

Britain's Creative Greenhouse



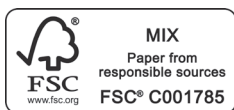
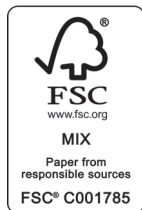
Channel Four Television Corporation
Report and Financial Statements 2014

Channel Four Television Corporation Report and Financial Statements 2014

Incorporating the Statement of Media Content Policy



▲ Explore this report at annualreport.channel4.com



Printed by Park Communications on FSC® certified paper. Park is an EMAS certified CarbonNeutral® company and its Environmental Management System is certified to ISO14001.

100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and on average 99% of any waste associated with this production will be recycled.

This document is printed on Heaven 42, a paper containing 100% virgin fibre sourced from well-managed, responsible, FSC® certified forests.

Some pulp used in this product is bleached using an elemental chlorine free (ECF) process and some using a totally chlorine free (TCF) process.

Contents

▲ Chairman's statement	04
▲ Chief Executive's statement	05
▲ 2014 at a glance	06
Statement of Media Content Policy	08–98
▲ The remit and model	08
▲ Investing in innovation	12
▲ Making an impact	22
▲ Spotlights	36
▲ Our programmes	40
▲ Thank you	84
▲ Awards	86
▲ Forward look	92
▲ Assurance report	98
▲ Financial report and statements	99–162
Strategic report	100
Report of the Members	110
Independent auditor's report	113
Corporate governance	115
Members	119
Audit Committee report	121
Members' remuneration report	124
Consolidated income statement and statement of comprehensive income	130
Consolidated statement of changes in equity	131
Consolidated balance sheet	132
Consolidated cashflow statement	133
Group accounting policies	134
Notes to the consolidated financial statements	139
Channel 4 financial statements	159
Programmes and the licence	163
Historical metrics	166
Historical record	168



LORD BURNS

Chairman

Channel 4 is unique in the world of public service broadcasting. It plays a special role as a creative greenhouse for TV, film and digital, bringing new ideas, talent, voices and businesses to the mainstream and helping them achieve national and international success. Channel 4, as a publicly owned, not-for-profit company, makes a major contribution to the UK innovation strategy within broadcasting at zero cost to the taxpayer.

▲ annualreport.channel4.com

This is a challenging role and to fulfil it Channel 4 must deliver a broad public service remit funded entirely through commercial activities. It is the role of the Board to oversee its performance against this remit. In reviewing Channel 4's performance in 2014 we have considered a range of metrics covering investment and revenue figures and the audience research, programme quality and social impact metrics that are contained in the Statement of Media Content Policy within this report.



I am pleased to report that 2014 has been a very successful year. Alongside award-winning creative output, there has been significant commercial innovation, proving, yet again, the resilience of the Channel 4 model and demonstrating its sustainability in a digital world. We have also seen 16–34s share reach the highest point ever in Channel 4's history.

Over the last few years, the Board has overseen a programme of planned withdrawal of a small proportion of the reserves, accumulated in previous years, to support a strategy of 'Investing in Innovation'. 2014 saw the culmination of this plan and a planned return to a break-even position. Content spend has been maintained and overall revenues are up year-on-year.

Business stability has also enabled the launch of innovations such as the Growth Fund designed to help small creative businesses grow. Despite being a major investor in the activities of the UK creative economy, Channel 4 has always felt constrained in its ability to invest equity into the sector. 2014 saw the announcement of the first five investments to come out of the £20 million Growth Fund. The idea of the Growth Fund is to put capital reserves into stimulating the production sector in the UK at a time of rapid consolidation. The aim is to exit those investments in the medium term and redeploy the capital in the Fund into successive waves of new UK companies. This puts Channel 4's capital to work in more remit-delivering ways and opens the Corporation up to sharing in benefits of companies that go on to generate shareholder value in the future.

We are also pleased to see a strong response from viewers on our reputational statements. These underline Channel 4's very distinctive character and appeal, offering an alternative, but trusted, mainstream perspective through its programming. This includes its strong appeal to diverse and hard-to-reach groups such as young people, BAME, LGBT and people with disabilities. In addition, Channel 4 will be deepening this emphasis on diversity in 2015 with the launch of its 360° Diversity Charter and the Board will do all we can to support its implementation.

This year we have strengthened our consultation with Ofcom in the preparation of this Report and have reflected its feedback in the relevant genre chapters. The Board's confidence in Channel 4's health is reflected in Ofcom's statements in its Review of Public Service Broadcasting. Ofcom notes that Channel 4's content investment strategy has lifted spend by PSBs on first-run UK-originated content in a period more broadly noted for decline, and that the number of new and one-off programmes delivered compares favourably to other PSB channels. Ofcom highlights the resilience of Channel 4's portfolio audience share, despite intense competition; its strong reputation for content that shows diversity; its success in film, and its support for creative talent.

All of this is reassuring to see. Overall, the Board is very satisfied with Channel 4's achievements over the last year and believes it is on a strong footing for the future.

I would like to thank my colleagues on the Channel 4 Board for their enthusiasm and contribution over the last year. We have managed to achieve stability in the composition of the Board and it is a pleasure to work with such a varied and thoughtful group.



DAVID ABRAHAM

Chief Executive Officer

This report captures the staggering range, quality, originality and diversity of Channel 4's output in 2014. It also reflects the breadth of our contribution to the UK creative sector at a time when our creative economy is punching above its weight nationally and globally.

▲ annualreport.channel4.com

For Channel 4, 2014 was a year in which our 'Investing in Innovation' plans bore fruit both on screen and in revenue growth. As this report shows, creative renewal is now flourishing across multiple genres and this is reflected in the strong public reputation of our brand and in the very significant number of major creative awards won during the year. Striking a balance between such cultural outcomes and our financial sustainability is at the very heart of what makes Channel 4 unique.

Revenues reached £938 million in 2014, an increase of £30 million on 2013. We met our planned three-year investment and break even business targets with a financial surplus of £3 million. Our sales house delivered total revenues above £1 billion for a fourth successive year and growth of 4.3%, which we consider to be a strong outcome in a World Cup year. Channel 4 delivered healthy digital advertising revenue growth (+13%) and reached a landmark during the year when half of all 16–34s in the UK became registered viewers. Cash reserves remained above £220 million for a fifth year in a row while the launch of the Growth Fund further diversified our investment portfolio.

We met or exceeded all our Ofcom targets and spent £602 million on content, of which £430 million went on UK original programming (£68 million above our spend in 2010), and we are in a position to maintain and even increase this investment in 2015 in some areas such as E4.

Our creative success was matched by the relative stability of our portfolio audience share, despite the ongoing fragmentation of the digital world. Although Channel 4 main channel share is slightly down, we saw growth in audience share where it matters most and in ways that reflect our remit – in peak time and with 16–34s – up 2% at a portfolio level to reach record share levels of 17.0%. We also had a record year for E4, record VOD viewing at 587 million views and *The Inbetweeners 2* was a huge UK box office hit grossing £33 million.

Creative momentum is also reflected in the perceptions of our viewers, who continue to appreciate Channel 4's distinctive approach to taking risks and tackling issues that other channels wouldn't – and rate us above all other public service broadcasters across a range of metrics that reflect our remit to innovate, stimulate well-informed debate, challenge established views, champion diversity and inspire change.

Our award-winning data strategy helped to drive differentiation and growth in our online revenues in 2014 and of our 11.3 million registered users. Data forms a key element in a growing proportion of our online deals as behavioural targeting becomes an ever more embedded expectation amongst advertisers. Driven also by strong growth in VOD viewing (+23%), online revenues grew to a total of £63 million (advertising and syndication) and we remain committed to the potential of online as a £100 million business by 2018. We predict over 50% of this revenue will be data-enabled. The success of our data strategy was marked by our winning the pan-industry *Data Strategy of the Year Award* in 2014.

Our new Growth Fund has also got off to a good start – allowing us to create a portfolio of investments into quality companies that already drive over £20 million of production turnover: a quality regional independent, True North; two international factual players, Arrow and Lightbox; a small branded content player, Popkorn; and a talented young drama independent, Eleven Films.

Our focus on long-term sustainability has meant that in early 2015 we have taken important steps to address the rise in the Channel 4 Defined Benefit pension scheme deficit by closing the scheme to future accrual. This will help to keep our future liabilities within manageable levels and means we can continue to maximise our investments into innovative British content for many years to come.

After a phenomenal period leading Film4, Tessa Ross departed in 2014 to become Chief Executive at the National Theatre. Tessa left on a characteristic high when Steve McQueen, whom she nurtured for many years, won his Oscar for *12 Years A Slave*. We are most fortunate in having found the highly regarded David Kosse to succeed Tessa and we welcome him as a member of our Executive Team.

I would like to thank all the 338 UK companies who have produced great ideas for Channel 4 throughout the year. We have now spent over £10 billion on TV content during our history so far and we remain proud broadcasters of this work.

We enter 2015 with creative momentum and a strong slate of new and returning shows. There are many new opportunities that lie ahead and with the launch of All 4, our fresh drama slate, the boosting of E4, and our election coverage, we aim to build on the momentum of 2014 even further in the year ahead.

At a glance

Creative success

2014 was an outstanding year of creative success, with strong new series, major industry awards across all genres and increases in key viewing and impact metrics.

The total content spend was £602 million and £430 million of that was original content spend, of which £153 million was invested in content in the Nations & Regions. Overall we worked with 338 suppliers and won 303 industry awards making 2014 one of Channel 4's most successful years ever.

And we were named Channel of the Year at the Edinburgh TV Festival.

£602m

TOTAL CONTENT SPEND

303

AWARDS 2014

£430m

ORIGINAL CONTENT SPEND

338

SUPPLIERS

£153m

INVESTED IN ORIGINAL CONTENT
IN NATIONS & REGIONS

Winner –
Channel
of the
Year

AT THE EDINBURGH
TV FESTIVAL

Financial stability

2014 was the year that our three-year investment strategy resulted in a return to financial surplus – with revenues up year-on-year at £938 million (£30 million higher than 2013).

This is the fifth successive year that Corporation revenues have exceeded £900 million and the Channel 4 sales house team once again broke the £1 billion revenue mark. And this success was achieved whilst maintaining high levels of content spend and reaching the highest ever portfolio share of 16–34s at 17.0%.

£938m

CORPORATION REVENUE UP
YEAR-ON-YEAR AND WE RETURNED
TO FINANCIAL SURPLUS

13%

YEAR-ON-YEAR GROWTH
IN DIGITAL ADVERTISING
REVENUES

12.5%

PEAK TIME PORTFOLIO SHARE
UP YEAR-ON-YEAR

17.0%

16–34s HIGHEST EVER PORTFOLIO
SHARE UP YEAR-ON-YEAR

Innovation and sustainable future

2014 saw huge innovation in digital – with 11.3 million people in the UK registered to Channel 4's online platform – including 50% of all 16–34s. Visits to the Channel 4 website increased 18% with 634 million visits.

We also launched the £20 million Growth Fund and agreed the first five investments in growing SME indies.

11.3m

NOW REGISTERED WITH 4oD
UP YEAR-ON-YEAR

50%

OF ALL 16–34s IN THE UK
REGISTERED WITH CHANNEL 4

634m

VISITS TO CHANNEL 4 WEBSITES –
UP 18% SINCE 2013

£20m

GROWTH FUND LAUNCHED

THE REMIT AND MODEL

The remit makes up a core part of Channel 4's DNA.

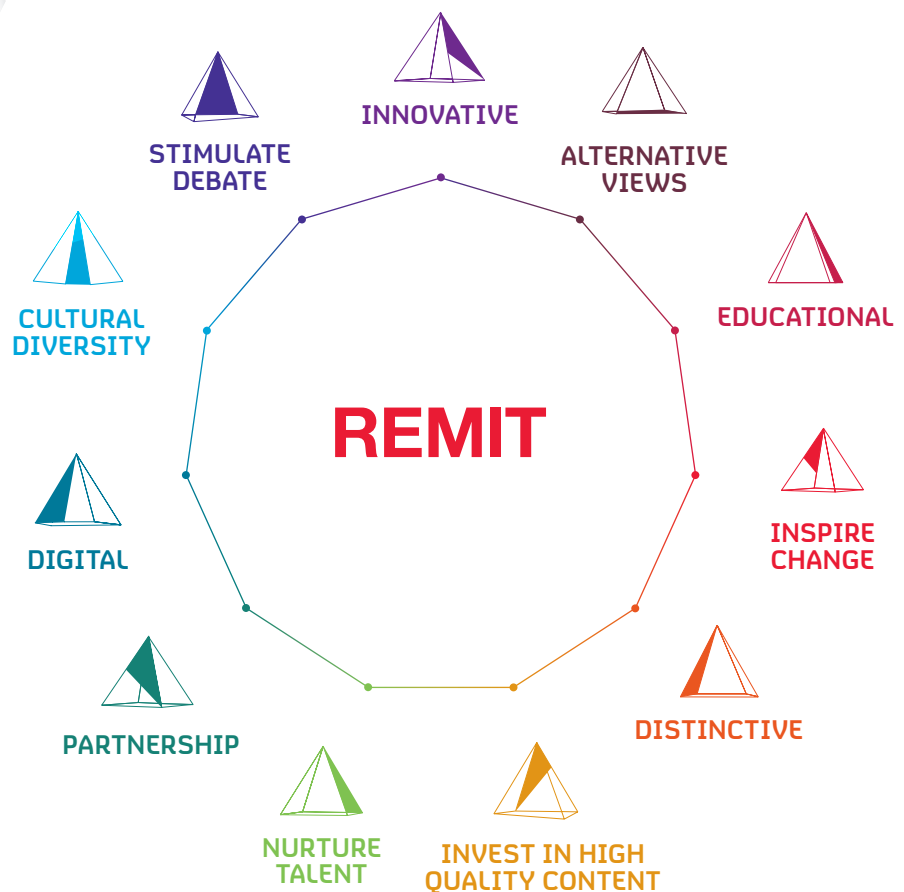
Agreed by Parliament and enshrined in legislation it is the template which gives us our unique and important role in British life.

It applies across all genres and services, Channel 4, E4, More4, Film4, 4Seven, 4oD and digital projects. Channel 4 must also meet a set of specific quantitative licence obligations, set and monitored by Ofcom, for news & current affairs, original production, regional production, subtitling and audio-description services and much else besides.

The Statement of Media Content Policy (pages 8–98) was introduced to enable Channel 4 to report on the fulfilment of its public service remit. The idea is to look across the full range of services Channel 4 offers and, in this report, provide a transparent and comprehensive account of our delivery of the remit.

Some rounding differences may occur in the presentation of the metrics. A detailed breakdown of the remit, along with background to the selection of public value measures and changes to metrics, can be found in the methodology document that accompanies the report. All audited metrics in the document are identified with a remit icon, as indicated below.

 [annualreport.channel4.com](https://www.channel4.com/annualreport)



The component parts of the remit are included against each chart and case study contained in the report as an indication of how we have delivered the remit across the year.

Channel 4 is a creative greenhouse.

Our overall role is to champion innovation in TV, film & digital – nurturing and growing new ideas, formats, views and voices, faces, talent, audiences, and production companies.

Creative Greenhouse

We're a greenhouse for new creative and digital ideas of significant economic importance.

Our overall contribution to the UK's creative economy is disproportionate to our size.

We grow small businesses across the whole of the UK and our formats are successful around the world.

We have a track record of commissioning more programme ideas than any other PSB and spend more with independent producers than any other channel.

PSB Challenger Brand

We're a challenger brand in broadcasting encouraging high standards across the industry.

Our investment in UK originated content is rising, set against declining investments in PSB elsewhere. Our existence is critical to providing plurality in genres that deliver public good, such as News and Current Affairs.

We're at the forefront of innovation and harnessing new technologies and in the premier league of international creativity. Being ahead of the market again and again not only has kept viewing share stable but also keeps others on their toes.

Catalyst for Social Change

We inspire citizenship, especially among hard-to-reach audiences.

We have a greater impact than any other UK broadcaster in making audiences think, giving diverse viewpoints and inspiring change in people's lives.

We have a stronger relationship with young people than any other PSB in the world.

And we're a world-leader in bringing diversity into the mainstream.

We fulfil the government's innovation strategy in broadcasting.

The government's innovation strategy focuses on support for small businesses to bring ideas to market, increase knowledge sharing and grow global businesses.

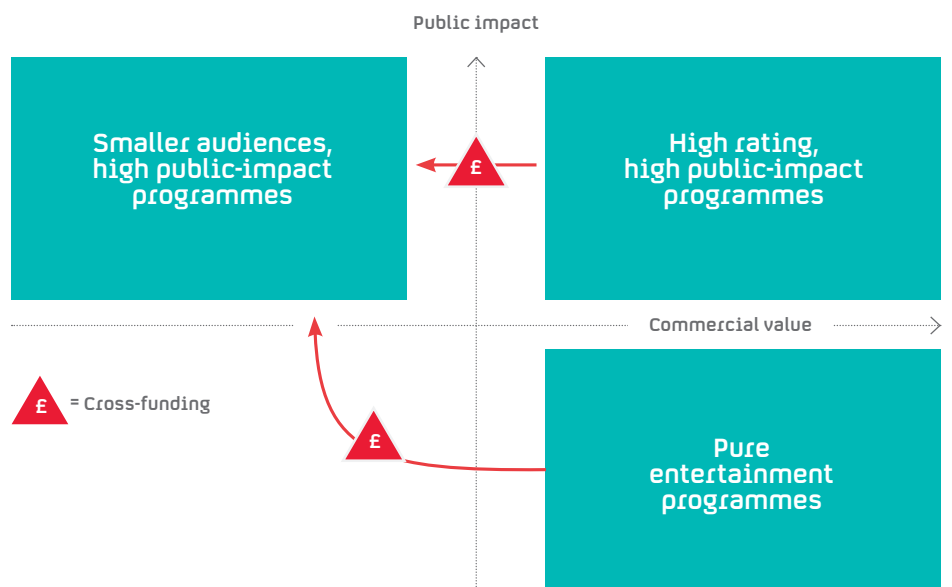
This is what we have done for 30+ years and our unique model underpins it all.

Our model

The UK broadcasting ecology is the result of enlightened intervention by politicians and regulators. It's a carefully balanced mix of different organisations, with different missions, business models and governance structures that has made UK broadcasting a worldwide success.

Within this ecology, Channel 4 is a government-owned, self-sustaining social enterprise, raising commercial revenues from the market and reinvesting surpluses back into British content from UK independent producers.

We do this through cross-funding commercially challenging genres such as News, Current Affairs, and Education with revenues from commercially profitable programming, like Factual Entertainment.



INVESTING IN INNOVATION

A commitment to innovation runs through everything that Channel 4 does, from our approach to commissioning content from a deep pool of suppliers, through to the range and diversity of programming that we put on screen.

Innovation through content

In 2014, there was a small increase in Channel 4's total investment in content (originated and acquired). Overall, £602 million was spent on content across the TV and digital portfolio, £5 million more than in 2013. The content that Channel 4 commissions itself is core to our delivery of its public service remit, and originated content across all services accounted for 71% of Channel 4's total content spend. This was equivalent to an expenditure of £430 million on originations, £1 million more than in 2013.

