagues. Our second programme was our Career Development Programme, launched for new and senior line managers with our first cohort focusing on our ethnically-diverse colleagues. This is an eight-month programme providing a series of masterclasses, self-learning and one-to-one coaching.

Accountability for corporate conduct

Our Board and Executive team have committed to promoting the highest standards of responsible corporate behaviour and are ultimately accountable for this. Channel 4 has a Corporate Code of Conduct and procedures providing a framework for accountability.

Corporate and social responsibility

We are committed to playing a responsible role in our communities. The aim of our corporate responsibility strategy is to fulfil our public service remit in a responsible manner through inspiring and challenging the behaviour of our people and audience to promote social, environmental and personal change.

Environmental sustainability

We are bringing Channel 4's creative vision to sustainability

Our sustainability strategy

In September 2020 we launched our Sustainability Roadmap and committed to becoming a carbon net-zero business by 2030.

We are integrating sustainability into all our processes and decisions, in four areas:

- Our operations and offices
- Our suppliers
- Our content
- Our investments

We are looking at all aspects of our operations and behaviours to reduce our carbon emissions as far as we can. This means everything from the energy supply we use to heat our buildings, to the programmes we commission: we aim to embed sustainability in the heart of our content and in its creation.

In 2020 the measures we took included:

- Switched to 100% renewable energy from April 2020 for directly procured supplies
- Mandated the use of the 'albert' carbon calculator on all productions and encouraged all suppliers to work towards 'albert' certification
- Trained all Channel 4 staff in sustainability with BAFTA 'albert'
- Appointed a Sustainability Manager to make sure the ambitions set out in our Sustainability Roadmap become a reality

4Earth

Established in 2019, 4Earth is an employee resource group of environmental champions who gather to inspire change and put in place positive action at Channel 4. In 2020, this network grew to 150+ members spanning the business. In the last year, engagements have included in-person and online Q&As, workshops and collaborative events covering Climate Justice, Zero Waste, Climate Anxiety and Student Strikes. They ran the annual Christmas Market online ensuring that all stalls were sustainable or independent businesses. The co-chairs of 4Earth also worked on the Sustainability Roadmap and its launch to staff, the induction of the newly appointed Sustainability Manager and rollout of BAFTA's 'albert' Sustainability Training, and regularly work with the other ERG chairs on promoting various channel-wide I&D initiatives.

Measuring emissions

Channel 4 is committed to become net-zero by 2030. We will formalise this ambition through a Science-Based Target, limiting global temperature rise to 1.5°C above preindustrial levels.

People and corporate social responsibility (continued)

Streamlined Energy and Carbon Report

Channel Four Television Corporation is a 'large unquoted company' under the Streamlined Energy and Carbon Reporting ('SECR') regulations, so must report annually on greenhouse gas emissions from Scope 1 and 2 Electricity, Gas and Transport. This is the first reporting year so no emissions from previous years are available as a comparison.

Methodology

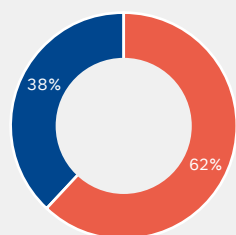
The reporting period is the most recent financial year 01/01/2020 to 31/12/2020. This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

The carbon figures have been calculated using the BEIS 2020 carbon conversion factors for all fuels, other than the market-based electricity which has been taken from EDF, E.ON, OPUS, SSE and British Gas as the UK suppliers.

UK Carbon Footprint Data 2019–2020

Scope	Description	Specific fuels	tCO ₂ e
Scope 1	Combustion of fuel on site and transportation	Natural gas, LPG, petrol, diesel, unknown vehicle fuel, F-Gas	465
Scope 2	Purchased energy	Electricity	Location-based 766
			Market-based 16
Scope 3	Supply chain emissions	<i>Voluntary disclosure – information not provided for 2020</i>	n.a.
Total		Location based	1,231
		Market based	103
Intensity ratio	tCO ₂ e / £1m turnover	Location based	1.32
		Market based	0.11
Energy usage	Total kWh consumed	Electricity, natural gas, gas oil, petrol, diesel, unknown vehicle fuel	4,079,370
	Renewable %	Electricity	98.48%

Emissions detail by fuel type location based method



■ Electricity ■ Natural Gas ■ LPG
■ F-Gas ■ Diesel ■ Petrol Vehicles
■ Hybrid Vehicles ■ Unknown Fuel Vehicles

People and corporate social responsibility (continued)

Statement of exclusions

Scope 1 exclusions

Natural gas consumption for communal areas at the Glasgow, Leeds and GSN (Channel 4 subsidiary) offices were excluded as actual usage could not be provided by the landlord. A benchmark estimation could not be produced as occupancy in relation to communal usage could not be compared between sites.

Scope 2 exclusions

Scope 2 purchased electricity does not include the Transmission and Distribution element as this is owned by the supplier. Electricity for Glasgow and communal areas at the Bristol, Glasgow, Leeds and GSN offices were excluded as usage could not be provided by the landlords. A benchmark estimation could not be produced as occupancy in relation to building usage and communal usage could not be compared between sites.

Scope 3 exclusions

Scope 3 is voluntary – further information on Channel 4's work to date around Scope 3 emissions is set out on page 140.

Energy efficiency actions taken

At the close of December 2019, the refurbishment of the third floor workspace in the London office was completed. This refurbishment included replacing the dilapidated fan coil and VAV units in the ceiling, upgrading the lighting to energy efficient LED modules, and replacing lighting controls to allow configuration of motion sensors and time clocks. The benefits of these improvements were recognised for the first time in 2020; however, due to the Covid-19 pandemic resulting in the restricted use of the building from March 2020, we have not had the data to quantify or evidence the specific associated energy and carbon reductions.

The Covid-19 pandemic stalled planned asset replacements and upgrades in line with our five+ year strategy that would have contributed to energy and carbon objectives in 2020. Although we were unable to achieve the reductions through lifecycle replacement, the pandemic allowed us to gain efficiencies through changes to operational parameters during the periods of low building occupancy. These efficiencies were achieved by restricting employee access to primarily one floor, thus allowing plant and equipment on other floors to remain off, or have substantially reduced run hours, for example: fan coil units ('FCUs'); lighting; water heaters; small power.

Operational guidance for heating, ventilation and air conditioning ('HVAC') plant was issued by the Chartered Institution of Building Services Engineers ('CIBSE') and the Federation of European Heating, Ventilation and Air Conditioning Associations ('REHVA') during Covid-19 which outlined that air extracted from the office space must not be recirculated. This meant that the supply air to the floors from the air handling units could not be tempered through heat recovered from the extracted air so there was a subsequent increase in natural gas consumption to compensate.

In late 2019, we opened new offices in Bristol, Glasgow and Leeds to add to our already established regional office in Manchester. These four offices and their energy use are reported within our SECR figures. These are all leased properties with landlord-procured energy supplies except Manchester and Bristol. Due to the Covid-19 pandemic these offices, like London, were closed to non-essential staff from March 2020; therefore, usage in 2020 was significantly reduced and cannot be used as a baseline for future years. The new Bristol and Glasgow offices benefit from heat recovery on ventilation systems, LED lighting and passive infrared sensor ('PIR') lighting control and achieved SKA ratings of Silver, awarded in 2020.

In April 2020 new energy contracts for offices where Channel 4 procures directly were switched to green renewable tariffs for both electricity and gas. Our leased offices with landlord-procured supplies are also all on 100% renewable electricity contracts. The communal gas supply in our Glasgow office will be reviewed at the next opportunity.

Channel 4 is exploring future opportunities for offsetting in line with its commitment to be net-zero carbon by 2030.

People and corporate social responsibility (continued)

Sustainability policies and targets

Business travel

We use virtual meetings as much as possible and only travel if there is a business need. Due to Covid-19, from March 2020 all travel was prohibited unless business critical; therefore, travel and resultant emissions were significantly reduced.

Looking forward, we'll avoid taking flights within the UK and offset journeys which are deemed business critical. Subject to Covid-19, safety measures or disability requirements, local business travel will be by public transport rather than taxi where possible.

Water

We have continued to monitor our water consumption in 2020 but due to Covid-19 and government-imposed lockdowns, reduced building occupancy has resulted in water consumption data being substantially lower (68%) and not comparative to the 2019 data.

Although demand-led, Channel 4 is committed to ensuring water consumption is kept to a minimum and will continue to ensure it remains as efficient as possible.

Waste

Channel 4 works with waste management companies to ensure that all waste is diverted from landfill wherever possible. Dry recyclables such as paper, cardboard, plastic, metal and glass containers are sent to a material recovery facility; general waste (non-recyclable) such as crisp packets, plastic bags, some types of plastic, laminated foil packaging, cutlery and soiled food containers are converted into energy (refuse-derived fuel).

Channel 4 produced a total of 37.00 tonnes of waste in 2020, substantially less than the 154.6 tonnes generated in 2019. This was mainly attributed to minimal occupancy levels in all offices from March in response to the Covid-19 pandemic. Overall, 74.11% of the waste generated in 2020 was recycled (59.4% in 2019), 25.22% that could not be recycled was converted to produce energy (40.7% in 2019) with the remaining 0.67% going to landfill (0% in 2019). We are investigating these waste streams for the Glasgow and Manchester offices with a view to eliminate where possible going forward.

Split between our offices in 2020

	Total (Tonnes)	Mixed recycling (Tonnes)	Waste to energy (Tonnes)	Waste to landfill (Tonnes)
Bristol ¹	0.120	0.120	0.000	0.000
Glasgow	0.773	0.353	0.197	0.223
Leeds ¹	0.218	0.218	0.000	0.000
London	35.533	26.399	9.134	0.000
Manchester ¹	0.358	0.334	0.000	0.024
	37.002	27.424	9.331	0.247

¹ Figures for Bristol, Leeds and Manchester exclude general waste as this is managed by the respective landlords and figures were unavailable at time of report submission.

To complement the above, we also have a waste stream to manage the paper cups used for hot drinks. Paper cups contain an inner polyethylene layer to stop the rest of the material from getting soggy. Simply Waste ensures that these are sent to a reprocessing facility that can separate the plastic film from the paper, thereby allowing material recovery and recycling into new paper products. Channel 4 sent 589kg of paper cups to Simply Waste for processing in 2020. We offer an incentive to our staff to use mugs/reusable cups to avoid the use of paper cups; however, due to Covid safety

measures implemented in our offices, usage of paper cups in 2020 was increased due to removing multi-touch cleaning points with reusable mugs.

Electrical waste (under the Waste Electrical and Electronic Equipment Directive ('WEEE Directive')) and project-related waste (documented in Site Waste Management Plans) are managed separately by specialist contractors and documentation received to certify that items have been disposed of in the correct manner. These figures are not included in the table above.

In 2020, we refurbished the postroom and security areas of the London office to make them Covid-secure. The waste produced in this project was 2.211 tonnes, of which 95.94% was recycled and 4.06% converted to energy.

Sustainable procurement

As a member of the BAFTA 'albert' consortium, the leading initiative on sustainability for the film and television industries – and as a publisher-broadcaster which commissions all its programming from the independent production industry – Channel 4 requires all productions to use the 'albert' calculator and, from 2021, expects all production companies to obtain 'albert' certification.

We have completed an initial assessment of our Scope 3 emissions, which makes up the largest part of our carbon footprint (98%). As a result we have identified the priority areas within our supply chain to act on. We will engage with key suppliers, gaining a clearer understanding of their carbon emissions, and will work collaboratively to reduce them.

The Covid-19 pandemic has of course meant that our paper usage in 2020 was vastly reduced compared to 2019. We have committed to not buying paper newspapers or magazines for office use.

Promoting sustainability on screen

In 2020, Channel 4 broadcast sustainability-related programming including *Dispatches: Is Your Online Habit Killing the Planet?*, *How to Steal Pigs* and *Influence People* and a second series of *My Family and the Galapagos*.

In 2021, in the run-up to the UN's COP26 in Glasgow, Channel 4 will broadcast a Climate Change season. Further, each commissioning team will facilitate the inclusion of the subject of climate change in their content across the year.

Ethical investments

Our investments provide an important opportunity to ensure our values and commitments to the environment are integrated into our wider business activities, including the Commercial Growth Fund, the Indie Growth Fund and our own pension funds.

We take environmental credentials into account when investing in Indie Growth Fund companies and require all Indie Growth Fund production companies to have, or be working towards, 'albert' accreditation.

We also consider the sustainability credentials of all proposed investee companies when making investment decisions.

Risk management

How we manage risk

The Board is accountable for identifying the principal risks facing the Corporation, including those with the potential to impact the execution of our strategy, performance of day-to-day operations, the delivery of our remit and the maintenance of our brand and reputation. On behalf of the Board, the Audit Committee monitors the effectiveness of the risk management process, as illustrated overleaf.

The pursuit of new opportunities is essential to the delivery of our strategic objectives and to fulfilling our remit. Effective risk management is about striking the right balance between risk and opportunity; making risk-informed decisions is something we do every day. We have a high appetite for creative risk-taking, which could give rise to controversial content. However, this is balanced by a very low appetite for compliance risk, and low appetite for operational risk. This is reflected in our governance framework, which comprises policies, procedures, defined roles and responsibilities and monitoring.

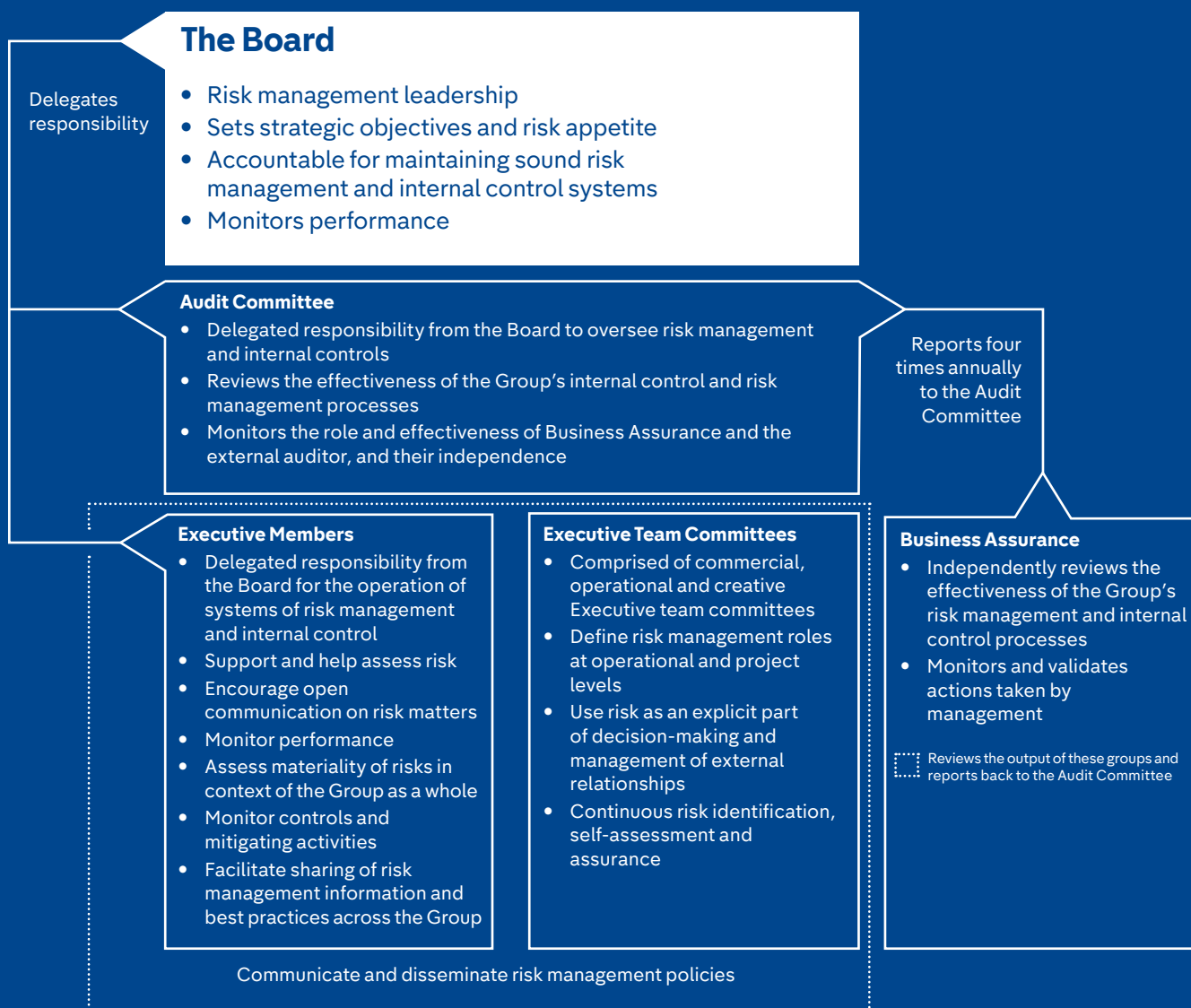
Throughout 2020, Covid-19 was a significant area of focus in our risk management activities, as it continues to be in 2021. The pandemic has demonstrated the interconnected nature of risk management, with the majority of our key risks affected to some extent by the wide-reaching impacts of Covid-19; from the health and wellbeing of our people, to the sharp decline in the UK advertising market early in the pandemic, disruption to our content pipeline (especially prior to the implementation of Covid-secure filming guidelines), and the impact on theatrical releases for Film4. As the situation has evolved, we have implemented risk mitigations to facilitate the safe continuation of our business operations.

While Covid-19 dominated, it was not the only item on the risk agenda in 2020. We continued to monitor for emerging risks, as well as changes to our key risks, such as the developing situation leading up to the UK's departure from the EU and the potential impact of expected changes to advertising regulations and changes in audience behaviour.


















The risk environment in which we operate is continuously evolving. This year we conducted a full refresh of our key risks, with input from stakeholders across the business. This refresh took account of changes to the external environment and reflects our Future4 strategy, both in terms of the risks inherent within the strategy and risks related to its execution. As a result of this exercise some new risks have been added and some have been redefined to better reflect the risks we face, now and looking ahead. By updating our understanding of the key risks to Channel 4, we are better placed to ensure that the controls in place and the further mitigating actions we are taking are appropriate for those risks. A small number of risks reported in our 2019 Annual Report are not included this year as the Board has concluded that while those risks remain, they no longer represent principal risks to the Corporation. The revised articulation of our key risks has been reviewed and approved by our Executive Management Board, Audit Committee and Board.

Environmental sustainability was highlighted in our 2019 Annual Report as an area of emerging risk to Channel 4. This year we have promoted this topic to our key risks, reflecting the increased priority we have placed on managing the impact of our business on the environment, including through our supply chain (see page 145 for further information).

Risk management (continued)















Risk management (continued)



Key ¹	Purpose	Strategic pillars	Vision pillars
	 Content	 Content  Viewers  Commercial  Partnerships	 Represent unheard voices  Challenge with purpose  Reinvent entertainment
Risks and uncertainties			
Risk and potential impact	Link to vision, purpose and strategic pillars		Risk movement
Strategic risks			
1. Content and audiences There is a risk that we don't deliver audiences with the relevant, engaging and diverse content they want to watch, in the places they want to watch it. Competition for high-quality content and talent that is representative of the whole of the UK is increasing, from both traditional broadcasters and new entrants, including the FAANGs. There is a risk that price inflation impacts our ability to secure the best content, or that we don't understand our audiences sufficiently to ensure that our content remains relevant. (This risk is exacerbated during the Covid-19 pandemic due to disruption to the supply chain and increased costs arising from Covid filming protocols.) In this increasingly competitive landscape, failure to maintain prominence (see also risk 4) or market our brand and content – in all the places it is available – to the right audiences, via the right platforms, in a way that makes a connection, could result in the underperformance of our content. Against a backdrop of digital disruption, there is a risk that we don't adapt our digital, social and distribution solutions with the pace and scale required to compensate for the decline in linear viewing, including investment in our VoD platform. If this were to occur, we may fail to achieve total 'time spent' (including linear SOCl, streaming and social engagement) of sufficient scale for Channel 4 to remain relevant in the face of competition. In film we are also seeing earlier release via streaming services, disrupting the traditional 'theatrical first' distribution model.	    	<ul style="list-style-type: none">• Evolve how we commission, schedule, plan and develop products, sell and market to be more viewer-centric• New audience segmentation approach developed, with '4' brand relaunch planned• Target to double All 4 viewing by 2025• Invest more in youth-skewing content to drive digital viewing, using deeper audience insights to find shows that drive streaming• Roll out personalisation features on All 4, including smarter recommendations• Build on current partnership network and forge new arrangements to reach the right audiences• 4Studio to produce more original shorts and grow branded digital entertainment• Launch Global Format Fund to invest in new content formats with global potential• Covid filming protocols in place at independent production companies to allow filming to continue safely during the pandemic	
2. Revenue generation With the majority of our income generated from advertising sales, changes to the advertising market may impact our ability to sustain revenues. Economic uncertainty could drive a decline in consumer and business confidence, leading to a reduction in advertising spend. In the first half of 2020, uncertainty due to Covid-19 had a severe effect on the demand for advertising in the UK. While the market rebounded significantly in the second half of the year, the UK economy has been hit hard by the pandemic and a degree of uncertainty remains. If the UK were to experience a longer-term economic downturn (due to Covid-19, Brexit and/or other macro-economic factors) Channel 4 revenues may be affected. Structural change in the advertising market continues, driven by changing viewer habits from linear to digital particularly amongst young audiences, with an increasingly competitive landscape developing for digital advertising products. There is a risk that we don't innovate or evolve our advertising products with the pace and scale required to compete and to offset the anticipated linear revenue declines, or that we don't leverage the opportunities available to us to generate new revenues.	 	<ul style="list-style-type: none">• Commercial targets set for digital advertising to be at least 30% of total revenue and non-advertising to be at least 10% of total revenue by 2025• Continue to innovate core advertising proposition through data-driven targeting, including our 'bring your own data' BrandMatch offer to target All 4 viewers• Provide innovative creative opportunities for clients including ad-break takeovers and branded social content• Scale our ad-free All 4+ proposition, Indie Growth Fund and Channel 4 Ventures further, and launch a new Global Format Fund to generate commercial returns from IP• Participate in the government's consultation on HFSS advertising and call for evidence on gambling• Routine monitoring and management of cash, investments and operating costs enabling us to respond to economic trends <p>See also our Viability Statement on page 147.</p>	

¹ The purpose, vision and strategic pillars set out in our Future4 strategy are outlined on pages 22 and 23.

Risk management (continued)

Risk and potential impact	Link to vision, purpose and strategic pillars	Mitigating activities	Risk movement
2. Revenue generation continued There is also a risk that adverse regulatory change (e.g. planned introduction of a watershed for HFSS food advertising on linear TV and potential new restrictions on gambling advertising) could trigger acute falls in the total value of the linear TV and digital advertising market, impacting Channel 4's revenue generation.			
3. Business transformation To deliver our Future4 strategy we are embarking on a substantial multi-year business transformation programme that is complex, interdependent and incorporates significant technology change. As with any large-scale transformation programme, there is execution risk. We may underestimate the complexity or cost of the work required, or we may lack the capability required to deliver the programme. As a result, the programme may fail to deliver the anticipated benefits within the planned timeframe, or the cost of doing so may exceed our expectations. This could impact our ability to compete in the digital space and to drive new revenues which, in turn, may impact the sustainability of our business.	   	<ul style="list-style-type: none"> • Programme governance framework in place, facilitated through our Corporate Programme Management Office, including regular review of progress, costs, dependencies and risks • Organisational changes made to support business transformation delivery • Rollout of an enhanced performance management framework and leadership development modules in progress 	NEW
4. Government policy, media regulation and business environment Our public service remit is agreed by Parliament and enshrined in legislation. Changes to government policy and media regulation can present both risks and opportunities to Channel 4. Ofcom's PSB review is in progress, together with the government's separate panel review of PSBs; we await the combined outcome of these reviews to understand the implications for PSBs and for regulation of the sector in general (including prominence rules) and for our unique brand and purpose. On prominence specifically, there is a risk that the regulatory framework supporting PSB prominence does not adapt to the trend in digital media consumption. The current framework addresses PSB prominence for linear TV within the Electronic Programme Guide ('EPG') but does not ensure prominent display of the EPG itself on digital devices, nor does it consider video-on-demand players or other evolving digital technologies. The discoverability of our channels is key to the delivery of our remit and the generation of revenues. Now that the UK has left the EU, there will be a period of adjustment during which any impacts on the film and TV industry will be understood. For example, funding programmes we previously participated in may be impacted and/or we may see a general drain of non-UK EU talent from the UK media industry. The extent to which changes to people's freedom of movement impacts the production supply chain remains to be seen. With the government pursuing trade deals with other countries there is a risk that inclusion of the Audio-Visual sector has a detrimental impact on PSBs and the government's ability to legislate in this area.	   	<ul style="list-style-type: none"> • Engaging in Ofcom's review of PSBs and with the government's panel review and ongoing monitoring for any potential changes to policy • Maintaining effective relations with government • Partnering with other UK broadcasters and media organisations to provide to government a shared view of the risk relating to PSB prominence and the potential implications of foreign trade deals on the sector • Since 1 January 2021 we are broadcasting our linear channels to Ireland under the Luxembourg and French jurisdictions, in line with the requirements of the Audiovisual Media Services Directive • Monitoring the impact of Brexit on our supply chain, including with regard to the free movement of people 	▲
5. Maintaining editorial standards While challenging with purpose, innovation and risk-taking are central to our vision, culture and values, we take very seriously the need to uphold our editorial standards. A breakdown in those standards, for example relating to impartiality in news, a failure of contributor care or a breach of viewer trust, could be severely damaging to Channel 4's reputation and could result in significant penalties.	   	<ul style="list-style-type: none"> • Established legal and compliance framework in place, including policies, procedures, training and monitoring, with an online training module accessible to independent producers and freelancers • 'Referral up' process in place to manage decisions in relation to editorial standards • Production companies required to adhere to our robust contributor care standards on all relevant productions 	▶

Risk management (continued)