This investment translated into an average of 8.7 hours of new originations every day across the TV portfolio, again slightly up (by 1%) on the 2013 figure. Channel 4 shows originated programming at all times of day and on all channels in its TV portfolio, but the peak time schedule on the main channel remains of paramount importance, in terms of the size of the audiences that we reach. In peak (6–10.30pm), 68% of the main channel's schedule was devoted to new originated programming in 2014. This was a small decline relative to the 2013 level, of 2 percentage points, although the total amount of originations (including repeats) remained level year-on-year at 77%.

Factual programming is the biggest single genre in Channel 4's schedules, in terms of output and investment levels. Across the TV portfolio, Channel 4 spent £169 million in this genre, and broadcast 1,174 hours of first-run originated Factual programmes. Investment in a host of new series, such as *The Jump* and *The Island with Bear Grylls*, led to a 10% increase in Factual spend this year. Entertainment was the second-biggest genre, in terms of both spend (£109 million) and volume (767 hours of first-run originations). Spend also rose in Entertainment this year, by 8%, as popular series such as *Gogglebox* returned with longer runs. The third biggest genre in spend terms was Drama, at £100 million across the TV portfolio. This was down by 13%, following the cancellation of *Shameless*. In volume terms, Sport was the third biggest genre: the amount of first-run originated Sports programming rose by 29%, to 616 hours, due to coverage of the *Sochi 2014 Paralympic Winter Games*.

Innovation through diversity

Channel 4 commissions all of its programmes from external suppliers, ensuring it plays a disproportionately significant role in supporting the independent production sector. It spent £377 million on first-run external commissions on the main channel in 2014 (1% down year-on-year) and £417 million across the TV portfolio.

Channel 4 worked with 338 creative partners this year across all of its services, of which 49 were new to the broadcaster. These figures were down on the corresponding 2013 levels, reflecting the deepening of supplier relationships that were formed in the earlier years of creative renewal.

While the TV production sector is highly London-centric, it is important that Channel 4's commissions come from companies based all over the UK. For only the second time since 2008, more than half of all first-run originations on Channel 4's main channel were sourced from suppliers based outside London. While there were declines in the proportions of out-of-London commissions on the main channel by both volume (down by 3 percentage points to 52%) and value (down by 3 percentage points to 43%), both figures are still higher than in any previous year going back to 2008. Across the TV portfolio, Channel 4 spent £153 million on programmes from suppliers based outside London. This figure fell by 12% year-on-year, largely due to the cancellation of *Shameless*. However, expenditure on programming from companies in the Nations remained stable, at £21 million, with Scotland accounting for the largest proportion of this figure, at £16 million, up 18% on 2013.

Turning to on-screen diversity, there were 118 hours of first-run originated hours of programming on the main channel covering diversity issues this year, an increase of 15% on the 2013 level. Highlights included *Lent Diaries* (religion), *Make Leicester British* (multiculturalism), the extensive coverage of the Sochi 2014 Paralympic Winter Games (disability), and the televising of one of the UK's first ever same-sex weddings in *My Gay Wedding: The Musical* (sexuality).

The range of international programming on Channel 4 also contributes to the diversity of its schedules. Excluding *Channel 4 News* (which itself has a strong international focus, see p72), there were 54 hours of first-run programmes covering international topics on the main channel and in the dedicated international *True Stories* documentary strand that runs across the TV portfolio. This fell by 23% year-on-year, with Channel 4's current affairs output skewing more towards domestic issues in the run-up to the General Election. Also, the Film4 channel shows a more diverse and international slate than most mainstream film channels, with 37% of its output coming from outside the US. New and classic British films accounted for 21% of its output.

Innovation through content

£602m
spent on content
across all services

+1% on last year



INVEST IN HIGH
QUALITY CONTENT

Investment in all content

In 2014, Channel 4 spent a total of £602 million on content across all of its services, comprising the main channel, digital TV portfolio and digital media services. The large majority of the content budget – £492 million, equivalent to 82% of the total – was spent on the main channel. Just over £100 million was spent on the digital TV channels, and a further £8 million was spent on digital media, which includes Channel 4's websites and cross-platform content.

Channel 4's content budget was stable year-on-year. Total expenditure on content rose slightly, by 1%, as did spend on the main channel. There was a marginal decline in spend on the digital channels, which fell by 1%.

In 2014, £594 million was invested in originated and acquired programming across the Channel 4 TV portfolio. Across the TV portfolio, the genres that accounted for the largest amounts of content investment in 2014 were Factual (£169 million), Entertainment (£109 million) and Drama (£100 million). Of these, there was a marked rise in investment in Factual for the second year running, of 10%, which contributed to investment in major series such as *The Jump*, *The Taste* and *Troy*. Investment in Entertainment also rose, by 8%, with new series of *Gogglebox* (previously classed as Factual programming) and *8 Out of 10 Cats Does Countdown* proving particularly popular in 2014. This partially offset the decline in spend in this genre in 2013. Drama spend fell by 13%, following the cancellation of *Shameless*.

Of the other genres, the most significant trends in 2014 were a 17% increase in investment in sport, which was spent on coverage of the *Sochi 2014 Paralympic Winter Games*, and a 13% decline in investment in Current Affairs, with *Hugh's Fish Fight* not returning this year.

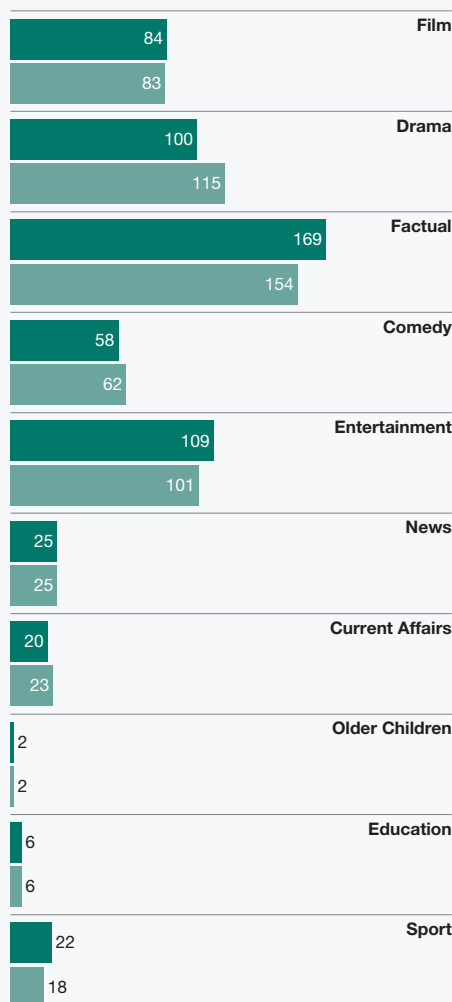
Spend across the Channel 4 network
on all content (£m)

	Total (£m)		
2014	492	102	8
2013	486	103	8

● Channel 4 (main channel) ● Digital channels
● Digital media

Source: Channel 4

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



● 2014 (Total: £594m) ● 2013 (Total: £589m)

Source: Channel 4

Innovation through content

68%

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

-2% points on last year



INVEST IN HIGH QUALITY CONTENT

Output mix on Channel 4

Channel 4 continues to showcase the majority of its new original programming on the core channel during peak hours (defined by Ofcom as 6–10.30pm), in order to attract the largest audiences. 68% of all peak-time hours on the main channel were made up of first-run originated programming in 2014, with another 9% of peak hours comprising repeats of original programming. In total, originations accounted for 77% of peak-time hours, comfortably exceeding the Ofcom licence requirement of 70%. While Channel 4's daytime schedules include a more balanced spread of originations and acquisitions, originations still accounted for 63% of all output on the main channel across the whole day in 2014, exceeding the Ofcom quota of 56%.

The proportion of Channel 4 originated programming in peak on the main channel fell slightly year-on-year, with the amount of first-run originations falling by 2 percentage points (with proportion of originated repeats increasing 1 percentage point). Across the whole day there was a 2 percentage point increase in originations.

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

Peak (6–10.30pm)

2014	68	9	9	14
2013	70	8	8	14

All day

2014	34	29	9	28
2013	34	27	9	30

● Originations – first run ● Originations – repeat
● Acquisitions – first run ● Acquisitions – repeat

Source: Channel 4

£430m

spent on originated content across all services

+£1m on last year



INVEST IN HIGH QUALITY CONTENT

Investment in originated content

Channel 4's public remit is delivered primarily through investment in original content on TV and in digital media. In 2014, its total investment in originated content across its TV channels and online services was £430 million. The main channel continued to account for most of this expenditure: its originated programming spend was £382 million, equivalent to 89% of Channel 4's total spend on originations. This included expenditure of £172 million on key PSB genres – News, Current Affairs, Education and schools programming, Comedy, Drama series and single dramas, Arts and Religion.

In addition to spend on the main channel, a further £40 million was spent on original content for the digital channels, the highest-ever originations spend for these channels. As described above, £8 million was also spent on digital media beyond the TV channels in 2014.

Overall spend on original content was broadly flat year-on-year. Small declines in spend on the main channel (down by 1%) were offset by a substantial 11% increase in spend on the digital TV channels, which premiered programmes such as *Troy* (E4) and *Cooks' Questions* (More4). Spend on key PSB genres fell by 10% year-on-year, following delays in production of key dramas.

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

	Total (£m)		
2014	382	40	8
2013	385	36	8

● Channel 4 (main channel) ● Digital TV channels
● Digital media

Source: Channel 4

8.7hrs

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

+1% on last year



INVEST IN HIGH QUALITY CONTENT

Originated output across Channel 4 TV portfolio

Channel 4 broadcast an average of 8.7 hours of new commissioned programmes (first-run originations) every day in 2014 across the main channel, E4, More4 and Film4. The main channel accounted for 8.1 of these daily hours, with the other 0.6 hours on the digital channels.

There were small annual increases in the amounts of first-run originations on Channel 4's TV channels in 2014. Across all channels, the volume of first-run originations rose by 1% year-on-year. There was a bigger increase, of 6%, in the corresponding volume on the digital TV channels.

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

	Total (hrs)		
2014	8.1	0.6	8.7
2013	8.1	0.5	8.6

● Channel 4 (main channel) ● Digital TV channels

Source: Channel 4

Innovation through content

3,171hrs

of first-run
originations across
the Channel 4 TV
portfolio

+1% on last year



INVEST IN HIGH
QUALITY CONTENT

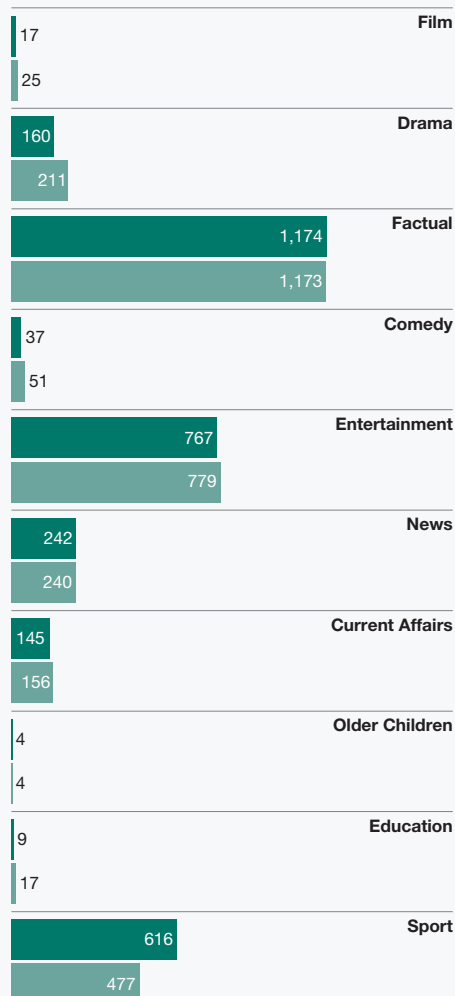
Volume of first-run originations by genre

In 2014, Channel 4 broadcast 3,171 hours of first-run originated programming across its TV portfolio, 1% up year-on-year. The genres with the largest volumes of first-run originations this year were Factual (1,174 hours), Entertainment (767 hours) and Sport (616 hours). Compared to the 2013 volumes for these genres, there was no significant change in the amount of Factual programming, while Entertainment was down slightly, by 2%. Coverage of the Sochi 2014 Paralympic Winter Games in March 2014 ensured a large rise, of 29%, in the amount of Sports programming across the year.

There were declines in some other genres to make way for the increased Sports coverage. Drama was down 24%, (equivalent to 51 hours), which was largely due to the cancellation of *Shameless*; Comedy (down 27%, or 14 hours), with no new series of *Black Mirror*, *Fresh Meat* or *Phoneshop* in 2014; and Education and Older Children (down 38%, or 8 hours). Spend in Education and Older Children has been maintained, as reported in this document. This last trend is due to both the multiplatform approach to commissioning – several Education films are online only and therefore not reflected in this metric – and to the cancellation of *Geeks*.

In addition, after a big increase in 2013, the volume of Film4 supported films dropped back by 32% (to 17 hours). These big annual swings are due to the variations in theatrical release patterns for Film4 titles, which determine the timings of the subsequent TV windows. In 2014, nine films were premiered, including Steve McQueen's *12 Years a Slave*, down from 13 in 2013.

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



● 2014 (Total: 3,171hrs) ● 2013 (Total: 3,133hrs)

Source: Channel 4

Innovation through content

Channel 4 has exceeded all our licence obligations.

Meeting Channel 4's licence obligations			
Average hours per week	Compliance Minimum	2014	2013
News			
In peak-time (6–10.30pm)	4	4	4
Current Affairs			
Overall	4	5	5
In peak time (6–10.30pm)	2	3	3
Hours per year			
Schools	1	4	10
Percentage			
Originations production			
Overall	56	63	61
In peak time (6–10.30pm)	70	77	77
Independent production	25	73	75
European independent production	10	40	45
European origin	50	66	66
Subtitling	90	100	100
Audio description	10	28	31
Signing	5	5	5
Regional production	35	43	46
Regional hours	35	52	55
Production in the nations	3	6	6
Nations hours	3	6	7

Note: Excluded from the scope of the KPMG Assurance report.

Innovation through diversity

£377m

investment in
first-run external
commissions on
the main channel
in 2014

-1% on last year



Broadcasters' investment in the production sector

With no in-house production base, Channel 4 sources 100% of its investment in original programming from external suppliers, providing vital support for the independent production sector. In 2014, Channel 4 spent £377 million on first-run originations for the main channel, 1% down year-on-year. 74% of this total was spent on qualifying independent production companies. Across its TV portfolio, it spent £417 million on first-run originations from external suppliers (broadly level with 2013).

In 2013, the most recent year for which cross-industry data is available (from Ofcom), Channel 4's spend on first-run external commissions on the main channel exceeded that of any of the other public service broadcasters on their network channels – including BBC One and BBC Two combined. Even when looking at their digital TV portfolios, Channel 4's expenditure on first-run external commissions was only 7% less than the combined investment of all the BBC TV channels, and exceeded by over £100 million the total combined spend of ITV and Channel 5 across their portfolios.

Expenditure by public service broadcasters on first-run external commissions (£m)

Total (£m)			
BBC			
2013	364	85	449
2012	351	90	441
ITV			
2013	228		228
2012	221		221
Channel 4			
2013	382	36	418
2012	385	36	421
Channel 5			
2013	86		86
2012	98		98

● Main Channel
● Digital Channel

Source: Channel 4, Ofcom (other channels)
2014 Data not available for other channels.

Innovation through diversity

338

companies working with the Channel 4 network across TV, film and digital media in 2014 of which 207 were independent TV production companies

-8% on last year



NURTURE TALENT

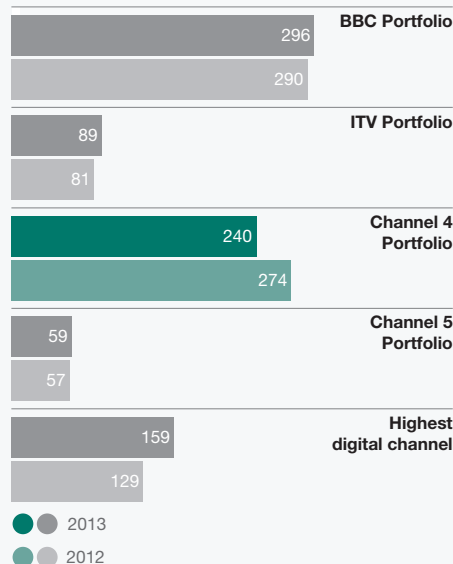
Diversity of supply base

Channel 4 worked with a total of 338 companies to provide the TV, film and digital media content that it commissioned in 2014. Of this total, 207 were independent TV production companies. There were 92 online suppliers and 92 film companies, with some suppliers working across a combination of TV, film and online. Across the portfolio, 49 companies were new suppliers to Channel 4.

Channel 4 continued to deepen its relationships with suppliers that it developed relationships with in the earlier stages of the creative renewal process, leading to year-on-year reductions both in the total number of companies that it worked with (down 8% on the 2013 figure) and in the number of new companies (34% down). There was also a decrease, of 14%, in the number of independent TV production companies that Channel 4 worked with.

In 2013, the most recent year that comparative TV industry data is available for the public service broadcasters across their TV portfolios, Channel 4 worked with 240 independent TV production companies, behind only the BBC (296 companies), and substantially more than the combined total of the other commercially-funded public service broadcasters, ITV and Channel 5 (148 companies between them).

Number of independent TV production companies supplying the PSBs



Source: Channel 4, Broadcast (other channels)
2014 data not available for other channels

Output from suppliers based outside London

52%

of first-run originated programme hours

-3pts on last year

17pts above Ofcom quota

43%

of the value of first-run originations

-3pts on last year

8pts above Ofcom quota



NURTURE TALENT

Investment in the Nations and Regions (main channel)

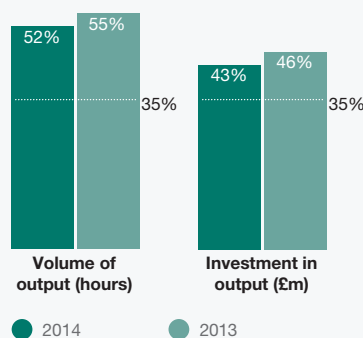
In 2014, 52% of all hours of first-run originated programmes on Channel 4's main channel were sourced from suppliers based outside London, and 43% of Channel 4's expenditure on first-run originated programming on the main channel was spent outside London. Both of these figures represent small declines, of 3 percentage points each, on the 2013 figures. However, they are both still higher than the corresponding figures in any previous years going back to 2008. And this is only the second year since 2008 that it has sourced more than 50% of its first-run commissions from outside London. In both volume and spend terms, these figures comfortably exceed the 35% licence quotas set by Ofcom. In 2014 6.1% of first-run originated hours and 6.0% of spend on the main channel came from the Nations. There was a slight drop in volume from the Nations due to an increase in high-tariff peak time shows compared to low-tariff daytime.

A total of 166 hours of first-run programming on the main channel came from commissions in the Nations. Scotland saw a small increase in the volume of programming (131 hours in 2014, up from 130 in 2013), while total investment was up by 20% to £16 million. The increase in spend was accounted for by a mix of commissions that included not only returning daytime shows like *Fifteen To One* but also new peak-time titles, which tend to have higher budgets, including *Scrotal Recall*. The amount of programming commissioned from Wales increased marginally, from 29 to 30 hours. However, total investment in Wales fell by 22%, to £3.8 million, as a number of high-end peak-time shows such as *Time Team* did not return in 2014. In Northern Ireland, programming was down by 13 hours in 2014, and the amount invested declined by 59% to under £1 million. The higher figure in 2013 was due primarily to the *4thought.tv* strand that ran in that year.