Risk and potential impact	Link to vision, purpose and strategic pillars	Mitigating activities	Risk movement
<p>6. Our relationship with the independent production community</p> <p>In line with our remit, we provide high-quality programming that is innovative, experimental and creative, that appeals to the tastes and interests of a culturally diverse society, and that exhibits a distinctive character. In supporting creative talent, we place particular focus on people at the beginning of their careers and those making innovative content and films. We also need to make commercially successful content to fund our activities. There is a risk that we don't deliver enough of each and that, due to the limited financial resources available to us, we can't fund everything we would want to or move fast enough in support of the creative community.</p> <p>We may not deliver the expected benefits of the 4 All the UK programme in a sustainable way within the planned timeline due to insufficient experienced independent production companies producing content that is suitable/ of appropriate quality or because we don't scale activities managed from our new regional Commissioning hubs with the pace expected; as a result, achievement of our Nations and Regions commissioning targets may be impacted.</p> <p>There is a risk that the welfare of people working on productions for Channel 4 might not always be properly considered and supported.</p>	  	<ul style="list-style-type: none"> Initiatives in place to support new and diverse talent, including Emerging Indie Fund, our ethnically diverse-led Indie accelerator, and our takeover planned for autumn 2021 that will launch a series of commissions led by Black talent Indie Growth Fund focused on investing in companies in the Nations and Regions as well as digital and diverse businesses across the UK Tracking of Nations and Regions commissioning spend Greater commissioning decision-making authority moved to our regionally based Commissioning teams Training schemes and partnerships in place to support the development of relevant skills amongst talent in the Nations and Regions Production companies producing content for Channel 4 are required to comply with all applicable legislation. In addition, our Supplier Code of Conduct sets out minimum standards of behaviour for all those carrying out work for us, and companies are expected to have in place systems to enforce compliance with this. Contact details of our 'Speak Up' facility (or an equivalent) must be included by production companies on daily call sheets, providing an escalation route through which to report concerns of wrongdoing. 	NEW
<p>7. People, inclusion and organisational capability</p> <p>The environment within which we operate is competitive and continually evolving. There is a risk that we don't adapt the skills profile of our workforce to align with the priorities set out in our Future4 strategy (particularly digital capabilities) and that it doesn't keep pace over time. We may struggle to attract and/or retain talent in an increasingly competitive marketplace that includes global digital players.</p> <p>To successfully deliver on our remit to represent a culturally diverse society, we need diversity of thought within the organisation. If we do not truly embed inclusion within our working practices, including our commitment to anti-racism, we may fail to attract, motivate and retain a diverse workforce that will best support Channel 4 in its creative ambitions.</p>	    	<ul style="list-style-type: none"> Ongoing consideration of organisational capability, with a focus on leadership effectiveness and digital skills New performance management process being rolled out, with greater focus on targets and alignment with our Future4 strategy Talent acquisition and retention considered by the Remuneration Committee when overseeing our pay and bonus strategy Talent development programmes in place Inclusion initiatives including a new 4Inclusion Career Development Programme launched in January 2021 	
<p>8. Environmental sustainability</p> <p>The government has committed that the UK will be 'net zero' on carbon emissions by 2050 and there is a responsibility on all businesses to reduce their carbon footprint in support of this.</p> <p>The great majority of our environmental impact is through content production, via the hundreds of independent producers we work with. There is a risk that our approach to environmental sustainability, both on and off screen, does not meet the expectations of stakeholders, including government, regulators, audiences and suppliers, or that we lag behind other PSBs and UK broadcasters and filmmakers.</p>		<p>Target set for Channel 4 to be carbon net-zero by 2030, supported by a range of initiatives, including:</p> <ul style="list-style-type: none"> All our TV productions required to use the 'albert' sustainability calculator, with editorial guidance on how to make productions more sustainable provided to producers, extended to Film4, 4creative and 4Studio from 2021 Mandatory 'albert' carbon literacy training for all employees Measures in place to reduce direct emissions, including purchasing renewable energy and improved controls over heating and lighting in our offices Sustainability credentials considered as part of investment decisions for our Indie Growth Fund and 4Ventures Working with the advertising industry to develop environmental sustainability opportunities Environmental sustainability criteria under development to be used in our procurement processes for non-content suppliers and service providers 	NEW

Risk management (continued)

Risk and potential impact	Link to vision, purpose and strategic pillars	Mitigating activities	Risk movement
Operational risks			
<p>9. Cyber-attack or data breach</p> <p>With the growth of the digital economy, cyber-attacks are rising globally and are becoming ever more sophisticated. During the Covid-19 pandemic there has been an increase in cyber activity in the world at large, including phishing attacks, as cyber-criminals seek to take advantage of the disruption.</p> <p>At Channel 4 a significant cyber-attack could impact the availability and integrity of our systems and data, or the confidentiality of our data assets. This could include disruption to our customer-facing All 4 VoD platform or linear TV broadcast, as well as the operating systems used within the business. Delivering against our Future4 strategy will see our digital footprint grow, further increasing the importance of cyber security at Channel 4.</p> <p>There is a risk that we fail to manage personal data in accordance with GDPR and other data protection legislation.</p> <p>In the event of a cyber-attack or other data breach, there is a risk of regulatory penalties including fines and other potentially costly enforcement actions, especially in the event of a personal data breach. Such an event may also result in reputational damage, including a breach of trust from stakeholders including DCMS, viewers and/or employees.</p>		<ul style="list-style-type: none"> Established in-house Information Security function, supported by third-party specialists Cyber security governance framework in place including policies, data management and security standards, and monitoring procedures that are regularly reviewed and updated to prevent and detect threats Monitoring of cyber risk intelligence, including liaison with the National Cyber Security Centre Mandatory cyber security training for all staff and communications to raise awareness of phishing attacks and payment fraud (especially during the Covid-19 pandemic) Data Governance Forum in place, as well as principles governing the use of data across Channel 4 (with a focus on viewer data) Additional payment controls implemented during Covid-19 	▲
<p>10. Health, safety and security</p> <p>A significant physical security or health and safety incident could occur, including the risk of a serious accident or an act of terrorism resulting in injury or loss of life of employees, suppliers and/or visitors to our offices. This could result in business interruption, significant remediation costs and reputational damage.</p> <p>With Covid-19 the inherent physical health risk to our people remains higher than normal. Mental health and wellbeing risk is increased due to factors including isolation and balancing work and home life responsibilities.</p>		<ul style="list-style-type: none"> Health and safety policies and procedures in place, including risk assessments for high-risk deployments and insurance cover reviewed annually Ongoing security reviews conducted and monitoring of security intelligence Crisis management framework and business continuity plans and procedures in place Majority of our people working from home due to Covid-19, with a range of support mechanisms in place to support wellbeing 'Covid-secure' safety measures implemented in our offices in line with government guidance on working safely during coronavirus (for those who can't work from home effectively) 	▲
<p>11. Significant disruption to broadcast and VoD services</p> <p>The technology chain supporting broadcast and VoD operations is complex, involving multiple third parties and systems. A sustained disruption to broadcast or VoD services could result in a loss of advertising sales revenue, damage to our reputation and/or an impact on our ability to achieve our remit. This risk continues to be heightened during the current Covid-19 pandemic due to the operational workarounds implemented to enable remote working. The risk also increases when there is a higher proportion of live broadcasting (including 'live to VoD') in our schedule.</p>		<ul style="list-style-type: none"> Mature governance framework in place, including continuous monitoring and incident escalation protocols Business continuity and IT disaster recovery plans in place, including a backup broadcast location and remote working procedures 	▶

The risks listed do not comprise all those associated with Channel 4 and they are not presented in any order of priority. Additional risks and uncertainties not presently known to management, or currently assessed as less material, may also adversely affect the Corporation.

Note: Certain risks presented as key to the business in previous years have not been included above in 2020:

Insufficient investment in technology – as we implement our Future4 strategy the focus for this risk has moved from ensuring sufficient investment to delivering change with the incremental investment planned. This is captured as part of risk 3 (business transformation) for 2020.

Inability to attract, motivate and retain talent – this has been refreshed as risk 7 (people, inclusion and organisational capacity) above with a new emphasis on inclusion and diversity.

All the UK project delivery – our presence in the Nations & Regions is now considered business-as-usual, and the specific risk around project delivery has been retired. We capture the risk that we do not drive expected benefits from our regional offices within risk 6 (our relationship with the independent production community) above.

Strategic and financial outlook and Viability Statement

Strategic and financial outlook for 2021

Our financial strategy focuses on balancing the requirements of our unique public service remit with the importance of investing in strategic innovation, to ensure that Channel 4 remains commercially sustainable into the foreseeable future, as well as with the need for financial resilience, to withstand a further economic downturn or a combination of significant risks materialising.

Our record 2020 results have reinforced an already strong balance sheet position, supporting our long-term viability and our ability to withstand future economic shocks, as well as giving us capacity to invest further and strengthen our position over the next few years. As we navigated the pandemic during 2020, we have clarified further our fiscal parameters to frame our investment activity and safeguard our long-term financial sustainability.

Our Future4 strategy, announced in late 2020, is centred on ensuring that Channel 4 innovates and adapts to remain relevant as a destination for the next generation. This strategy underpins our 2021 Budget and latest three-year plan, and translates to accelerated investment over the next three years in digital transformation to support our target to double All 4 views by 2025 (including focusing on streaming-oriented content and marketing as well as the All 4 platform itself), as well as scaling up revenue diversification. In the context of continuing viewer migration away from traditional platforms (particularly among youth audiences), our new strategic emphasis on digital and non-advertising revenues ensures we are equipped to meet this challenge.

While we saw significant recovery in the advertising market as 2020 progressed, the outlook for 2021 remains uncertain, as increased business confidence due to the vaccine rollout may be offset by continuing lockdowns, high unemployment and the impact of new variants. This is in addition to ongoing challenges following the end of the Brexit transition period.

As part of our 2021 Budget and three-year plan, we have considered potential downside scenarios arising from the continuing pandemic, broader market shocks and lower than expected benefits from implementing our Future4 strategy. Even in the most severe case considered (deemed plausible but beyond the worst-case scenario currently anticipated by management), analysis shows that our contingency plans would mitigate slower revenue growth than anticipated in our base case forecasts and ensure we remain within our existing credit facility and covenants. Our 2020 results and response to the initial outbreak of Covid-19 also demonstrate our ability to dynamically manage spend and cash flows to mitigate risks as they arise.

Our £75 million revolving credit facility (for a five-year term to March 2023) increases our available liquidity if required. This facility was drawn down in full in March 2020 as part of the Group's initial response to Covid-19, and remains drawn down as at the date of this report to ensure that maximum liquidity is retained; however, none of this additional funding has been utilised to date.

Our scenario analysis and the resources available to Channel 4 indicate that the Group will be able to continue to operate for at least 12 months from the date that this Annual Report is approved. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements. Further to this, the analysis indicates that the Group will be able to continue to operate over the horizon covered by the current three-year plan to the end of 2023.

Looking forward, the Members are confident that the key purpose outlined in the Future4 strategy – of creating change through entertainment – allows Channel 4 both to continue delivering its remit and public service role, and to build a platform for future financial sustainability.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code (the 'Code'), the Members have assessed the prospects of the Group over the three-year period to December 2023. This period was selected as this is the normal planning horizon in our strategic planning process.

The Members review the three-year strategy and financial plan annually, taking account of the Board's agreed risk appetite, the Corporation strategy, and the remit as mandated by legislation and the Ofcom broadcast licence awarded in January 2015. The plan makes certain assumptions, including TV advertising market growth and our share of that market, and is stress-tested annually for adverse market impacts and other principal risks to assess their impact on long-term revenues, profitability and cash flows. These principal risks include further economic declines, including structural declines in the TV advertising market, plus the risk that benefits anticipated from the implementation of the Group's new strategy are not achieved.

In their overall assessment of the viability of the Group, the Members have:

- reviewed the Group's strategic objectives and other key performance metrics; considered revenue, cost and cash flow forecasts and liquidity and financing requirements for the next three years, as well as its current financial position and cash resources;
- considered each of the principal risks and uncertainties set out on pages 141 to 146 and how they are managed;
- through the Audit Committee, assessed the Group's risk management framework and considered reports summarising Business Assurance work during the year;
- specifically considered the risks to the business presented by the Covid-19 pandemic and the potential financial impact of continuing market and revenue declines as a result;
- discussed the sensitivity of the Group's three-year plan to a combination of severe but plausible risks materialising; and
- reviewed performance updates in the normal course of business that underpin the long-term strategy.

Although this assessment does not consider all of the risks the Group may face, the Members confirm that their assessment of the principal risks facing the Group was robust. Based on the results of their activities around principal risks and viability, the Members have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities, as they fall due, over the three-year period of their assessment.

This report was approved by the Board on 5 May 2021 and signed on its behalf by

Charles Gurassa
Chair
5 May 2021

The Channel 4 Board

Executive



Alex Mahon
Chief Executive

Responsibilities and skills:

Alex became the first female CEO of a major UK broadcaster when she joined Channel 4 in October 2017. Alex was CEO of global producers Shine Group, where she oversaw the build-and-buy strategy of building up 27 production labels over 12 international territories and was responsible for all content strategy, including the launch of global scripted divisions and the rollout of formats internationally, and then was CEO of Foundry, a global software provider.

Appointment to the Board:
30 October 2017

Term completion:
N/A

Committee membership:
Attends Remuneration and Audit Committee meetings but is not a member

Previous roles:

Executive

CEO, **Foundry**

CEO, **Shine Group**

COO, **Talkback Thames**

Director of Commercial & Strategy, **Fremantle Media**

Non-executive

Deputy Chairman, **Foundry**

Senior Independent

Director, **Ocado plc**

Chair, **RTS Programme Awards**

Appeal Chair, **Scar Free Foundation**

Chair, **Bandstand**

Non-Executive Director, **Edinburgh International Television Festival**



Jonathan Allan
Chief Operating Officer

Responsibilities and skills:

Prior to joining Channel 4, Jonathan worked at major London media agency OMD UK, joining in 1995 and progressing to Managing Director in January 2007. In this role, he defined the agency's future direction and broadened its offer, expanding digital capability as well as launching marketing services, data planning and creative functions.

At Channel 4, Jonathan has transformed Channel 4 Sales into an industry leader in delivering commercial innovation by working with brands and agencies to adapt and evolve in the face of unprecedented technological advances.

Throughout 2019 and until January 2020, Jonathan was the Chief Commercial Officer. In February 2020, Jonathan became the Chief Operating Officer for Channel 4.

Appointment to the Board:

13 September 2011

Term completion:

N/A

Committee membership:

Attends Remuneration and Audit Committee meetings but is not a member

Current external appointments:

Board Member, **Advertising Association**

Panel Member, **ASA**

Industry Advisory Panel

Previous roles:

Executive

Managing Director, **OMD UK**

Deputy Managing Director, **OMD UK**

TV Director, **OMD UK**

Non-executive

Board Member, **Thinkbox**



Ian Katz
Chief Content Officer

Responsibilities and skills:

Ian has overall responsibility for the creative output across Channel 4, its portfolio of channels and All 4. He leads the creative commissioning team to ensure Channel 4's unique remit to represent the whole country, challenge with purpose and reinvent entertainment is reflected in its programmes and content.

Under his leadership, the channel has earned a slew of awards for shows including *End of the Fucking World*, *The Big Narstie Show*, *Stath Lets Flats*, *Jade*, *For Sama*, *Brexit: The Uncivil War*, *Leaving Neverland* and *Hollyoaks*.

Ian has a background in both broadcast and newspaper journalism and digital innovation. He was editor of the BBC's flagship daily news and current affairs programme *Newsnight* from 2013 to 2017.

Previously he worked in a wide range of writing and editing roles at The Guardian, where as Deputy Editor and Head of News (2008–2013), he oversaw the groundbreaking WikiLeaks and phone-hacking investigations, as well as leading The Guardian's strategy to become a global leader on environment coverage. Ian was responsible for developing The Guardian's first website and played a central role in The Guardian's digital development over the subsequent 15 years.

Appointment to the Board:

8 January 2018

Term completion:

N/A

Committee membership:

None

Current external appointments:

None

Previous roles:

Executive

Editor, **BBC Newsnight**

Deputy Editor and Head of News, **The Guardian**

The Channel 4 Board (continued)

Non-Executive



Charles Gurassa
Chair

Responsibilities and skills:

Charles has 40 years' experience in management and senior Board roles in industries that have seen radical transformation, including travel, tourism, telecommunications and media. He has also been Chairman and Non-Executive Director of significant commercial and social enterprises in many different sectors, from heritage and housing to environment and culture.

Appointment to the Board:

28 January 2016

Term completion:

27 January 2022

Committee membership:

Ethics Committee
No formal membership, but attends Audit and Remuneration Committee meetings

Current external appointments:

Chair, **Great Railway Journeys**
Chair, **Oxfam**
Chair, **Migration Museum**
Trustee, **English Heritage**

Previous roles:

Executive
Executive Chair, **TUI Northern Europe**
Director, **TUI AG**
Chief Executive, **Thomson Travel Group plc**
Director, **Passenger & Cargo business, British Airways**
Non-executive
Chair, **Genesis Housing Association, Virgin Mobile, LOVEFiLM, Phones4U, MACH, Tragus, Parthenon Entertainments, NetNames, Alamo/National Rent a Car**
Deputy Chair, **easyJet plc**
Deputy Chair, **The National Trust**
Senior Independent Director, **Merlin Entertainments plc**
Non-Executive Director, **Whitbread plc**
Trustee, **Whizz-Kidz**
Member, **Development Board of the University of York**



Lord Chris Holmes MBE
Deputy Chair

Responsibilities and skills:

Lord Holmes is Britain's most successful Paralympic swimmer, winning nine gold medals, including an unrivalled six at a single Games. He is a prominent campaigner on diversity and inclusion, on which he has acted as an adviser to the Civil Service.

Appointment to the Board:

5 December 2016

Term completion:

10 June 2021

Committee membership:

Remuneration Committee (Chair)

Current external appointments:

Director and sole shareholder, **CHconserve Ltd**
Director and sole shareholder, **CHedserve Ltd**

Co-Chair, **APPGs on Assistive Technology, FinTech, AI, Blockchain and 4IR**

Chancellor, **BPP University**

Data and Policy Advisory Board

Member, **Civil Service**

Previous roles:

Executive
Lawyer, **Ashurst**
Non-executive
Non-Executive Director, **Equality and Human Rights Commission**
Non-Executive Director, **UK Sport**
Member, **Select Committees on Digital Skills and Social Mobility, House of Lords**
Director, **Paralympic Integration at LOCOG**



Althea Efunshile CBE
Non-Executive

Responsibilities and skills:

Althea brings 35 years' experience of senior strategic leadership and management within the public sector. She has been a local authority Director of Education; a senior civil servant within the Department for Education; and Deputy Chief Executive of Arts Council England. She has been Chair and Non-Executive Director of a range of public bodies spanning the arts, health, further and higher education, and housing. Althea is committed to the delivery of Channel 4's public service remit. She has a passion for diversity and inclusion and for contributing to Channel 4's efforts to strengthen the diversity of its audiences, programming and internal organisation.

Appointment to the Board:

January 2018

Term completion:

December 2021

Committee membership:

Audit Committee

Current external appointments:

Chair, **Metropolitan Thames Valley Housing**
Chair, **Ballet Black**
Non-Executive Director, **University College London NHS Foundation Trust**

Previous roles:

Executive
Deputy Chief Executive, **Arts Council**
Director level Senior Civil Servant, **Department for Education**
Executive Director for Education and Culture, **London Borough of Lewisham**
Non-executive
Chair, **National College Creative Industries**
Non-Executive Director, **Goldsmiths College (University of London)**



Paul Geddes
Non-Executive

Responsibilities and skills:

Paul is the CEO of QA, a digital education and skills provider, and was previously CEO of Direct Line Group, the insurance group and home of the Direct Line, Churchill, Privilege and Green Flag brands. Paul has built brands using the power of TV advertising throughout his 26-year career.

His marketing career began at Procter & Gamble and then retailing, before joining NatWest and RBS retail banking and then entering general management. From 2009 he took over RBS' insurance business and floated it as Direct Line Group in 2012.

Paul's experience of running mass-market, multi-site and increasingly digital consumer businesses in competitive and fast-changing markets, as well as helping organisations with their technical training and talent, is a valuable addition to the Channel 4 Board.

Appointment to the Board:

5 December 2016

Term completion:

5 December 2022

Committee membership:

Audit Committee (Interim Chair during 2020)

Current external appointments:

CEO, **QA Limited**
Director, **QA Limited subsidiaries**

Previous roles:

Executive
CEO of **Direct Line Insurance Group plc**
Director, **Churchill Insurance Company Ltd**
Director, **DL Insurance Services Ltd**
Director, **UK Insurance Ltd**
CEO, **RBS Group mainland UK retail banking**
Other senior roles in multi-channel retailing and marketing at companies including **Kingfisher, GUS** and **Procter & Gamble**
Non-executive
Deputy Chairman, **Association of British Insurers**
Director, **Direct Line Group Ltd**
Director, **Direct Line Insurance Ltd**
Director, **Indemnity Insurance Ltd**
Director, **The National Insurance & Guarantee Corporate Ltd**
Director, **Protection Life Company Ltd**

The Channel 4 Board (continued)

Non-Executive



Uzma Hasan
Non-Executive

Responsibilities and skills:

Uzma is a multi-award-winning film producer and industry consultant with a global track record in the development, production and exploitation of feature films. She has pivoted from international executive to start-up owner and has worked across four continents with studios and independents. She joined the Channel 4 Board with a particular focus on embracing the challenges and opportunities brought by FAANG disruptors. She brings a deep commitment to the creative industries and the ways in which cultural output can positively shape our society. She credits Channel 4-backed *My Beautiful Laundrette* as instrumental in her decision to become a filmmaker.

Appointment to the Board:

January 2018

Term completion:

September 2021

Committee membership:

Audit Committee

Current external appointments:

Producer and Co-Founder, **Little House Productions**. Her latest feature film, *FirstBorn*, sold worldwide to Netflix; she is currently developing BAFTA-nominee Ritesh Batra's next film for Amazon Studios as well as the adaptation of Gautam Malkani's cult novel *Londonstani* for the BFI.

Selection Committee, **British Independent Film Awards**
Juror, **British Academy of Film and Television Arts**

Non-Executive Director, **Babbar Films** and **Chisel Films**

Trustee, **Birds Eye View**

Previous roles:

Executive

Executive Producer, **Dharam Sankat Mein** and **Flying Paper**
Producer, **The Infidel** and **FirstBorn**
Associate Producer, **Tormented**
Film Financing Consultant, **Doha Film Institute**
Head of Development, **Slingshot Studios**



Fru Hazlitt
Non-Executive

Responsibilities and skills:

Fru has spent over 25 years in the media, entertainment and technology sectors with a commercial background and extensive general management experience. She has served as a Director of Boards – both as an Executive and as a Non-Executive Director – across a wide variety of high-profile consumer businesses.

Appointment to the Board:

January 2018

Term completion:

September 2021

Committee membership:

Remuneration Committee

Current external appointments:

Founder CEO, **La Piazza Group SRL**, **Colory*.it** and **GRLS.it**
Chair of the Board of Governors, **Downe House School**

Trustee, **Merlin's Magic Wand**

Previous roles:

Executive

Managing Director of Commercial, Online and Interactive, **ITV**
Managing Director, **GCap Media**
Chief Executive, **Virgin Radio**
Managing Director, **Yahoo UK**

Non-executive

Director, **Betfair**
Independent Director, **Merlin Entertainments**



Tom Hooper
Non-Executive

Responsibilities and skills:

Tom brings to the Channel 4 Board three areas of relevant responsibilities and skills. Firstly, as an Oscar-winning film and television drama director he can help Channel 4 keep creativity and innovation central to its mission as a public service broadcaster. Tom won the best director Oscar for *The King's Speech* – in all, his films have won a total of eight Oscars. His television work has won 22 Emmys and ten Golden Globes, including *Elizabeth I* (Best Director Emmy) and *Longford*, both of which he directed for Channel 4. Secondly, his wide experience of working in the Nations and Regions of the UK has relevance for Channel 4 moving substantial parts of its operation out of London. He directed *Byker Grove* in Newcastle, *Cold Feet* in Manchester, *The Damned United* in Leeds, and directed and executive produced Philip Pullman's *His Dark Materials* in Cardiff. Thirdly, as a former Governor of the BFI and a member of the London Coordinating Committee of the Directors' Guild of America, he has developed a strong and responsible understanding of the existential issues facing the future of the cinema and public service broadcasting today – in the age of internet streaming.

Appointment to the Board:

January 2018

Term completion:

December 2021

Committee membership:

None

Previous roles:

Executive

Director of *The Damned United*, *The King's Speech*, *Les Misérables*, *The Danish Girl* and *Cats*

Non-Executive

Governor, **British Film Institute** (since 2011)



Roly Keating
Non-Executive

Responsibilities and skills:

Roly brings extensive experience of public service broadcasting from his work in programme-making, editorial and senior executive roles at the BBC. His current role at the British Library provides additional perspective from another cultural organisation within the DCMS group.

Appointment to the Board:

5 December 2016

Term completion:

5 December 2022

Committee membership:

Ethics and Remuneration Committees

Current external appointments:
Chief Executive, **The British Library**
Chair, **Conference of European National Librarians**

Trustee, **The British Library Trust**

Trustee, **American Trust for the British Library**

Trustee, **The Gilson Trust**

Trustee, **Friends of the National Libraries**

Trustee, **Clare Leadership Programme**

Trustee, **The Busby Trust**
Director, **Marine Cottages Residents Ltd**

Previous roles:

Executive

Director of Archive Content, **BBC**
Controller, **BBC Two** and **BBC Four**
Controller, **Arts Commissioning, BBC**
Head of Programming, **UKTV**
Non-executive

Trustee, **Turner Contemporary**
Board Member, **Barbican Centre**
Chair, **Knowledge Quarter London Ltd**

The Channel 4 Board (continued)

Non-Executive



Andrew Miller
Non-Executive

Responsibilities and skills:

Andrew was recently appointed Chief Executive of Motability Operations plc, a role he took up at the end of 2020. An accountant by training and a leader in digital transformation, Andrew has also held senior executive positions at a number of multinational consumer and media groups. These include Food Folk Group Holdings – owner of the McDonald's licence for the Nordics Scandinavia – Guardian Media Group and Autotrader, taking the latter from a print magazine to a digital platform. Prior to this, Andrew held senior finance roles at Frito-Lay Europe, Procter & Gamble and Bass. He has also held Non-Executive Director roles and was Audit Chair at the AA plc and Ocean Outdoor Media plc.

Appointment to the Board:

1 June 2020

Term completion:

31 May 2023

Committee membership:

Audit Committee
(Chair from October 2020)

Current external appointments:

Chief Executive, **Motability Operations plc**

Previous roles:

Audit Chair, **AA plc**
Audit Chair, **Ocean Outdoor Media**
Director, **Guardian Media Group plc**
Director, **Auto Trader Holding Limited**
Director, **Food Folk Group Holdings AS**
Director, **Top Right Group (Ascential plc)**



Stewart Purvis CBE
Non-Executive

Responsibilities and skills:

Stewart has specialisms in TV journalism (as former CEO of ITN), regulation of broadcast content (as a former Ofcom Partner), and government relations (as a former adviser to DCMS).

Appointment to the Board:

1 September 2013

Term completion:

31 May 2021

Committee membership:

Remuneration Committee

Current external appointments:

Vice President, **Royal Television Society**
Non-Executive Director, **Brentford Football Club**
Chairman, **Brentford Community Football Society Ltd**

Previous roles:

Executive
Chief Executive and Editor-in-Chief, **ITN**
President, **EuroNews**, Lyon
Editor of *Channel 4 News*, **ITN**
Partner, Content and Standards, **Ofcom**
Professor of Television Journalism, **City University London**
Non-executive
Chair, **UK Government media literacy group**
Adviser to **House of Lords Select Committee on Communications on the governance of the BBC**
Independent Chair of multi-party negotiations to progress digital radio in the UK (**DCMS**)
Member, **DCMS Advisory Committee on BBC Charter**
Visiting Professor of Broadcast Media, **Oxford University**
Trustee, **SSVC** (registered charity)

Report of the Members

Introduction

In accordance with the Companies Act 2006, the Corporate Governance Report on pages 154 to 161 and the information contained in the Strategic Report on pages 128 to 147 form part of this Report of the Members and are incorporated by reference. The Members have decided to comply with the provisions of the Companies Act 2006 to the extent that these are relevant to Channel 4 and its status as a statutory corporation.

The Members present their report and the audited financial statements for the year ended 31 December 2020. Details of the Executive and Non-Executive Members are disclosed on pages 148 to 151.

The Chair and Chief Executive present their statements on pages 4 to 7 and 8 to 11 respectively. A review of the Group, outlining its business model, development and performance during the financial year, together with its position at 31 December 2020 and financial outlook, is provided in the Strategic Report on pages 130 to 147. The Strategic Report also outlines the principal risks and uncertainties facing Channel 4.

The Group's financial statements are set out on pages 181 to 211 and Channel 4's financial statements are set out on pages 212 to 217.

Legal status

Channel Four Television Corporation ('Channel 4') is a statutory corporation, without shareholders, established under the terms of the Broadcasting Act 1990.

Regulatory environment

Under the regulatory model, Channel 4 receives access to the digital spectrum and prominence on the digital terrestrial television platform. In return, Channel 4 must fulfil its public service remit obligations as set out in the 1990 and 1996 Broadcasting Acts and as amended by the Communications Act 2003, the Digital Economy Act 2010 and the ten-year licence issued by Ofcom, which came into effect in January 2015. We are prohibited by legislation from producing programmes to be broadcast on the main Channel 4 service and there is a statutory limit of £200 million on the amount of debt the Corporation can raise.

Disclosure of information to the auditor

Each of the persons who is a Member at the date of approval of this Annual Report confirms that:

- so far as the Member is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Member has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Deloitte LLP has been appointed as auditor to Channel 4 with the approval of the Secretary of State for Digital, Culture, Media and Sport.

Going concern

The Group's business activities, its future strategy and other factors likely to affect its future development and performance, the financial position of the Group, its cash flows and Viability

Statement are set out in the Strategic Report. In addition, note 15 to the financial statements includes the Group's approach to financial risk management, including its financial instruments and hedging activities and its exposures to liquidity and credit risks.

As noted on page 147, while we saw significant recovery in the advertising market as 2020 progressed, the outlook for 2021 remains uncertain, as increased business confidence as a result of the vaccine rollout may be offset by continuing lockdowns, high unemployment and the impact of new variants. This is in addition to ongoing challenges following the end of the Brexit transition period. Based on specific consideration of these risks and scenario analysis performed (see page 147) in addition to normal business planning and control procedures, the Group has sufficient financial resources and the Members believe that the Group is well placed to manage its business risks. The Members have a reasonable expectation that the Group will continue in operational existence for the foreseeable future, and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Members' interests

During 2020, Members, in addition to their salaries, benefits and/or fees as disclosed on page 168, were interested in the following transactions negotiated at arm's length on normal commercial terms with the Group:

Alex Mahon was a Director of Creative Diversity Network Limited during part of 2020. During 2020, Channel 4 paid £141,759 to Creative Diversity Network Limited.

Jonathan Allan is a Director of the Advertising Association. During 2020, Channel 4 paid £193,738 to the Advertising Association.

Paul Geddes is a Director of QA Limited. During 2020, Channel 4 paid £2,168 to QA Limited.

Uzma Hasan is a member of the Selection Committee of the British Independent Film Awards. During 2020, Channel 4 paid £20,820 to the British Independent Film Awards. Uzma Hasan is also a member of the jury for British Academy of Film and Television Arts ('BAFTA'). During 2020, Channel 4 paid £105,513 to BAFTA.

Tom Hooper is a Governor at the British Film Institute. During 2020, Channel 4 paid £34,748 to the British Film Institute.

Stewart Purvis is Vice President of the Royal Television Society. During 2020, Channel 4 received £174 from and paid £21,582 to the Royal Television Society.

Where the Members have an interest in an advertising or sponsorship client of the Group, the amounts paid or payable are not disclosed as they are negotiated and transacted via media buying agencies. All such transactions are negotiated and transacted on an arm's length basis.

Insurance and indemnities

The Group has qualifying third-party indemnity provisions in place for the benefit of the Members which comply with the requirements of the Companies Act 2006.

Employment policy for people with disabilities

Channel 4 is committed to recruiting, developing and retaining employees with disabilities. We continue to act as a 'Disability Confident Leader' as part of a government scheme, offering a guaranteed interview to all candidates with a disability who meet

Report of the Members (continued)

the essential criteria for a role. Our initiatives in these areas are detailed further on page 136.

Providing information to employees

Employees are provided with information on matters of concern to them via presentations by the Executive team in regular all-staff meetings, regular e-news updates and through other email communication when appropriate.

There is also an employee representative committee of individuals across the Corporation who represent all staff and consult with senior management on matters that affect staff.

Employee engagement

Details of the Group's engagement with its employees are outlined on page 158.

Business relationships

Details of the Group's key business relationships and engagement with these stakeholders is outlined on page 157.

Responsibility statement of the Members in respect of the annual financial statements

The Members are responsible for preparing the Annual Report and the Group's and the Corporation's financial statements in accordance with applicable law and regulations. The Corporation is required by its governing legislation (the Broadcasting Act 1990) to keep proper accounts and proper records in relation to the accounts, and to prepare financial statements in respect of each financial year. Under that law, the Members have elected to prepare the financial statements of the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and the requirements of Chapter 4 of Part 15 of the Companies Act 2006, and elected to prepare the financial statements of the Corporation in accordance with the Financial Reporting Standard ('FRS') 101 'Reduced Disclosure Framework'.

The Members accept responsibility for approving the financial statements only after they are satisfied that, when taken as a whole, they are fair, balanced and understandable, and provide the information necessary to assess the Corporation's performance, business model and strategy. In preparing the parent company financial statements, the Members:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

In preparing the Group financial statements, International Accounting Standard ('IAS') 1 requires that Members:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Members have accepted responsibility for keeping proper accounting records that are sufficient to show and explain the Group's and the Corporation's transactions and to disclose with reasonable accuracy at any time the financial position of the Group and the Corporation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Members have voluntarily decided to prepare a Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, made under the Companies Act 2006, as if those requirements were to apply to the Group and the Corporation.

The Members are responsible for ensuring compliance with the requirements of Schedule 9 of the Communications Act 2003, as set out on page 160. Following the Digital Economy Act 2010, revised arrangements, approved by Ofcom, were implemented from 15 September 2016.

The Members are responsible for the maintenance and integrity of the corporate and financial information included on the Corporation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the Group and the Corporation and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, and the Corporation and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Corporation's position, performance, business model and strategy in accordance with the UK Corporate Governance Code.

This report was approved by the Board on 5 May 2021 and signed on its behalf by

Charles Gurassa
Chair
5 May 2021

Corporate governance

The Board is committed to high standards of corporate governance. The Members voluntarily prepare a Corporate Governance Statement to demonstrate that they apply the principles, where relevant, of the UK Corporate Governance Code issued by the Financial Reporting Council ('FRC') in 2018, and the Disclosure and Transparency Rules and Listing Rules of the Financial Conduct Authority. Channel 4's status as a statutory corporation without shareholders means those provisions concerning shareholders' interests are not directly applicable. Information required under LR9.8.4R of the Listing Rules, where relevant to Channel 4, is disclosed in the Report of the Members (page 172) and in the Members' Remuneration Report (pages 166 to 173). The Board considers that it was compliant with the relevant provisions of the UK Corporate Governance Code throughout 2020, with the exception of the composition of the Audit Committee (in regard of which it was compliant from June 2020 onwards). The code can be accessed at www.frc.org.uk.

The Board

Channel Four Television Corporation is controlled through its Board of Members. The Board's main role is to discharge Channel 4's statutory functions and ensure the fulfilment of the public service remit in accordance with all applicable laws and regulations.

The Board meets at least eight times a year and has a schedule of matters reserved for its approval as noted in the table below. In addition, as part of its overall responsibility to ensure the fulfilment of Channel 4's statutory duties and functions, the Board continues to focus on ensuring the successful delivery of Channel 4's remit and other public service responsibilities. Content output and plans for future investment of the content budget are regularly discussed as part of the overall Board agenda, as are regular updates on audience reactions to Channel 4's content. The Board also approves Channel 4's proposed Statement of Media Content Policy (incorporating the Statement of Programme Policy and Review) prior to publication.

Board sub-committees

The Board has an established Audit Committee, Remuneration Committee and Ethics Committee to assist with the discharge of its functions and has delegated each certain responsibilities, as set out below.

Board nominations

Given its constitution and specific statutory provisions regarding the appointment of Members, Channel 4 does not have a formal Nominations Committee. Instead, there are formal nominations procedures which are described below.

The following formal nomination procedures are in place:

- Non-Executive Members are appointed for fixed terms by Ofcom following consultation with Channel 4's Chair and the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Chair is appointed by Ofcom for a fixed term with the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Deputy Chair is appointed by Ofcom
- The Chief Executive is appointed by the Board
- Other Executive Members are appointed to the Board after nomination by the Chief Executive and the Chair acting jointly

We work with Ofcom to ensure that each Board appointment brings to the Board the skills and experience that are required to meet Channel 4's needs and contribute to its long-term success.

The division of responsibilities between the Chair of the Board and the Chief Executive is clearly defined as described on the following page.

The Board

The following matters must be referred to the full Board:

- Channel 4's annual budget and three-year financial plan and strategy
- The appointment of the Chief Executive
- Confirmation of the appointment of the other Executive Members nominated by the Chief Executive and the Chair acting jointly
- Banking arrangements and loan facilities
- Any significant proposal outside the ordinary course of Channel 4's business
- The appointment and reappointment of the statutory auditor
- The audited Annual Report and financial statements

- The establishment, purchase or acquisition of any qualifying company and the approval or variation of terms of reference for any subsidiary
- Approval of any significant new business investment or programme investment
- Significant proposed changes to Channel 4's headcount
- Such other matters as the Board may from time to time resolve to review or decide upon

The Board has delegated certain responsibilities to the sub-committees below.

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the Corporation's financial statements, reviewing the Corporation's internal control and risk management systems and making recommendations to the Board in respect of the external auditor. The Audit Committee Report is set out on pages 162 to 165.

Remuneration Committee

The Remuneration Committee oversees all aspects of pay for Channel 4, reviewing proposals for the annual pay awards and variable pay schemes applicable to all staff. It recommends to the Board remuneration for the Chief Executive and sets remuneration for the rest of the Executive team. The Members' Remuneration Report is set out on page 166 to 173.

Ethics Committee

The Ethics Committee reviews any conflicts of interest that may arise for Channel 4's Board and matters relating to the Code of Conduct as may be referred to it by the Chairman or otherwise and offers advice to the Chairman on conflicts of interest relating to Non-Executive Members and/or Executive Members.

Corporate governance (continued)

The role of the Chair

The Chair is responsible for:

- Leading the Board in setting the values and standards of Channel 4
- Maintaining a relationship of trust with and between the Executive and Non-Executive Members
- Leadership of the Board, ensuring its effectiveness on all aspects of its role, including the setting of the agenda
- Ensuring that all Members receive accurate, timely and clear information
- Ensuring that all Members continually update their skills and the knowledge and familiarity with Channel 4 required to fulfil their role both on the Board and on committees
- Facilitating the effective contribution of Non-Executive Members and ensuring constructive relations between Executive and Non-Executive Members
- Undertaking an annual evaluation of Board and committee performance

Charles Gurassa was appointed Chair for an initial three-year term from 28 January 2016 and was reappointed for a further three-year term to 27 January 2022.

The role of the Chief Executive

The role of the Chief Executive is to run the business of Channel 4 under the delegated authority from the Board, to implement the policies and strategy agreed by the Board, and to communicate with Ofcom and other key stakeholders.

During 2020, Alex Mahon continued as Chief Executive.

Members and Members' independence

The 2020 Board Members and their skills, experience and responsibilities are set out on pages 148 to 151.

The Non-Executive Members constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The Non-Executive Members are of sufficient calibre and number that their views carry significant weight in the Board's decision-making. The Members are given access to independent professional advice at the Group's expense when the Members deem it is necessary in order for them to carry out their responsibilities.

Details of the current Chair's professional commitments are included in his biography. These do not adversely affect his role with Channel 4.

The Board considers all its Non-Executive Members to be independent in character and judgement. At the time of this report, no Non-Executive Member:

- Has been an employee of the Group within the past five years
- Has, or has had within the past three years, a material business relationship with the Group (although attention is drawn to the related party transactions on page 152)
- Receives remuneration from Channel 4 other than their Member's fee
- Has close family ties with any of the Group's advisers, Members or senior employees

- Holds cross-directorships or has significant links with other Members through involvement in other companies or bodies, with the exception of Charles Gurassa and Fru Hazlitt who both served on the Board of Merlin Entertainments plc during the year
- Has served on the Board for more than nine years from the date of their first election

Professional development

On appointment, the Members take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Executive Committees and the powers delegated to those committees, the Group's corporate governance practices and procedures including the powers reserved to the Group's most senior executives, and the latest financial information about the Group. This is supplemented by meetings with members of the senior management team. On appointment, all members are advised that they have access to advice and the services of the Head of Corporate Governance. Throughout their period in office the Members are continually updated on the Group's business and environment and other changes affecting the Group and the industry it operates in as a whole, by written briefings and meetings with senior executives.

A formal Board effectiveness review that uses a detailed questionnaire to allow Board Members to express both qualitative and quantitative views on Board performance is undertaken annually. In 2020, the Corporation Secretary conducted a review of the Board and of the Audit and Remuneration Committees using the tools and approach designed in 2017 by an independent reviewer, Independent Audit. Findings and analysis were presented to the Board by the Corporation Secretary and discussed at the January 2021 Board meeting. Committees also held their own discussions on the findings. Overall, the Board and committees were found to be performing well, with good communication between Non-Executives and management, and confidence in the Board's ability to hold management to account, in spite of the challenges posed to the organisation by Covid-19 during 2020. Proposals for actions to ensure continuous improvement of the Board and Committees were tabled and agreed. Areas of focus that were identified included the potential for including wider perspectives in the Board's decision-making, and addressing wider societal concerns, particularly with regard to climate change.

Board information

Regular reports and papers are circulated to the Members before Board and committee meetings. These papers are supplemented by information specifically requested by the Members from time to time. A monthly performance pack is prepared by the Chief Operating Officer providing a month-by-month report on progress against the main performance indicators set by the Board.

The Corporation Secretary's responsibilities include ensuring an effective flow of information within the Board and its committees, induction of new Members, assisting with professional development as required, and advising the Board through the Chair on all governance matters.

Corporate governance (continued)

Board meetings

The number of full Board meetings and committee meetings attended by each Member during the year is shown in the table below:

Name	Board meetings attended (invited)	Audit Committee meetings attended (invited)	Remuneration Committee meetings attended (invited)	Ethics Committee meetings attended (invited)
Charles Gurassa	13 (13)	5 (5) ¹	5 (5) ¹	–
Lord Chris Holmes ²	2 (13)	–	1 (5)	–
Althea Efunshile	12 (13)	5 (5)	–	–
Paul Geddes	13 (13)	5 (5)	–	–
Uzma Hasan	12 (13)	1 (1)	–	–
Fru Hazlitt	12 (13)	–	5 (5)	–
Tom Hooper	9 (13)	–	–	–
Roly Keating	12 (13)	–	1 (1)	–
Andrew Miller	6 (6)	2 (2)	–	–
Stewart Purvis	13 (13)	–	5 (5)	–
Alex Mahon	13 (13)	5 (5) ¹	5 (5) ¹	–
Jonathan Allan	13 (13)	4 (4) ¹	2 (2) ¹	–
Ian Katz	13 (13)	–	–	–

1 The Chair, Chief Executive and Chief Operating Officer attended Audit Committee and Remuneration Committee meetings but were not members of those committees.

2 Due to legal proceedings in 2020, Lord Chris Holmes decided to step back from attending Board and Committee meetings for part of the year.

The Board meets at least eight times a year; extraordinary sessions of the Board and committees were also held in 2020. The Non-Executives meet without management twice a year, and meet with just the Chief Executive present once a year.

The Ethics Committee did not meet in 2020 as no matters arose requiring its consideration.

Board diversity

As shown on pages 26 to 37, diversity is at the heart of Channel 4 and this is equally important at the most senior levels of the organisation as at entry-level positions. At May 2021, the Channel 4 Board comprised three Executive Members and ten Non-Executive Members. As stated on page 154, Non-Executive Members are appointed by Ofcom, and Executive Members by the Chief Executive and the Chair.

At 31 December 2020, one of the three Executive Members was a woman (December 2019: one of three). At 31 December 2020, the Board comprised four women and nine men, with the four women making up 31% of the Board membership (December 2019: 33%). At 31 December 2020, two Members of the Board were from ethnically-diverse backgrounds (December 2019: two).

Section 172 statement

In July 2018 a revised version of the UK Corporate Governance Code was published, containing an updated set of principles that emphasise the value of good corporate governance to long-term sustainable success. As stated above, as a statutory corporation without shareholders, Channel 4 voluntarily applies the principles of the Code, where relevant.

The Code requires the Board to assess the basis on which Channel 4 generates and preserves value over the long term. The Board believes that the annual review of Channel 4's performance in relation to its Statement of Media Content Policy (presented on pages 83 to 119 of this Annual Report) represents a strong statement of the value generated by the Group. Our corporate strategy (set out on page 132) is aimed at ensuring we can continue to generate and develop this value over the long term. As a not-for-profit public service broadcaster, our aim is to remain commercially self-sustainable with a strong supporting balance sheet over the long term. A key element of our financial strategy is the way we cross-fund commercially challenging genres with profitable programming. We believe surpluses built up over time should be prudently reinvested back into original content and digital innovation through our Future4 strategy to enhance our commercial business model and to ensure the continuing relevance and reach of our remit.

Some of the ways in which Channel 4's value is measured externally currently remain rooted in a traditional, linear PSB paradigm and do not reflect structural and strategic changes. The number of measures reviewed in relation to our Statement of Media Content Policy also makes our focus and decision-making complex. As a result the Board continues to review how we articulate and measure Channel 4's long-term impact in a changing landscape.

The Code also requires boards of directors to understand the views of their companies' key stakeholders and describe in the Annual Report how their interests, and the matters set out in section 172 of the Companies Act 2006, have been considered in Board discussions and decision-making. Section 172 deals with the directors' duty to promote the success of the company for the benefit of its shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term and the entity's wider relationships.

Although provisions around shareholders' interests are not directly applicable to Channel 4, our Board seeks to make decisions remaining mindful of our remit, values and strategy, and taking into account their impact on our key stakeholders. Engagement with these stakeholders is key to maintaining the Corporation's reputation. The following table identifies these stakeholders, outlines how we engage with them, and provides examples of how these relationships have shaped Board decision-making during the year.

Corporate governance (continued)

Our stakeholders

Stakeholder	Engagement	Impact on Board agenda and decision-making
Viewers (mainstream, youth, ethnically-diverse and under-represented, Nations and Regions)	We monitor audience engagement via both proprietary trackers and third-party trackers, bespoke audience studies (pilot testing, focus groups, genre and trend studies, behavioural studies) and an annual digital landscape study.	<p>The Board receives regular updates on viewing performance to inform its decision-making. In 2020, it reviewed Channel 4's strong viewing figures especially over periods of lockdown, and considered the Channel's important role as a public service broadcaster during a time of crisis.</p> <p>The Board continues to focus on the growing importance of digital viewing – in particular, taking this into account in its assessment of the new Future4 strategy which underpins the Corporation's three-year financial plan and annual budget.</p> <p>Reviews of viewing performance inform Board approvals for commissioning of new and returning content when Board approval is required under Channel 4's delegation of authority.</p> <p>The Board also scrutinised how Channel 4's commitment to inclusion and diversity is reflected in its creative output, particularly in response to the Black Lives Matter movement. It received updates during 2020 on the Corporation's historic content review, aimed at ensuring archive content reflects current social attitudes.</p>
Creative partners (production companies, talent)	<p>We engage with creative partners via direct meetings, industry events, talent outreach programmes, partnerships, qualitative and quantitative research (including direct feedback) and third-party industry data.</p> <p>Channel 4's Creative Contract sets out our commitments to the independent production community to foster creative partnerships, and maintain our reputation as the best partner for producers.</p>	<p>The Board receives regular updates on Channel 4's creative performance to help inform its decision-making, with a focus in 2020 on disruption to the supply chain as a result of the pandemic and resulting government restrictions.</p> <p>The Board considered the impact of the pandemic on the independent production community, particularly in light of cuts made to the Group's commissioning budget to protect Channel 4's financial position. The Board also reviewed the success of Channel 4's creative response to the challenges posed by the pandemic, and the support it had received from its creative partners in making this possible. It supported a donation to the Film and TV Charity in recognition of the hardship the sector experienced.</p> <p>The Board is updated on the results of stakeholder surveys, and oversees actions to ensure positive relationships with our creative partners are maintained.</p> <p>The Board emphasised the importance of contributor care in 2020, and received updates from management on Channel 4's work to protect on-screen talent.</p>
Commercial partners (media agencies, advertisers, trade organisations)	Engagement with commercial partners comes in the form of regular meetings, 4Lives agency takeovers, our Big TV Festival and Up Fronts (deferred for 2020), as well as sponsorship of industry platforms, insight events and projects. We also carry out an annual reputation survey with commercial stakeholders.	<p>During 2020, the Board has received frequent updates on conditions in the TV advertising market – particularly during the initial shock to the market during April and May, but also with regard to subsequent recovery over the second half of the year.</p> <p>The Board reviews the success of previous commercial ventures and the stakeholder relationships built to ensure that lessons learned are applied in future. Key stakeholder relationships are carefully considered by the Board when approving major commercial agreements, and they are regularly briefed on the development of existing partnerships as well as new ventures in the pipeline.</p>

Corporate governance (continued)

Stakeholder	Engagement	Impact on Board agenda and decision-making
Employees	Engagement with Channel 4 employees comes in many forms including all-staff sessions, staff forums, regular internal communications and staff surveys (considered in more detail on page 136).	<p>The Board was kept updated as Channel 4 moved to home working at the start of the pandemic, and on the decision both to participate in the Coronavirus Job Retention Scheme when this was announced in April and to repay these monies when the financial position improved later in the year. The Board continued to review staff wellbeing in light of Covid-19 throughout the year, assisted by results from more frequent staff surveys carried out while staff remained based at home. The Board also considered the safety of employees during phased returns to Channel 4's offices in the later part of the year.</p> <p>The Board reviewed the Channel's six-point commitment as an anti-racist organisation, including commitments to strive for equality as an employer. Board Champions for inclusion and diversity provided input into this work. The Board discussed how progress on these commitments is to be monitored to ensure improvement going forward and inform future decision-making. The Board also scrutinised the results of the 2020 Pay Report.</p> <p>Board Champions supported the work of Channel 4's employee resource groups during the year, and provided updates to the rest of the Board.</p>
Political and regulatory (decision-makers, influencers and opinion formers)	<p>We ensure engagement with our political and regulatory stakeholders via one-to-one meetings as well as events, briefings and quarterly stakeholder meetings.</p> <p>We are in regular contact with our key regulator Ofcom through meetings and reporting. We are also currently engaging with Ofcom's review of the future of public service broadcasting.</p> <p>We also report to regulatory stakeholders via our pay gap and diversity reporting, and carry out an annual reputational survey.</p>	<p>The Board has received regular updates throughout 2020 on the progress of Ofcom's review on public service broadcasting, and discussed Channel 4's engagement in this process. It has received updates on potential regulatory changes, including those around HFSS advertising.</p> <p>The Board performs an annual review of the effectiveness of the Corporation's compliance activities and agrees action points where necessary.</p> <p>The Board has also reviewed internal policy in light of any concerns raised by our regulators during the year and proposed actions to address these.</p>
Financial (governmental stakeholders, banks)	<p>In 2018, Channel 4 entered into a Memorandum of Understanding ('MoU') with the Department for Digital, Culture, Media and Sport ('DCMS'). This clarified the requirements for Channel 4's engagement with DCMS – to provide information to DCMS and to secure DCMS approval in certain limited cases outside the normal course of Channel 4's business.</p> <p>The Channel 4 Annual Report is laid before Parliament, and Members of the Channel 4 Board attend an annual Select Committee session to discuss the report and the Channel's current activities.</p> <p>Channel 4 also provides regular reporting to its financial stakeholders on its performance and covenants.</p>	<p>The Board was kept updated on discussions with our financial stakeholders on the decision to draw down the £75 million revolving credit facility at the start of the pandemic.</p> <p>The Board reviews and approves the Annual Report ahead of it being laid before Parliament.</p>

Corporate governance (continued)

Internal control

In accordance with good corporate governance practice, the Board:

- Is responsible for maintaining sound risk management and internal control systems, ensuring they are effective in identifying key risks and reporting on the adequacy of actions to respond to and manage those risks
- Seeks regular assurance and receives regular reports that enable it to satisfy itself that the system is functioning effectively
- Is responsible for the Group's process for the preparation of the consolidated financial statements

The Board is not responsible for the internal control environment or corporate governance for any of the Group's joint ventures or associates.

Control environment

Clear management responsibilities are established for the Executive Members. The Corporation has a Code of Conduct and a suite of policies and procedures which encompass ethical behaviour, conduct and internal controls.

The Audit Committee satisfies itself that internal controls are operating throughout the year based on a programme of internal audit reviews, which are reported to the Committee at its quarterly meetings.

All expenditure is authorised in line with a delegated authorities framework. An electronic invoice authorisation system is used to further enhance the control environment. Authorisation and payment duties are strictly segregated, and bank signatory limits are clearly defined by bank mandate.

Risk management

In addition to its requirements under Schedule 9 of the Communications Act 2003 set out below, the Board and management have a clear responsibility for the identification of risks facing the Group and for putting in place procedures to monitor and mitigate such risks. Channel 4 has a high appetite for creative risk-taking, which could potentially give rise to controversial content. The Group has a low appetite for operational risks. The Board and Executive team operate a risk management framework for identifying, evaluating and managing (rather than eliminating) significant risks faced by Channel 4. Material controls, including financial, operational and compliance controls, are monitored and reviewed by senior management, Business Assurance and the Audit Committee. Remedial plans are put in place where internal reviews identify control weaknesses or opportunities for improvement. Serious control weaknesses (if any) are reported to the Board and appropriate actions taken. This framework has been developed in accordance with relevant good practice guidance on internal controls and risk management, and has been rearticulated in 2020 to align with the current key risks faced by the Group and its new strategy. A summary of the key risks that the Group faces, together with how those risks are mitigated, is presented in the Strategic Report on pages 141 to 146.

Editorial and compliance

Channel 4 has a long-established compliance culture, which is fully integrated into its commissioning process and provides clear editorial 'reference-up' to senior executives and appropriate Board oversight. Its importance is widely recognised and understood by independent production companies we work with and they share equal responsibility for ensuring that programmes and online content conform to the compliance culture we work within. The Commissioning team works in close collaboration with the Legal and Compliance department on all significant commissions. There are strong editorial, legal and compliance systems and controls in place over the content commissioned by Channel 4.

These include specific guidance and protocols contained within the Channel 4 Producers' Handbook, which encompasses the Ofcom Broadcasting Code, other relevant regulations, media law and best practice guidelines. This is supported by extensive training for both staff and independent producers. The Members are satisfied that Channel 4 has in place suitable procedures to fulfil the requirements of paragraph 3b of the Ofcom licence, which exists to ensure that difficult or fine-cut decisions on editorial and compliance issues are properly considered by the most appropriately experienced and senior editorial executives and programme lawyers within Channel 4.

Reporting to the Board

Information is provided to the Members in advance of each Board or Committee meeting. The information provided over the course of the year includes strategic plans, detailed annual budgets, quarterly reforecasts and key projects and initiatives as well as monthly performance packs. Amongst other things, the monthly performance packs monitor progress against the agreed objectives for the year, and compare actual performance metrics, income and expenditure to date with budget and prior year. Explanations are provided for significant variances to facilitate discussion and review at the Board meetings.

The Members also receive information in between Board meetings as appropriate, including weekly risk and viewing updates. The Board Secretary is responsible for the provision of information to the Members.

Pension plan

There were five Trustees of the Channel Four Television Staff Pension Plan at 31 December 2020. The Trustees, who meet several times each year, also meet the Plan's investment managers from time to time: Legal & General Assurance (Pensions Management) Limited, Veritas Asset Management LLP, BMO Global Asset Management, JP Morgan Asset Management, Ruffer LLP, IFM Investors and Just Retirement Limited during the year.