Despite a reduction in overall volume, in 2014 Channel 4 worked with new production companies in Northern Ireland to create impactful programmes that garnered critical acclaim, including *Addicts' Symphony*, the first Channel 4 commission from production company Big Mountain, and *Secret History: Hitler's Secret Drug Habit*.

More information on Channel 4's work in the Nations and Regions is provided on page 37.

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



Source: Channel 4

Innovation through diversity

£153m

spent on
production
companies based
outside London

-12% on last year

£21m

spent on
production
companies in the
Nations

= with last year



NURTURE TALENT

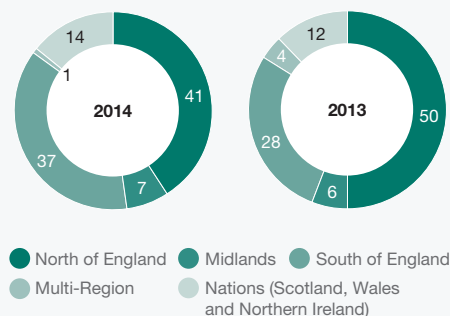
Spend by region across the Channel 4 TV portfolio

Channel 4 spent £153 million on content from production companies based outside London across its TV portfolio in 2014. Channel 4's commissions from the English regions span many genres, including the likes of *New Worlds* and *One Born Every Minute* (South of England), *Embarrassing Bodies* and *Benefits Street* (Midlands), *Hollyoaks* and *Channel Four Racing* (North of England). This represented a 12% decline year-on-year, as Channel 4 spent less in the English regions, following the cancellation of *Shameless*.

While overall expenditure on content across its TV portfolio from companies based outside London fell in 2014, Channel 4 maintained its £21 million expenditure on content from production companies in the Nations. They produced programmes such as *Man Down* (from Scotland), *Posh Pawn* (Wales) and *Addicts' Symphony* (Northern Ireland). The largest component of expenditure in the Nations, £16 million, was spent in Scotland, 18% up on 2013. A further £4 million was spent in Wales, 22% down year-on-year. The remaining £1 million was spent in Northern Ireland, 59% down on the 2013 figure.

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

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



Different voices

54hrs

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

-23% on last year



ALTERNATIVE
VIEWS

Range of international programming

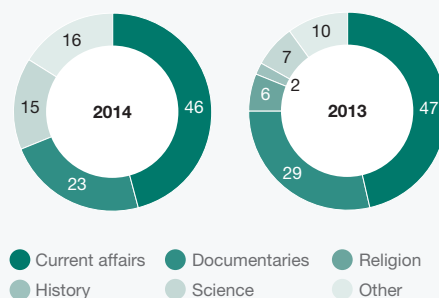
Channel 4 shows programmes covering international topics across a wide range of genres. In 2014, there were 54 hours of first-run programmes with an international theme on the main channel (excluding *Channel 4 News*) and in the dedicated international *True Stories* documentary strand which runs across the main channel, More4 and Film4. This represented a 23% decline year-on-year, due in part to *Hugh's Fish Fight* not returning this year, and also because – as we approach a General Election in the UK – Channel 4's Current Affairs slate in 2014 skewed more towards new series on domestic issues such as Factual commissions *Skint* and *Benefits Street*.

Current Affairs programmes continued to represent almost half of the international programming in 2014. Along with the *Unreported World* strand, major international *Dispatches* films in the year included *Nigeria's Hidden War*. The next biggest category was Documentaries, which primarily comprised the *True Stories* films, along with the season of Science programmes centred on *Live From Space*, featuring live shots of Earth from the International Space Station.

In addition to *True Stories*, the Film4 channel offers a wide range of films from around the world. In 2014, 781 hours of films from outside the UK and US were shown on this channel (12% less than in 2013).

In 2015, Channel 4 will strengthen its international content with series such as *Indian Summers*, *Walking the Nile* and *Tribe*, which will complement its domestic Current Affairs programming around the General Election.

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



Different voices

118hrs

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

+15% on last year



Diversity output on the main channel

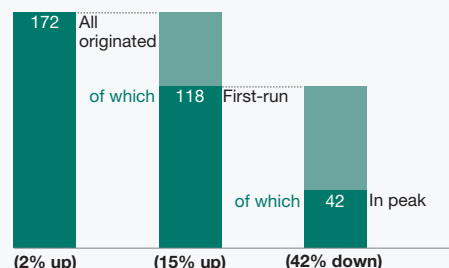
In 2014, Channel 4 showed 172 hours of originated programmes on the main channel whose subject matter covered diversity issues (i.e. religion, multiculturalism, disability or sexuality). 118 of these originated hours were first-run programmes, and 42 of the first-run hours related to programmes that were shown in peak time, including *Lent Diaries* (Religion), *Make Leicester British* (multiculturalism), *The Undateables* (disability) and *Our Gay Wedding: The Musical* (sexuality).

The total amount of diversity-related programming shown on the main channel rose slightly in 2014, by 2%. Within that, there was a bigger rise, of 15%, in the volume of first-run diversity-related programming, due to the coverage of the Sochi 2014 Paralympic Winter Games. The amount of first-run diversity programming shown in peak fell sharply, however, by 42%. This is partly because the Sochi coverage ran across the day, whilst also a number of series from the previous year – including *4thought.tv* and *Bedlam* – did not return in 2014.

Channel 4's impact on diversity includes far more than the programme commissions covered by these figures. The organisation supports a range of initiatives targeted at helping people from different backgrounds develop their careers in television. These include our 4Talent days, production training scheme and apprenticeship programmes.

We are also working to develop a cross industry measuring system that can more comprehensively capture the full range of diversity featured in our content, from the type of explicit "diversity" content captured in this metric to mainstream portrayal in programmes across our schedule. Read more about our work on Diversity on page 97.

Total hours of programming covering diversity issues shown on the main channel (2014 with trends relative to 2013)



Source: Channel 4

Film

Output on the
Film4 Channel

37%

from outside
the US

Diversity of Film4 channel schedule

Whereas most mainstream film channels rely predominantly on Hollywood studio titles, the Film4 channel showcases a more diverse and alternative range of films from the UK and around the world. In 2014, 21% of the output on the channel comprised British films, including those co-funded by Film4 Productions (2013: 22%). These British films, along with those from continental Europe and other parts of the world (of which 5% were co-produced with the US), together accounted for 37% of output on the channel. This is a decrease of 3 percentage points on the corresponding figure for 2013.

21%

from the UK

In 2014, Film4 showed a season of Akira Kurosawa films, comprising five of his greatest Samurai classics, re-mastered, including *Seven Samurai*. Amongst other highlights were Mark Cousins' new documentary *A Story of Children and Film*, a season of films from Asian director Hong Sangsoo that had never been available before in the UK, and the premiere – in a key 9pm peak-time slot – of Haifa Al-Mansour's Oscar-nominated *Wadjda*, the first feature film shot entirely in Saudi Arabia and the first feature-length film made by a Saudi female director.

News and Current Affairs

331

Long form news and current affairs programmes in peak

-3% on last year



STIMULATE
DEBATE

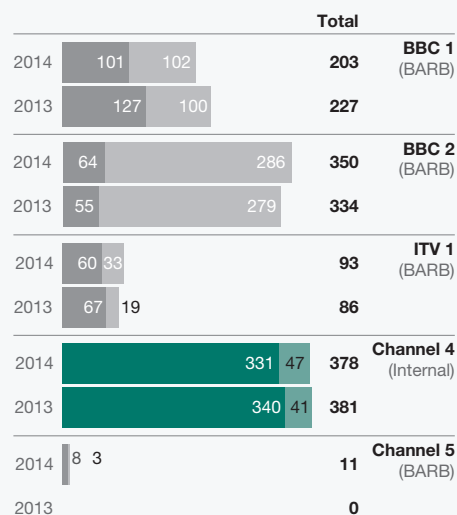
Commitment to long-form journalism

The transmission of News and Current Affairs programmes with extended running times allows topics to be covered in greater depth. Channel 4 believes that it is especially important to offer such programmes at a time when citizens are increasingly consuming news from a greater range of platforms, including digital and social media, many of which focus on short form content that does not offer comparable levels of rigour and analysis.

In 2014, Channel 4 showed 331 “long form” News and Current Affairs programmes – defined as those running for at least 45 minutes (for news) and 15 minutes (for current affairs) – in peak time on the main channel (using Ofcom’s definition of peak, which runs from 6pm – 10.30pm). This represents a small decline, of 3%, on the corresponding figure for 2013. Channel 4 showed substantially more long form news and current affairs programmes in peak than the other main PSB channels combined.

Including the period up to midnight, the corresponding figure for Channel 4 was 378 titles. This was 1% down year-on-year, with the volume of post-peak long form News and Current Affairs programmes increasing by 15%. This total was greater than the corresponding number for any of the other main PSB channels. The channel with the next highest number of titles was BBC Two: it showed only 64 long form News and Current Affairs programmes in peak; the bulk of its 350 titles – 28 behind Channel 4’s total – was accounted for by *Newsnight*, which shows in the post-peak period.

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



● Peak (6pm – 10.30pm)
● Post-peak (10.30pm – midnight)

Source: Channel 4, BARB (other channels)

MAKING AN IMPACT

Channel 4 aims to make an impact in part by reaching as many people as possible with its content, and particularly groups that other PSBs find it harder to engage with. Just as important to its remit delivery is the public value that it delivers – by being alternative and diverse, taking risks and inspiring change.

Reputational impact

Channel 4 measures its public value impact by looking at audience perceptions against key reputational statements. We consistently outperform the other main PSB channels on all the statements that are linked to its public service remit, typically by a significant margin – showing that it continues to occupy a distinctive and valuable place in the broadcasting ecosystem. We therefore assess variations in performance each year by highlighting Channel 4's lead over the average for the other channels.

Last year Channel 4 saw a significant improvement in its scores on the reputational statements, reflecting the success of the creative renewal strategy. Its performance in 2014 was stable, as the creative renewal reached a new stage of maturity. Across all 12 reputational statements covering aspects of its remit, its average lead over the average for the other main channels was 26 percentage points, the same as in 2013. The most emphatic leads were for taking risks that others wouldn't (39 percentage points), tackling issues other channels wouldn't (37 points) and taking a different approach to subjects compared to other channels (29 points).

For 10 of the 12 statements, Channel 4's lead was within 1 percentage point of the 2013 lead. Of the other two statements, its lead over the other PSB channels for being best for documentaries that present alternative views rose by 2 percentage points. Coming after a big increase in its score on this metric in 2013, this shows how strongly viewers appreciate the distinctive nature of Channel 4's factual output. On the final statement, Channel 4's lead for catering for audiences that other channels don't cater for fell by two percentage points. However, this decline is relative to a peak score achieved in 2013, and the proportion of people who chose Channel 4 this year is still bigger than in any other year since 2008.

Television

The Channel 4 portfolio was watched by 85% of all TV viewers every month in 2014 – of all the UK broadcasters, only the BBC and ITV reached more people. This was 1.6 percentage points down year-on-year. All the public service broadcasters suffered declines as competitive pressures from other digital channels grew.

Channel 4 has a particular responsibility to engage with hard-to-reach audiences, and it strengthened its performance in this area in 2014. It had a 17% portfolio viewing share amongst 16–34s, 2% up on last year. Channel 4 is the only PSB that attracts a

larger share of viewing amongst this age group than across the overall UK population. Its portfolio viewing share amongst black and minority ethnic (BAME) groups was 10.4%, level with 2013. BAME audiences account for a larger proportion of Channel 4's audience than they do for the audience of other PSBs.

News and Current Affairs form a key part of Channel 4's remit delivery. More than 8 million people watched *Channel 4 News* each month in 2014. BAME viewers and those aged 16–34 accounted for a larger proportion of its audience than for the news programmes on the other main PSB channels. These figures were fairly stable in 2014: its overall reach fell by 3%, 16–34 viewing fell by 1 percentage point while BAME viewing rose by 1 percentage point. *Channel 4 News* also outperformed the other main broadcasters' news programmes for being seen as independent from the Government and (jointly with BBC News) being independent from the influence of big business.

We look at five reputational statements covering the approach and subject matter of Current Affairs programmes, such as giving a voice to groups that aren't always heard in mainstream media, and showing stories about parts of the world you would rarely see on British TV. Across these statements, *Unreported World* had the highest average scores of all the main Current Affairs programmes and strands on the main PSB channels, while *Dispatches* came in second place.

Online

Channel 4 continued to grow its presence in digital media in 2014 – with its on demand service 4oD, content to accompany TV programmes, and stand-alone digital content, such as the new *Shorts* channel on 4oD. There were 634 million visits to Channel 4's websites, mobile sites and apps, 18% up year-on-year. On 4oD, 587 million programme views were initiated, 23% up on last year.

Channel 4 News saw significant uplift in video consumption, with total video views up more than 200% on last year's total. Monthly unique visitors to the Channel 4 News website were up 73% year-on-year.

Audience feedback

Channel 4 draws on feedback from a variety of sources: its Viewer Enquiries Centre, monitoring of social media traffic, bespoke audience research, and information provided by registered online users, including the new Core4 community. Alongside these, the 'Buzz' metric shows us which programmes people have talked about the most, face-to-face or in social media. The average 'Buzz' score for the 10 most talked-about programmes in 2014 was 73%, with *Channel 4 Racing* leading the pack for the second year running.

Different voices

23pt lead

over average for other channels for showing different cultures and opinions

-1pt on last year



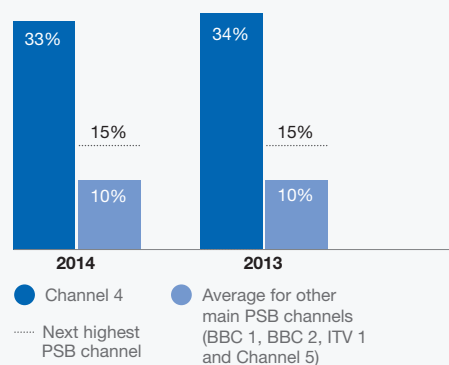
CULTURAL DIVERSITY

Channel reputations – shows different kinds of cultures and opinions

In 2014, one-third of all respondents (33% of the total) selected Channel 4's main channel as being best for showing different kinds of cultures and opinions. This gave Channel 4 a substantial 23 percentage points lead over the average for the other main PSB channels, and an 18 percentage point lead over BBC One, the next highest-scoring channel.

The proportion of people selecting Channel 4 fell marginally year-on-year, by 1 percentage point. Nonetheless, this was still the second-highest score that the main channel has achieved since Channel 4 began reporting this metric in 2008. Over the last three years (2012–2014), as Channel 4's creative renewal has impacted on the schedules, the proportion of people choosing the main channel for this metric has held steady in the range of 32% – 34%, compared to the corresponding figures of 27% – 30% for the prior years (2008–2011). This metric shows a small variation and continues to be stable.

Shows different kinds of cultures and opinions



22pt lead

over average for other channels for challenging prejudice

-1pt on last year



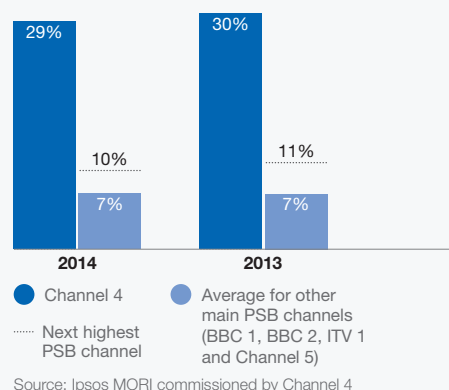
CULTURAL DIVERSITY

Channel reputations – challenges prejudice

29% of respondents most associated programmes on Channel 4's main channel with challenging prejudice in 2014, a significantly higher number than for any other channel. Channel 4's score was 22 percentage points higher than the average for the other main PSB channels (1 percentage point less than the corresponding figure in 2013), and 19 percentage points higher than that for the next highest channel, BBC One (level with the 2013 figure).

The proportion of people selecting Channel 4 in 2014 was level with the corresponding figure in 2012, and 1 percentage point down on the 2013 figure – which was the highest since Channel 4 began reporting this metric in 2008. As such, Channel 4's performance on this metric has been stable over the last three years, having jumped by 4 percentage points in 2012, as viewers began to appreciate the impact of the creative renewal (29% of respondents selected Channel 4 in 2012, compared to 25% in 2010 and 2011). With just a small variation, this metric continues to be stable.

Challenges prejudice



25pt lead

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

= with last year



CULTURAL DIVERSITY

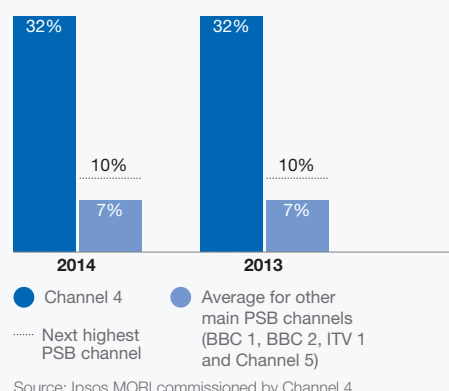
Channel reputations – shows the viewpoints of minority groups in society

In 2014, Channel 4's main channel maintained its large lead over other channels as being best for showing the viewpoints of minority groups in society. It was chosen by 32% of respondents, level with the 2013 figure. This equated to a lead of 25 percentage points over the average proportion of people who chose the other main PSB channels (also level with the corresponding 2013 figure).

Channel 4's lead over the next highest channel, BBC One, was 22 percentage points, level with its lead (also BBC One) in 2013.

Channel 4 also tracks audience perceptions of which channel is best for showing the viewpoints of particular minority groups, with the main channel significantly outperforming the other channels in each case (with BBC One consistently the second highest-scoring channel). It was selected by 30% of viewers as being best for showing the viewpoints of different ethnic groups in the UK, a lead of 22 percentage points over the average for the other main PSB channels, and of 16 points over BBC One. 28% of viewers thought Channel 4 was best for showing the viewpoints of gays and lesbians, 24 percentage points more than the average of the other PSB channels, and 23 points more than BBC One. And 26% of viewers thought Channel 4 was best for showing the viewpoints of disabled people, giving it a 20 percentage point lead over the average of the other PSB channels, and a 17 point lead over BBC One. This metric continues to be stable as it is level year-on-year.

Shows the viewpoints of minority groups in society



Different voices

27pt lead

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

-1pt on last year



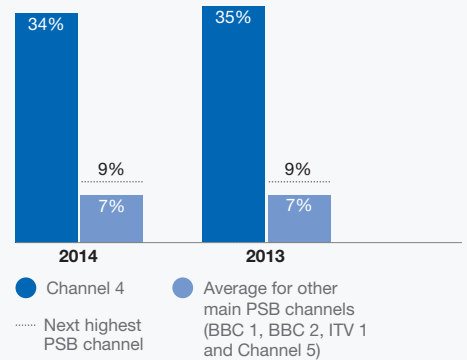
ALTERNATIVE VIEWS

Channel reputations – home for alternative voices

34% of respondents selected Channel 4's main channel as being the home for alternative voices in 2014. This was a substantially higher figure than that for any other channel, none of which were chosen by more than 9% of people. The proportion picking Channel 4 was 27 percentage points higher than the average for the other main PSB channels, and 25 percentage points above the figure for Channel 5, the next highest channel.