Corporate governance (continued)

During the year, the Trustees were as follows:

Channel 4 Executives

Martin Baker	Director of Commercial Affairs
Vince Russell ¹	Finance Director
Keith Underwood ²	Chief Operating Officer

Channel 4 Non-Executive Trustees

Lord Chris Holmes MBE	Non-Executive Member
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Member-nominated Trustees

Neil Pepin ³	Deputy Head of Legal & Compliance
Sarah Honeyball ⁴	Client Sales Lead
Gill Monk ⁴	Pensioner Member Nominated Trustee
Dinesh Visavadia, Independent Trustee Services Limited	Independent Corporate Trustee

1 Appointed as a Trustee on 4 December 2020

2 Resigned as a Trustee on 31 January 2020

3 Resigned as a Trustee on 1 January 2021

4 Appointed as a Trustee on 1 January 2021

Further details of the Channel Four Television Staff Pension Plan are provided in note 19 to the financial statements.

Requirements of Schedule 9 of the Communications Act 2003 (the 'Act')

The Act requires Channel 4 to submit proposals to Ofcom detailing the arrangements under which it proposes to secure, so far as reasonably practicable, that all significant risks to the primary function are identified, evaluated and properly managed. These proposals are referred to as 'the Arrangements'.

In addition, the Arrangements must include proposals which Channel 4 considers appropriate for securing the transparency objectives as set out in the Act, namely:

- an appropriate financial and organisational separation between the activities of Channel 4 that relate to the carrying out of their primary functions and their other activities; and
- an appropriate degree of transparency in financial and other reporting where resources are shared between separated activities or where there is some other financial or practical connection between otherwise separated activities.

The Act sets out the matters to which the submitted Arrangements may relate. These include the procedures and other practices to be followed by Channel 4 in the case of the initiation and management of new ventures, the exercise of particular powers, the assessment of risks, the imposition of charges and the keeping of records.

The Act requires Channel 4 to put in place regular checks to confirm that Channel 4 is complying with the Arrangements. The Arrangements proposed by Channel 4 must contain provision for compliance, with the Arrangements to be checked regularly by a person (other than Channel 4's auditor) appointed in accordance with that provision. Revised Arrangements came into force on 15 September 2016.

Channel 4 appointed BDO LLP to review compliance with the Arrangements. Copies of the Arrangements are available from the Corporation Secretary.

Corporate governance (continued)

Independent Reporting Accountant's report to Channel Four Television Corporation ('the Corporation') and the Office of Communications ('Ofcom')

We have performed a review of the Corporation's compliance during the year ended 31 December 2020 with the arrangements agreed by the Corporation and the Office of Communications ('Ofcom') in 2016 under Section 2 of Schedule 9 of the Communications Act 2003.

This report is made solely to Channel Four Television Corporation and Ofcom in accordance with our letter of engagement dated 10 March 2021 and in order to (a) allow the Corporation to meet its obligations under the Licence and Schedule 9 of the Communications Act 2003 to procure such reports and (b) to facilitate the carrying out by Ofcom of its regulatory functions. Our work has been undertaken so that we might state to the Corporation and Ofcom those matters we are required to state to them in a reporting accountant's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and Ofcom (in accordance with our Regulator's Contract with Ofcom dated 11 March 2021), for our work, for this report, or for the opinions we have formed.

Respective responsibilities of Channel Four Television Corporation and reporting accountants

The Corporation has agreed arrangements with Ofcom to secure the following objectives (the 'Objectives') as set out in Schedule 9 of the Communications Act 2003:

- So far as reasonably practicable, secure that all significant risks that their other activities will have an adverse effect on the carrying out, during the relevant licence period, of their primary functions are:
 - a) identified;
 - b) evaluated; and
 - c) properly managed.
- The transparency objectives of securing:
 - a) An appropriate financial and organisational separation between the activities of the Corporation that relate to the carrying out of their primary functions and their other activities; and
 - b) An appropriate degree of transparency in financial and other reporting where resources are shared between separate activities or where there is some other financial or practical connection between otherwise separated activities.

The arrangements between the Corporation and Ofcom are available from https://www.ofcom.org.uk/_data/assets/pdf_file/0031/88519/Channel-4-Schedule-9-Arrangements.pdf. The responsibility of the Corporation in terms of Schedule 9 of the Communications Act 2003 is to act in accordance with these arrangements throughout the review period.

Our responsibility is to check whether the Corporation has complied with these arrangements during the year ended 31 December 2020 and report to you our independent conclusion as to whether they have done so.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control. We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

Basis of opinion

We carried out our work in accordance with International Standard on Assurance Engagements 3000 'Assurance Engagements'. Our work consisted of:

- Confirming our understanding of the Corporation and the internal procedures and controls in place made to comply with the arrangements made under Schedule 9 of the Communications Act 2003 through enquiry of senior management and other appropriate personnel; and
- Testing the operation of the relevant internal procedures and controls and examining of the financial records relating to the above.

Our work was carried out based on the internal procedures and controls in place to comply with the arrangements during the year ended 31 December 2020. We are not responsible for concluding whether the arrangements are sufficient and appropriate to achieve the objectives set out above. Any system of internal control can only give reasonable, not absolute, assurance that the objectives will be met.

Opinion

In our opinion, the Corporation has complied with the arrangements under Schedule 9 of the Communications Act 2003, in all material respects for the year ended 31 December 2020.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Channel Four Television Corporation and Ofcom, for any purpose or in any context. Any party other than Channel Four Television Corporation and Ofcom who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Channel Four Television Corporation and Ofcom for our work, for this report, or for the conclusions we have reached.

BDO LLP

Chartered Accountants
London
5 May 2021

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered number OC305127)

Audit Committee Report

Chair's introduction

During the year the Committee has closely monitored the impact of Covid-19 and the accompanying economic downturn on the business, and in particular on our key audit risks and accounting judgements. This has been considered alongside ongoing work to identify wider business risks arising in the Corporation's activities, and ensure that these are managed appropriately and that robust mitigating controls are in place. A detailed analysis of the risks facing the Corporation, including new or increased risks arising as a result of the pandemic, is disclosed in the Strategic Report on pages 141 to 146.

Composition

During 2020 the Audit Committee comprised Paul Geddes (Interim Chair following the departure of Simon Bax in December 2019), Althea Efunshile, Andrew Miller (appointed to the Committee in June 2020), and Uzma Hasan (appointed to the Committee in September 2020). All the members of the Committee are Independent Non-Executive Members. As disclosed on page 149 Paul Geddes brings previous experience as CEO of Direct Line Group and QA Limited to the Committee. Having been appointed to the Board in June 2020 following Simon Bax's departure, Andrew Miller commenced his term as Audit Committee Chair in January 2021. As disclosed on page 151 Andrew Miller is a qualified accountant and brings previous experience as Audit Chair of both AA plc and Ocean Outdoor Media to the role. The appointments made during 2020 ensure that the Audit Committee has sufficient members to comply with the UK Corporate Governance Code in this regard from June 2020 onwards. Further details of the Members of the Audit Committee can be found on pages 148 to 151.

The Committee met five times during 2020. Details of attendance at Audit Committee meetings by the Members of the Committee are disclosed in the Corporate Governance Report on page 156.

At the Committee Chair's invitation, the Chair of the Board, the Chief Executive, the Chief Operating Officer, the Finance Director, the Head of Business Assurance, the Corporation Secretary and the external audit partner (among others) attended Committee meetings. The external audit partner and Head of Business Assurance have direct access to the Chair of the Audit Committee.

Role of the Audit Committee

The Committee monitors the effectiveness of the Group's financial reporting, systems of internal control and risk management and the integrity of the Group's external and internal audit processes.

Responsibilities

As noted in the Corporate Governance Report on page 154, the Board has discharged certain responsibilities to the Audit Committee:

- To monitor the integrity of the financial statements of Channel 4 and any formal announcements relating to Channel 4's financial performance and reviewing significant financial reporting judgements contained in them
- To review the Corporation's internal financial controls and internal control and risk management systems
- To monitor the Corporation's whistleblowing procedures, ensuring that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, and with suitable follow-up action
- To review the findings of Business Assurance reviews and to monitor and review the effectiveness of Channel 4's Business Assurance function
- To make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- To develop and implement policy on the engagement of the external auditor to supply non-audit services including the pre-approval of such services, taking into account ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters where it considers that action or improvement is needed and making recommendations on steps to be taken
- To update the Board about the Audit Committee's activities and ensure the Board is aware of matters that may have a significant financial impact on Channel 4

Audit Committee Report (continued)

Activities

The Committee discharged its key responsibilities in 2020 and 2021 to date as set out below.

January 2020 meeting

- Confirmed with the external auditor the key audit risks to be disclosed in the 2019 Annual Report and discussed the external auditor's progress to date on the audit for the year ended 31 December 2019
- Approved the proposal to take the Companies Act exemption available regarding audits of subsidiary financial statements
- Considered the Viability Statement in the 2019 Annual Report, particularly in light of Brexit uncertainty and conditions in the TV advertising market, and assessed the appropriateness of the going concern basis for preparation of the 2019 financial statements
- Reviewed the principal risks and uncertainties facing the Corporation and the mitigating actions in place
- Reviewed and approved changes to our risk management process, including criteria implemented to assess risk likelihood and impact
- Approved updates to the Delegated Authorities matrix for expenditure approval
- Received a Business Assurance update with a focus on emerging risks

March 2020 meeting

- Reviewed the 2019 financial statements and other sections of the Annual Report including the Statement of Media Content Policy and discussed whether these were fair, balanced and understandable to stakeholders
- Reviewed the Corporation's accounting policies in respect of the key audit risks, significant accounting and reporting issues and a detailed financial report in respect of 2019 and discussed these with the external auditor
- Considered the report of the external auditor on their key findings for the 2019 audit
- Reviewed the findings of the independent reporting accountants concerning compliance with the arrangements under Schedule 9 of the Communications Act 2003 in relation to 2019
- Reviewed the Viability Statement and the going concern assumption for the 2019 financial statements (previously considered at the January 2020 meeting) further in light of the Covid-19 pandemic
- Considered business continuity updates with regard to Covid-19

May 2020 meeting

- Received updates on the Group's latest financial outlook, liquidity and cash flows
- Reviewed the Viability Statement and the use of the going concern assumption for the 2019 financial statements with regard to the latest status of the Covid-19 outbreak, government lockdown measures, current market visibility and updated financial modelling over the revised planning horizon
- Considered uncertainty around timing of improvement in the advertising market in light of the use of the going concern assumption in the 2019 Annual Report
- Reviewed FRC guidance on the impact of Covid-19 on financial reporting timelines, and agreed to receive further updates on viability and going concern at future meetings

June 2020 meeting

- Discussed the latest status of the Covid-19 outbreak and its market impact
- Received updates on the Group's tax status and reviewed updates to the Treasury policy
- Received updates on Business Assurance activity and the Group's key risks
- Received an update on work to define the Group's Internal Audit 'universe' and align future coverage and resourcing with the Group's key risks
- Considered the annual Health and Safety update

September 2020 meeting

- Reviewed the Viability Statement and confirmed that the use of the going concern assumption for the 2019 financial statements was appropriate with regard to the latest status of the Covid-19 outbreak and the Group's current financial outlook over the revised planning horizon
- Considered the final report of the external auditor on their key findings for the 2019 audit
- Reviewed the Corporation's accounting policies in respect of its significant accounting judgements, and a detailed financial report in respect of the half year to 30 June 2020
- Considered the key audit risks to be disclosed in the 2020 Annual Report and other key areas of focus for the external audit
- Reviewed the preliminary audit plan for 2020 presented by the external auditor
- Received updates on Business Assurance activity and the Group's key risks
- Reviewed progress in developing Channel 4's Internal Audit 'universe'
- Received updates on Information Security and related risks

January 2021 meeting

- Confirmed with the external auditor the key audit risks to be disclosed in the 2020 Annual Report and discussed the external auditor's progress to date on the 2020 audit
- Received updates on the Group's tax status and reviewed updates to the Treasury policy
- Reassessed the principal risks and uncertainties facing the Corporation and the mitigating actions in place, following a detailed exercise to fully refresh the risks identified by the Group and ensure this reflects both the current external environment and the Group's new strategy
- Reviewed and approved the Business Assurance plan for 2021
- Discussed the findings of the 2020 Board Effectiveness Review with regard to the Audit Committee and suggested actions

Audit Committee Report (continued)

Key audit risks

After discussions with both management and the external auditor, the Audit Committee determined that the key risks in relation to misstatement of the Corporation's 2020 financial statements related to revenue recognition and the use of the going concern assumption.

These key risks were discussed while the audit strategy was being reviewed and at the conclusion of the audit of these financial statements.

Revenue recognition

Advertising revenue is recognised on transmission of the advertisement while sponsorship revenue is recognised on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign. Although revenue is processed through automated transactional processes and the general accounting policy is not complex, there are occasions where judgement is required around the timing and value of revenue.

Certain advertising revenues are recognised from barter and other similar contractual arrangements and revenues are measured with reference to the fair value of the goods or services received. Judgement is required in assessing the fair value of the goods or services received.

Total revenue for 2020 was £934 million, as detailed in note 1 to the financial statements. The revenue recognition accounting policies of the Corporation are disclosed on page 187. The accounting treatment for new or unusual revenue contracts is reviewed and presented by management to the Audit Committee.

The Committee reviews the accounting treatment for any material revenue streams where significant judgement is applied. Management also provided papers explaining the accounting treatment to the auditor during the 2020 financial audit. The Committee has reviewed the results of management's judgements in respect of revenue recognition at the balance sheet date, and is satisfied that the procedures performed and the assumptions made were robust.

On the basis of its audit work, the auditor considered that the value of revenue recognised was appropriate in the context of the materiality of the financial statements as a whole.

Going concern

Given the impact of Covid-19 on the TV advertising market, particularly in the first half of 2020, the Committee considered an elevated risk around the use of the going concern assumption for the 2020 audit. They noted in particular the risk to the valuation of the Group's balance sheet assets in light of the economic downturn, as well as the challenges posed to accurate management forecasting given the fast-moving nature of developments in the pandemic and uncertainty around the timing of recovery.

The Committee has reviewed regular updates during the year regarding the Group's latest financial outlook, noting that the advertising market recovered significantly over H2 2020, allowing the Group to record a surplus of £74 million and reinforcing an already strong balance sheet position.

On the basis of its audit work, the auditor considered that the use of the going concern assumption was appropriate for the 2020 financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The Audit Committee received updates from both management and the external auditor with regard to the estimation uncertainty around the Group's deferred tax assets, which are recognised to the extent it is probable that future taxable profits will be available against which these can be recognised. Management applies estimates in calculating the deferred tax assets with regard to future taxable surpluses, meaning significant changes in forecast profitability could lead to a material change in the valuation of these assets. The Committee noted the additional complexity in assessing future profitability given the current circumstances of the pandemic.

The Committee has also received confirmation that management continues to make other critical accounting judgements in line with previous years relating to the programme and film rights amortisation profile and the valuation of film rights held for exploitation, as well as in the application of IFRS 16 'Leases' to the Group's satellite transponder contracts.

Misstatements

Management confirmed to the Committee that it was not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The auditor reported to the Committee all misstatements that it found in the course of its work over the reporting threshold previously agreed with the Committee. No material misstatements remain unadjusted.

After reviewing the presentations and reports from management and consulting where necessary with the auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect to the amounts reported and the disclosures. The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust.

Fair, balanced and understandable

The Audit Committee has satisfied itself that the Annual Report and financial statements, when considered as a whole, are fair, balanced and understandable and provide the information necessary for stakeholders to assess the Corporation's position, performance, business model and strategy.

External audit

Audit tender

Deloitte LLP was appointed as external auditor for the audit of the financial statements in 2017 and Kate Houldsworth began her tenure as audit partner at that point. The Audit Committee does not expect to carry out an audit tender process in the short term, and anticipates that Deloitte LLP will continue as auditor for the foreseeable future.

The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professional scepticism.

Audit Committee Report (continued)

Auditor independence

Channel 4 will not use its external auditor to provide other services unless it is efficient and effective to do so and authorised by the Chair of the Audit Committee. The Committee has also taken action to ensure the objectivity and independence of the external auditor is maintained. To discharge this responsibility, the Committee has:

- approved the proposed audit fee and scope of the audit;
- reviewed all non-audit fees payable to the Group's external auditor; and
- reviewed Deloitte LLP's annual statement to the Audit Committee to confirm its independence within the meaning of regulatory and professional requirements.

A summary of the fees earned by Deloitte LLP in respect of all services provided in 2020 to the Corporation is shown in note 3 to the financial statements. Other services provided by Deloitte LLP during 2020 relate to certain permitted advisory services which the Committee considered to be appropriate.

Audit effectiveness

The Committee has reviewed the external audit process and has satisfied itself that it is effective by reviewing:

- the external auditor's plan for the audit of the Group's financial statements, including the key audit risks identified above;
- the external auditor's reports on the Group's draft financial statements for the year ended 31 December 2020;
- the conduct of the audit through enquiries with management;
- the robustness and perceptiveness of the external auditor in their handling of key accounting and audit judgements identified and in responding to questions in one-on-one meetings; and
- the effectiveness of management in preparing and carrying out the audit and providing the external auditor with timely information.

Business Assurance

The Corporation has a Business Assurance function and the Head of Business Assurance reports jointly to the Finance Director and the Chair of the Audit Committee.

The Business Assurance function plays a key role in Channel 4's crisis management and business continuity procedures, and is closely involved in the Group's response to the Covid-19 outbreak, producing regular updates to the Committee to identify where the pandemic has elevated existing business risks as well as identifying emerging risks during the year. The Business Assurance function also continued work to provide assurance that control processes were appropriate and working effectively, and where necessary recommend improvements.

The Head of Business Assurance is responsible for coordinating the risk management framework for the Group and for taking a risk-based approach when setting out the Business Assurance plan for the year. To provide a wide range of expertise across a number of specialist areas, the Head of Business Assurance supplements resources by bringing in specialist expertise from PwC. Whistleblowing procedures are led by the Head of Business Assurance and reported to the Audit Committee.

This report was approved by the Board on 5 May 2021 and signed on its behalf by

Andrew Miller

Chair of the Audit Committee

5 May 2021

Members' Remuneration Report

Chair's introduction

During 2020, the Committee has concentrated on ensuring appropriate remuneration decisions were taken in conjunction with Channel 4's wider response to the Covid-19 pandemic.

Another of the Committee's priorities was staff wellbeing, with the majority of employees working from home and furlough arrangements in place for part of the year. The Committee continued its focus on pay gap reporting with the publication of the 2020 Pay Report in October.

Annual statement by the Chair of the Remuneration Committee

This report sets out the activities of the Remuneration Committee for the year ended 31 December 2020. It discloses the remuneration policy and remuneration details for the Executive and Non-Executive Members of the Corporation. It has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. Channel 4's status as a statutory corporation without shareholders means these provisions are not all directly applicable, but the Members have decided to comply voluntarily with the provisions to the extent that they are relevant to Channel 4, in line with the Board's commitment to high standards of corporate governance.

The report is set out in three sections: the statement by the Chair of the Remuneration Committee, the annual report on remuneration, and the policy report. The annual report on remuneration provides details on remuneration relating to 2020 and other information required by the Regulations.

The Companies Act 2006 requires the auditor to report on certain parts of the Members' Remuneration Report and to state whether, in its opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in the Auditor's Report. The statement by the Chair of the Remuneration Committee and the policy report are not subject to audit.

The Remuneration Committee oversees all aspects of pay for the Executive Members and staff of Channel 4, reviewing proposals for the overall annual pay awards and variable pay schemes applicable to all staff, and the details of remuneration packages for the Executive team. The Committee's recommendations and decisions in 2020 reflect its remuneration policy, which is designed to enable Channel 4 to attract, motivate and retain high-calibre staff by offering both fixed and variable pay to reward commercial and creative success, while being sensitive to Channel 4's position as a public service broadcaster.

Where Executive Members or senior management are involved in advising or supporting the Remuneration Committee, care is taken to recognise and avoid conflicts of interest. No Executive Members attend meetings of the Remuneration Committee at times when any aspect of his or her individual remuneration, benefits or terms of employment are being discussed.

Composition of the Remuneration Committee

During 2020, the Remuneration Committee comprised Stewart Purvis (Chair until the end of his term in September 2020 and who subsequently remained as a member of the Committee), Lord Chris Holmes (who began his term as Chair in November 2020), Fru Hazlitt (who stood in as interim Chair between these terms) and Roly Keating (who joined the Committee in November 2020). All the members of the Committee are Independent Non-Executive Members. The Chair of the Board, the Chief Executive, the Director of People, the Chief Operating Officer and the Corporation Secretary attended meetings by invitation as appropriate.

Members' Remuneration Report (continued)

Responsibilities of the Remuneration Committee

The Committee's principal responsibilities are:

- to recommend to the Board the level of any average annual salary increases and variable pay awards and the structure of remuneration;
- to recommend to the Board the structure of the annual Corporate Variable Pay and Advertising Sales Schemes and to review progress against the targets set for the schemes;
- to review any other aspect of HR strategy or performance as appropriate; and
- to review any other significant change in Channel 4's remuneration arrangements and policies.

The Chair of the Remuneration Committee reports to the Board on the Remuneration Committee's discussions and recommendations, and brings to the Board's attention any matters of an unusual or sensitive nature.

Activities of the Remuneration Committee

The Committee's work in 2020 and 2021 to date included making an award recommendation to the Board for the Corporate Variable Pay Scheme in respect of 2020, and reviewing the structure and appropriateness of the Corporate Variable Pay and Advertising Sales Schemes for 2021:

- The variable pay award for 2020 and the details of the Corporate Variable Pay Scheme are detailed on pages 168 to 171
- In January 2020, the Committee reviewed the framework and agreed the 2020 corporate objectives for the Corporate Variable Pay Scheme to ensure performance achievement was appropriately linked to scheme rewards. These target and measure in equal weighting key corporate metrics (linear and digital viewing targets and financial performance), strategic objectives (digital transformation, inclusion and diversity and creative success) and personal objectives.
- In January 2020, after careful consideration and review, the Committee agreed that an average pay award of 1.5% would be made to all staff effective 1 March 2020. This reflected an average pay award of 1% for the Executive and Leadership teams and 2% for other staff. They also recommended an average award of 85% of the maximum opportunity under the Corporate Variable Pay Scheme for 2019.
- In April 2020, the Committee reviewed and approved proposals for temporary voluntary pay cuts of 20% for the Executive and Non-Executive Members as part of the Corporation's response to a substantial fall in revenues during the initial Covid-19 outbreak, as well as a temporary suspension of the Corporate Variable Pay Scheme for the Executive Members
- In June 2020 the Committee confirmed that previously agreed salaries would be reinstated from 1 July 2020, reflecting the improvement in the advertising market since the cuts were initially made
- In November 2020, the Committee reviewed the proposed corporate objectives for 2021, aimed at tracking delivery against the Channel's remit and levels of staff engagement, in addition to key financial and viewing measures. These objectives were approved by the Committee in January 2021.
- In January 2021, the Committee approved an average pay award of 1.5% to be made across Channel 4 effective from 1 March 2021. It was also confirmed that no repayment of salary foregone by the Members would be made for the period from April 2020 to June 2020.

- In February 2021, after careful consideration, the Committee agreed to reinstate the Corporate Variable Pay Scheme for Executive Members, and approved their 2020 variable pay as well as a 2021 pay award in line with the rest of the business

During 2020, the Committee agreed adjustments to existing Executive remuneration for Jonathan Allan in light of his new responsibilities as Chief Operating Officer from February 2020 (see page 148). In January 2021, it approved changes to remuneration for Ian Katz reflecting increased responsibilities.

The Committee also received regular updates throughout 2020 on the impact on Channel 4 employees of widespread home working and use of the furlough scheme over part of the year.

Pay Report 2020

The 'Channel 4 Pay Report 2020' was published in October 2020, and included ethnically-diverse, LGBT+ and disability pay data within its scope as a reflection of Channel 4's commitment to inclusion and diversity. This reporting was in addition to the gender pay reporting required by the Equality Act.

The report showed a reduction in the mean gender pay gap of 1.6% year-on-year, to 21.5% in March 2020 (2019: 23.1%) – down 7.1% since Channel 4 started reporting on the gender pay gap in 2017. While this decrease indicates steps in the right direction, the main drivers of the gender pay gap remain the same: the lower half of the organisation is comprised of 65.6% women compared to 47.4% in the upper half. Channel 4 continues to target a 50:50 gender balance in the top 100 earners by 2023, and the proportion of senior women in the business has grown slightly to 44 in March 2020 (March 2019: 43).

The report also revealed a mean ethnically-diverse pay gap of 15.3% at March 2020, substantially down from 19.0% in 2019. Just as with our gender pay gap, there are two factors that drive the ethnically-diverse pay gap: a lower representation at senior levels and a higher representation at junior levels. By 2023, Channel 4's target is to have 20% ethnically-diverse employees across Channel 4 and in the top 100 paid. The number of ethnically-diverse employees in the top 100 earners was down slightly to 14 in March 2020 (March 2019: 15).

Channel 4 reported an LGBT+ pay gap of 10.6% at March 2020, again a substantial reduction from 17.7% in 2019. The gap remains driven, as in other diversity groups, by having fewer employees identifying as LGBT+ in the most senior roles.

Regrettably, the report showed an increase in the mean disability pay gap from 0.4% in 2019 to 12.6% in 2020. As the number of employees with disabilities is relatively small compared to the overall number of employees, the disability pay gap can be significantly affected when a small number of employees in the upper quartiles leave the business, as was the case in 2020. The median disability pay gap has, however, decreased from 7.6% in 2019 to 5.2% in 2020, suggesting that the distribution of employees with disabilities has improved.

To help drive change throughout the organisation and develop our approach to targeting these pay gaps, Channel 4 named its Chief Marketing Officer, Zaid Al-Qassab, as Executive Sponsor for Inclusion and Diversity, as well as appointing a dedicated Inclusion and Diversity Lead.

Members' Remuneration Report (continued)

Remuneration Report

The following provisions on this page are subject to audit

The remuneration of the Executive Members for the years ending 31 December 2020 and 2019 is made up as follows:

£000	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total for 2020	Salary	Taxable benefits	Pension	Total fixed	Variable pay	Total for 2019
Alex Mahon	555	2	141	698	293	991	578	2	116	696	247	943
Jonathan Allan	459	1	36	496	194	690	446	1	38	485	205	690
Ian Katz	347	1	42	390	146	536	360	1	44	405	123	528
Total	1,361	4	219	1,584	633	2,217	1,384	4	198	1,586	575	2,161

The figures in the table above represent the gross amounts received by Executive Members in 2020 and 2019, after taking account of salary increases during the year where applicable and salary reductions between April and June 2020 (both of which are outlined in more detail on page 167).

In 2020 and 2019, all of the Executive Members received pension benefits in the form of cash payments.

In 2019, Jonathan Allan's variable pay was split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme. Following a change in role in 2020 his variable pay is no longer split between the two schemes and he participates in the Corporate Variable Pay Scheme only.

Taxable benefits includes private medical insurance for all Executive Members.

The remuneration of the Non-Executive Members for the years ending 31 December 2020 and 2019 is as follows:

£000	2020 salary and fees	2019 salary and fees
Charles Gurassa	90	95
Lord Chris Holmes	17	30
Stewart Purvis	22	22
Andrew Miller (term commenced on 1 June 2020)	14	–
Simon Bax (term concluded on 4 December 2019)	–	20
Paul Geddes	24	22
Althea Efunshile	21	22
Uzma Hasan	21	22
Fru Hazlitt	21	22
Tom Hooper	21	22
Roly Keating	21	22
Total	272	299

No detailed disclosure has been provided for the Non-Executive Members other than that relating to their fees, as it is the only form of remuneration they receive.

Variable pay

During the year, the Committee regularly monitored performance as part of its oversight of variable pay across the business. The Committee met in February 2021 to agree on a recommendation to the Board on variable pay once results for the year were available.

Corporate Variable Pay Scheme outline

The Corporation's business model and strategy are set out in the Strategic Report on page 132. The Corporate Variable Pay Scheme has been designed specifically to link variable pay with the business model, with specific corporate objectives set in January 2021 (focused on share of commercial impacts ('SOC'), programme streaming views and continued financial sustainability) which were used as key performance measures for the scheme for the year.

Achievement of at least the budgeted surplus or deficit before tax for the year and Ofcom licence requirements is a condition for any element of the scheme to pay out to staff. There may be circumstances where additional strategic or content investments are made or accounting adjustments arising from one-off events occur in the year which means the budgeted surplus or deficit before tax is adjusted for the purpose of the Corporate Variable Pay Scheme award, as agreed by the Board. Where this is the case, the surplus or deficit before tax is measured against the adjusted budget so that the financial impact of such items can be considered.

Members' Remuneration Report (continued)

Most staff and the Executive team participate in the Corporate Variable Pay Scheme, where the amounts provided can be up to 10% of total gross salary for staff, 20% for Heads of Department and between 30% and 50% for the Executive team. These percentages represent the maximum average amount that can be provided across each employee category. Actual awards for each staff member may vary from the average in certain years to reflect their individual achievement against personal performance objectives.

Process for determining variable pay

To decide how much variable pay should be provided each year, the Remuneration Committee reviews business performance using a monthly performance dashboard and report which tracks performance across a range of qualitative and quantitative metrics. Where relevant, performance versus competitors against the same metrics is also a key part of the Committee's deliberations. The Committee also monitors progress against the corporate objectives set for the year and considers a report written by the Chief Executive in conjunction with others in the Executive team, describing how the Corporation has performed.

The scheme is based on a mix of both qualitative and quantitative information, and a degree of judgement is required around certain creative performance measures. The weighting allocated to each corporate objective in a given year is at the discretion of the Committee.

After due consideration of performance during the year, the Remuneration Committee makes a judgement on the overall performance for the year and proposes an amount, based on what it considers the average payout across the Corporation should be for the year. The Committee produces a narrative assessment of its evaluation which is then presented to the Board, which has the final approval of any payout. The Committee will review the Corporate Variable Pay Scheme each year to ensure it remains appropriate.

Variable pay decision for 2020

It was reported that the first gateway to the scheme – meeting the Ofcom licence requirements – had been met, despite obstacles to production posed by lockdown restrictions and the spending reductions necessitated in response to the pandemic. The Group's record financial results for the year ensured that the second gateway, of achieving the budgeted result for the year, was clearly exceeded despite the financial impact of Covid-19.

The Committee's assessment was based on a detailed review of all the information available to it, including the CEO and Executive team's 2020 end-of-year report, the Corporation's performance across a wide range of performance metrics and the progress and achievement of the corporate objectives set for the year, particularly in the context of the unforeseen challenges 2020 had posed to Channel 4. An extract of the performance metrics considered by the Remuneration Committee is set out on pages 218 to 220 and includes programme quality, creative achievements, linear and digital viewing performance, commercial impact performance in key demographics and financial and commercial performance. The creative achievements and financial results are also outlined in detail throughout this Annual Report.

The Committee reflected that there had been a clearer focus than ever before on setting and communicating clear, Corporation-wide objectives for 2020, focused on three areas: Channel 4's SOCI across its portfolio, growing views on All 4, and continued financial sustainability (assessed on the Group's pre-tax result).

SOCI performance for the year was very strong, with portfolio SOCI for both 16-34-year-olds and ABC1s up year-on-year (see our Key Performance Indicators on page 135). Notably, Channel 4 saw higher year-on-year SOCI growth among our key 16-34-year-olds demographic than any other channel during 2020.

All 4 viewing outperformed our target to exceed one billion views for the first time ever in 2020, finishing the year with 1,253 million views (see our Key Performance Indicators on page 135). 16-34-year-olds account for just under half of monthly average viewers on All 4, and we now have shows where the majority of young viewing is on All 4.

Financially, the Corporation finished the year with the largest surplus in its history, putting it in a strong position to face any further volatility in 2021. These results also meant that 2020 saw a positive contribution to Channel 4's cash reserves for the first time since 2015. While the Corporation's £75 million revolving credit facility was drawn down in full in March 2020 to ensure sufficient liquidity in the business as it responded to the pandemic, none of this funding was utilised during the year. By late 2020 Channel 4 was also in a position to repay in full the payments received under the Coronavirus Job Retention Scheme earlier in the year, further underlining its financial sustainability and self-sufficiency.

The Committee acknowledged that while at the start of the year it had anticipated a third successive year of transformation within Channel 4, aimed at bringing the Corporation's operations and culture truly into line with the Channel's digital focus as well as continuing to build on its 4 All the UK programme, 2020 had brought an additional and unprecedented set of challenges to take on. Here the Committee recognised two achievements in particular:

- Channel 4's creative response to the pandemic
- Its operational response, and in particular the hard work and dedication of its staff

2020 had confronted the commissioning team with challenges on three fronts – replacing more than 800 hours of Covid-disrupted programming, responding editorially to the most dramatic international crisis of recent times, and identifying up to £150 million of cuts from the content budget if required to mitigate a substantial impact on advertising revenue. The Committee agreed that two key editorial priorities – to reflect the human impact of the pandemic on the country, and to help our audiences get through lockdown – had resulted in a creative response that had been second to none.

Members' Remuneration Report (continued)

Channel 4 News's coverage of the pandemic saw it attract record audiences across 2020 – up 17% for individuals and up 49% for 16-34-year-olds with half a billion views of our coverage on social platforms. Most significantly, Ofcom found Channel 4 News to be the most trusted media source of information on the pandemic. Meanwhile, Channel 4's 'Stay at Home Academy' shows – from *Jamie's Keep Cooking and Carry On* (on air within days of the first lockdown being announced) to *Grayson's Art Club*, the breakthrough hit of lockdown programming – created a real audience connection during a dramatic shared experience.

The significant effort that went into keeping our major shows on air, or producing them as soon as conditions allowed, was also noted by the Committee, as was the fact that this was rewarded with record audiences for many of our biggest titles. Despite being produced in difficult circumstances and without a studio audience, *Taskmaster* made a hugely successful debut in our line-up, more than doubling its audience as it moved over from Dave and helping us to record three of the biggest young audiences across all channels in its launch week. Meanwhile, a major focus for the commissioning team through the spring and summer was how to produce *The Great British Bake Off*, and this was rewarded with the biggest audiences for the series ever, and the biggest overnight Channel 4 audience on record for the final.

The Committee considered the Corporation's 2020 performance across the range of its Statement of Media Content Policy ('SMCP') metrics (pages 83 to 119) and determined that 2020 had represented another successful year of remit delivery. The Corporation maintained its strong lead over other broadcasters across a range of the SMCP metrics, in spite of hurdles to production posed by Covid-19 and significantly lower originated content spend than in previous years – down to £370 million in 2020, compared with £492 million in 2019. As the advertising market recovered in the later part of the year, we were able to reinvest additional revenues in commissioning, ensuring cuts to the content budget were less steep than originally envisaged in our initial response to the pandemic.

Channel 4 won an impressive array of awards in 2020, across multiple genres, with more Broadcast Awards, BAFTAs, Griersons and Edinburgh International Festival Awards than any other single channel, including BAFTAs for both best drama series, *End of the F***ing World* and best comedy series, *Stath Lets Flats*. Winning 'Best Video On Demand Service' at the Edinburgh TV Awards reflected an exceptional year for All 4. Film4 ended the year on a high with 52 nominations for the British Independent Film Awards, including a BIFA record 17 for *Saint Maud* and three of the four most highly nominated films.

The renewed focus on Channel 4's commitment to inclusion and diversity, in light of the killing of George Floyd and the subsequent wave of protests around the world, was also recognised. As well as an on-screen response including shows such as *The Talk*, *The School That Tried to End Racism*, and our strongest Black History Month yet, off screen we set out our six-point commitments to being an anti-racist organisation. The Committee noted the recent investment in Proper Content, a ethnically-diverse-led indie, as well as the launch of our ethnically-diverse-led Indie Accelerator Fund and planning underway for the ambitious Black to Front Day next autumn. The Corporation had also reaffirmed its commitment to disability talent on and off screen, signing up to The Valuable 500 and committing to CDN's Doubling Disability plan.

Lower staff turnover as a result of Covid-19 slowed progress in increasing the diversity of our employee base. Nevertheless, we remained stable in our makeup with 17% ethnically-diverse (vs a 20% target for 2023), 10% with a disability (vs a 12% target), and 8% LGBT+ (already ahead of our 6% target). Importantly, all but one of our pay gaps reduced this year, reflecting the efforts we have made to facilitate transparent pay and bonus data. Top 100 figures have remained mainly stable throughout the year – female at 45% and ethnically-diverse at 12% as at December 2020.

Continuing progress on the 4 All the UK programme was reviewed, including the formal opening of the Bristol office in Finsels Reach at the start of 2020. Work also continued on our commitment to enable the growth of small, emerging indies across the UK, with further Nations and Regions investment through our Indie Growth Fund and the announcement of the Emerging Indie Fund. 4Skills launched on the first anniversary of our move to Leeds, with the aim of bringing together external training and development and in particular supercharging efforts outside London.

In terms of operational transformation, the Committee acknowledged that work already in progress on strengthening project and investment management was quickly applied as Covid-19 hit to ensure close monitoring of the situation, set revised financial targets across the organisation and install a carefully gated approach to reinvestment as the crisis progressed. There was also a clear ambition to improve employee engagement through a more meaningful dialogue with the wider leadership team, which was only amplified by the move to home working. The frequency of leadership sessions had increased, with the topics covered becoming significantly broader, and more of the leadership team involved. Staff engagement has been further boosted with regular all-staff MS Teams sessions, weekly emails, greater use of the intranet and team meetings, with the results of this evident in recent staff surveys.

After a careful and detailed consideration, following a strong year of creative, commercial and financial performance in response to a once-in-a-generation challenge, and as a reflection of Channel 4 staff's dedication during a difficult period, the Committee recommended that it was appropriate to set the award for 2020 at the maximum opportunity under the Corporate Variable Pay Scheme.

Advertising Sales Scheme

Staff working within advertising sales have a separate Advertising Sales Scheme, linked to advertising revenue and paid biannually based on performance. They are not eligible for the Corporate Variable Pay Scheme.

Members' Remuneration Report (continued)

The following provisions on this page marked with * are subject to audit

Variable pay awards to Executive Members*

The Committee made the following awards to Executive Members in respect of 2020 performance:

- Alex Mahon was awarded an amount of 50% of year-end salary under the Corporate Variable Pay Scheme
- Jonathan Allan was awarded an amount of 40% of year-end salary under the Corporate Variable Pay Scheme
- Ian Katz was awarded an amount of 40% of year-end salary under the Corporate Variable Pay Scheme

Taxable benefits*

Executive Members are eligible for a range of taxable benefits, which can include a pension allowance and membership of a private medical insurance scheme (which is provided to all staff). No expenses claimed by Executive Members were chargeable to UK income tax as they were incurred wholly for the purposes of the business of the Corporation.

Pension*

The Corporation has two pension schemes: a defined contribution scheme open to all staff, and a defined benefit scheme which is closed to new entrants and closed to future accrual from 31 December 2015. Further details relating to the defined benefit plan are provided in note 18 to the financial statements.

All of the Executive Members received cash payments in lieu of pension benefits in 2020.

Non-Executive Members are not eligible for membership of either pension scheme.

CEO remuneration table

The table below shows the percentage change in remuneration of the CEO and the Corporation's employees as a whole between the years 2019 and 2020:

	CEO	All staff ¹
Salary and fees	-4%	+1%
Variable pay	+18%	+24%
Total	+5%	+4%

¹ All staff includes the CEO but excludes the costs of a small number of on-screen talent who are remunerated via Channel 4's payroll. This is consistent with the information in note 4 to the financial statements.

The Group is not presenting a table on CEO pay in comparison to Total Shareholder Return as it is a statutory corporation without shareholders and the requirements are therefore not applicable.

The ratio of remuneration for the highest paid Executive member (the CEO) in comparison with the median employee is shown in Note 4 to the financial statements on page 193.

Payment for loss of office*

No payments were made for loss of office in 2020 to Executive Members, and at the balance sheet date there were no provisions made for compensation payable for early termination of contracts or loss of office to Executive Members.

Payment to past Members*

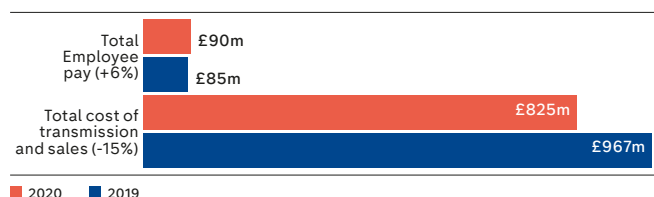
No payments to past Members were made in 2020.

Members' service contracts

Members' service contracts are kept available for inspection at the Corporation's Head Office, 124 Horseferry Road, London SW1P 2TX.

Relative importance of spend on pay

The graph below shows the actual expenditure of the Group and the change between the current and previous years.



The Members have chosen the change in total cost of transmission and sales as disclosed on the face of the income statement as the comparative measure for relative spend on pay as it is considered to be the most significant indicator in understanding total Corporation expenditure year-on-year in light of its new Future4 strategy announced in late 2020. Employee pay was approximately 11% (2019: 9%) of total cost of transmission and sales, with the increase in this metric driven by non-staff cost savings as part of our response to Covid-19.

Total employee pay is detailed in note 4 to the financial statements.

This report was approved by the Board on 5 May 2021 and signed on its behalf by

Lord Chris Holmes

Chair of the Remuneration Committee
5 May 2021

Members' Remuneration Report (continued)

Remuneration policy for 2021

The remuneration of Executive Members is determined by the Remuneration Committee, the membership and terms of reference of which are detailed on pages 166 to 167. In framing its remuneration policy, the Committee has given full consideration to the best practice provisions of the UK Corporate Governance Code. There have been no significant changes to the remuneration policy for 2020 except as noted below.

Future policy table

The following table sets out the key components of the remuneration package for Executive Members:

Component	How this supports the strategic aims of the Group	How this operates	Maximum amount payable	Performance measures
Salary	Offering competitive remuneration packages helps the Corporation attract, motivate and retain a high-calibre Executive team.	Salaries are paid monthly. The Remuneration Committee discusses the performance of each Member with the Chair of the Board and with the Chief Executive for other Executive Members.	Annual salaries for the year to 31 December 2021 are approved as follows: – Alex Mahon – increase from £586,135 to £594,927 with effect from 1 March 2021 – Ian Katz – increase from £365,550 to £415,550 with effect from 1 March 2021 – Jonathan Allan – increase from £486,000 to £493,290 with effect from 1 March 2021 Salaries are usually reviewed annually in the first quarter of the year.	None.
Taxable benefits		The Corporation offers a range of benefits to all staff, including private medical insurance. Other benefits, such as life assurance, are available through a flexible benefits scheme.	The value of private medical insurance in 2021 is expected to range from £1,000 to £2,000 for Executive Members.	None.
Pensions		The Corporation currently offers a defined contribution pension scheme for new staff. Certain Executive Members also receive cash payments in lieu of pension benefits.	All of the Executive Members receive cash payments in lieu of pension benefits and are not members of the defined contribution or previous defined benefit schemes.	None.
Variable pay		All of the Executive team participate in the Corporate Variable Pay Scheme. Payout is determined annually by the Remuneration Committee shortly after the financial year end based on performance and paid in March following the year end.	The Corporate Variable Pay Scheme will pay between 40% and 50% of total gross salary for the Executive Members.	Performance measures of the schemes are set out on pages 168 to 171.

None of the components of remuneration contain any provisions for recovery of sums paid.

There are no other differences between the Corporation's policy on the remuneration of Directors and the policy on the remuneration of other employees.

The following table sets out the key components of the remuneration package for Non-Executive Members:

Component	Purpose	Operation
Fees	The Non-Executive Members constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board's deliberations.	Fees are set by Ofcom, paid monthly and reviewed periodically. Annual fees for the year to 31 December 2021 are expected to be: Chair – £95,000 Deputy Chair – £29,940 Committee Chairs – £25,177 Other Non-Executive Members – £22,177

Non-Executive Members are appointed by Ofcom and service contracts are subject to fixed terms of a maximum of three years. Fees for Non-Executive Members do not contain any provisions for recovery of sums paid. No other components of remuneration are available for Non-Executive Members.

Non-Executive Members are entitled to reimbursement of travel and accommodation expenses incurred in connection with attending Board and other meetings in relation to fulfilling their duties.

Members' Remuneration Report (continued)

Remuneration policy framework

The Corporation looks to attract, retain and motivate the best people in the market. To be able to do this, it looks to offer a fair and competitive rewards package. The Committee will seek to align the remuneration package offered to new Executive Members with the policy, which will involve determining remuneration appropriate and necessary to recruit and retain the individual. A summary of the policy is set out below:

Fixed remuneration	Base salary is benchmarked against the external market and broadly aligned to market median.
Variable remuneration	Awards under the Corporate Variable Pay Scheme are limited to between 50% and 40% of base salary for the Chief Executive and other Executive Members.
Benefits	Executive Members are provided with private medical insurance, life assurance, Group income protection and health screening. All other benefits are provided on a voluntary basis. The Corporation has a standard pension contribution scale but will consider paying a cash alternative depending on individual circumstances. The Corporation will pay legal fees incurred by any new Executive Member in respect of their appointment.
Internal promotions	In the event that an internal candidate was promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements.

The Committee monitors the effectiveness of Executive Member remuneration and has regard to the impact and compatibility with remuneration policies in the wider workforce. During the year the Committee is provided with information regarding pay in the wider workforce which gives additional context for the Committee to make informed decisions. The Committee determines the overall approach for salary and variable pay for the overall workforce and similar principles are applied when considering Executive Member arrangements.

Policy on payment for loss of office

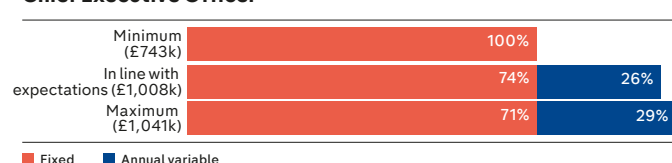
The service contracts of all the Executive Members are subject to notice periods of one year or less. The Committee's policy is to make payments in line with contractual obligations covering payment in lieu of notice including base salary and other benefits.

The Remuneration Committee will consider what compensation commitments (including pension contributions and all other elements) the Executive Members' terms of appointment would entail in the event of early termination. The aim of this is to avoid rewarding poor performance.

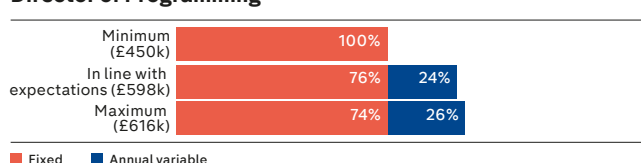
Illustration of application of remuneration policy

The graphs below represent the variations in the remuneration at different levels of performance for the 2021 remuneration policy for the Executive Members.

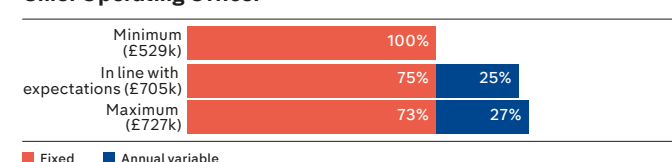
Chief Executive Officer



Director of Programming



Chief Operating Officer



The variable element of total remuneration in relation to 'in line with expectations' reflects the average award under the Corporate Variable Pay Scheme over the last five years.

Audited information

The Members' Remuneration Report (pages 166 to 173), where indicated, has been audited by the Corporation's auditor in accordance with Schedule 8 of the Companies Act 2006 as if those requirements were to apply to the Corporation.

Independent auditor's report

To the Department for Digital, Culture, Media and Sport on Channel Four Television Corporation

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Channel Four Television Corporation (the 'Corporation') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Corporation's affairs as at 31 December 2020 and of the Group's surplus for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Corporation financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 (as if it were to apply to the Corporation).

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Corporation statements of changes in equity;
- the consolidated and Corporation balance sheets;
- the consolidated cash flow statement;
- the Group and Corporation accounting policies;
- the related notes 1 to 21 to the consolidated financial statements; and
- the related notes 1 to 7 to the Corporation financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Corporation financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note 3 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Corporation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





While the Corporation is not a public interest entity subject to European Regulation 537/2014, the members have decided that the Corporation should follow the same requirements as if that Regulation applied to the Corporation.

3. Summary of our audit approach

Key audit matters The key audit matters that we identified in the current year were:

- Accounting for non-cash revenue; and
- The going concern basis of accounting.

Within this report, key audit matters are identified as follows:

-  Newly identified
-  Increased level of risk
-  Similar level of risk
-  Decreased level of risk

Materiality The materiality that we used for the Group financial statements was £9.0 million which was determined by considering two key metrics, revenue and total assets. This is a revised approach from the prior year, when materiality was determined based on 1% of revenue.

Scoping We audited the Group as a single component, covering 100% of net assets, revenue and profit before tax.

Significant changes in our approach There have been no significant changes to our approach, with the exception of the change in our materiality approach.

Independent auditor's report (continued)

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Corporation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the members' statement in the financial statements about whether the members considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Accounting for non-cash revenue

<i>Key audit matter description</i>	<p>The Corporation earns a significant portion of its revenues from TV advertising, for which most contracts are standard and the recognition of such revenue is processed through automated transactional processes. There is a sub-set of contracts which have non-standard terms, including those which include barter arrangements in relation to the transfer of non-cash consideration in exchange for the advertising airtime provided. This typically includes consideration such as programme rights or equity investments.</p> <p>As a result of the nature of these contracts, there is significant judgement involved in determining the valuation of non-cash items. This year we have focussed on those contracts where programme rights are received. We therefore identified a key audit matter relating to the risk of inaccurate revenue accounting for these contracts, whether due to error or fraud.</p> <p>The amount of revenue which is not settled in cash was £44 million (2019: £34 million). The Corporation's policy in relation to this is included in the Group Accounting Policies on page 187. Refer to page 164 where this is included as a significant matter in the Audit Committee report.</p>
<i>How the scope of our audit responded to the key audit matter</i>	<p>We obtained an understanding of the process and tested relevant controls around non-cash revenue relating to contracts where programme rights are received.</p> <p>We analysed a statistical sample of contracts to identify any non-standard contractual terms to determine whether these were accounted for appropriately.</p> <p>We selected a sample of non-standard revenue contracts, focusing on those which in our judgement had a higher probability of error, and assessed whether the accounting treatment for these contracts was in line with their terms, the Corporation's accounting policy and relevant accounting standards including IFRS 15 Revenue from Contracts with Customers.</p> <p>We tested a sample of contracts where programme rights are received by tracing to signed contracts and internal management approvals.</p> <p>We obtained and assessed evidence to support the fair value of the non-cash consideration received. For programming received in these barter contracts in return for advertising, we agreed consideration received to programming contracts.</p>
<i>Key observations</i>	<p>We consider the accounting applied to be in accordance with IFRS 15 <i>Revenue from Contracts with Customers</i> and the Corporation's accounting policy.</p>

Independent auditor's report (continued)

5.2. The going concern basis of accounting

Key audit matter description	<p>The Members are required under IAS 1 <i>Presentation of Financial Statements</i> to make an assessment of the Group's and the Corporation's ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements and determine whether any material uncertainties exist. In making this assessment, management prepared forecasts and scenario planning over the going concern period which modelled available liquidity and covenant calculations.</p> <p>As a result of the Covid-19 pandemic and the subsequent economic impact, there was significant judgement involved in preparing the forecasts and financial models for future periods used in the going concern assessment.</p> <p>Owing to the increased level of audit effort involved, we identified a key audit matter in relation to the appropriateness of the going concern basis of accounting. Further details of the Members' assessment, including the sensitivities applied, are included within the Strategic Report on page 147 and in the Group Accounting Policies on page 186.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of relevant controls relating to the Group's forecasting process and the preparation of management's going concern models.</p> <p>We obtained management's updated financial models used to support its going concern assumptions and tested their numerical accuracy. We obtained and assessed evidence used to support the assumptions used by management and considered whether reasonable downside scenarios were considered. We performed our own sensitivity analyses to determine whether there were other reasonably possible downside scenarios which could lead to a material uncertainty in going concern and considered whether any potential mitigations were reasonable, realistic and within management's control.</p> <p>We obtained and read analyst reports, industry data and other external information, comparing these with management's estimates to determine if they provided corroborative or contradictory evidence in relation to management's assumptions.</p> <p>We obtained and reviewed the revolving credit facility documents to understand the nature of any financial covenants to determine the impact on the going concern assessment and we obtained evidence of the £75m draw down of the revolving credit facility. We considered the amount of liquidity and covenant headroom available in management's forecasts and we assessed the historical accuracy of forecasts prepared by management.</p>
Key observations	We are satisfied that management's adoption of the going concern basis of accounting is appropriate and concur that there are no material uncertainties relating to going concern.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group and Corporation-only financial statements
Materiality	£9.0 million (2019: £9.6 million)
Basis for determining materiality	We determined materiality by considering two key metrics; revenue and total assets. The determined materiality equates to 0.96% of revenue and 0.95% of total assets. This is a revised approach from the prior year, when materiality was determined based on 1% of revenue.
Rationale for the benchmark applied	As a result of Covid-19 and the significant impact it had on the business, we considered the use of two key metrics – revenue and total assets – rather than just one measure to be appropriate. The benchmarks that have been chosen to determine a materiality consider both balance sheet and income statement metrics in the current year. This provides a representation of the size of the business, and reflects the investment in programme content and film rights and the Corporation's aim is to reinvest surpluses into original content and digital innovation.

Independent auditor's report (continued)

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group and Corporation performance materiality was set at 70% of Group (and Corporation) materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- Our risk assessment, including the quality of the control environment; and
- Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £450,000 (2019: £480,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to risks of material misstatements was performed directly by the audit engagement team.

The Group maintains a single aggregated set of accounting records for all of its operations and we therefore audited the entire Group as a single component, covering 100% of net assets, revenue and profit before tax. For the audit of the Corporation, management deconsolidated the Group financial information in order for us to identify the relevant Corporation-only balances and transactions.

7.2. Our consideration of the control environment

In assessing the control environment of the Group, we obtained an understanding of the relevant IT controls associated with the Group's key accounting and reporting system. We gained an understanding of the relevant controls associated with certain business processes, being transactional advertising revenue, non-cash based revenue, programme inventory, payroll, trade payables and trade receivables. On IT systems related to the processing of transactional advertising revenue and programme inventory, as in prior year, we have identified certain control deficiencies and accordingly took a non controls reliance approach to our audit testing.

We planned and took a controls reliance approach in relation to non-cash based revenue. For this process we tested the relevant controls based on a sample of control instances, determined by the frequency of the control's operation. We did not plan to take a controls reliance approach in the other business processes. For transactional revenue and programme inventory we would have planned to take a controls reliance approach if we had been able to rely on the IT systems involved in their processing.

8. Other information

The other information comprises the information included in the annual report including Audit Committee reporting and Members' statement of compliance with the UK Corporate Governance Code, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report (continued)

9. Responsibilities of members

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Group's and the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group or the Corporation or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: : www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for members' remuneration, bonus levels and performance targets;
- results of our enquiries of management, business assurance and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and analytics, pensions, real estate and tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the accounting of non-cash revenue. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Broadcasting Act 1990, the Communications Act 2003, the UK Companies Act and Listing rules (as if they were to apply to the Group), pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's and Corporation's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context included compliance with the Ofcom Broadcasting Code, Ofcom on-demand rules, and Advertising Standards Agency guidelines.