Channel 4's performance on this metric fell marginally in 2014, with the proportion selecting the main channel, its lead over the average for the other main PSB channels, and its lead over the next highest PSB channel all falling by 1 percentage point over their 2013 levels. Despite a small variation, this metric continues to be stable.

Home for alternative voices



Distinctive approaches

13pt lead

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

-1pt on last year



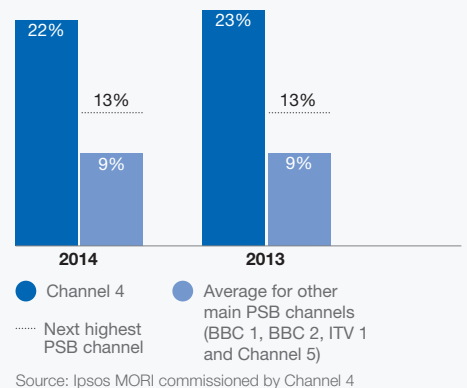
INSPIRE CHANGE

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

In 2014, 22% of respondents selected Channel 4's main channel as being best for making them think about things in new and different ways. This gave it a clear lead over the other PSB channels, with a 9 percentage point lead over BBC Two, the next-highest channel. Channel 4's lead over the average for the other main PSB channels was 13 percentage points.

Channel 4's performance on this metric fell marginally in 2014, with the proportion selecting the main channel, its lead over the average for the other main PSB channels, and its lead over the next highest PSB channel falling by 1 percentage point each over their 2013 levels. Despite slight declines over the last two years, Channel 4's performance against this metric has remained reasonably stable over time, and the proportion of people choosing the main channel in 2014 was only 2 percentage points below its all-time peak since the metric was first reported in 2008. This metric shows a small variation and continues to be stable year-on-year.

Makes me think about things in new and different ways



37pt lead

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

+1pt on last year



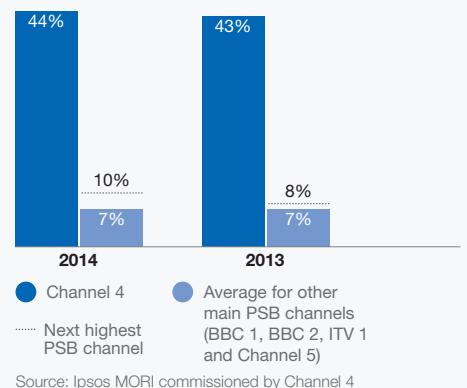
DISTINCTIVE

Channel reputations – tackles issues other channels wouldn't

With one of the highest scores achieved in any of the reputational statements, Channel 4's main channel was selected by 44% of respondents as being best for tackling issues that other channels wouldn't in 2014. The other main PSB channels were chosen by only 7% of people each on average, giving Channel 4 a huge lead of 37 percentage points. Its lead over the next highest channel, Channel 5, was only slightly lower, at 34 percentage points.

Channel 4's performance against this metric, which was introduced for the first time in 2013, improved year-on-year. Both the proportion of people choosing the main channel, and its lead over the average for the other main PSB channels, rose by 1 percentage point. However, its lead over the next highest channel fell by 1 percentage point, as Channel 5 moved into second place ahead of BBC One (the proportion of respondents who selected Channel 5 rose by 2 percentage points). This metric continues to show stability with a variation of 1pt year-on-year.

Tackles issues other channels wouldn't



Distinctive approaches

29pt lead

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

+1pt on last year



DISTINCTIVE

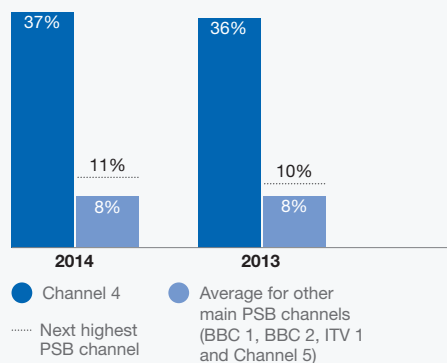
Channel reputations – takes a different approach to subjects compared with other channels

In 2014, Channel 4 continued to distance itself from other public service broadcasters by taking a different approach to subjects compared with other channels. The main channel was chosen by 37% of respondents for this reputational statement, its highest score since 2008. The proportion choosing Channel 4 was 1 percentage point up year-on-year, following a 7 point rise in 2013.

Channel 4's lead was 29 percentage points over the average for other PSB channels, again 1 percentage point higher than in 2013. Its average lead over the other channels has now risen by 10 percentage points over the last two years, and is at a higher level than at any time since 2008. Its lead over the next highest channel, Channel 5, was 26 percentage points in 2014, one percentage point lower than in 2013 (as Channel 5's score also rose slightly).

The upward trends over the last two years reflect the impact of the ongoing creative renewal, which has overturned a couple of years of modest decline between 2010 and 2012, taking Channel 4's performance against this metric to higher levels than the previous peak in 2010. This metric continues to show stability with a variation of 1pt year-on-year.

Takes a different approach to subjects compared with other channels



181

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

-27% on last year



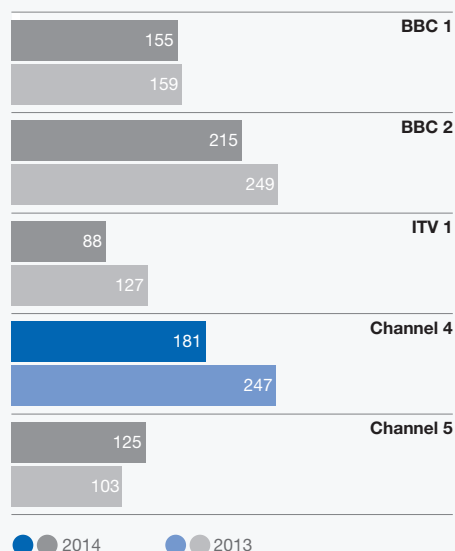
INNOVATIVE

New and one-off programming

As part of its commitment to experimentation, Channel 4 includes significant numbers of new and one-off programmes in its schedules. In 2014, there were 181 of these programmes on the main channel between 6pm and midnight (when audiences are at their highest levels). This figure is 27% down year-on-year, reflecting the maturing of Channel 4's creative renewal strategy, which has led to a stronger spine of returning series in the 2014 schedule than in recent years.

Only BBC Two showed more new and one-off programmes in the evening schedule than Channel 4 in 2014 (215 in total, 14% down). Channel 4 was ahead of all the other main PSB channels, by substantial margins in most cases. It showed 93 more new and one-off titles than ITV in its evening schedules, 56 more than Channel 5, and 26 more than BBC One.

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



39pt lead

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

= with last year



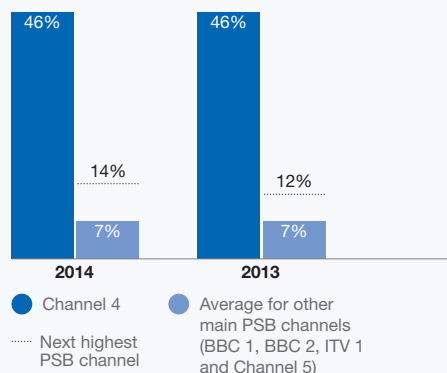
DISTINCTIVE

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

Channel 4's main channel was selected by 46% of respondents as being the one that, more than others, takes risks with programmes that others wouldn't. At almost half of the total sample, this was one of the largest figures for any of the reputational statements in 2014. Channel 4's lead over the average of the other main PSB channels was 39 percentage points, and it was 32 points ahead of the next highest channel, Channel 5.

There were only marginal changes in Channel 4's performance against this metric year-on-year: the proportion of people choosing Channel 4, and its lead over the average for the other main PSB channels, were both level with the corresponding figures for 2013. Meanwhile, its lead over the next highest channel, Channel 5, fell by 2 percentage points. With no variation since last year, this metric continues to show stability.

Takes risks with programmes that others wouldn't



Distinctive approaches

28pt lead

over average
for other channels
for being
experimental

= with last year

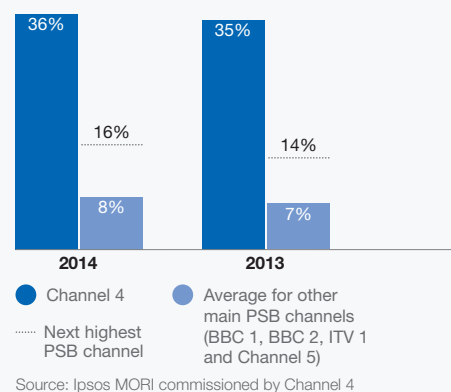


Channel reputations – is experimental

In 2014, 36% of people associated Channel 4's main channel, more than any other channel, with being experimental. This represented an increase of 1 percentage point year-on-year.

Overall, there was very little change in this metric compared to the previous year, with Channel 4 maintaining a substantial lead over the other main PSB channels. The proportion of people choosing Channel 4 was 28 percentage points higher than the average for the other main PSB channels, level with the corresponding 2013 figure, while Channel 4's lead over the next highest channel fell by 1 percentage point to 20%, following a 2 point improvement in Channel 5's performance. This metric shows stability – level with last year.

Is experimental



Film

26pt lead

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

= with last year

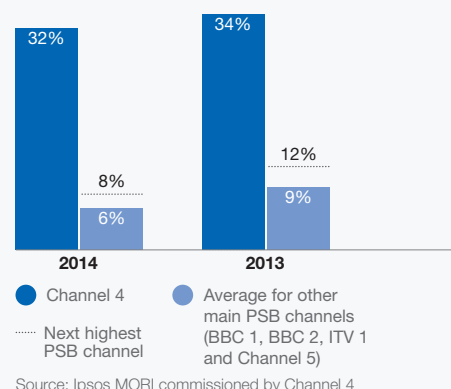


Channel reputations – is best for modern independent film

In 2014, 32% of respondents picked Channel 4's main channel as being best for modern independent film. Channel 4 had a lead of 26 percentage points over the average for the other main PSB channels, and a 24 percentage point lead over Channel 5, the next highest channel. The most popular films this year included Film4 titles *The Inbetweeners Movie*, which drew 1.9 million viewers, and the premiere of *One Day*, which was watched by 1.4 million.

There were small year-on-year variances in Channel 4's performance against this reputational statement in 2014. The proportion of respondents selecting the main channel fell by 2 percentage points from the all-time peak achieved in 2013. However, Channel 4's maintained its significant lead over the average for the other main PSB channels, which was at the same level as in 2013; and it slightly increased its lead over the next highest channel, Channel 5, whose own score fell by 4 percentage points (so no other PSB channel was selected by more than 8% of respondents). With no variation year-on-year this metric continues to show stability.

Is best for modern independent film



Factual

23pt lead

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

+2pts on last year

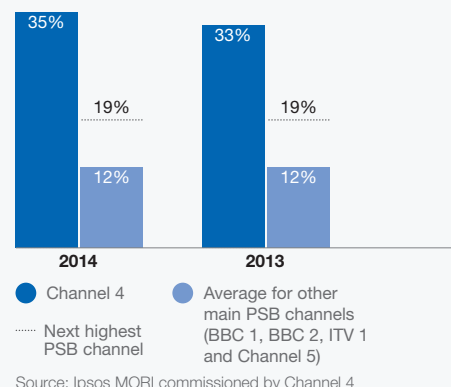


Channel reputations – is best for documentaries that present alternative views

In its documentary programmes, Channel 4 seeks to differentiate its output from that of other broadcasters through their subject matter and approach, and in particular by presenting alternative views not often shown on television. Viewers continued to recognise Channel 4's distinctive approach in 2014, with 35% of respondents selecting the main channel as being best for documentaries that present alternative views. This represents a 23 percentage point lead over the average for the other main PSB channels, and a 16 percentage point lead over the next highest channel, BBC Two.

Following a big increase in its scores for this metric in 2013, Channel 4 strengthened its performance further in 2014. All three key indicators – the proportion of respondents selecting the main channel, its lead over the average of the other main PSB channels, and its lead over the next highest channel (BBC Two) – rose by 2 percentage points year-on-year. For the second year running, Channel 4 recorded its strongest performance since it began reporting this metric in 2010.

Is best for documentaries that present alternative views



Factual

67%

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

-2pt on last year



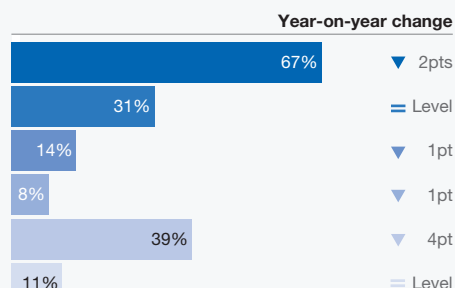
INSPIRE CHANGE

Inspiring change through factual programming

In line with its public remit, Channel 4 seeks to inspire people to make changes in their lives through its factual programming. Programmes may encourage people to think about things in new and different ways, or think about making changes in their own lives. They may also inspire more active engagement: encouraging people to talk about the subjects of the programmes to other people, or to seek out further information. At their most proactive, programmes can lead to people actually trying something new or different. 67% of viewers said that Channel 4's factual programmes inspired them in one or more of these ways in 2014. The most inspiring programme this year was *Benefits Street* – 82% of respondents who watched this programme agreed that it had inspired change in their lives in some form.

There was a small decrease, of 2 percentage points, in the proportion of respondents who said that Channel 4's factual programmes inspired them in some way in 2014 relative to the 2013 figure. However, its performance against this metric remained in line with the figures achieved over the last few years: between 2010 and 2014 it has held steady at between 67% and 69%.

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



- Any inspiring change statement(s)
- It made me think about its subject in new and different ways
- It made me think about changing something in my own life
- I tried something new or different after watching this programme
- I talked about the programme to other people
- I looked for further information elsewhere after watching this programme

Source: Ipsos MORI commissioned by Channel 4

News and Current Affairs

77%

of Channel 4 News viewers regard it to be independent from Government

-2pts on last year



DISTINCTIVE

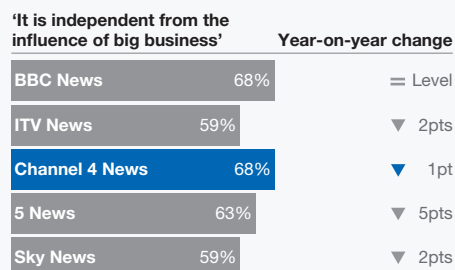
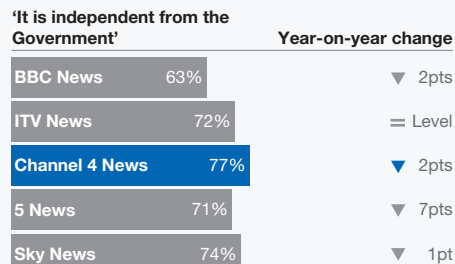
Independence of TV news

In 2014, 77% of regular viewers to *Channel 4 News* regarded it as being independent from the Government. This was 7 percentage points more than the average for the other main broadcasters (the PSBs and Sky), and 3 percentage points more than the corresponding figure for *Sky News*, which was the next highest scoring channel.

68% of regular news viewers to *Channel 4 News* agreed that it is independent from the influence of big businesses in 2014, 6 percentage points more than the average for the news programmes on the other main broadcasters' channels. *Channel 4 News* was in joint-leading place on this measure, along with *BBC News*.

On both of these measures, *Channel 4 News*' scores fell slightly in 2014 (by 1–2 percentage points). However, *Channel 4 News* maintained its lead over the average for the other main broadcasters' news programmes for the proportion of regular viewers who believe it to be independent from the Government, and grew its lead over the next highest-scoring news programme. For the proportion who believe *Channel 4 News* to be independent from the influence of big businesses, its lead over the average of the other news programmes rose by 2 percentage points, although its lead over the next highest-scoring news programme fell slightly, from 1 to 0 percentage points. In 2014, *Channel 4 News* viewing share increased by 1%.

Percentage of regular viewers to TV news programmes in 2014 who agree with the following statements:



Source: Ipsos MORI commissioned by Channel 4

News and Current Affairs

46%

The average programme reputation statement for *Unreported World*

-1pt on last year

42%

The average programme reputation statement for *Dispatches*

-1pt on last year



STIMULATE
DEBATE



EDUCATIONAL



ALTERNATIVE
VIEWS



INSPIRE CHANGE

Programme reputation statements – Current Affairs

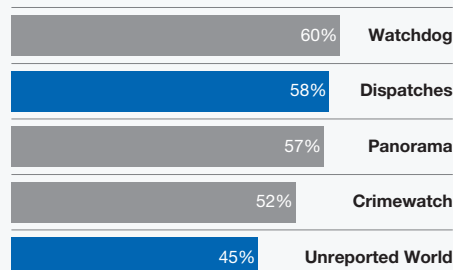
There are variations in both approach and subject matter in the public service broadcasters' Current Affairs output. Channel 4's two main current affairs strands, *Dispatches* and *Unreported World*, place a particular emphasis on investigative journalism, on challenging viewers to see things differently, on giving a voice to those who might not otherwise be heard and, especially in *Unreported World*, on providing a window on the wider world. Through its one-hour specials, Channel 4 also commits to delivering in-depth coverage for important stories.

Channel 4's strengths in these areas are highlighted by five audience reputational statements that assess perceptions of the Current Affairs programmes – both regular strands and one-offs – on the main PSB channels. In 2014, *Unreported World* scored higher than any other programme or strand on three of the five reputational statements, for: "showing stories about parts of the world you would rarely see on British TV" (selected by 60% of respondents), "making me see something in a different light" (44% of respondents), and "giving a voice to groups that aren't always heard in mainstream media" (43% of respondents). Across the five statements, its average score was 46%, the highest of any Current Affairs programme or strand on any of the main PSB channels.

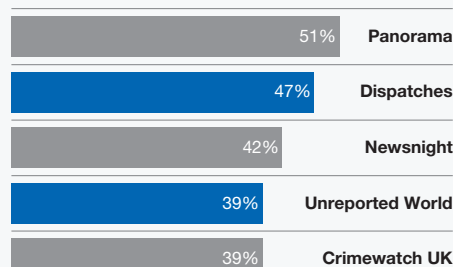
Dispatches was rated in second place in all five reputational statements, behind only *Unreported World* for three of the statements, and behind only *Watchdog* for "uncovers the truth" and *Panorama* for "covers things in great depth". Its average score across the five statements was 42%, the second highest average score behind *Unreported World*.

There was little variation relative to the 2013 figures, with Channel 4's two main strands scoring higher average scores than the Current Affairs programmes on other channels in both years. The average score across the five statements for *Unreported World* and *Dispatches* both fell slightly, by 1 percentage point, year-on-year.