Independent auditor's report (continued)

11.2. Audit response to risks identified

As a result of performing the above, we identified the accounting of non-cash revenue as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing Business Assurance reports and reviewing correspondence with HMRC and summaries of correspondence with Ofcom; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the members' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, as if that Act were to apply to the Corporation.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the members' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Corporation and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members' report.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the report of the members with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 152;
- the members' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 152;
- the members' statement on fair, balanced and understandable set out on page 153;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 147;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 141 to 146; and
- the section describing the work of the audit committee set out on page 154.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the terms of our engagement we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

14.2. Members' remuneration

Under the terms of our engagement we are also required to report if in our opinion certain disclosures of members' remuneration have not been made, or the part of the members' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Independent auditor's report (continued)

15. Other matters which we are required to address

15.1. Auditor tenure

We were appointed with the approval of the Secretary of State for Digital, Culture, Media and Sport on 10 August 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 December 2017 to 31 December 2020.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Department for Digital, Culture, Media and Sport, in accordance with the Broadcasting Act 1990 and the terms of our engagement. Our audit work has been undertaken so that we might state to the Department for Digital, Culture, Media and Sport those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Department for Digital, Culture, Media and Sport, for our audit work, for this report, or for the opinions we have formed.

Kate J Houldsworth FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

5 May 2021

Consolidated income statement

for the year ended 31 December

	Note	2020 £m	2019 £m
Revenue	1	934	985
Cost of transmission and sales	2	(825)	(967)
Gross surplus		109	18
Other operating expenditure	3	(38)	(45)
Operating surplus/(deficit)		71	(27)
Net finance expense	5	(2)	(1)
Gain on sale of investments	7, 8	5	4
Impairment losses on investments	7	–	(2)
Surplus/(deficit) before tax		74	(26)
Income tax (expense)/credit	6	(5)	1
Surplus/(deficit) for the year		69	(25)

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2020 £m	2019 £m
Surplus/(deficit) for the year		69	(25)
Net remeasurement surplus/(deficit) on pension scheme	19	4	(33)
Revaluation of freehold land and buildings	9	(4)	2
Deferred tax on pension scheme	12	–	6
Adjustment to non-controlling interest	21	–	(4)
Loss on revaluation of investments	7, 8	(2)	–
Other comprehensive expense for the year		(2)	(29)
Total comprehensive income/(expense) for the year		67	(54)

None of the items in other comprehensive income/expense will be reclassified to the income statement.

Consolidated statement of changes in equity

for the year ended 31 December

	Retained earnings			
	Other retained earnings £m	Content reserve £m	Revaluation reserve £m	Total equity £m
At 1 January 2019	365	20	54	439
Deficit for the year	(25)	–	–	(25)
Transfer	20	(20)	–	–
Other comprehensive (expense)/income	(31)	–	2	(29)
Total comprehensive expense for the year	(36)	(20)	2	(54)
At 31 December 2019	329	–	56	385
At 1 January 2020	329	–	56	385
Surplus for the year	69	–	–	69
Other comprehensive income/(expense)	2	–	(4)	(2)
Total comprehensive income/(expense) for the year	71	–	(4)	67
At 31 December 2020	400	–	52	452

We established a content reserve in 2014 to ensure surpluses generated are reinvested into original content and digital innovation in order to maintain the relevance and reach of our remit. Our aim is to remain commercially self-sufficient in the long term. In 2019, the deficit after tax for the year of £25 million was partially funded by a £20 million transfer from the content reserve. This transfer reflected the Group's strategic investment during 2019 in youth and digital, and in delivering our Nations and Regions remit.

Consolidated balance sheet

as at 31 December

	Note	2020 £m	2019 £m
Assets			
Investments accounted for using the equity method	7	6	7
Other investments	8	20	22
Property, plant and equipment	9	106	114
Right-of-use assets	11	12	3
Intangible assets	10	28	30
Deferred tax assets	12	26	22
Total non-current assets		198	198
Programme and film rights	13	240	291
Trade and other receivables	14	229	179
Other financial assets	15	110	7
Cash and cash equivalents	15	166	130
Total current assets		745	607
Total assets		943	805
Liabilities			
Employee benefits – pensions	19	(68)	(79)
Lease liabilities	11	(12)	(3)
Deferred tax liabilities	12	(5)	(4)
Total non-current liabilities		(85)	(86)
Trade and other payables	16	(326)	(332)
Current tax payable		(3)	–
Provisions	17	(2)	(2)
Borrowings	15	(75)	–
Total current liabilities		(406)	(334)
Total liabilities		(491)	(420)
Net assets		452	385
Revaluation reserve		52	56
Retained earnings		400	329
Total equity		452	385

The financial statements on pages 181 to 211 were approved by the Members of the Board on 5 May 2021 and were signed on its behalf by:

Charles Gurassa
Chair

Alex Mahon
Chief Executive

Consolidated cash flow statement

for the year ended 31 December

	Note	2020 £m	2019 £m
Cash flow from operating activities			
Surplus/(deficit) for the year		69	(25)
<i>Adjustments for:</i>			
Income tax expense/(credit)	6	5	(1)
Depreciation	9, 11	8	6
Amortisation of intangibles	10	2	2
Net finance expense	5	2	1
Gain on sale of investments	7, 8	(5)	(4)
Impairment losses on investments	7, 8	-	2
		81	(19)
Decrease/(increase) in programme and film rights	13	51	(6)
Increase in trade and other receivables	14	(50)	(12)
(Decrease)/increase in trade and other payables	16	(6)	19
Increase/(decrease) in provisions, excluding unwinding of discounts	17	-	1
		76	(17)
Defined benefit pension contributions	19	(9)	(11)
Tax paid	6	(5)	-
Net cash flow from operating activities		62	(28)
Cash flow from investing activities			
Acquisition of investments	7, 8, 21	(9)	(14)
Proceeds on sale of investments	7, 8	15	9
Purchase of property, plant and equipment	9	(3)	(11)
Interest received and effects of foreign exchange rates	5	-	1
(Increase)/decrease in other financial assets ¹	15	(103)	41
Net cash flow from investing activities		(100)	26
Cash flow from financing activities			
Proceeds from borrowings	15	75	-
IFRS 16 lease payments	11	(1)	-
Net cash flow from financing activities		74	-
Net increase/(decrease) in cash and cash equivalents		36	(2)
Cash and cash equivalents at 1 January		130	132
Cash and cash equivalents at 31 December		166	130

¹ Amounts invested in term deposits of three months or longer and other funds with time-restricted access.

Group accounting policies

Introduction

Channel Four Television Corporation ('Channel 4') is a statutory corporation domiciled in the United Kingdom. The consolidated financial statements of Channel 4 for the year ended 31 December 2020 comprise Channel 4 and its subsidiaries (together referred to as the 'Group') and the Group's investments accounted for using the equity method. Channel 4's Company financial statements present information relating to Channel 4 as a separate entity and not about its Group.

The financial statements were authorised for issue by the Members on 5 May 2021. The registered office of Channel 4 is 124 Horseferry Road, London SW1P 2TX.

Basis of preparation

The financial statements of the Group have been prepared and approved by the Members in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'). The Corporation's individual financial statements have been prepared under the Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements as a whole have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport with the approval of HM Treasury, and are principally prepared under the historical cost convention (except that freehold properties, derivatives and certain financial instruments are stated at fair value). In line with IFRS 13, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements are presented in pounds Sterling, rounded to the nearest million.

Critical accounting judgements and sources of estimation uncertainty

In applying the Group's accounting policies (as described in this section), the Members are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- The following aspects of our programme and film rights policy require judgement (see further detail on page 189):
 - The transmission profile over which to amortise programme and film rights
 - Assessment of programme value with reference to the quality of programme that has ultimately been delivered and its expected viewing performance
 - Assessment of the future revenues from distribution when evaluating the carrying value of film rights held for exploitation
- Management's application of IFRS 16 'Leases' requires judgement regarding the classification of transponder contracts under the standard. Management has concluded that these contracts do not constitute leases under the definition given by IFRS 16, as the Group does not control these assets due to the nature of the operation of these assets and due to certain rights which the supplier retains based on the detailed terms provided in the contracts. Further details of these contracts (including remaining term and estimated payments) are disclosed in note 18.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

- Under IAS 12 'Income Taxes', deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which they can be recognised. Management applies estimates in calculating the deferred tax assets with regard to the level of future taxable surpluses that are expected. The Group recognised a deferred tax asset of £26 million in 2020; significant changes to our estimation of forecast profitability could lead to a material change in the valuation of deferred tax assets or their derecognition.

Alternative performance measures

In reporting financial information the Group presents alternative performance measures ('APMs') which are not defined or specified under the requirements of IFRS. The Group believes that the presentation of APMs provides stakeholders with additional and helpful information on the performance of the business, but does not consider them to be a substitute for or superior to IFRS measures. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Group accounting policies (continued)

As a reflection of the draw down of our revolving credit facility in March 2020, the Group presents net cash reserves as an APM which reflects the sum of the Group's cash and cash equivalents and other financial assets, net of cash borrowings at the balance sheet date. This measure does not reflect the impact of other debt held on the balance sheet such as lease liabilities under IFRS 16. This provides stakeholders with additional relevant information relating to the overall cash resources available to the Group, not only those categorised as cash and cash equivalents. This APM is calculated in 2020 and 2019 as follows:

	2020	2019
Cash and cash equivalents	166	130
Other financial assets	110	7
Borrowings	(75)	-
Net cash reserves	201	137

In previous years the Group has presented its underlying operating surplus as an APM in the Strategic Report to provide stakeholders with additional useful information on the underlying performance of the business. This metric is no longer considered to reflect the way that management and the Board monitor the Group's performance in line with its strategy and objectives, and so has not been reported for 2020.

Going concern

The annual financial statements have been prepared on a going concern basis where the Members have a reasonable expectation that the Group will continue in operational existence, as set out in the Report of the Members. As noted on page 147, while we saw significant recovery in the advertising market as 2020 progressed, the outlook for 2021 remains uncertain, as increased business confidence as a result of the vaccine rollout may be offset by continuing lockdowns, high unemployment and the impact of new variants. This is in addition to ongoing challenges following the end of the Brexit transition period.

As part of our 2021 Budget and three-year plan, we have considered potential revenue downside scenarios arising from the continuing pandemic, broader market shocks and lower than expected benefits from implementing our Future4 strategy. Even in the most severe case considered (deemed plausible but beyond the worst-case scenario currently anticipated by management), analysis shows that our contingency plans would mitigate slower revenue growth than anticipated in our base case forecasts and ensure we remain within our existing credit facility and covenants. Our 2020 results and response to the initial outbreak of Covid-19 also demonstrate our ability to manage spend and cash flows to mitigate risks as they arise.

Our £75 million revolving credit facility (for a five-year term to March 2023) increases our available liquidity if required. This facility was drawn down in full in March 2020 as part of the Group's initial response to Covid-19, and remains drawn down as at the date of this report to ensure maximum liquidity is available; however, none of this additional funding has been utilised to date.

Our scenario analysis and the resources available to Channel 4 indicate that the Group will be able to continue to operate for at least 12 months from the date that this Annual Report is approved. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

A subsidiary is an entity that is controlled by the Group. Control exists when the Group has exposure, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee by directing the relevant activities of the investee (i.e. the activities that significantly affect the investee's returns). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Investments in associates and joint ventures are accounted for using the equity method. Associates are those entities over which the Group has significant influence. Where the Group holds 20% or more of the voting power (directly or through subsidiaries) of an investee, it will be presumed the Group has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, it will be presumed the Group does not have significant influence unless such influence can be clearly demonstrated. Significant influence exists when the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Joint arrangements are those entities over whose activities the Group has joint control. Joint control is established by a contractual agreement whereby the decisions about the relevant activities (i.e. the activities that significantly affect the investee's returns) of the entity require the unanimous consent of the two or more parties sharing joint control of the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under equity accounting, the consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases or until the associate or joint venture is classified as held for sale.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

Intra-Group balances and any unrealised gains and losses or income and expense arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies

A summary of the Group and Channel 4 significant accounting policies that are material in the context of the financial statements is set out on the next page. All accounting policies have been applied consistently in all material respects to all periods presented in these financial statements.

Group accounting policies (continued)

There are no new standards that became effective during 2020 that have had a significant effect on the consolidated financial statements of the Group.

There are no new standards that will become effective during 2021 that are expected to have a significant effect on the consolidated financial statements of the Group.

Revenue recognition

Revenues are stated net of value added tax and are recognised when a contract with a customer has been identified and as each of the Group's performance obligations are fulfilled. Contract assets and liabilities are recognised on the balance sheet as accrued and deferred income respectively. Each of the Group's significant revenues are recognised as described below:

Linear and digital advertising revenues

Revenues are stated net of advertising agency commissions and rebates.

Linear and digital advertising revenue are recognised on transmission of the advertisement. Revenue from sponsorship of the Group's programmes and films is recognised on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign, reflecting the satisfaction of the Group's performance obligations.

Commission revenue earned from advertising representation for third parties is recognised on transmission of the related advertisements in line with contractual arrangements. Following the adoption of IFRS 15 'Revenues from Contracts with Customers' the Group reviewed its treatment of this revenue stream, concluding that it does not control the specified goods or services in these transactions before they are transferred to the customer, and therefore acts as an agent for these parties. The gross advertising sales of these arrangements are not recognised in revenue, but the commission earned by the Group in its capacity as agent is.

Revenues are recognised from barter and other similar contractual arrangements involving advertising when the services exchanged are dissimilar. Revenues are measured with reference to the fair value of the goods or services received. Judgement is required in assessing the fair value of the goods or services received. The total recognised for such revenues in 2020 is £44 million (2019: £43 million).

Non-advertising revenues

Revenues earned from syndicating content to third-party online platforms are typically generated from some or all of the following contractual arrangements:

- Licence fee income – revenue is recognised on a straight-line basis over the contract term as performance obligations are met
- Pence-per-view or revenue share – revenues are calculated based on the number of content views and are recognised when the amounts can be reliably measured

Revenues generated from the exploitation of programme rights are recognised when the rights are transferred to the customer, reflecting the fact that the Group's performance obligations have been fulfilled.

Revenues generated from the exploitation of developed film rights (for example, from theatrical box office releases) are recognised when revenues can be reliably measured.

Segment reporting

IFRS 8 'Operating Segments' requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision-maker to evaluate performance and allocate resources.

The Group has determined that the Board of Members is its chief operating decision-maker, and the financial statements are presented in aggregate as a single operating segment consistent with how the Board evaluates performance and allocates resources.

Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Investments in associates and joint ventures

Investments in associates and joint ventures are recognised using the equity method, where the investment is recorded at cost and adjusted thereafter to include the Group's share of profit or loss and other comprehensive income and dividends received.

Other investments

Other investments includes equity holdings without significant influence. Equity investments are normally carried at fair value in accordance with IFRS 13 'Fair Value Measurement'. Where an active market value is not available or when it is not possible to measure fair value, the investment is recorded at cost less provision for impairment. The Members believe that this valuation reflects a reasonable approximation of fair value. On adopting IFRS 9 'Financial Instruments' during 2018 the Group elected to recognise any changes in the fair value of the Commercial Growth Fund investments through other comprehensive income, reflecting the fact that the management of these investments is not part of the Group's core activities.

Group accounting policies (continued)

Property, plant and equipment

Freehold land and buildings are stated at open market valuation (fair value) and are revalued at 31 December each year. Directions from the Secretary of State for Digital, Culture, Media and Sport require freehold land and buildings to be valued at current value. The Members believe that the fair open market value approximates the current value.

Any gain arising from a change in fair value is recognised directly in other comprehensive income, unless the gain reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. Any loss arising from a change in fair value is charged directly to other comprehensive income to the extent of any credit balance existing in the revaluation surplus of that asset. Otherwise, the loss is recognised in the income statement.

Fixtures, fittings and equipment are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost or valuation of the asset evenly, on a straight-line basis, over its estimated useful life. Useful lives are estimated taking into account the rate of technological change and the intensity of use of each asset. The annual rates used for this purpose are as follows:

Freehold buildings	2%
Computer hardware	25%–50%
Office equipment and fixtures and fittings	25%
Technical equipment	14%–25%

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or other changes in circumstances indicate that the carrying values may not be recoverable. Where an indicator of impairment exists, an estimate is made of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

Intangible assets

Expenditure on internally developed computer software applications is capitalised to the extent that the project is technically and commercially feasible, sufficient resources exist to complete the development and it is probable that the asset will generate future economic benefits. The expenditure capitalised includes the cost of software licences, direct staff costs and consultancy costs.

Amortisation of capitalised software development costs is charged to the income statement on a straight-line basis over the estimated useful lives of the assets from the date that they are available for use. For capitalised computer software, the estimated useful life is between two and five years.

Other intangible assets acquired by the Group, including network distribution rights, are stated at cost less accumulated amortisation and any provision for impairment. Network distribution rights are amortised over an estimated useful life of 16 years. Broadcast licences are amortised over a useful life of seven years. Where assets are considered to have finite lives, amortisation is charged to the income statement on a straight-line basis over their estimated useful life. Brand intangibles are deemed

to have an indefinite useful life and are tested annually for impairment.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested annually for impairment.

A gain realised on bargain purchase arising on the acquisition of an entity represents the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition over the cost of acquisition.

Any gain realised on bargain purchase is recognised in the income statement in the year that it arises.

Impairment

An impairment charge is recognised if the carrying value of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment charges are recognised in the income statement (with the exception of impairments which the Group has elected to recognise in other comprehensive income under IFRS 9 'Financial Instruments').

The carrying values of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is determined by discounting the future net cash flows for the specific asset, or if the asset does not generate independent cash flows, the discounted future net cash flows for the cash-generating unit to which it belongs.

Estimates are used in deriving these cash flows and the discount rate that reflects current market assessments of the risks specific to the asset and the time value of money. The complexity of the estimation process, including projected performance, the discount rate and long-term growth rate applied, affects the value in use calculation and amounts reported in the financial statements.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Group accounting policies (continued)

Reversal of impairments

An impairment charge in respect of freehold land and buildings is reversed in the event of a subsequent increase in fair value. Such a gain is recognised in other comprehensive income, unless the gain reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. An impairment charge in respect of goodwill is not reversed. In respect of other assets, an impairment charge is reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Programme and film rights

All programme and film rights are valued at the lower of the direct cost incurred up to the balance sheet date and value to the Group. Development expenditure is included in programme and film rights after charging any expenditure that is not expected to lead to a commissioned programme, or a 'greenlit' film, directly to the income statement.

Programme and acquired film rights

Direct cost

Direct cost is defined as payments made or due to programme suppliers.

Payments for programme and film rights made in advance of taking delivery and/or of the legal right to broadcast the programmes are recorded in programme and film rights, but are separately identified as in the course of production. Before being included in programme rights, the rights are disclosed as contractual commitments (see note 18).

Value to the Group

Consistent with Channel 4's business model, in which programmes that generate more revenue cross-subsidise programmes with a higher public but sometimes lower commercial value, the value to the Group of the programme and acquired film rights portfolio is assessed on an aggregate basis.

This assessment is overlaid by an evaluation of individual programmes when there is an indicator that the value of these specific programmes may be less than originally envisaged. Value to the Group of individual programmes is assessed both qualitatively and quantitatively, with reference to the quality of programme that has ultimately been delivered and its expected viewing performance.

In certain instances Channel 4 is committed to funding the acquisition or production of specific programmes where the value to the Group no longer warrants the level of expenditure to which the Group is committed. In these instances provision is first made against the costs incurred to date and then a liability recognised to reflect the unavoidable costs in relation to the remaining commitment.

Amortisation

Programme and acquired film rights are exploited by transmission on the Channel 4 suite of channels and availability on the Group's All 4 platform. The cost of broadcast programmes and acquired films are wholly written off on first transmission, except for certain feature films, sports rights and certain acquired series, the costs of which are written off over more than one transmission in line with the expected value to the Group. Content exclusive to All 4 is written off in line with the anticipated viewing profile.

Developed film rights

Direct cost

Direct cost is defined as payments made or due to the film producer.

Rights are recorded on the balance sheet when the Group commits to financing a film.

Value to the Group

Developed film rights are exploited both through broadcast on Channel 4's suite of channels and through distribution.

Broadcast film rights are assessed in the same way as programme and acquired film rights.

To the extent that developed film rights are expected to generate revenue, where Channel 4's share of distribution revenues the film is anticipated to earn does not support the associated cost held within inventory, provision is made. The main assumptions employed to estimate future distribution revenues are minimum guaranteed contracted revenues and sales forecasts by territory.

Amortisation

Developed film rights expected to generate future revenues from distribution are held on the balance sheet and expensed to the income statement in the proportion that the revenue in the year bears to the estimated ultimate revenue, after provision for any anticipated shortfall. Management has rebutted the presumption under IAS 38 'Intangible Assets' and concluded that a revenue-based amortisation profile is appropriate for developed film rights as the revenue and consumption of economic benefits embodied in the film rights are highly correlated and management does not consider there to be any methodology that is more appropriate.

Trade and other receivables

Trade and other receivables are reflected net of any expected credit loss. For trade and other receivables with a remaining life of less than one year, the Group applies the practical expedient under IFRS 9 'Financial Instruments' to assume that there is no significant financing component, and the receivables are therefore measured at the transaction price. All other receivables are recognised at fair value, estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. The adoption of IFRS 9 in 2018 did not have a material impact on the value of the Group's trade and other receivables as it has no significant record of historical credit losses.

Other financial assets

Other financial assets comprise deposits of three or more months' duration and other funds with time-restricted access, and are stated at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits of less than three months' duration from the date of placement, including money market funds repayable on demand.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Group accounting policies (continued)

Derivative financial instruments

The Group transacts primarily in Sterling but also in Euros and US Dollars. Certain exposures to fluctuations in exchange rates are managed by transactions in the forward foreign exchange markets. These derivative financial instruments are stated at fair value based on quoted market rates. Changes in the fair value of these derivative financial instruments are recognised in the income statement. The Group does not hold or issue derivative financial instruments for trading purposes.

Channel 4 has not sought to apply hedge accounting treatment for any of its foreign exchange hedging activity in either of the years presented. As a result, changes in the fair value of hedging instruments have been recognised in the income statement as they have arisen.

Where Channel 4 has identified forward foreign exchange derivative instruments within certain contracts (embedded derivatives), these have been included in the balance sheet at fair value. Fair value of these derivatives is determined by reference to quoted market rates. The value of the derivatives is reviewed on an annual basis or when the relevant contract matures.

Leases

The Group adopted the lessee accounting model required under IFRS 16 'Leases' on 1 January 2019. This removes the distinction between finance leases and operating leases previously reflected in the Group's accounting policy.

On adoption of the standard (and at the inception of subsequent new leases) a right-of-use asset is recognised in the Group's financial statements reflecting its right to control the underlying lease assets and use them to generate future economic benefits. A corresponding lease liability is also recognised in line with the principal and interest to be repaid over the lease term. These amounts are determined based on the present value of the minimum lease payments to be made over the contract term, discounted using the rate implicit in the lease if this can be determined, and otherwise using the Group's incremental borrowing rate.

The Group subsequently recognises depreciation relating to the right-of-use asset, as well as interest accrued on the lease liability, in the income statement.

The Group applies practical expedients provided in IFRS 16 to exclude short-term and low-value lease contracts from the new accounting model, and these are presented as operating costs.

Employee benefits – pensions

Defined benefit scheme

The Group maintains a defined benefit pension scheme. The net obligation under the scheme is calculated by estimating the future benefits that employees have earned in return for their service in the current and prior periods, discounting to determine a value at today's prices, and deducting the fair value of scheme assets at bid price. The assumed discount rate for the liabilities is the current rate of return of high-quality corporate bonds with similar maturity dates.

The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses that arise in calculating the Group's obligation in respect of the plan are recognised directly in other comprehensive income within the statement of comprehensive income in the period in which they arise. The finance cost is recognised in the income statement.

Defined contribution scheme

Obligations under the Group's defined contribution scheme are recognised as an expense in the income statement as incurred.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is significant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Before provisions are established in relation to onerous contracts, impairment reviews are carried out and impairment charges recognised on assets dedicated to the contract.

Notes to the consolidated financial statements

1. Revenue

	2020 £m	2019 £m
Linear advertising revenue	689	767
Digital advertising revenue	161	145
Non-advertising revenue	84	73
Total revenue	934	985

The Group's revenues have been reclassified for 2020 and 2019 in the 2020 Annual Report, to more closely reflect the allocation of revenue used in the Group's internal reporting and monitored by management and the Board. This reclassification has also been outlined on page 134, showing the impact on our key performance indicators.

For 2020, the revenues presented in the 2019 Annual Report have been reclassified as follows:

	Per 2019 Annual Report			
	TV advertising and sponsorship revenue	Digital revenue	Other commercial revenue	Total
As above				
Linear advertising	767	–	–	767
Digital advertising	–	145	–	145
Non-advertising	5	18	50	73
Total	772	163	50	985

The reduction between digital revenue (as disclosed in the 2019 Annual Report) and digital advertising revenue (as restated above) is due to the reclassification of revenues relating to our digital activities but not generated through the sale of advertising or sponsorship. These amounts have been presented as non-advertising revenues in 2020.

Gross revenues from transactions with one individual external customer comprised more than 10% of the Group's revenues in 2020, amounting to £126 million (2019: no individual external customers comprising over 10%). The Group's major customers are all media buying agencies. Approximately 5% of the Group's revenues (2019: 4%) are attributable to external customers outside the UK and these are therefore not separately presented.

The Group has material contracts with customers with a duration of more than one year, relating to partnerships and distribution of channels and services. The aggregate amount of the transaction price for these contracts allocated to performance obligations which are still unfulfilled as at 31 December 2020 is £70 million (2019: £71 million). The Group expects to recognise £27 million of revenue relating to these performance obligations in 2021 (2019: £24 million to be recognised in 2020), with the remainder recognised on a straight-line basis until 2023.

The Group recognised £28 million of revenue during 2020 that was recorded as a contract liability at the previous year end (2019: £20 million).

2. Cost of transmission and sales

	2020 £m	2019 £m
Content	522	660
Other content-related costs	79	70
Broadcast and transmission costs	99	98
Other cost of sales	125	139
Total cost of transmission and sales	825	967

The Group's cost of transmission and sales is reported here as one segment as described in the 'Group accounting policies' section on page 187. Other cost of sales includes direct costs of linear and digital advertising and rights, marketing, technology and audience research costs.

Notes to the consolidated financial statements (continued)

3. Other operating expenditure

Other operating expenditure includes:

	2020 £m	2019 £m
Depreciation of property, plant and equipment (notes 9, 11)	8	6
Amortisation of intangible assets (note 10)	2	2
4 All the UK programme	–	9
Other restructuring costs	1	1
Impairment of trade receivables (note 14)	–	1
Other administrative expenses (including Box)	27	26
Other operating expenditure	38	45

The total cost of the 4 All the UK programme recognised in the income statement in 2019 was £10 million, with £9 million recognised in Other operating expenditure and £1 million recognised in Cost of transmission and sales.

In 2020 £4 million of restructuring costs were expensed to the income statement in respect of initiatives to increase operational efficiency within the Group (2019: £7 million predominantly relating to the 4 All the UK programme). Of this amount, £3 million is recognised within Cost of transmission and sales, with the remainder in Other operating expenditure.

Auditor's remuneration

Fees in respect of services provided by the auditor were:

	2020 £000	2019 £000
Audit of these financial statements	230	195
Amounts receivable by auditor and their associates in respect of:		
Audit-related assurance services	40	35
Auditor remuneration	270	230

Notes to the consolidated financial statements (continued)

4. Employee expenses and information

A detailed analysis of Members' remuneration, including salaries and variable pay, is provided in the Members' Remuneration Report.

The direct costs of all employees, including Members, appear below:

	2020 £m	2019 £m
Aggregate gross salaries	77	73
Employer's National Insurance contributions	7	7
Employer's defined contribution pension contributions	6	5
Total direct costs of employment	90	85

During 2020, the Group claimed £1 million under the CJRS, which was subsequently repaid by the year end.

The Executive Members are considered to be the key management of the Corporation. As disclosed in the Members' Remuneration Report on page 168, the total remuneration of the Executive Members for the year ending 31 December 2020 is £2,217,000 (2019: £2,161,000).

The salary multiple of highest paid to median employee was as follows:

	2020 £000	2019 £000
Total remuneration of highest paid Executive Member (page 168)	991	943
Total remuneration of median employee	63	61
Multiple of highest paid to median employee	15.7	15.5

Total remuneration is defined as base salary, variable pay, employer pension contribution and other benefits.

The average monthly number of employees, including Executive Members, was as follows:

	2020 Number	2019 Number
Commercial	261	264
Creative	314	287
Operational	325	329
4Talent	12	23
Total	912	903

The headcount calculation reflects the actual proportion of hours worked in a week for each individual employee. The employee information disclosed in this note excludes a small number of on-screen talent who are remunerated via Channel 4's payroll.

Notes to the consolidated financial statements (continued)

5. Net finance expense

Net finance expense recognised in the year comprised:

	2020 £m	2019 £m
Interest receivable on short-term deposits	1	1
Foreign exchange loss on forward contracts and cash and cash equivalents	–	(1)
Net interest expense on pension scheme (note 19)	(2)	(1)
Other finance expense	(1)	–
Net finance expense	(2)	(1)

6. Income tax expense/(credit)

The taxation charge is based on the taxable profit for the year and comprises:

	2020 £m	2019 £m
Current tax:		
Current year	7	–
Prior year	1	(1)
Deferred tax: origination and reversal of temporary differences (note 12)		
Current year	(2)	–
Prior year	(1)	–
Total income tax expense/(credit)	5	(1)

Corporation tax is charged at the standard UK rate of 19% for the year (2019: 19%). A further reduction to 17% (effective 1 April 2020) was previously expected based on legislation enacted in 2016; however, it was announced in the Spring Budget on 11 March 2020 that the corporation tax rate would remain at 19%. The corporation tax rate was also set at 19% for the year commencing 1 April 2021. The deferred tax asset at 31 December 2020 has been calculated based on the current rate. A proposed increase in the corporation tax rate to 25% was announced in the 2021 Spring Budget; this has not been used to calculate our deferred tax asset as it was announced after the balance sheet date and is not yet substantively enacted. The change in rate is not expected to have a material effect on the Group's deferred tax balances.

Reconciliation of income tax:

	2020 Rate	2020 £m	2019 Rate	2019 £m
Surplus/(deficit) before income tax		74		(26)
Income tax using the domestic corporation tax rate	19.0%	14	19.0%	(5)
Effects of:				
Non-deductible expenses		1		1
Utilisation of brought forward losses		(9)		
Deferred tax not recognised		–		4
Other tax adjustments		(1)		(1)
Total income tax expense/(credit)		5		(1)

The income tax expense excludes the Group's share of income tax of investments accounted for using the equity method of £nil (2019: £nil) which has been included in the Group's share of post-acquisition profits, net of income tax (note 7).

Notes to the consolidated financial statements (continued)

7. Investments accounted for using the equity method

The carrying value of the Group's investments accounted for using the equity method is as follows:

	Indie Growth Fund £m
Carrying value at 1 January 2019	10
Acquisitions	2
Disposals	(2)
Impairment loss	(2)
Fair value loss	(1)
Total carrying value at 31 December 2019	7
Carrying value at 1 January 2020	7
Acquisitions	2
Disposals	(3)
Total carrying value at 31 December 2020	6

The Indie Growth Fund

In 2020, Channel 4 invested £2 million (2019: £2 million) in the Indie Growth Fund. Investment activity during 2020 reflected the new investment strategy set by the Fund in 2019, geared to fast-growing independent production companies in the Nations and Regions as well as digital and diverse businesses across the whole of the UK.

Channel 4 set out two key aims when launching the Indie Growth Fund. Firstly, to provide access to funding for a broad portfolio of small and medium-sized independent production companies based in the UK to help them grow and develop their business. Secondly, to put our capital to work in more remit-delivering ways and open Channel 4 up to sharing in the benefits of companies that go on to generate shareholder value in the medium term. Therefore, the Indie Growth Fund companies are held for investment purposes and it is not management's intention to control these entities. The Indie Growth Fund companies have been classified as associates as Channel 4 generally has commitments to purchase more than 20% of the equity and voting rights in these entities. Where this is not the case, management is satisfied that significant influence exists over these entities due to Channel 4's ability to influence, but not control, the financial and operating policies of these entities.

During 2020, Channel 4 sold its stake in two Indie Growth Fund entities – Whisper Films Limited (for consideration of £3 million, recognising a gain on disposal of £1 million) and Eleven Film Limited (for consideration of £6 million, recognising a gain on disposal of £4 million). During 2019, Channel 4 sold its stake in Barcroft Studios Limited for a total consideration of £6 million to Future plc, recognising a total gain on disposal of £4 million. The consideration received comprised cash of £4 million and a £2 million equity shareholding in Future plc (see note 8).

The Indie Growth Fund investments are assessed annually to identify any indicators of impairment, and if any are noted then a full impairment review is performed. Management has not identified any indicators of impairment relating to the Indie Growth Fund companies at 31 December 2020. During 2019 an impairment loss of £2 million was recognised in non-operating expenditure. Channel 4 also recognised a fair value loss of £1 million through other comprehensive income in 2019 on one Indie Growth Fund entity which was not accounted for as an associate.

Of the £522 million (2019: £660 million) total of programme rights recognised as expenses in 2020 (note 13), Channel 4 commissioned £15 million (2019: £17 million) of content from Indie Growth Fund companies. Channel 4 owed the Indie Growth Fund companies £nil in respect of these transactions at 31 December 2020 (2019: £nil).

Channel 4 had committed £nil for subsequent investment in the Indie Growth Fund entities as at 31 December 2020 (2019: £2 million).

Notes to the consolidated financial statements (continued)

7. Investments accounted for using the equity method continued

The Indie Growth Fund is comprised of the following entities incorporated in the United Kingdom:

Company	Activity	Registered address	Proportion of equity owned at 31 December	
			2020	2019
Dial Square 86 Limited	TV programme production activities	Somerset House, Strand, London WC2R 1LA	4.7%	4.7%
Eleven Film Limited	TV programme production activities	14–18 Great Titchfield Street, 4th Floor, Great Titchfield House, London W1W 8BD	–	20.0%
Lightbox Media Limited	TV programme production activities	Regina House, 124 Finchley Road, London NW3 5JS	22.0%	22.0%
Spelthorne Community Television Limited	TV programme production activities	2nd Floor, 63–64 Margaret Street, London W1W 8SW	25.0%	25.0%
Voltage TV Productions Limited	TV programme production activities	5 Elstree Gate, Borehamwood, Herts WD6 1JD	15.0%	15.0%
Whisper Films Limited	Motion picture production activities	Unit B South Avenue Studios, 7 South Avenue, Richmond, Surrey TW9 3EL	–	25.0%
Parable Ventures Limited	TV programme production activities	64 New Cavendish Street, London W1G 8TB	18.0%	18.0%
Firecrest Films Limited	TV programme production activities	Fairfield, 1048 Govan Road, Glasgow G51 4XS	25.0%	25.0%
Two Rivers Media Limited	TV programme production activities	1st Floor, Tontine Building, 20 Trongate, Glasgow G1 5ES	17.0%	10.0%
Candour Productions Limited (formerly True Vision Yorkshire Limited)	TV programme production activities	18 The Glasshouse Studios, Fryern Court Road, Burgate, Fordingbridge, Hampshire SP6 1QX	25.0%	16.0%
Five Mile Films Limited	TV programme production activities	Lower Ground Floor, 2 St Pauls Road, Clifton, Bristol BS8 1LT	18.0%	18.0%
Eagle Eye Drama Limited	TV programme production activities	35 Soho Square, London W1D 3QX	25.0%	2.5%
Yeti Media Limited	TV programme production activities	Lon Cae Ffynnon Unit 1i, Cibyn Industrial Estate, Caernarfon LL55 2BD	16.7%	–
Proper Content Limited	TV programme production activities	6th Floor Charlotte Building, 17 Gresse Street, London W1T 1QL	20%	–

The equity owned for each of the entities listed above relates to ordinary shareholdings.

Summary annual financial information of Indie Growth Fund investments

	Current assets £m	Non-current assets £m	Current liabilities £m	Long-term liabilities £m	Revenue £m	(Loss)/profit from continuing operations £m
2020	27	–	(20)	(4)	40	(2)
2019	28	1	(16)	(2)	72	2

Other

Channel 4 holds 25% of the shares and voting rights in European Broadcaster Exchange (EBX) Limited, a digital advertising sales venture with other European broadcasters. European Broadcaster Exchange (EBX) Limited is incorporated in the United Kingdom.

Company	Activity	Registered address	Proportion of equity owned at 31 December	
			2020	2019
European Broadcaster Exchange (EBX) Limited	Television programming and broadcasting activities	6th Floor, 65 Gresham Street, London EC2V 7NQ	25%	25%

Notes to the consolidated financial statements (continued)

8. Other investments

Commercial Growth Fund

	Commercial Growth Fund £m	Other £m	Total £m
Carrying value at 1 January 2019	16	–	16
Acquisitions	8	2	10
Fair value movement	2	–	2
Impairment loss	(1)	–	(1)
Disposals	(5)	–	(5)
Total carrying value at 31 December 2019	20	2	22
Carrying value at 1 January 2020	20	2	22
Acquisitions	3	4	7
Fair value movement	(1)	(1)	(2)
Disposals	(6)	(1)	(7)
Total carrying value at 31 December 2020	16	4	20

Commercial Growth Fund

During 2015, Channel 4 launched the Commercial Growth Fund, a fund with the aim of attracting new advertisers to TV and stimulating existing sectors. The Commercial Growth Fund exchanges advertising airtime in return for equity shareholdings or convertible loan instruments. During 2020, the Corporation invested a further £3 million (2019: £8 million) in the Commercial Growth Fund.

The Commercial Growth Fund investments are recorded at fair value. The Group elected to recognise any movement in the fair value of the Commercial Growth Fund investments through other comprehensive income from 1 January 2018 when it adopted IFRS 9 'Financial Instruments'. Fair value has been assessed against quoted prices in active markets where available or against other observable inputs. A net fair value loss of £1 million (2019: gain of £2 million and impairment loss of £1 million) have been recognised in other comprehensive income during 2020.

There were no other transactions with the Commercial Growth Fund companies in 2020 (2019: none).

Other investments

During 2020 Channel 4 acquired a £4 million equity shareholding in BritBox SVOD Limited.

During 2019 Channel 4 acquired a £2 million equity shareholding in Future plc as consideration relating to the sale of Barcroft Studios Limited, one of its Indie Growth Fund investments. The Group disposed of this holding during 2020.

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment

	Freehold land and building £m	Fixtures, fittings and equipment £m	Assets under construction £m	Total £m
Cost or valuation				
At 1 January 2019	94	52	–	146
Additions	6	4	1	11
Transfers from intangible assets	–	4	–	4
Disposals	–	(7)	–	(7)
At 31 December 2019	100	53	1	154
At 1 January 2020	100	53	1	154
Additions	–	3	–	3
Transfers	14	(14)	–	–
Revaluation	(18)	–	–	(18)
At 31 December 2020	96	42	1	139
Depreciation				
At 1 January 2019	–	43	–	43
Charge for the year	2	4	–	6
Revaluation	(2)	–	–	(2)
Disposals	–	(7)	–	(7)
At 31 December 2019	–	40	–	40
At 1 January 2020	–	40	–	40
Charge for the year	2	5	–	7
Transfers	12	(12)	–	–
Revaluation	(14)	–	–	(14)
At 31 December 2020	–	33	–	33
Net book value				
At 1 January 2020	100	13	1	114
At 31 December 2020	96	9	1	106
At 1 January 2019	94	9	–	103
At 31 December 2019	100	13	1	114

The disposals made during 2019 relate to retirement of assets previously held at nil net book value and no longer in use by the Group.

There is no commitment to purchase property, plant and equipment at the balance sheet date (2019: £nil). No assets have been pledged for security (2019: none).

Valuation of freehold property

The freehold property at 124 Horseferry Road, London SW1P 2TX was valued at 31 December 2020 by independent valuers CBRE Limited, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. CBRE Limited has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. The property was valued on the basis of open market value, which the Members believe approximates to current value. In reaching their conclusions, the valuers have paid attention to comparable transactions which have taken place in recent months within the Victoria area of London.

The open market value for this property was £96 million (2019: £100 million). After additions made to the building during 2020 and depreciation charged on the open market value at 31 December 2020 (£2 million), a loss on revaluation of £4 million has been recognised in the statement of other comprehensive income (2019: gain of £2 million).

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment continued

If freehold property had not been revalued it would have been included in the financial statements at the following amounts:

	2020 £m	2019 £m
Cost	72	66
Additions	–	6
Transfers	14	–
Accumulated depreciation	(41)	(27)
Impairment	(6)	(6)
Net book value based on cost	39	39

10. Intangible assets

	Goodwill £m	Developed software £m	Broadcasting licence £m	Software under construction £m	Network distribution rights £m	Brands £m	Total £m
Cost							
At 1 January 2019	2	26	5	5	27	1	66
Transfers to property, plant and equipment	–	–	–	(4)	–	–	(4)
At 31 December 2019	2	26	5	1	27	1	62
At 1 January 2020	2	26	5	1	27	1	62
Disposal	–	(3)	–	–	–	–	(3)
At 31 December 2020	2	23	5	1	27	1	59
Amortisation							
At 1 January 2019	–	25	5	–	–	–	30
Amortisation for the year	–	–	–	–	2	–	2
At 31 December 2019	–	25	5	–	2	–	32
At 1 January 2020	–	25	5	–	2	–	32
Amortisation for the year	–	–	–	–	2	–	2
Disposal	–	(3)	–	–	–	–	(3)
At 31 December 2020	–	22	5	–	4	–	31
Carrying amount							
At 1 January 2020	2	1	–	1	25	1	30
At 31 December 2020	2	1	–	1	23	1	28
At 1 January 2019	2	1	–	5	27	1	36
At 31 December 2019	2	1	–	1	25	1	30

Goodwill represents goodwill arising on the acquisition of Global Series Network Limited ('GSN') on 30 July 2015. GSN holds the rights to the Walter Presents foreign language content transmitted across the Channel 4 portfolio.

Developed software represents amounts capitalised on internally developed computer software, principally in relation to the management of advertising and sponsorship revenues, and programme scheduling applications meeting the recognition criteria for internally generated intangible assets.

The network distribution rights and brands arose during 2018 on the acquisition of Box Plus Network Limited ('Box').

Notes to the consolidated financial statements (continued)

11. Lease assets and liabilities

Right-of-use assets

	Property £m	Total £m
At 1 January 2019	1	1
Additions and changes in terms	2	2
At 31 December 2019	3	3
At 1 January 2020	3	3
Additions and changes in terms	10	10
Charge for the year	(1)	(1)
At 31 December 2020	12	12

The Group expenses short-term leases and low-value assets as incurred in accordance with the exemption permitted by IFRS 16. These expenses amounted to less than £0.1 million in 2020 (2019: less than £0.1 million).

Lease liabilities

	Property £m	Total £m
Current		
Within one year	1	1
Non-current		
Between two to five years	4	4
Greater than five years	7	7
Total	12	12

The interest expense relating to lease liabilities under IFRS 16 was £0.1 million in 2020 (2019: £nil).

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised at 19% (2019: 17%) reflecting the corporation tax rate substantively enacted as at 31 December 2020.

	Assets 2020 £m	Assets 2019 £m	Liabilities 2020 £m	Liabilities 2019 £m	Net 2020 £m	Net 2019 £m
Property, plant and equipment	3	3	–	–	3	3
Employee benefits	13	13	–	–	13	13
Trading losses	10	6	–	–	10	6
Temporary differences on acquired intangible assets	–	–	(5)	–	(5)	–
Channel 4 deferred tax assets	26	22	(5)	–	21	22
Temporary differences on acquired intangible assets	–	–	–	(4)	–	(4)
Group deferred tax assets/(liabilities)	26	22	(5)	(4)	21	18

A deferred tax asset is only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised (either now or in later accounting periods). At 31 December 2020, based on long-term forecasts, and in line with the Group's aim to remain commercially self-sustainable in the long term, management considers it probable that future taxable profit will be available against which to recognise these assets. Unrecognised deferred tax assets include losses carried forward that the Group is not yet able to utilise.

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of:

	2020 £m	2019 £m
Carried forward capital losses	1	1
Carried forward trading losses	4	12
Tax assets	5	13

Notes to the consolidated financial statements (continued)

12. Deferred tax assets and liabilities continued

Movements in temporary differences during the year

The amount of deferred tax recognised in the income statement in respect of each type of temporary difference is as follows:

	Balance at 1 Jan 2020 £m	Recognised in income £m	Recognised in other comprehensive income £m	Merger accounting adjustment	Balance at 31 Dec 2020 £m
Property, plant and equipment	3	–	–		3
Employee benefits	13	–	–		13
Trading losses	6	4	–		10
Temporary differences on acquired intangible assets	–	–	–	(5)	(5)
Channel 4 deferred tax assets	22	4	–	(5)	21
Temporary differences on acquired intangible assets	(4)	(1)	–	5	–
Group deferred tax assets	18	3	–	–	21

	Balance at 1 Jan 2019 £m	Recognised in income £m	Recognised in other comprehensive income £m	Balance at 31 Dec 2019 £m
Property, plant and equipment	3	–	–	3
Employee benefits	9	(2)	6	13
Trading losses	5	1	–	6
Channel 4 deferred tax assets	17	(1)	6	22
Temporary differences on acquired intangible assets	(5)	1	–	(4)
Group deferred tax assets	12	–	6	18

13. Programme and film rights

	2020 £m	2019 £m
Programmes and films completed but not transmitted	95	132
Acquired programme and film rights	56	68
Programmes and films in the course of production	89	91
Total programme and film rights	240	291

Programme and film rights held on the balance sheet have decreased since 2019 given to hurdles to production posed by Covid-19, as well as lower commissioning and acquisitions activity.

Certain programmes and film rights may not be utilised within one year but are expected to be consumed during the normal operating cycle and are therefore disclosed as current assets. The proportion of total programme and film rights not expected to be utilised within one year is 13% (2019: 14%).

Programmes and films in the course of production are disclosed within programme and film rights, rather than within prepayments, as management believes this most clearly reflects the total value of current assets relating to the production of content and that it is most useful to the readers of the financial statements to include the total value of current assets relating to the production and acquisitions of content in one line on the balance sheet.

Programme and film rights to the value of £522 million were recognised as expenses in the year across the main and digital television channels (2019: £660 million). Of this amount, obsolete programmes and developments written off totalled £28 million (2019: £26 million).

Programme and film rights include £26 million (2019: £33 million) in respect of developed film rights.

Notes to the consolidated financial statements (continued)

14. Trade and other receivables

	2020 £m	2019 £m
Trade receivables	186	139
Prepayments	25	24
Accrued income	18	16
Total trade and other receivables	229	179

There is no difference between the fair value and book value of trade and other receivables. Trade receivables are shown net of impairment charges amounting to £1 million (2019: £1 million) recognised during 2019 in relation to outstanding balances from customers.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(i) Trade receivables

Credit risk with respect to trade receivables is principally related to amounts due from advertising agencies and retailers. A risk strategy exists to protect these receivables including insurance for most customers. Exposure is monitored continually and reviewed on a weekly basis, and any issues are formally reported. Based on credit evaluation and discussions with insurers, customers may be required to provide security in order to trade with the Group.

The Group may establish an allowance for impairment that represents our expected credit loss in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. Losses with regard to these receivables are historically low as advertising revenue is either protected by trade credit insurance or pre-paid prior to transmission. The Group's expected lifetime credit loss at 31 December 2020 was £1 million in line with the provision held at that date.

(ii) Counterparty

See interest rate risk and exposure in note 15.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the balance sheet date in relation to trade receivables was £186 million for the Group (2019: £139 million), with £110 million of other financial assets (2019: £7 million), and cash and cash equivalents of £166 million (2019: £130 million). The exposure to credit risk all arises in the UK.

Trade receivables of £186 million for the Group (2019: £139 million) were aged under six months and were not yet due under standard credit terms at the balance sheet date. The increase in the trade receivables balance in 2020 reflects higher revenues in Q4 compared with 2019, in addition to timing of cash collection for certain key customers. £162 million of the receivables were insured at the balance sheet date (2019: £119 million) and £184 million (2019: £136 million) has been subsequently collected by the Group since the balance sheet date.

Notes to the consolidated financial statements (continued)

15. Treasury

	2020 £m	2019 £m
Bank balances	7	37
Money market funds ¹	139	93
Money market deposits with initial maturity of less than three months	20	–
Cash and cash equivalents	166	130
Money market deposits with initial maturity of more than three months	10	–
Investment funds	100	7
Other financial assets	110	7

¹ Amounts held in money market funds are repayable within seven days.

There is no difference between the fair value and book value of cash, cash equivalents and other financial assets.

Cash flow information

	2020 £m	2019 £m
Cash and cash equivalents at 1 January	130	132
Other financial assets at 1 January	7	48
Total cash reserves¹ at 1 January	137	180
Net cash flow from/(used in) operating activities	62	(28)
Net cash flow from/(used in) investing activities	3	(15)
Net cash flow used in financing activities	(1)	–
Total cash flow	64	(43)
Cash and cash equivalents at 31 December	166	130
Other financial assets at 31 December	110	7
Borrowings as at 31 December	(75)	–
Total net cash reserves¹ at 31 December	201	137

¹ The Group presents net cash reserves as an alternative performance measure; an explanation of this APM is provided on page 186. Net cash reserves represents the total of Cash and cash equivalents and Other financial assets above net of cash borrowings.

Interest rate risk and exposure

The Group invests surplus cash in fixed-rate money market deposits, high-interest bank accounts and variable and constant net asset value money market funds. Funds are invested only with an agreed list of counterparties that carry a minimum of an A- credit rating or equivalent from Standard and Poor's and Moody's credit rating services with government support, or with money market funds that have an AAA credit rating from either of these credit rating services.

It is estimated that if interest rates had been 0.5% points lower/higher throughout the year, with all other variables held constant, the Group's surplus before tax would have been £1 million lower/higher (2019: £1 million).

At the balance sheet date the Group had no debt and was not exposed to fluctuations in interest rates. In 2018 the Group entered into a revolving credit facility ('RCF'). The RCF is for a five-year term until March 2023 and provides £75 million of additional liquidity. The facility is unsecured and is committed with a single tangible net worth covenant. This facility was drawn down in full during 2020 to provide additional liquidity if required as part of the Group's response to the Covid-19 outbreak, and remained drawn as at 31 December 2020.

Notes to the consolidated financial statements (continued)

15. Treasury continued

The interest rate profile of the Group's cash and deposits at 31 December 2020 and 31 December 2019 is set out below:

	Effective interest rate 2020 %	Effective interest rate 2019 %	Total 2020 £m	Total 2019 £m
Interest-bearing deposits maturing in less than three months held in Sterling	0.0	0.7	165	126
Interest-bearing deposits maturing in less than three months held in foreign currencies	0.0	0.9	1	4
Total cash and cash equivalents	0.0	0.7	166	130
Money market deposits maturing after three months held in Sterling	0.3	–	10	–
Investment funds	0.8	1.0	100	7
Other financial assets	0.8	1.0	110	7

Foreign currency risk and derivative financial instruments

The Group is exposed to currency risk on sales and purchases that are denominated in currencies other than Sterling. The currencies that give rise to this risk are US Dollars and Euros. The Group holds bank accounts in foreign currencies and uses forward exchange contracts and currency cash receipts to hedge its currency risk. Changes in the fair value of exchange contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the income statement. Both the change in the fair value of the forward contracts and the foreign exchange gains and losses relating to monetary items are recognised as part of net finance expense (note 5).

The Group does not have any material foreign subsidiaries and as a result is not exposed to foreign currency risk in this regard. The Group is exposed to currency movements on foreign cash holdings. Amounts held by currency are detailed above within the analysis of the Group's and Channel 4's cash and deposits.

At 31 December 2020, the Group did not have any forward contracts used as economic hedge of monetary liabilities (2019: none).

It is estimated that if Sterling had strengthened/weakened by 10% at the balance sheet date against other currencies, with all other variables held constant, the Group's deficit before tax would have been £nil lower/higher (2019: £nil).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its assets and liabilities. These risks are managed by the Group's treasury function as described below.

The Board is responsible for approving the treasury policy for the Group. The Group's policy is to ensure that adequate liquidity and financial resource is available to support the Group's continuing activities and growth while managing the risks described above. The Group's policy is not to engage in speculative financial transactions. The Group does not seek to apply hedge accounting. The Group's treasury and funding activities are undertaken by a treasury function, whose work is overseen by a Treasury Risk Committee reporting in to the Finance Director. Its primary activities are to manage the Group's liquidity, funding requirements and financial risk, principally arising from movements in interest and foreign currency exchange rates within the parameters of the approved treasury policy.

Notes to the consolidated financial statements (continued)

16. Trade and other payables

	2020 £m	2019 £m
Trade payables	16	38
Taxation and social security	1	1
Other creditors	61	49
Accruals	182	197
Deferred income	30	28
VAT	36	19
Total trade and other payables	326	332

There is no difference between the fair value and book value of trade and other payables. The contractual cash flows are equal to the carrying amount and are payable within six months or less at 31 December 2020 and 2019.

The Group endeavours to pay all invoices in accordance with contract terms and, unless agreed payment terms specify otherwise, the Group's standard payment terms are within 45 days of the date of the invoice, with the exception of certain programme and transmission costs with qualifying independent production companies which are on immediate payment terms. Any complaints about failure to pay on time should be addressed to the Chief Operating Officer, who will ensure that they are investigated and responded to appropriately.

The number of days taken to pay suppliers of services in 2020, as calculated using average payable balances, was eight (2019: nine). This is significantly lower than the Group's standard payment terms due to the impact of the immediate payment terms described above.

Under HMRC's deferral scheme, the Group deferred £10 million of VAT payments for Q1 and Q2 2020, and expects to repay these in instalments during 2021.

Liquidity risk

Liquidity risk is the risk that the Group fails to meet its financial obligations as they fall due. The management of operational liquidity risk aims primarily to ensure that the Group always has a liquidity buffer that is able, in the short term, to absorb the net effects of transactions made and expected changes in liquidity both under normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. The cash balances held by the Group and, from March 2018, the £75 million revolving credit facility, are considered to be sufficient to support the Group's medium-term funding requirements.

17. Provisions

	Onerous lease/ dilapidations £m	Restructuring costs £m	Total £m
At 1 January 2019	–	1	1
Utilised in the year	–	(1)	(1)
Charged to the income statement	–	2	2
At 31 December 2019	–	2	2
At 1 January 2020	–	2	2
Utilised in the year	–	(2)	(2)
Charged to the income statement	1	1	2
At 31 December 2020	1	1	2

Provisions have been analysed as current and non-current as follows:

	2020 £m	2019 £m
Current	1	2
Non-current	1	–
Total	2	2

Contingent liabilities

The Members are not aware of any legal or arbitration proceedings, pending or threatened, against any Member of the Group which gives rise to a significant contingent liability.

Notes to the consolidated financial statements (continued)

18. Commitments

	Due within 1 year £m	Due within 2–5 years £m	Due after 5 years £m	Total £m
2020				
Programme commitments	405	226	1	632
Transmission contracts	29	89	61	179
Total	434	315	62	811
2019				
Programme commitments	385	303	1	689
Transmission contracts	37	108	71	216
Total	422	411	72	905

Transmission contracts represent committed capacity costs for transmission on the digital terrestrial and satellite network. Committed payments for digital terrestrial transmission capacity costs amounted to £26 million in 2020 (2019: £29 million). The digital terrestrial transmission contracts expire between 2020 and 2031. Committed payments for satellite transmission capacity costs were £8 million in 2020 (2019: £8 million). The satellite transmission contracts expire in 2024.