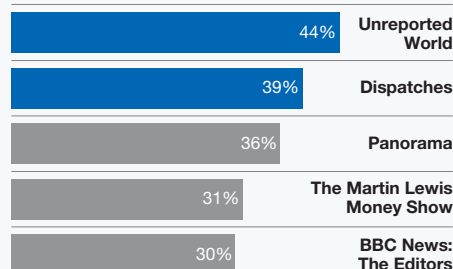
Uncovers the truth



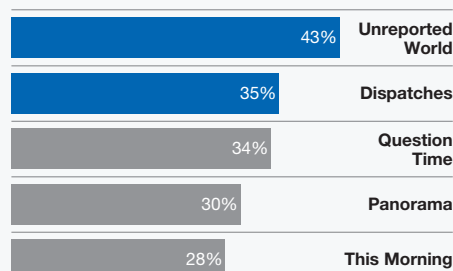
Covers things in great depth



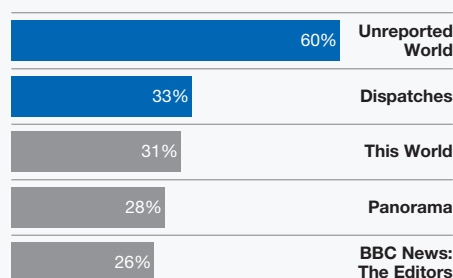
Made me see something in a different light



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



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



● Channel 4 programmes ● Other broadcasters' programmes

Source: Ipsos MORI commissioned by Channel 4

Engaging the audience

85.2%

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

-1.6pts on last year



AUDIENCE IMPACT

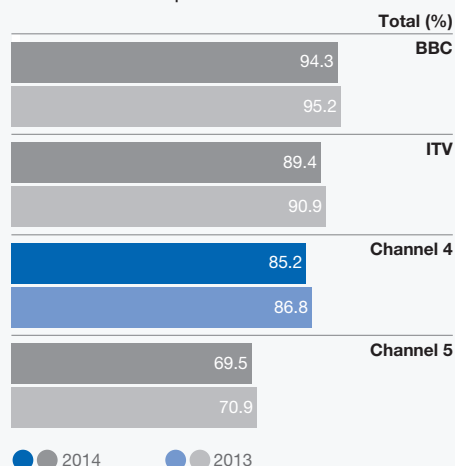
Audience reach

Across its portfolio of TV channels, Channel 4 has the third-highest reach of all the UK broadcasters, behind only the BBC and ITV, and well ahead of fourth-placed Channel 5. The BBC, ITV and Channel 4 are the only UK broadcasters that reach more than three-quarters of all UK viewers every month. 85.2% of all TV viewers watched Channel 4's TV channels for at least 15 consecutive minutes each month on average in 2014. Reach for the main channel alone was 77.4%, while Channel 4's digital channels together reached 64.6% of viewers.

In an ever more competitive digital TV landscape, Channel 4's total TV portfolio reach fell by 1.6 percentage points compared to the 2013 figure. All the public service broadcasters suffered declines in 2014, with the commercial PSBs all suffering similar falls of between 1.4 and 1.6 percentage points. Expressing the declines as percentages of total reach, Channel 4's reach fell by 1.8%, which was in the middle of the range of declines of the commercial PSBs (ITV's reach fell by 1.7%, while Channel 5's fell by 2.0%).

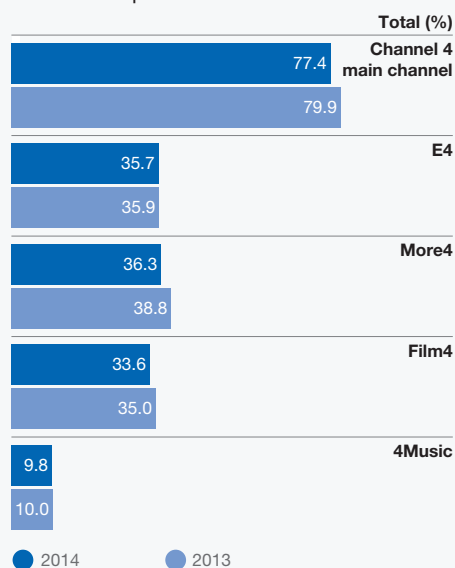
Looking at the individual channels in the Channel 4 portfolio, the main channel and More4 both experienced year-on-year declines in reach of 2.5 percentage points. Film4's reach fell by 1.4 percentage points, while E4 and 4Music suffered only marginal declines, of 0.2 percentage points each. Taken together, the digital channels continued to grow their contribution to Channel 4's overall portfolio reach.

Average monthly reach of public service broadcasters' TV portfolios



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

Percentage reach of individual TV channels in Channel 4 portfolio



Source: BARB, 15 minute consecutive, average monthly reach, all people. See online methodology for further details

Engaging the audience

10.9%

viewing share
across the TV
channel portfolio

-0.1pts on last year



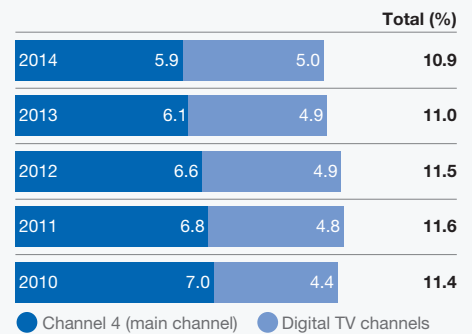
AUDIENCE IMPACT

TV viewing share

Channel 4's TV portfolio achieved a total viewing share of 10.9% in 2014. The main channel's share was 5.9%, equivalent to 54% of the total for the portfolio, while the digital channels had a combined share of 5.0%. This is the highest ever share achieved by the digital channels. E4 was the biggest digital channel, hitting 2% share for the first time, followed by Film4 (1.5%), More4 (1.2%) and 4Music (0.3%).

Viewing share fell year-on-year, but by a smaller amount than in 2013. Overall portfolio share was 0.1pts down on the 2013 level. The main channel's share fell by 0.2pts, reflecting the ongoing fragmentation of viewing in the digital TV space. Notwithstanding this increased competition, the digital channels continued to grow their viewing share, which was up by 0.1pts overall. The biggest individual increase in share was enjoyed by E4 (up 0.1pts).

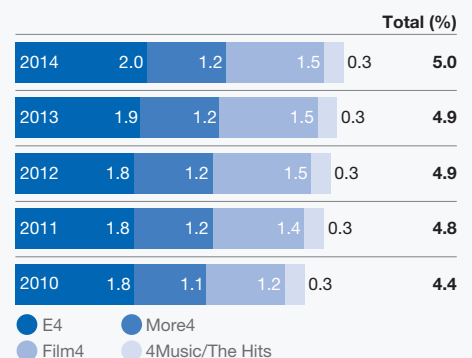
Channel 4 portfolio share as a percentage of total TV viewing



Source: BARB

Channel 4 2012 data includes the Paralympics channels.
See online methodology for further details

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



Source: BARB

Channel 4 2012 data includes the Paralympics channels.
See online methodology for further details

10.4%

portfolio viewing
share amongst
BAME audiences

= with last year



CULTURAL
DIVERSITY

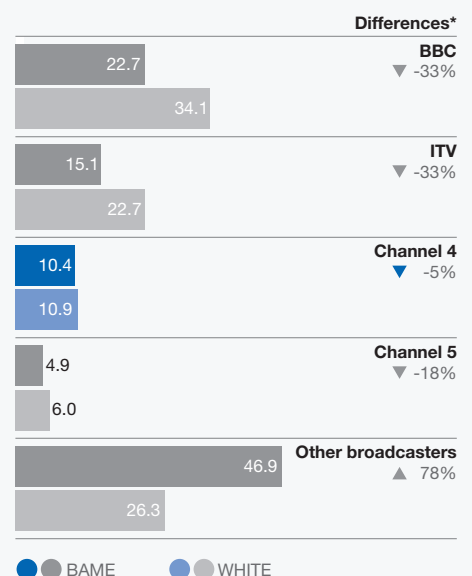
Share among hard to reach audiences – BAME

Channel 4's remit requires it to make programmes that appeal to people from different cultural backgrounds, and it is particularly important for the broadcaster to attract ethnic minority audiences. Achieving this is challenging, given that viewers from Black, Asian and Minority Ethnic (BAME) groups watch disproportionately high levels of digital channels, as a result of which their viewing to the public service broadcasters' channels tends to be lower on average than that of white viewers.

In previous years, Channel 4 has had a smaller differential between its TV portfolio viewing shares amongst BAME and white viewers than that of any of the other public service broadcasters – meaning that BAME audiences represent a higher proportion of Channel 4's total audience than they do of the total audience of other PSBs – and Channel 4 improved its performance further in 2014. Its TV portfolio share amongst BAME audiences was 10.4%, while the corresponding share amongst white audiences was 10.9%. This gives a differential of 5%, considerably lower than the corresponding BAME/white viewing differentials for the TV portfolios of the other public service broadcasters, which ranged from 18% to 33%.

While its total TV portfolio viewing share declined in 2014, Channel 4's portfolio viewing share amongst BAME audiences rose marginally in absolute terms. Channel 4 also narrowed the viewing differential between BAME and white audiences, which fell from 7% in 2013 to 5% in 2014.

Public service broadcasters' portfolio viewing shares amongst white and BAME audiences as a percentage of total TV viewing by those audiences (2014)



Source: BARB

* Viewing by BAME audiences compared to viewing by white audiences

Engaging the audience

17.0%

portfolio viewing share amongst 16–34 year olds

+2% on last year



CULTURAL DIVERSITY

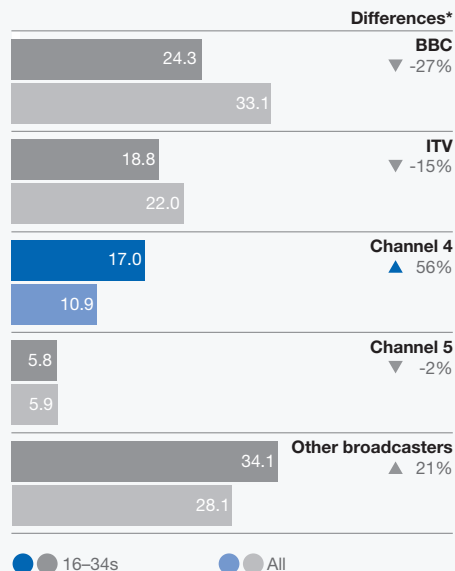
Share among hard to reach audiences – 16–34s

Channel 4 is the only public service broadcaster that attracts a larger share of viewing amongst hard-to-reach 16–34s than across the general population, and it strengthened its appeal further amongst 16–34s in 2014.

Across its TV portfolio, Channel 4's viewing share amongst 16–34s was 17.0% in 2014. This represented an absolute increase, of 0.3 percentage points, over the 2013 level – we believe this to be the highest portfolio viewing share Channel 4 has ever achieved amongst this audience across its TV channels.

Channel 4's viewing share amongst 16–34s was 56% higher than its corresponding all-audience share in 2014. By contrast, ITV's 16–34s share was 15% less than its all-audience portfolio share, and the BBC's was 27% less. Channel 4's relative appeal to young audiences also grew this year: the differential between 16–34s and all audiences increased from 51% in 2013.

Public service broadcasters' portfolio viewing shares among 16–34s and all audiences as a percentage of total TV viewing by those audiences (2014)



Source: BARB

* Viewing by 16–34s compared with all audiences

5.5%

viewing share for E4 amongst 16–34s

+7% on last year



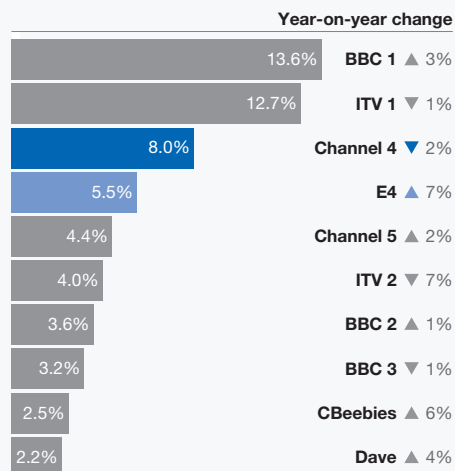
CULTURAL DIVERSITY

Most popular channel for young viewers

E4 continued to grow its viewing share amongst 16–34 year olds in 2014. Its 5.5% share amongst this age group was 7% up on the 2013 figure, ensuring it remains the fourth most popular channel in the UK – behind only BBC One, ITV and Channel 4, and ahead of the other two main PSB channels, BBC Two and Channel 5.

Channel 4's main channel also performs disproportionately well amongst 16–34s, amongst whom it is the third most popular channel. It achieved an 8.0% share in 2014, slightly down (by 2%) on its 2013 level.

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



Source: BARB

Engaging the audience

17%

of viewing to *Channel 4 News* programmes on the main channel in 2014 accounted for by viewers aged 16–34

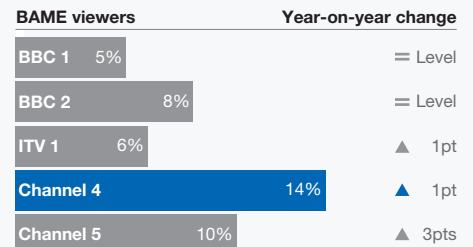
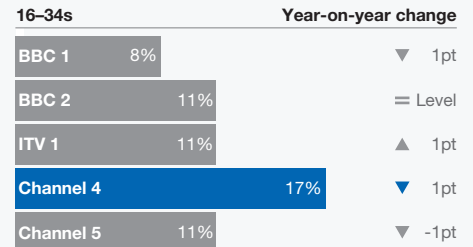
-1pt on last year

Viewing to national news

Channel 4's main evening news programme continues to appeal disproportionately to young and BAME audiences, relative to news programmes on the other main PSB channels. Young audiences aged 16–34 accounted for 17% of viewing to *Channel 4 News* in 2014, compared to their share of just 8% – 11% of viewing to the national news programmes on the other main PSB channels. Viewers from BAME groups represented 14% of all viewing to *Channel 4 News* – broadly in line with their representation in the UK population. The other main PSB channels had disproportionately low shares of BAME viewing to their news programmes, ranging from 5% to 10%.

There was little year-on-year variation in these figures. The proportion of viewing to *Channel 4 News* accounted for by 16–34s fell 1 percentage point, while the proportion of BAME viewers rose by 1 percentage point.

Percentage of viewing to national news programmes on the main PSB channels in 2014 accounted for by 16–34s and BAME viewers



Source: BARB

14%

of viewing to *Channel 4 News* programmes on the main channel in 2014 accounted for by BAME viewers

+1pt on last year



DISTINCTIVE

8.2m

people watched *Channel 4 News* each month

-3% on last year



DISTINCTIVE

Reach of *Channel 4 News*

In 2014, *Channel 4 News* was watched (for at least 15 consecutive minutes) by an average of 8.2 million people a month. The programme's reach fell by 3% year-on-year. This was the lowest annual rate of decline since 2010, and can be accounted for by the decline in all TV viewing in 2014. In terms of viewing share, *Channel 4 News* increased its share slightly in 2014 (by 1%).

18pt lead

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

-2pts on last year



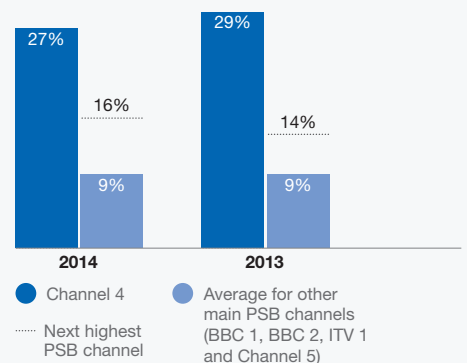
CULTURAL DIVERSITY

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

In 2014, 27% of respondents selected Channel 4's main channel as being best for catering for audiences other channels don't cater for. This was 18 percentage points more than the average of the other main PSB channels, and 11 percentage points more than the next highest channel (Channel 5).

While the proportion of people choosing the main channel in 2014 was 2 percentage points below the peak score achieved in 2013, this was still a bigger figure than in any other year since 2008, and 6 percentage points higher than the 2012 figure. Channel 4's lead over the average for the other main PSB channels was also down by 2 percentage points year-on-year (but 8 points above the 2012 figure). Its lead over the next highest PSB channel fell further, by 4 percentage points, as Channel 5's own score improved by 2 points.

Caters for audiences other channels don't cater for



Source: Ipsos MORI commissioned by Channel 4

Engaging the audience

587m

programme views
initiated on demand

+23% on last year



DIGITAL

On demand viewing

On demand viewing to Channel 4's programmes via catch-up services continued to grow in 2014. 587 million programme views were initiated across all platforms on which Channel 4 makes its content available – including PCs, smartphones, tablets, games consoles and connected TVs. This was a substantial increase, of 23%, on the 2013 figure.

Growth in on demand views was particularly strong on mobile platforms and connected TVs in 2014. 4oD views more than doubled on the Sky platform in 2014, and increased by 160% on Netflix.

Channel 4 programme views initiated (m)

2014	587
2013	476

Source: Channel 4

634m

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

+18% on last year



DIGITAL

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

Channel 4's websites, mobile sites and apps attracted 634 million visits in 2014, representing an impressive 18% increase year-on-year. Channel 4's apps accounted for the most significant growth, with the number of visits increasing by 75%. As a result, apps accounted for just over 50% of all visits to C4 digital properties covered by this metric this year, up from 35% of the total in 2013. The growth in app visits partly cannibalised visits to Channel 4's websites and mobile sites, which fell by 12% year-on-year. This reflects broader consumer trends in which users are increasingly accessing content via dedicated smartphone and tablet apps.

Monthly visits to Channel 4's websites,
mobile sites and apps (m)

			Total
2014	308	326	634
2013	351	186	537

● Visits to websites and mobile sites

● Visits to apps

Source: Channel 4

Engaging the audience

73%

average 'Buzz' score
for Channel 4's 10
most talked about
programmes



STIMULATE
DEBATE

Producing talked about TV

Channel 4 aims to make an impact with its programming in part by engaging viewers, inspiring conversations and stimulating debate – both in social media and the 'real' world. 'Buzz' scores help Channel 4 to assess audience reactions to its programmes: based on a daily survey of around 1,000 respondents, they track the proportion of Channel 4 viewers who said they talked about programmes that they watched, or commented on them on social media, including Facebook and Twitter.

The average 'Buzz' score for the 10 most talked-about programmes on Channel 4 in 2014 was 73%, 4 percentage points higher than in 2013. *Channel 4 Racing* was the most talked about programme for the second year running, with 79% of its viewers talking about it or commenting online, up from 75% last year. In second place, *Youngers*, a comedy drama set amongst a group of teenagers in south-east London, also had a 'Buzz' score of 79% – an impressive figure for a new drama that resonated strongly with its young target audience. The Top 10 was dominated by factual shows, including *The Supervet*, in which a 'Bionic Vet' treated hard-to-cure pets, and *First Dates*, which eavesdrops on pairs of single people getting to know each other over dinner.

Programme	Buzz% 2014
Channel 4 Racing	79%
Youngers	79%
The Supervet	77%
First Dates	74%
Inside Rolls-Royce	74%
Man vs Weird	73%
Channel 4 News	69%
My Granny the Escort	69%
The Queen's Mother-in-Law	69%
The Morning Line	68%
Average 'Buzz' Score* for 2014 top 10 programmes	73%

* 'Buzz' measures the proportion of viewers who had talked or communicated about the programme in some way. In 2014 we amended the wording of the survey; therefore no prior year comparison is available. See methodology document for further detail.

Source: Ipsos MORI commissioned by Channel 4

64%

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

+1pt on last year

Viewing to network originations

'Network originations' – programmes commissioned by Channel 4 and transmitted on any of the channels in its TV portfolio – accounted for 64% of total viewing to the main channel, E4 and More4 in 2014. This represented a 1%pt increase year-on-year.

In volume terms, network originations represented 61% of all hours across the schedules of the main channel, E4 and More4 (also up 2% over the 2013 figure). Comparing these two figures, network originations accounted for a higher share of viewing (64%) than their corresponding share of the volume of programming (61%) in the schedules. As such, programmes commissioned by Channel 4 outperformed acquired programmes, by accounting for a disproportionately high share of overall viewing.