In addition to the above, the Group is party to the shareholder agreement for Digital 3 and 4 Limited. The Group is committed to meeting its share of contracted costs entered into by that company. The Group's share of Digital 3 and 4 Limited's committed payments was £24 million in 2020 (2019: £23 million) and is forecast to be £24 million in 2021. Digital 3 and 4 Limited has entered into long-term distribution contracts that expire in 2022 and 2034 and the Group is committed to funding its contractual share.

The Group has no commitments for further subscriptions for minority shareholdings in companies in the Indie Growth Fund as at 31 December 2020 as disclosed in note 7.

19. Employee benefits – pensions

During 2015, the Group operated a defined benefit pension scheme – the Channel 4 Television Staff Pension Plan (the 'Plan'), providing benefits based on final salary for employees. The scheme closed to future accrual with effect from 31 December 2015 without material impact to the Group's defined benefit obligation.

Nature of benefits, regulatory framework and governance

The Plan is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Trustees of the Plan are responsible for operating the Plan and have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interests of the beneficiaries of the Plan, and UK legislation (including Trust law). The employer has the power to set the contributions that are paid to the Plan, following advice from the scheme actuary. However, these must be agreed by the Trustees to the extent required by Part 3 of the Pensions Act 2004 (Scheme Funding).

Risks to which the Plan exposes the employer

The nature of the Plan exposes the employer to the risk of paying unanticipated additional contributions to the Plan in times of adverse experience. The most financially significant risks are likely to be:

- members living for longer than expected;
- higher than expected actual inflation and salary increase experience;
- lower than expected investment returns; and
- the risk that movements in the value of the Plan's liabilities are not met by corresponding movements in the value of the Plan's assets.

The sensitivity analysis disclosed on page 209 is intended to provide an indication of the impact on the value of the Plan's liabilities of the risks highlighted.

Plan amendments, curtailments and settlements

There have not been any material curtailments or settlements during the year.

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Investment strategy

The Trustees' primary objectives are that the Plan should meet benefit payments as they fall due; and that the Plan's funding position should remain at an appropriate level. The Trustees are aware that there are various measures of funding, and have given due weight to those considered most relevant to the Plan.

The Trustees' investment objective is to target an appropriate return on the Plan's assets to meet the objectives above whilst managing and maintaining investment risk, taking into account the strength of the employer covenant.

The Trustees, with the help of their advisers and in consultation with Channel 4, undertake a review of investment strategy from time to time. This includes consideration of the broad split between growth and matching assets, as well as asset class and asset manager arrangements.

The Trustees regularly seek advice from their investment adviser about the benchmark allocation and consider the impact of further opportunities to enhance the current investment strategy, taking into account market conditions and anticipated future cash flows.

The Trustees undertook a comprehensive strategy review in 2015. The result of the 2015 review was that the Plan should have a diversified mix of UK and global equities and bonds. It was also decided that part of the Plan's assets would be invested in a multi-asset portfolio with an absolute return focus, and that part of the Plan's bond assets would be invested in a dynamic liability driven investment ('LDI') portfolio, so that the Plan's assets better match its liabilities under movements in long-term interest rates and inflation assumptions.

The most recent investment strategy discussions, which took place during 2019, focused on efficiently achieving returns. Due to new offerings in the LDI market, the Plan was able to increase its credit exposure and maintain its exposure to equities, whilst leaving the levels of interest rate and inflation liability matching broadly the same.

The 2019 review, which occurred in conjunction with the actuarial valuation as at 31 December 2018, resulted in the Plan:

- replacing its passive global equity allocation with equity-linked LDI (which maintained overall equity exposure);
- replacing part of the existing LDI allocation with credit-linked LDI (introducing credit exposure but, in combination with the above switch, maintaining overall liability matching); and
- increasing its allocation to absolute return bonds.

These changes increased the expected return of the investment portfolio whilst keeping the investment risk to an acceptable level.

In order to begin to tackle longevity risk (that is, the risk that members of the Plan live for longer than expected over time), the Trustees entered into a c.£45 million bulk annuity policy with Just Retirement in March 2018. This provides income to match the requirements of certain pensioner liabilities (providing protection against interest rates, inflation and longevity risks).

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Amounts recognised in the consolidated balance sheet

	2020 £m	2019 £m
Present value of funded obligations	(590)	(532)
Fair value of Plan assets	522	453
Recognised liability for defined benefit obligations	(68)	(79)

Movements in the fair value of Plan assets recognised in the balance sheet:

	2020 £m	2019 £m
Fair value of scheme assets at 1 January	453	405
Interest income on Plan assets	9	12
Return on Plan assets (excluding amounts in interest income)	67	43
Employer contributions net of charges	9	11
Benefits paid	(16)	(18)
Fair value of scheme assets at 31 December	522	453

The fair value of the Plan assets at the balance sheet date is comprised as follows:

	2020 £m	2019 £m
Overseas and emerging markets equity	63	46
Total equity securities	63	46
Corporate bonds	90	87
Infrastructure	50	47
Total debt securities	140	134
Multi-asset absolute return	47	35
Liability driven investments	228	141
Total investment funds	275	176
Cash and cash equivalents	1	58
Annuity policy buy-in	43	39
Fair value of scheme assets at 31 December	522	453

The Plan assets do not include any directly or indirectly owned financial instruments issued by the Corporation. The valuation of the assets above is based on Level 1 inputs in the IFRS 13 fair value hierarchy, with the exception of the infrastructure assets and annuity policy buy-in which are valued based on relevant Level 3 inputs.

All equities and bonds are held as part of investment portfolios which have quoted prices in active markets.

Movements in the present value of scheme liabilities for defined benefit obligations recognised in the balance sheet:

	2020 £m	2019 £m
Present value of scheme liabilities at 1 January	532	461
Interest expense on pension scheme liabilities	11	13
Remeasurement deficit on plan liabilities arising from changes in demographic assumptions	–	(7)
Remeasurement deficit on plan liabilities arising from changes in financial assumptions	71	69
Experience remeasurement	(8)	14
Benefits paid	(16)	(18)
Present value of scheme liabilities at 31 December	590	532

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Expenses recognised in the income statement arose as follows:

	2020 £m	2019 £m
Net interest expense	2	1
Net charge to income statement	2	1

The remeasurement deficit recognised in other comprehensive income arose as follows:

	2020 £m	2019 £m
Remeasurement deficit on plan liabilities	(63)	(76)
Remeasurement gain on plan assets (excluding amounts in interest income)	67	43
Net remeasurement surplus/(deficit) on pension scheme	4	(33)

The cumulative amount of net remeasurement deficits/gains recognised in the statement of changes in equity since transition to IFRS is a £140 million deficit (2019: £144 million deficit).

Principal actuarial assumptions at the balance sheet date

	2020 %	2019 %
Discount rate	1.30	2.05
Rate of increase in salaries	2.00	2.95
Rate of increase in pensions	2.80	2.90
Inflation	2.85	2.95

	2020 years	2019 years
Life expectancy from 65 (now aged 45) – male	23.5	23.4
Life expectancy from 65 (now aged 45) – female	26.1	26.0
Life expectancy from 65 (now aged 65) – male	22.4	22.2
Life expectancy from 65 (now aged 65) – female	24.9	24.8

These assumptions were adopted in consultation with the independent actuary to the Channel Four Television Staff Pension Plan. If experience is different from these assumptions, or if the assumptions need to be amended in future, there will be a corresponding impact on the net pension scheme liability recorded on the Group balance sheet. The expected returns on Plan assets are set by reference to historical returns, current market indicators and the expected long-term asset allocation of the Plan.

Sensitivity analysis

The table below sets out the sensitivity of the scheme's pension liabilities to changes in actuarial assumptions at 31 December 2020:

	Revised present value of scheme liabilities £m
0.5% decrease in discount rate	657
1 year increase in life expectancy	613
0.5% increase in salary assumptions	594
0.5% increase in inflation (and inflation-linked) assumptions	645

The sensitivities disclosed are calculated using approximate methods taking into account the duration of the Plan's liabilities.

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Funding arrangements

The Plan was closed to future accrual with effect from 31 December 2015. The Corporation's contributions to the scheme are determined by a qualified independent actuary (the 'Actuary to the Plan') on the basis of triennial valuation using the projected unit method. The most recent triennial valuation was carried out as at 31 December 2018. The results of the valuation at 31 December 2018 showed that the scheme's assets represented 75% of the benefits that had accrued to members, reflecting a deficit of £134 million. The next triennial valuation will be carried out as at 31 December 2021.

Following the valuation and discussions with the Actuary to the Plan, the Trustees and the Board agreed a revised schedule of contributions to reduce the Plan's funding deficit of £9 million per annum from January 2020 until August 2028.

The weighted average duration of the Plan's defined benefit obligation is approximately 22 years. The majority of the Plan's benefits are to be paid as annuities from retirement of a member until their death.

In accordance with the fund rules, the Corporation can realise any surplus on the winding up of the scheme after all other benefits have been paid. As a result, no adjustment is required in respect of IFRIC 14 'IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.

20. Related party transactions

Members

Details of transactions in which Members have an interest are disclosed in the Report of the Members (page 152).

Details of Members' remuneration are shown in the Members' Remuneration Report (page 168).

Key management personnel

The Executive Members are considered to be the key management of the Group.

Joint ventures and associates

Details of transactions between the Group and its joint ventures and associates as at 31 December 2020 are disclosed in note 7.

Other

The Group also contributes to the funding of the following organisations, each of which is incorporated in the United Kingdom. The table below presents the Group's ownership of the entities, or legal guarantee (indicated with *), and transactions with them during the year.

Name	Nature of business	Share class	Ownership interest	Services received		Funding and services provided	
				2020 £m	2019 £m	2020 £m	2019 £m
Broadcasters' Audience Research							
Board Limited	Research	*	–	–	–	2	2
Clearcast Limited	Regulator	Ordinary, deferred	25.0%	–	–	2	1
Digital 3 and 4 Limited	Operator	'A' Ordinary	50.0%	1	1	24	24
DTV Services Limited	Marketing	Ordinary	20.0%	7	7	4	4
Digital UK	Marketing	*	–	–	–	2	2
Thinkbox Limited	Marketing	Ordinary	20.0%	1	1	2	2
YouView Limited	Platform	Voting, non-voting	14.3%	–	–	1	1

The Group had £1 million trade payables remaining with the organisations listed above at 31 December 2020 (2019: £3 million). No dividends were received in 2020 (2019: £nil) from any of the related parties listed above.

These related party disclosures are also applicable to the Channel 4 financial statements.

Notes to the consolidated financial statements (continued)

21. Business combinations

Global Series Network Limited ('GSN')

On 1 January 2019 Channel 4 acquired the remaining 20% holding in GSN for £4 million which comprised cash of £2 million and deferred consideration of £2 million. GSN had been accounted for (following the acquisition of the previous 80% shareholding in 2015) as a subsidiary and fully consolidated into the Group's financial statements. This resulted in an adjustment to the previous non-controlling interest, recognised in other comprehensive income:

Equity adjustment on change in non-controlling interest

	£m
Carrying value of non-controlling interest	–
Consideration on date of acquisition	2
Deferred consideration	2
Adjustment to parent's equity	4

Channel 4 balance sheet

as at 31 December

	Group note	Channel 4 note	2020 £m	2019 £m
Assets				
Property, plant and equipment	9		106	114
Right-of-use asset	11		12	3
Intangible assets		2	22	2
Investments in subsidiaries and joint ventures		3	–	23
Other investments		3	4	–
Deferred tax assets	12		26	22
Total non-current assets			170	164
Programme and film rights		4	235	289
Trade and other receivables		5	226	174
Other financial assets		6	110	7
Cash and cash equivalents		6	161	125
Total current assets			732	595
Total assets			902	759
Liabilities				
Employee benefits – pensions	19		(68)	(79)
Lease liabilities	11		(12)	(3)
Deferred tax liabilities			(5)	–
Total non-current liabilities			(85)	(82)
Trade and other payables		7	(450)	(441)
Current tax payable			(3)	
Provisions	17		(2)	(2)
Borrowings	15		(75)	–
Total current liabilities			(530)	(443)
Total liabilities			(615)	(525)
Net assets			287	234
Revaluation reserve			52	56
Other retained earnings			235	178
Total equity			287	234

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A surplus of £62 million has been recognised in relation to the Corporation in 2020.

The financial statements on pages 212 to 217 were approved by the Members of the Board on 5 May 2021 and were signed on its behalf by:

Charles Gurassa
Chair

Alex Mahon
Chief Executive

The notes on pages 215 to 217 form part of these financial statements.

Channel 4 statement of changes in equity

for the year ended 31 December

	Retained earnings			
	Other retained earnings £m	Content reserve £m	Revaluation reserve £m	Total equity £m
At 1 January 2019	209	20	54	283
Deficit for the year	(24)	–	–	(24)
Net remeasurement deficit on pension scheme	(33)	–	–	(33)
Deferred tax on pension	6	–	–	6
Revaluation of freehold land and buildings	–	–	2	2
Total comprehensive (expense)/income for the year	(51)	–	2	(49)
Reserve transfer	20	(20)	–	–
At 31 December 2019	178	–	56	234
At 1 January 2020	178	–	56	234
Surplus for the year	62	–	–	62
Net remeasurement surplus on pension scheme	4	–	–	4
Revaluation of freehold land and buildings	–	–	(4)	(4)
Merger accounting adjustment	(9)	–	–	(9)
Total comprehensive income/(expense) for the year	57	–	(4)	53
At 31 December 2020	235	–	52	287

Channel 4 accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, except that freehold properties, derivatives and certain financial instruments are stated at fair value, and are presented in pounds Sterling, rounded to the nearest million.

The financial statements have been prepared under the Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Corporation's financial result and balance sheet are included in the consolidated financial statements presented on pages 181 to 211. As permitted by Financial Reporting Standard 101, the Corporation has not presented its own cashflow statement and has not provided the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A surplus of £62 million (2019: £24 million deficit) was recorded in relation to the Corporation. Accounting policies applied in the preparation of the Corporation's financial statements are consistent with the Group policies presented on pages 185 to 190, except as stated below.

In preparing these financial statements the Corporation has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include disclosure of related party transactions with other wholly owned members of the Group headed by the Corporation. Details of transactions between the Group and its related parties are disclosed in Group note 20 on page 210.

Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less provision for impairment.

Investments in associates and joint ventures

Investments in associates and joint ventures are carried at historical cost less provision for impairment.

Equity investments

Equity investments represent equity holdings without significant influence. Equity investments are normally carried at fair value. Where an active market value is not available, the Members believe that valuation at cost less provision for impairment is a reasonable approximation of fair value.

Trade and other receivables

Trade receivables are reflected net of any expected credit loss.

Critical accounting judgements and sources of estimation uncertainty

The critical accounting judgements made by management and the sources of estimation uncertainty in the application of IFRS that have a significant risk of material adjustment on the financial statements of the Corporation are considered to be programme and film rights amortisation and the classification of transponder assets as service contracts under IFRS 16, as disclosed for the Group on page 185.

Notes to the Channel 4 financial statements

1. Operating expenditure

Auditor's remuneration

Fees in relation to the audit of the Corporation financial statements and additional fees paid to the auditor for the year ended 31 December 2020 are presented in note 3 to the consolidated financial statements on page 192.

Staff costs

All staff costs are borne by Channel 4 and are presented in note 4 to the consolidated financial statements on page 194 and in the Members' Remuneration Report on pages 166 to 173.

The average monthly number of employees of the Corporation is 904 (2019: 854).

The key management of the Corporation are considered to be the same as for the Group, as disclosed in Group note 4.

2. Intangible assets

	Developed software £m	Assets under construction £m	Network distribution rights £m	Brands £m	Negative goodwill £m	Total £m
Cost						
At 1 January 2019	26	5	–	–	–	31
Transfer to property, plant and equipment	–	(4)	–	–	–	(4)
At 31 December 2019	26	1	–	–	–	27
At 1 January 2020	26	1	–	–	–	27
Merger accounting adjustment	–	–	27	1	(5)	23
Disposal	(3)	–	–	–	–	(3)
At 31 December 2020	23	1	27	1	(5)	47
Amortisation						
At 1 January 2019	25	–	–	–	–	25
At 31 December 2019	25	–	–	–	–	25
At 1 January 2020	25	–	–	–	–	25
Merger accounting adjustment	–	–	4	–	(1)	3
Disposal	(3)	–	–	–	–	(3)
At 31 December 2020	22	–	4	–	(1)	25
Carrying amount						
At 1 January 2020	1	1	–	–	–	2
At 31 December 2020	1	1	23	1	(4)	22
At 1 January 2019	1	5	–	–	–	6
At 31 December 2019	1	1	–	–	–	2

During 2020, the trade and assets of The Box Plus Network ('Box'), previously a 100% owned subsidiary, have been hived up into the Corporation, as part of Box's operational integration into Channel 4 following the full acquisition of the business in 2018. As a result of this transaction, intangibles with a net book value of £24 million which were recognised on consolidation of Box into the Group following the full acquisition are now recognised in the Corporation's books (see note 2). This transaction also results in an adjustment to the Corporation's retained earnings to retrospectively recognise the accounting treatment of these intangible assets under FRS 101.

Notes to the Channel 4 financial statements (continued)

3. Investments

Subsidiary undertakings and joint ventures

The cost of investments at 31 December is:

	2020 £000	2019 £000
4 Ventures Limited	1	1
The Box Plus Network Limited	–	23,000

During 2020, the trade and assets of The Box Plus Network ('Box'), previously a 100% owned subsidiary, have been hived up into the Corporation, as part of Box's operational integration into Channel 4 following the full acquisition of the business in 2018. As a result of this transaction, the value of the Corporation's previous investment in Box has been reduced to zero.

The subsidiary undertakings incorporated in the United Kingdom at 31 December 2020 are as follows. Where the Members have taken the exemption under Companies Act s479A from having an audit of the financial statements for subsidiaries controlled and consolidated by the Group, this is noted below:

Name	Nature of business	Issued ordinary £1 shares	Ownership interest
Registered office address is: 124 Horseferry Road, London SW1P 2TX			
4 Ventures Limited ¹	Intermediate holding company and non-primary function activities	1,000	100%
Film Four Limited ^{1,2}	Film distribution	1,000	100%
Channel Four Investments Limited ^{1,2}	Indie Growth Fund	1	100%
The Box Plus Network Limited ¹	Music TV channels	1,000	100%
Global Series Network Limited ^{1,2}	TV and film distribution	2,000	100%
Channel Four Television Company Limited	Non-trading	100	100%
E4.com Limited ²	Non-trading	1,000	100%
E4 Television Limited ²	Non-trading	1,000	100%
Film on Four Limited ²	Non-trading	100	100%
Sport on Four Limited ²	Non-trading	2	100%

Name	Nature of business	Issued 'A' ordinary shares of £1,000 each	Ownership interest
Registered office address is: 35 Soho Square, 6th Floor, Soho Square, London W1D 3QX			
GSN Holdings International Limited ¹	TV and film distribution	1,000	82.5%

¹ Exemption from audit of subsidiary financial statements taken by the Members

² Indirect shareholding through 4 Ventures Limited.

Associated undertakings

For the Corporation's indirect shareholdings in the Indie Growth Fund through Channel Four Investments Limited and European Broadcast Exchange ('EBX') Limited, refer to Group note 7.

For the Corporation's indirect shareholdings in the Commercial Growth Fund through 4 Ventures Limited, refer to Group note 8.

Other investments

	Total £m
Carrying value at 1 January 2020	–
Additions	2
Carrying value at 31 December 2020	2

Notes to the Channel 4 financial statements (continued)

4. Programme and film rights

	2020 £m	2019 £m
Programmes and films completed but not transmitted	95	133
Acquired programme and film rights	51	65
Programmes and films in the course of production	89	91
Total programme and film rights	235	289

Certain programme and film rights may not be utilised within one year as disclosed in note 13 to the consolidated financial statements.

5. Trade and other receivables

	2020 £m	2019 £m
Trade receivables	187	135
Prepayments	25	24
Accrued income	14	15
Total trade and other receivables	226	174

6. Treasury

	2020 £m	2019 £m
Bank balances	2	32
Money market funds	139	93
Money market deposits maturing in less than three months	20	–
Cash and cash equivalents	161	125
Money market deposits maturing after three months	10	–
Investment funds	100	7
Other financial assets	110	7

7. Trade and other payables

	2020 £m	2019 £m
Trade payables	15	37
Taxation and social security	1	1
Other creditors	59	52
Amounts due to subsidiaries	130	118
Accruals	179	186
Deferred income	30	27
VAT	36	20
Total trade and other payables	450	441

The amounts due to subsidiaries relate to cash balances managed by the Corporation on behalf of Group companies, and as such the Corporation does not expect settlement of these balances to be required in the foreseeable future.

Historical metrics 2016–2020

	Page ref	2016	2017	2018	2019	2020
Creativity						
Commissioning success						
Originated content spend (£m)	98	501	510	489	492	370
Engaging audiences						
Portfolio high peak-time viewing share (8-11pm)		12.5%	12.7%	12.6%	12.2%	12.8%
Portfolio viewing share ABC1s		10.8%	10.8%	10.4%	10.1%	10.2%
Portfolio viewing share 16-34-year-olds	89	16.2%	16.4%	15.9%	15.7%	15.7%
Channel 4 viewing share	85	5.9%	5.9%	5.9%	5.8%	5.9%
Portfolio viewing share	85	10.5%	10.5%	10.2%	9.9%	10.1%
Portfolio 15-minute reach	86	83.5%	81.4%	78.7%	75.8%	73.0%
Programme streaming views (m)	87, 135	620	719	915	995	1,253
Registered viewers (m) ¹	24	14.9	16.6	19.6	22.2	24.0
<small>1 Registered viewers are net of duplicate and active users within the last two years.</small>						
Sustainability						
Financial metrics						
Corporation revenue (£m)	181	995	960	975	985	934
Digital advertising revenue (£m)	191	84	100	120	145	161
Non-advertising revenue	191	67	75	81	73	84
Content spend (£m)	191	695	675	662	660	522
Year-end net cash reserves (£m)	186	215	190	180	137	201
Pre-tax surplus/(deficit) (£m)	181	(15)	(17)	5	(26)	74
Ad sales measures						
Linear advertising revenue (£m)	191	844	785	774	767	689
SOCI portfolio high peak-time (8-11pm)		19.1%	18.7%	17.9%	17.6%	18.2%
SOCI portfolio ABC1s		17.9%	17.5%	16.6%	16.2%	16.3%
SOCI portfolio 16-34-year-olds		21.5%	21.4%	20.8%	20.9%	21.3%
SOCI portfolio		15.6%	15.4%	14.7%	14.3%	14.7%

Historical metrics 2016–2020 (continued)

	2016	2017	2018	2019	2020
Performance versus competitors					
Portfolio viewing share					
Channel 4	10.5%	10.5%	10.2%	9.9%	10.1%
BBC	32.1%	31.6%	30.9%	30.7%	31.1%
ITV	21.3%	21.7%	23.2%	23.2%	22.2%
Channel 5	6.2%	6.5%	6.3%	6.5%	6.7%

Source: BARB all individuals.

Portfolio high peak-time viewing share 8-11pm

Channel 4	12.5%	12.7%	12.6%	12.2%	12.8%
BBC	32.1%	31.3%	29.6%	30.3%	29.4%
ITV	23.5%	23.6%	25.2%	24.6%	22.8%
Channel 5	7.3%	7.5%	7.2%	7.3%	8.0%

Source: BARB all individuals.

SOCI portfolio

Channel 4	15.6%	15.4%	14.7%	14.3%	14.7%
ITV	34.4%	34.5%	36.1%	35.7%	34.6%
Channel 5	9.2%	9.4%	8.9%	9.0%	9.6%
Sky	24.8%	25.5%	26.1%	27.2%	27.4%

Source: TechEdge.

SOCI portfolio ABC1s¹

Channel 4	17.9%	17.5%	16.6%	16.2%	16.3%
ITV	33.7%	34.0%	35.7%	35.3%	34.7%
Channel 5	8.6%	8.8%	8.8%	8.9%	9.5%
Sky	23.6%	24.0%	24.2%	25.5%	25.9%

¹ See also Key Performance Indicators on pages 134 to 135

Source: TechEdge.

SOCI portfolio 16-34-year-olds¹

Channel 4	21.5%	21.4%	20.8%	20.9%	21.3%
ITV	27.3%	28.8%	32.4%	32.9%	30.0%
Channel 5	8.4%	8.4%	8.0%	8.0%	8.5%
Sky	25.5%	24.8%	24.1%	25.7%	27.9%

¹ See also Key Performance Indicators on pages 134 to 135

Source: TechEdge.

Historical record

	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m
Consolidated results										
Revenue	941	925	908	938	979	995	960	975	985	934
Operating surplus/(deficit)	41	(29)	(15)	4	24	(18)	(25)	8	(27)	71
Net financial income/(expense)	2	1	(1)	(1)	(1)	–	(1)	–	(1)	(2)
Gain on sale of investment	–	–	–	–	–	–	8	1	4	5
Share of profit/(loss) in joint venture/ investments	2	1	–	1	3	3	1	–	(2)	–
Fair value loss on joint venture	–	–	–	–	–	–	–	(9)	–	–
Gain on bargain purchase	–	–	–	–	–	–	–	5	–	–
Surplus/(deficit) before taxation	45	(27)	(16)	4	26	(15)	(17)	5	(26)	74
Taxation	(10)	–	1	(1)	–	(3)	2	(2)	1	(5)
Surplus/(deficit) for the year	35	(27)	(15)	3	26	(18)	(15)	3	(25)	69

All figures are shown in accordance with IFRS.

Advertising sales

	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m
Channel 4 Sales House	1,008	1,009	1,036	1,073	1,171	1,203	1,166	1,183	1,161	1,047
Total TV market	3,754	3,808	3,936	4,169	4,478	4,485	4,342	4,344	4,191	3,698

Source (Total TV Market): Thinkbox. Channel 4 Sales House revenues are based on internal data and include immaterial revenue streams not included in the Thinkbox Total TV market.

Audience share (portfolio)

	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %	2020 %
BBC	32.9	33.6	32.4	33.1	32.8	32.1	31.6	30.9	30.7	31.1
ITV	23.1	22.4	23.1	22.0	21.2	21.3	21.7	23.2	23.2	22.2
Channel 4 excluding S4C	11.6	11.5	11.0	10.9	10.6	10.5	10.5	10.2	9.9	10.1
Channel 5	5.9	6.0	6.0	5.9	6.0	6.2	6.5	6.3	6.5	6.7
Other	26.5	26.5	27.5	28.1	29.4	29.9	29.7	29.4	29.7	29.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BARB all individuals

Audience share

	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %	2020 %
BBC One	20.7	21.3	21.0	21.7	21.9	22.0	21.8	21.3	20.9	21.3
BBC Two	6.6	6.1	5.8	6.1	5.7	5.9	5.8	5.8	5.7	5.6
ITV and GMTV	16.6	15.7	16.2	15.6	15.0	15.4	15.5	16.9	16.9	16.7
Channel 4 excluding S4C	6.8	6.6	6.1	5.9	5.9	5.9	5.9	5.9	5.8	5.9
Channel 5	4.4	4.5	4.4	4.4	4.2	4.1	4.2	4.0	4.0	4.3
Other	44.9	45.8	46.5	46.3	47.3	46.7	46.8	46.1	46.7	46.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BARB all individuals



Channel Four Television Corporation