Note that the Film4 channel is excluded from this metric as, by its nature, its output is made up primarily of acquired feature films.

SPOTLIGHTS

SPOTLIGHT

NATIONAL AND REGIONAL VOICES



Make Leicester British

Channel 4 works hard to make sure its output and the people that make our programmes represent and reflect all parts of the country. Regional diversity is embedded into Channel 4 – in the locations and stories we feature on-screen as well as directly through the suppliers we work with.

▲ annualreport.channel4.com

6%

of network spend out of England

- Scotland: 4.6%
- Wales: 1.1%
- Northern Ireland: 0.3%

A wide spread of geographical areas were portrayed in 2014 – with scripted series featuring locations including Lincolnshire (*My Mad Fat Diary*), Glasgow (*Scrotal Recall*) and Leeds (*Drifters*). Our factual output sought to capture contemporary life in areas such as Leicester (*Make Leicester British*), Birmingham (*Benefits Street*), and London (*Educating the East End*). In addition to these fixed settings, many of our peak-time shows included rolling locations – with Kevin McCloud visiting Derry, Monmouthshire and Cornwall in *Grand Designs* and Kirstie Allsopp meeting house buyers in Belfast, Kent, Gloucestershire and Bristol in *Kirstie's Best of Both Worlds*. We cast participants from across the UK in shows ranging from *First Dates* to *The Undateables* – with contributors from County Durham and The East Riding joining the families of *Gogglebox*.

Behind the scenes, our Creative Diversity team continued to identify and nurture regional companies, as we work towards our new licence commitments to invest 9% of network spend out of England by 2020. In 2014 we increased our spend outside England for the fifth year in a row, working with a wide range of indigenous Nations-based companies, including Boom (*Posh Pawn*) and Rondo (*Frozen at Christmas*) in Wales, Big Mountain (*Addicts' Symphony*), Double Band (*WWI's Forgotten Heroes*) and Waddell Media in Northern Ireland and Raise the Roof (*Phil Spencer Secret Agent*), Matchlight (*Jockey School*) and IWC Media (*Britain's Benefit Tenants*) in Scotland. In percentage terms, 4.6% of our network spend was in Scotland, 1.1% in Wales and 0.3% in Northern Ireland.

A key success story in terms of both production and representation was the commission of Glasgow indie The Comedy Unit on the eve of the Scottish Independence Referendum to produce *Scotland in a Day*. This was an irreverent mock-documentary, featuring an all-star Scottish cast that charted a variety of characters and their thoughts on what way their vote would go. The show delivered strong representation of Scotland and the company continue to develop with the channel and are looking at a potential follow up in 2015.

In Wales director Amanda Rees, owner of burgeoning company Tifini, won her company's first commission with Channel 4 in 2014 – the moving film *Finding Mum and Dad*. This film was nominated for a host of awards including a Grierson Award for Best Documentary, and has enabled the company to win further work from the channel.



Addicts' Symphony

52%

of network hours out of London

SPOTLIGHT

GROWTH FUND



Popkorn Media Ltd

Since its inception Channel 4 has worked side-by-side with UK independent production companies, helping stimulate what is now one of the most innovative and creative production sectors in the world.

▲ annualreport.channel4.com

£4.9m
invested in 2014

As part of this commitment to the growth of the sector, at the beginning of 2014 Channel 4 launched a £20 million Growth Fund. It aims to nurture the independent sector by providing access to capital funding for small independent TV and digital production companies based in the UK by facilitating growth in invested companies. It will also help generate additional commercial return for Channel 4 and will add a new dimension to our existing support for the sector by stimulating growth outside of the normal commissioning cycle. The Growth Fund also offers an important alternative to other forms of equity and debt funding for creative companies.

Channel 4 now has minority stakes in UK based indies Arrow Media Ltd, Lightbox Media Ltd, Popkorn Media Ltd, True North Productions Ltd and Eleven Film Ltd. More investments are expected in 2015 and there will be continuing diversification of the portfolio across genres, geographical location and management teams.

The Fund started with around £20 million, initially expected to be invested over a period of three years in a broad portfolio of television production and digital companies. Channel 4's investment in any one company will not exceed 25%; the idea is to hold stakes for up to five years to allow companies to achieve growth and sustainability. A newly set up Growth Fund Advisory Board, including industry figures from outside of Channel 4 will provide advice and counsel on the Fund's investment strategy.

The Growth Fund investments do not influence the strategy of Channel 4's commissioning team – who continue to work with the broadest range of suppliers and in a manner consistent with the Code of Practice for Commissioning of Independent Productions and with equality of access. No output or minimum guarantees are given to invested companies in relation to Channel 4 commissions. The Growth Fund acts as a minority investor, leaving the management of the invested companies to run the business.

All returns from the Fund's investments will be used to further invest in the indie sector. As of the end of 2014 £4.9 million had been committed to investments, leaving significant funds available for future investments in the Growth Fund companies.



Lightbox Media Ltd



Eleven Films Ltd



True North Productions Ltd



Arrow Media Ltd

SPOTLIGHT

DATA STRATEGY

channel4.com/4viewers



Our award-winning data strategy helped to drive differentiation and growth in our online revenues in 2014 and of our 11.3 million registered users, 4.5 million are active at least once every three months.

▲ annualreport.channel4.com

11.3m
registered users

**Winner –
Grand Prix
Marketing Week Data
Strategy Awards**

Data forms a key element in a growing proportion of our online deals as behavioural targeting becomes an ever more embedded expectation amongst advertisers. Projects such as the personalised campaigns for Coke and Burberry drew wide acclaim and helped Channel 4 Sales to win Digital Sales Team of The Year.

Our data strategy is also a key driver of our 2015 move into the programmatic trading of VOD inventory, where we are the first broadcaster in the UK to do so, and which will help secure our ambitious digital growth targets.

Extending the viewer relationship

In 2014 we integrated specific viewing behaviour data into our outbound communications, making them much more relevant to the viewer. Fans segmentation has been used for targeting on specific campaigns leading to a 30% increase in the open rate and, in some cases, a five-fold increase in the click through rates.

Viewers are now able to request a reminder about their favourite shows, and we have introduced an automated email that surprises and delights viewers, telling them when shows they have previously watched are back on the channel. This has led to a respective 75% and 50% increase in the open rate compared to the weekly non-targeted newsletter.

We have extended our relationship with our registered viewers by inviting them to regularly tell us their views (on our programmes, pilots, products, marketing campaigns and adverts) via our 9,000 strong research panel, Core4.

Continued innovation

Following from the success of demographic targeting, we have combined first party research data derived from the Core4 panel with three years of rich first party behavioural data on 4oD to create Viewer Interest Segments. The product has allowed us to identify viewers with affinities to such categories as new technology, beauty & cosmetics and environmentally conscious. The first trial of this innovative new product is due to complete in Q1 2015. In developing interest targeting Channel 4 has pushed further into open source analytics tools and machine learning techniques, from clustering programmes into smarter micro-genres using viewer behaviour to predicting product and lifestyle affinities using viewing tastes and preferences.

Building on the strides made in email marketing we have started to optimise digital promotional airtime on 4oD. Previously, online video inventory used basic targeting; now we are using data to make smarter decisions e.g. promoting *Utopia* to viewers of similar shows like *Black Mirror* and *Complicit* or promoting *Utopia* to viewers of *Nathan Barley* or promoting *The Mill* to viewers of *Benefits Britain 1949*.

The next phase of the relationship strategy is to bring together the deep viewer insight we now have with the communications capabilities we have developed, to personalise individual viewing experiences. Throughout our communications, promotions and the All 4 experience. Our aim is to use personalisation to increase viewer frequency and viewing.

Awards

Over 2014 Channel 4's Audience Technologies & Insight department won seven major pan-industry awards for Data Strategy, Relationship Marketing and Research, most notably the overall Grand Prix at the Marketing Week Data Strategy Awards and the IT industry's Big Data Project of the Year.

OUR PROGRAMMES

2014 was a year of strong creative ambition for Channel 4, with an array of new shows and new ideas. We re-thought and refined some of our best-established strands and series and, in some cases, doubled their audiences in the process. It was a year marked by courageous innovation in meeting our public service remit, from *Benefits Street* to coverage of the Sochi 2014 Paralympic Winter Games that built on the success, the talent and innovation behind the 2012 Paralympics. And underlying much of this success was an ability to connect with 16-34s audiences in a way that no other broadcaster does.

We were not alone in thinking it was a good year. From the raft of awards won by News and Current Affairs to the commercial success of *The Inbetweeners 2*, our critics and our audiences responded positively, culminating in our being voted Channel of the Year at the Edinburgh TV Festival.

Telling it like it is

In a year of austerity at home and conflict abroad, we brought the realities of the contemporary world to our viewers, with a spread of programmes highlighting inequalities in British society, with programmes such as *Skint*, *How the Rich Get Richer* and *Can't Get the Staff*. The huge success of *24 Hours in A&E* was matched by a unique portrait of the police service in *24 Hours in Custody*. *Gogglebox* continued to be a hugely entertaining mirror of British life while some of our education shows, such as *Online and Lying* helped children navigate the risks of the online world. Our news and current affairs teams provided an unflinching picture of how the civil war in Syria affected ordinary families struggling to live their lives, and our in-depth investigation of homophobia in Russia and mass killing in northern Nigeria emphasised the extent to which Channel 4's commitment to investigative reporting is now almost unique in British television.

Building on success

We were proud of the fact that so many of our comedy series, *Toast of London*, *Friday Night Dinner* and *Drifters* on E4 grew their audiences in their second and third series, a gratifying pay-back on our investment in writers, and particularly female writers and performers. A similar commitment meant that we gave creative space to established writers like Sam Bain, Jesse Armstrong and Dennis Kelly, as seen in *Babylon* and *Utopia*. Our factual entertainment shows, *The Island with Bear Grylls* and *The Undateables* were further proof that it pays to work at and develop a successful formula just as much as to constantly pursue new ideas and formats. A loyal audience is never easily won.

Innovation

While building on established success, 2014 was also marked by a strong commitment to innovation. With many of our features programmes we chose presenters and performers who engaged with viewers as equals and partners rather than 'experts' talking down to them. Right across the channel we experimented with short form content online, in comedy, in news and in education, and the *Shorts* strand generated an astonishing 3 million views on 4oD. A radically different kind of innovation came with *Live from Space*, which did exactly what its title suggested, bringing astronauts to screen live from the international space station. In other ways, too, the year was marked by innovation, with the Film4 team experimenting with new distribution models, helping the UK's independent filmmakers find effective and sustainable ways of reaching audiences in a multi-platform world.

Online and on-air working together

Singer Takes It All was a radical re-working of the traditional TV talent contest in which viewers could not only vote in real time but even control the look and layout of the studio stage. 30 million votes were cast for songs sung and uploaded by viewers themselves and research suggested that as many as 15% of viewers were using second screens while they watched the show. In a different vein, *Don't Stop the Music* also brought online and on-air together, engaging viewers in a more immediate way and resulting in 6,000 musical instruments being handed in for school children to use. Our education team aimed to get more of our education content working in harmony with mainstream entertainment, for example using *Hollyoaks* storylines as a springboard to a series of short films on family breakdown, *Tom's Life*. And the new *Am I Normal* portal aimed to bring all of Channel 4's education content to one place, making it easier for young people to find the information they need.

Nurturing talent

Under-pinning every success is our consistent commitment to identifying and nurturing talent, from young untried comedy writers and presenters who represent the true diversity of the UK, to some of the best known and established creative figures. With our commissioning we aim to constantly extend the range of voices from all the Nations and Regions of the UK, and with our growing success in online, apps, and games we are bringing an ever-wider range of creative and technical talent to public service broadcasting.

COMEDY

"IT'S ABOUT PEOPLE, WHICH IS ITS REAL BEAUTY. ALONG WITH ALL THE RAZOR-SHARP WIT, THE NODS AND THE WINKS, IT MANAGES TO BE A VERY HUMAN STORY."

The Guardian

Black Mirror: White Christmas



Interview with
Phil Clarke
Head of Comedy

2014 Ambitions

- ▶ Build on 2013's success with established talent and returning shows
- ▶ Provide a home for good writing and strong narrative comedy
- ▶ Work with the production community to nurture a new generation of talent on and off screen

Successful comedy is television at its most creative and risky – a non-stop and often nerve-wracking quest which is not just about winning new audiences and finding new talent, but also about holding, and growing, loyal audiences for well-established successes.

What were the key ambitions for Comedy?

Our main ambition for 2014 was to build on existing successes, and to grow loyal audiences for them. But we also developed new shows, in line with our editorial strategy, and as the year progressed we saw that strategy beginning to work – and the new talent that went with it.

How do you feel 2014 went?

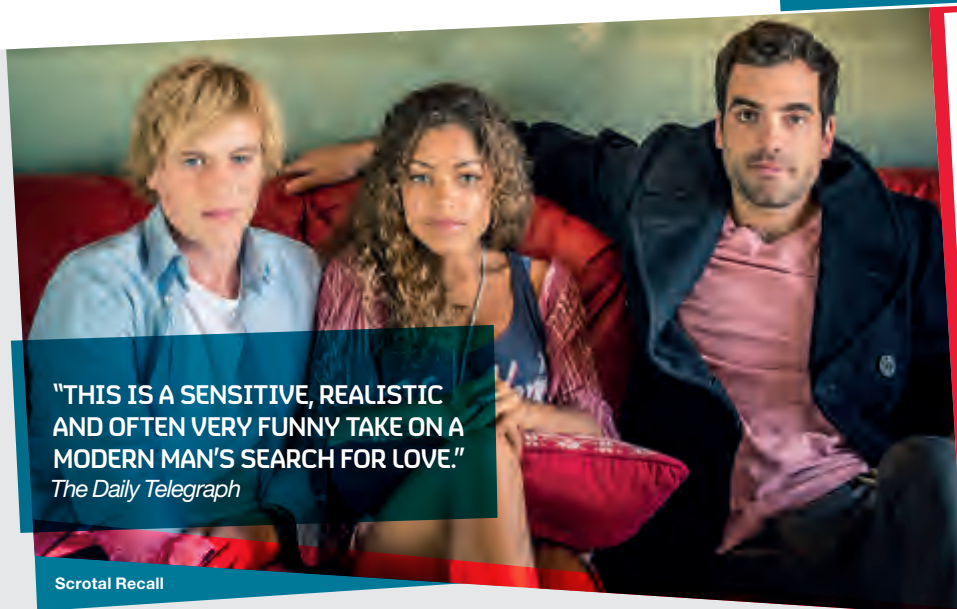
We've had a good year. *Toast of London* returned for a second series, to great critical acclaim, picking up a record number of nominations at the Comedy Awards and winning the Rose D'Or Sitcom award. It has all the makings of a cult classic with its own devoted fan base. I'm delighted that it will be returning in 2015 for a third series. We extended the range of what we do with

Scrotal Recall, a clever and charming romantic comedy that turned out to be a critical hit, as was the award winning sketch show *Cardinal Burns*.

Another success was *Friday Night Dinner*, our family sitcom which returned for a third series with an average audience of more than 1.6 million. *Derek* generated an average audience of over 1.8 million and bowed out with a strong Christmas special – disruptive comedy with a legion of devoted fans.

On E4 *Drifters* returned for a fabulous second run, building on the success of the first series. The second series averaged almost 600,000 viewers an episode, a 27% increase on series one.

And finally, working closely with Film4, we saw *The Inbetweeners 2*, the Channel 4 comedy which started on E4, take more than £33 million at the UK box office.



"THIS IS A SENSITIVE, REALISTIC AND OFTEN VERY FUNNY TAKE ON A MODERN MAN'S SEARCH FOR LOVE."

The Daily Telegraph

Scrotal Recall

How did Comedy help deliver the remit?

Original comedy is always high-risk and we take creative risks with every show. We like to encourage the new and the innovative – that, after all, is a core part of Channel 4's remit.

And our contribution to the comedy landscape is more than just our current programmes. We develop new talent that often goes on to have impact way beyond Channel 4 programmes. As well as launching great new comedy talent, we provide a home it can return to. For example, *Black Mirror: White Christmas* brought Charlie Brooker's darkly innovative brand back for a third time, reaching an audience of 1.9 million.

We also offer a space for cult talents like Noel Fielding and Matt Berry, who are able to experiment and produce programmes that they wouldn't have the creative freedom to make elsewhere. Auteur-led comedy is important Channel 4 territory and one that we fiercely safeguard.

Another way in which we nurture talent is by giving opportunities on different platforms and in different formats – this year our online short form strand *Comedy Blaps* produced *Bad Robots*, and *Chewing Gum*, both of which went on to be commissioned series on E4. *Chewing Gum* will go out next summer while *Bad Robots* will return for a second run.

What are the key challenges?

One of our challenges is to sustain the unconventional edge to the shows we commission. As 'alternative' comedy becomes more mainstream, we have to focus on what a new breed of comedy programming looks like and what makes Channel 4 distinct.

We work hard to ensure a breadth of styles and tones in the programmes we commission. For example, we're exploring a kind of gentle, almost romantic comedy that is well encapsulated by *Scrotal Recall* – a charming show about relationships. We'll be seeing more in that vein with *Catastrophe* in 2015, written by and starring Sharon Horgan and Rob Delaney. But there will also be big madcap laughs from a second series of Greg Davies' *Man Down*.

Diversity of comedic voice is always a consideration for us, and I'm delighted that we have been able to give a platform to so many female comedy writers and performers in 2014, including Jessica Knappett who wrote and starred in *Drifters*, which will be back for a third series in 2015. The year ahead will also see us broadcast Caitlin Moran's *Raised by Wolves*, Julia Davis and Nick Mohamed's new comedy, *Morning Has Broken*, and Michaela Coal's *Chewing Gum*.

2015 Strategy

Next year *Toast* and *Drifters* will return, both of them shows that help cement our channel-defining comedy brand. In an election year, we're looking to introduce more satirical comedy with the *Battle on the Buses*, a highly topical series, set on the political party battle buses that will run right through the election. That's editorially risky but we're confident it will add extra punch to our output.

We will also continue to support female comedians with *Chewing Gum*, *Morning Has Broken*, *Catastrophe* and *Raised by Wolves*.

And, sadly, we'll be saying a fond farewell to *Peep Show* as the last ever series hits screens towards the end of 2015.



Friday Night Dinner

CASE STUDY: COMEDY

DRIFTERS





The original comedy drama *Drifters* saw best friends Meg (Jessica Knappett), Bunny (Lydia Rose Bewley) and Laura (Lauren O'Rourke) return to our screens for a second series.

Written by, and starring, Jessica Knappett, *Drifters* is an original comedy drama series about three best friends who are trying – and largely failing – to avoid the pitfalls and humiliations that life after university brings. Broke and facing a quarter-life crisis, the girls are on the hunt for a job, a place and the man of their dreams, with some very funny and very humiliating consequences.

Drifters is produced by Bwark Productions, the company behind E4's multi-award winning series and film, *The Inbetweeners*, and is an example of Channel 4's long standing tradition of sharp, cutting-edge comedy.



NURTURE TALENT



DISTINCTIVE

"charming,
witty sitcom"

The Guardian

DRAMA



"IT'S UNIQUE – AND ONE OF THE MOST EXQUISITELY FUNNY BRITISH DRAMAS IN YEARS."
The Guardian

Utopia



Interview with
Piers Wenger
Head of Drama

2014 Ambitions

- ▶ Look for a greater breadth of output
- ▶ Tap in to the key themes of contemporary Britain
- ▶ Showcase the best new and established talent

The key to great drama is great writers. By giving them the creative space they needed, and by experimentation, Channel 4 had some memorable dramas in 2014 and laid a strong foundation for 2015 and beyond.

What were the key ambitions for Drama?

In 2014 we aimed to tackle some big topics about contemporary Britain in an interesting and entertaining way with a wide range of drama commissions, from comic series and period pieces to youth drama.

And, as always, we were looking for writers with strong points of view and subjects they cared passionately about.

How do you feel 2014 went?

We had success with *Babylon*, written by Sam Bain and Jesse Armstrong and with a pilot directed by Danny Boyle. All three of them have a long history of working with Channel 4 and came to us because we offered them the chance to do something new and create a drama with a distinctive comedic edge. The success of the pilot episode led to our commissioning a series, which also won praise from critics and audience.

Another success came with *Utopia*, returning for a second series to critical acclaim. This idiosyncratic authored piece galvanised fans, establishing a cult following, winning an International Emmy for Best Drama Series and two RTS Craft awards.

New Worlds launched in early 2014, a beautifully filmic sequel to 2011's *The Devil's Whore*. Set on both sides of the Atlantic, it benefited from a wealth of talent and sumptuous settings, although it didn't find the audience that it deserved. Another historical drama, *The Mill*, a collaboration with our specialist factual team, returned for a second series.



"THE DARK REALISM OF GLUE REMAINS ONE OF ITS CHIEF STRENGTHS, AS DOES ITS GRAPHIC PORTRAYAL OF AN ALTERNATIVE VISION OF ENGLAND'S SUPPOSEDLY IDYLIC COUNTRYSIDE."
The Daily Telegraph

Glue

How did Drama help deliver the remit?

Nurturing talent is a critical part of successful drama programming. We work with writers throughout their careers and find that such established figures as Russell T Davies and Paul Abbott come back to us because we allow them a degree of creative freedom and experimentation they struggle to find elsewhere. Another talented writer, Jack Thorne, who started his career with *Skins* and *This is England*, came back to us in 2014 to deliver *Glue* which launched to critical acclaim on E4.

Drama is a particularly powerful medium for engaging hard-to-reach audiences and stimulating debate. *My Mad Fat Diary* and *Youngers*, both of which resonated strongly with older children and young adults, allowed us to tackle such issues as mental illness, body image, and social inequality in a way that was educative without feeling preachy.

What are the key challenges?

The challenge for us is to have the confidence to go on allowing writers and programme makers to try new ideas and formats. Russell T Davies' trilogy *Cucumber*, *Banana* and *Tofu*, which will air in early 2015, addresses what it means to be gay in the modern world. Each of the three shows will be broadcast via a different channel: Channel 4, E4 and online. This multi-channel dimension allows us to explore different facets to the story, as *Cucumber* follows the main protagonists, *Banana* explores the younger characters' lives and *Tofu* offers a forum for viewers to share stories related to the show.

2015 Strategy

In 2015 we will continue to explore ways of bringing new ideas to the screen in new ways, with a record level of investment and the launch of a range of ambitious, outspoken series across the schedule. Drama commissions generally have a long gestation period and we are confident that the year ahead will see a return on the investments we've been making over the past two years, with new shows launching at 8, 9 and 10pm.

As well as the Russell T Davies trilogy, *Indian Summers* will launch in January. Escapist and thought-provoking, this lavish period drama, set towards the end of colonial rule in India, explores the breakdown of British rule. We also look forward to Paul Abbott's long-awaited police drama, *No Offence*, and to *Human*, a new sci-fi series from the makers of *Utopia* and the first series coming out of our new co-production strategy.

James Graham's new drama about the formation of the 2010 coalition government will be screened to coincide with the General Election and, later in the year, Shane Meadows will unveil the final instalment of his *This is England* series.



New Worlds

CASE STUDY: DRAMA

BABYLON



Fast-paced and razor sharp *Babylon* was one of the highlights of 2014, a year which saw Channel 4 continue its commitment to original and distinctive drama to widespread critical acclaim.



NURTURE TALENT



DISTINCTIVE



INNOVATIVE

With a script entwined with dark wit and drama from *Peep Show*'s Sam Bain and Jesse Armstrong, this new comedy-drama took a sardonic look at the London Metropolitan Police Service as it attempts to navigate the new world of social media.

Brit Marling (*Another Earth*, *Arbitrage*, *The East*) led a host of British talent, including James Nesbitt (*The Hobbit*, *Murphy's Law*), Paterson Joseph (*Peep Show*, *Law and Order UK*), Jill Halfpenny (*EastEnders*, *Waterloo Road*) and Adam Deacon (*Kidulthood*, *Dead Set*), who together, with director Danny Boyle, helped create a unique depiction of the spectacle-filled, yet fiercely political world of modern policing.

▲ annualreport.channel4.com

"...beautifully sensitive to the absurdities of modern life."

The Sunday Times Culture

CASE STUDY: DRAMA

FARGO



"BOLD, WEIRD AND GORY."
The Daily Telegraph

Met with widespread critical acclaim, the original series *Fargo* was one of the highlights of 2014.



INNOVATIVE



DISTINCTIVE



NURTURE TALENT

Entrenched in trademark humour, murder and violent horror, this original adaptation by novelist/writer Noah Hawley, brought audiences a modern take on the cult film from Joel and Ethan Coen.

Fargo brought together a stellar cast including, Billy Bob Thornton (*Sling Blade*, *A Simple Plan*) who plays a mysterious, manipulative man who drifts from place to place turning people's lives upside down, including his latest victim, small town insurance salesman, Lester Nygaard, played by Martin Freeman (*The Hobbit Trilogy*, *Sherlock*). Thornton and Freeman were joined by Colin Hanks (*Dexter*, *Parkland*), Bob Odenkirk (*Breaking Bad*), Allison Tolman (*Sordid Lives*) and Oliver Platt (*Frost/Nixon*, *The Big C*).

▲ annualreport.channel4.com

Winner
International Emmy for
Outstanding Mini-series

Winner of
2 Golden Globes

EDUCATION & OLDER CHILDREN



"FRANK, AFFECTING
AND SUPERBLY ACTED."

Radio Times

My Mad Fat Diary



Interview with
Dominic Bird
Head of Formats

2014 Ambitions

- ▶ Focus on teenage life skills, building on a major piece of commissioned research
- ▶ Create a closer synergy between educational content and TV entertainment
- ▶ Help young people develop digital and social networking literacy
- ▶ Shift from online to more TV and programme support

Our education strategy builds on Channel 4's unique relationship with young people – one of the most difficult to reach audiences in the UK – to provide access to life-skills that young people may struggle to learn at school or at home, with particular focus on sex and relationships, family and friendships and online behaviour. Weaving together programming that resonates with young people and content of educational value, we successfully address some of the most sensitive questions that young people ask but are often left on their own to answer.

What were the key ambitions for Education?

Our key ambition is to create educational content that is as accessible and entertaining as possible. We define our role as 'filling the gap' between what your parents teach and your school teaches and that means fostering a strong relationship with younger audiences, particularly teens, so that we can communicate educational messages that resonate with them.

We are continuing our mixed strategy of TV and online content, but augmenting it by also putting all our education content – TV and

online – into one online hub. We wanted to develop a single online portal, *Am I Normal?*, that would allow us to curate all our content in a single online hub, to be more in tune with the way young people consume and interact with content. We also wanted to commission some key pieces to reflect the findings of a major research project we undertook to help us identify the important lifeskill areas that young people were not learning enough about at school or at home.

How do you feel 2014 went?

2014 has been a successful year and we have been able to deliver programming that deals with themes that we know young people are interested in. The Channel 4 research team ran a major new piece of research to identify these themes.

One of those themes was cyber safety for young people. We commissioned magician and star of E4, Troy, to create *Troy's Digital Hijack*, which used tricks and stunts to highlight ways in which young people can stay safe online. Troy is a strong new Channel 4 talent who has a great rapport with younger audiences.

Two other key themes identified by our research were Sex & Relationships and Friendships & Families. *My Mad Fat Diary*, which tackled issues of mental health and relationships, and *Youngers*, which has been incredibly popular with our 10–14 year old audience, both returned for successful second series.

We also commissioned a number of challenging documentaries that will air in 2015. *My Mental Friends* explored self-help friendship groups for young people with mental health issues, *Underage and Gay* took an honest look at sexuality in young people, and *Testosterone Diaries* gave a powerful and honest insight into a group of girls facing the difficulties of growing up transsexual.

One of the things I'm most pleased about is the launch of our online hub *Am I Normal?* at the end of the year, the online destination for our educational and youth-focused programming from various genres. It enables users to catch up on previously aired shows, watch short form content, and connect with each other via social media. It allows us to package educational content alongside successful entertainment series like *Made in Chelsea* or *Educating...* and other programmes that we know appeal to younger audiences. Our *Made in Chelsea* 'Am I Normal?' films have been an online hit and the hub has also been a platform for new and bespoke short form content.

We had a number of short form successes. *Online and Lying*, looked at honesty on the internet, while *Gay Apps and Me* interrogated the confusing world of online dating through the eyes of Harry Hitchens. We also collaborated with *Hollyoaks* to produce an online series of films *Tom's Life*, which centred on the issue of family breakdown – a major *Hollyoaks* storyline of 2014.

We managed to reach 1.1 million 14–19 year olds in the UK with our programming.

How did Education help deliver the remit?

As with much of Channel 4's output, we aim to provide educational content that is not found elsewhere. As far as possible, we make it more effective by integrating it with the Channel's mainstream entertainment content and brands. From *Hollyoaks* and *Made in Chelsea* to *My Mad Fat Diary* and *Drifters*, we have harnessed these brands to provide a platform to talk about issues that are frequently underserved by mainstream education, such as sex and sexuality, the dangers of the digital landscape, friendships and family relationships.

Stammer School: Musharaf Finds His Voice was a one-off programme that followed young stammer sufferers on an intensive course to find their voices, mentored by Musharaf, the young star of the hugely popular *Educating Yorkshire* series.

We commission films that address difficult and sensitive topics that are of real concern to many young people: *Underage and Gay*, *My Mental Friends*, *Girl's Camp For Boys* and *The Testosterone Diaries* are just four examples from 2014.

What are the key challenges?

One of the main challenges with educational content is finding the most effective way of tackling big issues and getting young people to engage with it.

This year we have focused on making our content easier to find, through our *Am I Normal?* hub, and easier to relate to, by working in collaboration with existing Channel 4 brands like *My Mad Fat Diary* and *Youngers*.

2015 Strategy

2015 will see the fruits of our new commissioning strategy as many of the programmes in production in 2014 arrive onscreen, including *Underage and Gay* and *Troy's Digital Hijack*, and we will continue to focus on the themes we have already established.

We will build on our successes in developing educational content around existing successful brands and we will expand the *Am I Normal?* hub with bespoke content so that, in time, it becomes the single place to find all the very best of Channel 4's educational content.

We will seek to serve our audience of older children with new Factual and scripted commissions that resonate with the interests of this age group.



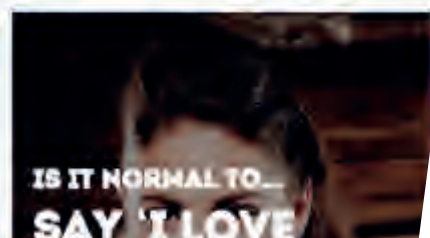
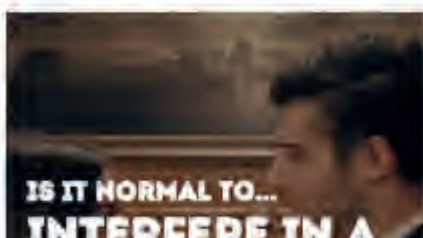
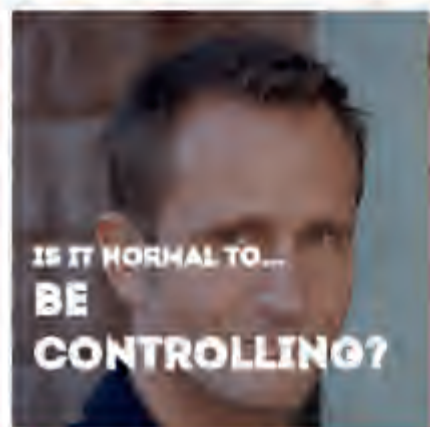
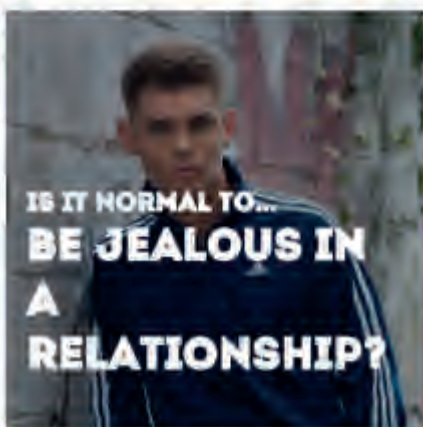
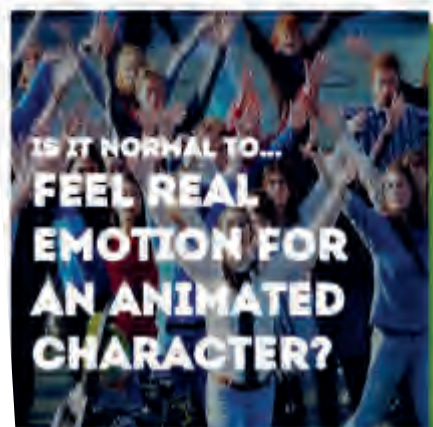
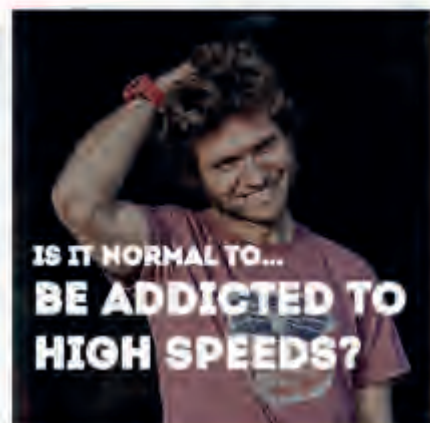
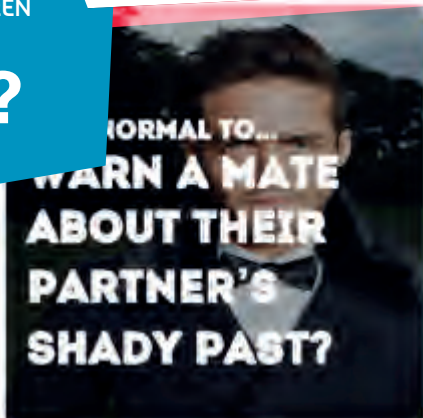
"WHAT A LOVELY, WARM STORY,
TOLD RESPECTFULLY AND KINDLY,
FULL OF INSPIRATION AND HOPE."

The Guardian

Stammer School: Musharaf Finds His Voice

CASE STUDY: EDUCATION & OLDER CHILDREN

AM I NORMAL?



Channel 4 educational content aims to connect with younger audiences around the issues that they may not learn about at home or at school. *Am I Normal?* is a new online hub that aims to bring together content aimed at 14–19 year olds, where much of the content centres around issues that affect young people such as family and friendships, sex and relationships, online behaviour, drink and drugs and mental health.

As well as new bespoke content and Channel 4 archive programming, the website also offers facts and educational information around these topics. The site poses a series of questions to users, such as “Is it normal to hate how you look?” and “Is it normal to ask out your best friend’s crush?”, presented as online polls, and showcasing Channel 4 programming or short form content that tackles the issues around the question posed. On average, users visit three pages per session which would suggest users are viewing at least more than one poll when on the site.

After a soft launch in December 2014, the site will continue to grow throughout 2015, becoming the online home of content that resonates with younger audiences from across the different programming genres.

▲ annualreport.channel4.com



DISTINCTIVE



INNOVATIVE



ALTERNATIVE
VIEWS



EDUCATIONAL

CASE STUDY: EDUCATION & OLDER CHILDREN

HOLLYOAKS – TOM'S LIFE



Finding ways to talk to young people about family relationships can be challenging. However, with the award winning *Hollyoaks* enjoying some of its largest audiences of recent times, we felt that an educational collaboration was an excellent way to reach 14–19 year olds.



STIMULATE
DEBATE



INNOVATIVE



ALTERNATIVE
VIEWS



EDUCATIONAL

The break-up of the Osborne family was the storyline used to create bespoke online short form content aimed at younger viewers. Due to the pace at which stories are told in soaps, the team behind *Hollyoaks* felt unable to reflect the impact of the Osbornes' break-up on the children in the main show to the degree possible in a dedicated spin-off series. Through creative discussions with the team the idea for *Tom's Life* was born: a short form series of six episodes available on our on demand service. Only two months into launch the series has already been viewed over 73,000 times.

Tom's Life focuses on the young people in the story, using research to generate moments that resonate with younger audiences and taking an overall educational angle on the story, without being preachy or overtly 'educational'. The tone and feel of the series is still very *Hollyoaks* – big truthful drama told with cheekiness and humour.

▲ annualreport.channel4.com

ENTERTAINMENT



"MUST WATCH TELEVISION."

The Daily Telegraph

The Last Leg



Interview with
Justin Gorman
Head of Entertainment

2014 Ambitions

- Go for greater scale and innovation with some big showpiece events
- Broaden the range of formats and suppliers
- Rejuvenate peak-time slots at 9pm and 10pm
- Innovate with online and play-along to make viewing more fun

Channel 4's remit calls for innovation in technology as well as in ideas and format. 2014 saw these two strands being brought together in Entertainment, with great success.

What were the key ambitions for Entertainment?

Our focus for the year was to rejuvenate the 9pm and 10pm slots in the schedule, and give prominence to shows that we really believe in.

We also wanted to keep up the pace of technical innovation and take viewer interaction one step further, building on our previous success with shows like *Million Pound Drop*.

And, finally, we wanted to find a new entertainment show for daytime.

How do you feel 2014 went?

The Last Leg was a real success story, as proved by its RTS Award for Best Entertainment format in 2014. We re-positioned it from being a niche magazine programme related to the 2012 Paralympics to a primetime, Friday night 10pm show, but without losing any of its original tone and

purpose: irreverent, exciting, satirical, topical and just a little bit naughty.

Stand Up To Cancer was a huge event for us in 2014. The second time around we wanted it to be bigger, better and, most importantly, to raise more money for Cancer Research UK. We raised £16 million – almost double the amount in 2012. It was also crucial that it felt very Channel 4: that the tone captured the audience's imagination and that we were able to deliver a serious and important message in a programme that was also entertaining and fun.

We had other successes, too. *8 Out of 10 Cats Does Countdown* was one of the most watched shows of 2014 and *Fifteen to One* established itself as a key part of the daytime schedule and will be back in 2015.

How did Entertainment help deliver the remit?

The Singer Takes It All had innovation at its heart, both in format and in terms of the technology we used to engage viewers. It was much more than just another singing contest; we gave viewers full editorial control, allowing



The Singer Takes It All

them not just to vote in real time but to control the movement and look of the stage. They could also use an app to upload their own karaoke-style videos to be put to the public vote. Over 30 million votes were cast for the Hopefuls videos and during the live show – a phenomenal response. 15% of viewers also interacted with the show on a second screen.

Nurturing talent is another key part of our role in delivering the remit. We've watched presenters such as Jon Richardson with *Jon Richardson Grows Up* and Adam Hills with *The Last Leg* go from strength to strength and move into primetime. *The Last Leg* also established Josh Widdicombe and Alex Brooker as Channel 4 stars of the future, while *Stand Up for the Week* gave a platform to a whole range of completely new talent.

We have a remit obligation to attract younger audiences and with shows like *8 Out of 10 Cats Does Countdown* attracting 18.5% of the 16–34s on a Friday night and *Alan Carr: Chatty Man* continuing to be loved by young audiences; we had some real success in 2014.

What are the key challenges?

It's important that we don't stand still and that we keep innovating, keep taking creative risks and keep pushing the limits of technology with viewer interaction and second screen entertainment. To keep building on the success of a show like *Million Pound Drop*, we put enormous energy and resource into developing original formats, as demonstrated by shows like *The Singer Takes It All*. But with *8 out of 10 Cats Does Countdown*, a spin-off from the original *8 out of 10 Cats*, and with the promotion of *The Last Leg* to a major Friday night success, we have also proved that we can – and must – keep refreshing our longer running brands, finding ways of bringing even bigger audiences to them. I think for all broadcasters there is a constant challenge to find new Entertainment formats that audiences really engage with.

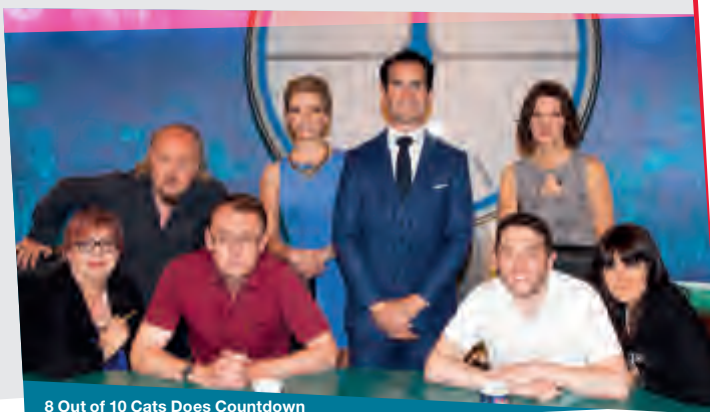
Another challenge is to sustain the quality of our relationships with talent, ensuring familiar and much-loved faces such as Alan Carr, Adam Hills and Derren Brown, continue to work with us to make award-winning shows.

2015 Strategy

In a year in which juggernaut shows will continue to define entertainment on other channels, Channel 4 will make its mark with creative innovation in key areas:

- Pushing the limits of technology with viewer interaction and second screen entertainment.
- Focusing more specifically on upmarket audiences in our search for fresh new propositions for Friday night.
- Developing a brand new entertainment format for daytime to work alongside *Fifteen to One*.

In addition, Derren Brown will be returning with a three part special exploring illusions, and *Time Crashers*, a new immersive reality show with a historical twist, will attempt to pull off a massive stunt by making eight celebrities believe they really are travelling through time.



8 Out of 10 Cats Does Countdown

CASE STUDY: ENTERTAINMENT

STAND UP TO CANCER

"A RAMBUNCTIOUS,
ENTERTAINMENT-PACKED
EVENING."

The Daily Telegraph





For the second time stars from TV, fashion, music and sport came together for *Stand Up To Cancer*, the joint national fundraising campaign from Channel 4 and Cancer Research UK.

The live TV fundraiser on Channel 4 reunited hosts Alan Carr, Davina McCall and Dr Christian Jessen, raising over £16 million for research into cancer, over double the figure raised in 2012. The two evening shows reached 10 million viewers and helped the channel achieve the highest all day 16–34s share since the opening ceremony of the Paralympics 2012.

The show, a culmination of inspirational programming and fundraising activities, featured comedy sketches, celebrity interviews and moving real-life stories, with stars including Taylor Swift, Andy Murray, Pharrell Williams, Britney Spears and Bradley Cooper taking part.

Kathy Burke, Paul O'Grady, Miranda Hart and friends, plus Kate Moss, Naomi Campbell and Noel Gallagher were the stars of the *Gogglebox* celebrity specials which drew a massive peak audience of 4.3 million.

The night also saw the use of revolutionary technology to heighten audience interaction in a way not previously seen on television. Hundreds of iPads were used by audience members to continually update and reflect the fundraising figures in real-time.

Stand Up To Cancer received over 188,000 mentions on Twitter on the night, and Alan Carr's on-stage selfie was re-tweeted 33,000 times.

Stand Up To Cancer had a positive impact on viewers, with the majority stating that watching *SU2C* made them feel that collectively we could really make a difference to combatting cancer, and that watching the event made them more likely to donate to a cancer charity in the future.

▲ annualreport.channel4.com



INNOVATIVE



DISTINCTIVE



INSPIRE CHANGE



PARTNERSHIP

£16m
raised for Cancer
Research UK

9.9m
viewers

FACTUAL



"WHILE THE SCHEDULES ARE SATURATED WITH FLY-ON-THE-WALL DOCUMENTARIES, EDUCATING... HAS ALWAYS STOOD APART, DEALING ALMOST EXCLUSIVELY IN THOSE INFECTIOUSLY LIFE-AFFIRMING MOMENTS THAT ARE THE HOLY GRAIL OF REALITY TELEVISION."

The Guardian

Educating the East End



Interview with
Ralph Lee
Deputy Chief Creative Officer

2014 Ambitions

- ▶ Centre on thematic issues that reflect contemporary Britain
- ▶ Explore ways in which social networking is changing adolescence
- ▶ Develop new techniques to mix conventional observational filming with new image-capture technologies
- ▶ Show how DNA sequencing is changing scientific research and medicine
- ▶ Look at innovative approaches to tackling climate change

Factual programmes are at the heart of Channel 4's role to be an innovative force in television and to reflect the diversity of British society. From astronauts to artists, beat police to benefit claimants, our schedule for 2014 reflected a kaleidoscope of opinions and perspectives, presented with as much technical innovation as creative imagination.

What were the key ambitions for Factual?

I think this year we achieved our ambition to reflect modern Britain in all its diversity with programmes that not only highlighted key issues of public concern, but also drove a significant public debate around them – perhaps most prominently with *Benefits Street* which engaged the country in important issues around welfare and benefits. Our other documentaries continue to reflect life through the prism of Britain's key public services, hospitals and schools.

The economic outlook was a strong theme and we focused on inequality and the polarised nature of Britain through various different projects including *Skint*, *How Rich Are You?* and *How the Rich Get Richer*. Other programmes from *Can't Get the Staff*, to *Liberty* and *Posh Pawn* brought a lightness

and fun to the subject and examined the lives of the haves as well as the have-nots.

How do you feel 2014 went?

2014 was an extraordinarily strong year for factual programmes. This is partly because we have achieved a healthy mix of returning, popular programmes and new titles. We've continued to see strong ratings for *One Born Every Minute* and *24 Hours in A&E*; we've grown *First Dates* and *Gogglebox* and we've seen the launch of *24 Hours in Police Custody*, *Royal Marines Commando School* and *Benefits Street*. Meantime, we've broadcast *Live from Space*, celebrated the legalisation of gay weddings with an extraordinary, heart-warming musical documentary and seen Grayson Perry explore identity through portraiture. Ratings, particularly in terms of young viewers, have been very strong for documentaries.

Live from Space pushed the frontiers of innovation in television. It started with a simple question "What if we turned astronauts into TV presenters?" so that's precisely what we did – developing a collaboration with NASA to stream a live feed from space right to Channel 4.

2014 has also been phenomenally successful in terms of awards – in Factual alone we have won 41 in 2014. We take measured creative risks and it's always exhilarating to see that recognised by viewers and the wider industry. Taking risks by its very nature means that there is sometimes an uncertain outcome: there's an experimental angle to lots of the programmes that we make, simply because no one has done what we're doing. With *Royal Marines Commando School*, we filmed the recruits using a combination of fixed rig technology and an on-site crew to allow us to capture the whole story – the programme was critically acclaimed and was a hit with audiences, attracting an average audience of 2.7 million.

How did Factual help deliver the remit?

Factual programmes are key to delivering the channel's remit for innovation and diversity, for giving a platform to alternative voices and perspectives and for holding a mirror up to modern Britain. At best we can achieve many of these objectives in a single project and I think *24 Hours in Police Custody* is an extraordinarily good example of that. The access is unparalleled and the method of production entirely unique, using a major fixed rig camera set up in a usually off-limits space but also following investigators outside the station as they pursue investigations. The result shows police work as you've never seen it before, up close and in incredible detail. And the police work itself gives you incredible insight into key themes in modern

Britain, capturing stories about race relations, domestic violence, drug and alcohol abuse, paedophilia and illegal immigration.

Benefits Street was a really significant programme for us this year, provoking a huge response from viewers. The programme sparked a national discussion and proved divisive, but it is our job as a broadcaster to make programmes that stimulate debate and get people talking.

In terms of offering a platform for different views or perspectives, we did this by using figures like Grayson Perry (*Who Are You?*) and Rupert Everett (*Love for Sale*) but also with documentaries like *The Paedophile Next Door* which asked searching questions about how Britain goes about combating paedophile behaviour.

What are the key challenges?

It is always a challenge to innovate while continuing to deliver brands that are audience favourites. In a multi-channel world, successfully launching and growing new titles has become tougher than ever. We've taken some calculated scheduling risks with pleasing results, such as moving *Gogglebox* to the heart of the Friday night schedule, where we've seen it flourish.

We also need to work harder than ever to amplify the impact of our programmes. We did this in a number of creative ways – including a real world amnesty to collect and redistribute thousands of unwanted instruments for *Don't Stop the Music*, and with a major marketing and cross platform project for *Live from Space*, probably our most experimental show of this year. We also engaged over half a million users with the companion online survey developed for *How Rich Are You?*

2015 Strategy

Increasing the diversity of the on-screen and off-screen talent and production teams will continue to be a priority, as we seek to reflect the diversity of modern Britain.

We're also increasing the international outlook of our programming, with programmes such as *The Tribe*, which involves using fixed rig technology to look at the life of a remote tribal group in 21st century Africa, and *Walking the Nile* which follows explorer Levison Wood as he treks the length of the longest river in the world.

And finally in 2015 we will continue to measure the impact of what we do. Our success is multi-faceted and we will continue to seek to be the best – reaching audiences, delivering social impact and winning awards.

41

awards won in 2014



"SIMPLY OUTSTANDING, KNOCKOUT, MORE GRIPPING THAN MOST TV POLICE 'THRILLERS'."

The Times

24 Hours in Police Custody

FACTUAL ENTERTAINMENT



The Jump

"HEART-WARMING."
Independent Online



Interview with
Liam Humphreys
Head of Factual Entertainment

2014 Ambitions

- ▶ Engage audiences with important contemporary issues in an entertaining way
- ▶ Return to some of the themes of 2013 with special emphasis on youth unemployment, mental illness, disability, sex and sustainable living
- ▶ Aim for greater first-hand authenticity in programmes and presenters
- ▶ Challenge young people's assumptions about ageing and old age

Factual Entertainment has always had an important role in bringing the values of public service broadcasting to a younger generation, but it's a difficult genre that easily gets lost in any schedule. In 2014 Channel 4 took the gamble of going for bigger shows with bigger impact – and it paid off.

What were the key ambitions for Factual Entertainment?

The first was to continue making entertaining shows that say something about important contemporary issues such as gender, sexuality, healthcare, and disability in a way that makes them accessible to a broad, mainstream audience. In particular, we are always looking for ways to re-interpret the role of public service broadcasting so that it engages a younger 16–34s audience.

A second key ambition was to deliver greater impact; to give more scale to our programmes and give them greater prominence in the schedule. Factual Entertainment traditionally works in three or four part series – we decided to invest in bigger pieces of architecture in the schedule with more impact and more likelihood of a further series in the future.

A third was to give opportunities to new and more diverse on-screen talent, welcoming new faces and providing new platforms for familiar faces.

How do you feel 2014 went?

We had a strong 2014 with high ratings and much talked-about new shows including *The Jump* and *The Island with Bear Grylls*, strong returning shows such as *The Undateables*, *Child Genius* and *Gadget Man*, and a range of one-off shows from *Undercover Doctor: Cure Me I'm Gay* to *Don't Look Down*. I'm very proud of the fact that both of the really big innovative formats we launched – *The Jump* and *The Island with Bear Grylls* – succeeded and will be returning in 2015.

The Island with Bear Grylls is a programme that explores what it means to be a man in the modern world, but with a twist. We sent thirteen ordinary British men to an uninhabited Pacific island, and then left them utterly alone, filming themselves, with only the clothes they stood up in and a few basic tools. Anything could have happened and the results were surprising and inspiring. We have had thousands of applications to appear in a second series, indicating the extent to which we struck a chord with our audience.



"A COMPELLING, SOMETIMES SHOCKING FILM."

The Daily Telegraph

Undercover Doctor: Cure Me I'm Gay

The Jump was born out of a desire to raise awareness of the Sochi 2014 Paralympic Winter Games. It was full of risk. The celebrity contestants were risking injury in every event, the unpredictable nature of the content and the weather conditions meant that, as a live show, it was constantly changing and evolving when we were on air. And simply putting on a pre-watershed entertainment show on a minority channel was a big risk, but *The Jump* found the right tone and did well in the ratings.

How did Factual Entertainment help deliver the remit?

Factual Entertainment has an important role in bringing the values of public service broadcasting to a younger generation. During the first six months of the year, five of the top twenty factual programmes for 16–34s in the UK, on any channel, came from our department. This continued our record of 2013, when we delivered ten of the top fifty. It's a big responsibility and a privilege to help shape young people's view of the world and we are constantly looking to make programming that is relevant and inspiring for them.

What are the key challenges?

We have to appeal to a wide range of audiences, which is why we produce a very broad slate of programming, from big entertainment events like *The Jump* to documentary series like *Child Genius*. Attracting a male audience is something we've worked hard to do with programmes such as *The Island with Bear Grylls* and *Gadget Man*.

We also strive to be daring, either by tackling subjects others would shy away from, or by presenting alternative approaches. *The Undateables* was a good example of this approach – rather than a straightforward documentary about disability, we explored dating and relationships for disabled people in an entertaining and thought-provoking format.

Finally, finding new ways to speak to younger audiences is always important. Our third highest rated Factual Entertainment show of the year for 16–34s was *Undercover Doctor: Cure Me I'm Gay*, a programme that explored the sensitive and uncomfortable matter of so-called 'gay cures' around the world.

5 of the top 20

factual programmes for 16–34s in the UK, on any channel, came from Factual Entertainment (data from first half of 2014)

2015 Strategy

We want to build on the successes of 2014, finding more new and innovative formats that have scale, and ensuring that projects that are returning for a second series are able to evolve. I'm really excited that both *The Island with Bear Grylls* and *The Jump* are returning in even bigger form for their second series.

Continuing our commitment to explore important contemporary issues, *Dementiaville* will shine a light on an innovative approach to this increasingly prevalent condition, which already affects 850,000 people in the UK, and is expected to impact on one in three of us in our lifetime.

We'll also be looking to seek new faces for our peak-time shows and continue to develop new and diverse channel-defining on-screen talent.



"RAISES INTERESTING QUESTIONS OF NATURE VERSES NURTURE."

The Independent

Child Genius

FEATURES



Bodyshockers



Interview with
Gill Wilson
Head of Features

2014 Ambitions

- ▶ Stimulate public debate around health, food and property
- ▶ Commission more content from the Nations and Regions to reflect the UK's diversity

Features aims to reflect the life of contemporary Britain back to itself in an entertaining and accessible way. In 2014 we proved that the best way to do that is with shows in which people shared and learned from each other, rather than being talked down to by experts.

What were the key ambitions for Features?

Our goal for 2014 was to instigate the shift away from the traditional treatment of features territories. We have undertaken a drive to expand our output beyond that of expert-driven didactic shows, to incorporate peer-to-peer output, which uses contributors to impart their own knowledge to others, which gives features content a fresh feel and approach.

We also focused on diversifying our supplier base, drawing particularly on Scottish talent. We need to make sure we have a strong and diverse talent pool to draw from in every part of the UK.

How do you feel 2014 went?

We were able to consolidate our key core area – property – in 2014. *Kirstie's Best of Both Worlds*, a new show fronted by Kirstie Allsopp, was a good illustration of how the audience thirst for property delivered in both traditional and innovative ways. In 2014 we commissioned five diverse property pieces for 2015 – *Inside Out Homes*, *Ugly House to Lovely House*, *Damned Designs*, *Restoration Woman* and *Love It or List It*. We cover property from every angle now – aspirational, architectural, shocking, socially responsible and revolutionary. As a result, I now feel confident that our property portfolio is robust, and we can concentrate on refreshing other areas with the same success.

We took a fresh approach to another stalwart of the features world in 2014 when we placed a rig into the practice of Dr Noel Fitzpatrick in *Supervet*. The rig brought drama, emotion and comedy to 8pm in a new way, brought a new hero to the channel, and was a hit with the viewers – it achieved an AI score of 92 making it Channel 4's most appreciated



Great Canal Journeys

programme across the whole of 2014. *Mr Drew* approached parenting from an educational angle, and *For the Love of Cars* bought some star quality to the genre in the form of Philip Glenister.

We had great success in completely refreshing the makeover space with peer-to-peer programming with *Bodysuckers: Nips, Tucks and Tattoos*, which played at 10pm to an average audience of 2.3 million. The series established Katie Piper as a face of Features, and opened the door for 'extreme features' at 10pm. It has now been commissioned for its third series.

By looking at current social mores we were also able to serve up *It Was Alright in the 70s* for Saturday night. We are constantly evaluating taste, and identified that the shift in attitudes reflected in TV is astonishing – in everything from sitcom, which you might expect, to children's TV, which you might not.

2014 was the year in which we were also able to maximise recent successes with extending brands. We were able to roll out the *Amazing Spaces* brand to the successful *Shed of the Year*. We have also extended the OCC brand to include *Filthy Rich* where we introduce our heroes of cleaning to stately homes.

We have had great success for More4, commissioning well-received shows such as *Great Canal Journeys*, *Penelope Keith's Hidden Villages*, and Charlie Luxton's *Homes by the Sea*.

How did Features help deliver the remit?

We have commissioned a great deal in the mental health space, which we always approach in an innovative and thought provoking way. In 2015 we will see the fruits of these commissions, bringing new talent to the territory in the form of Philippa Perry in *Bi-Polar Explorer* and *Meet the Maniacs* is a ground breaking look at those actually in a manic state.

We also play a part in ensuring that Channel 4 is drawing on creative and technical skills from all over the UK – we're contributing to keeping the indie production sector dynamic and diverse. We won two further Scottish BAFTA awards in 2014, for *Dave Fishwick*, *Loan Ranger* with small IPC Finestripe, and *Location, Location, Location*.

What are the key challenges?

Launching new titles at 8pm remains challenging in terms of driving audience volume. In an increasingly crowded market place we must provide an offering which feels distinctly Channel 4, and that also cuts through to provide an inheritance audience for later peak-time shows.

2015 Strategy

We will be concentrating on maintaining our dominance in health, and launching stand out pieces which will ensure 8pm on Channel 4 has a unique, audacious and distinct offering. We will be returning to some genres which have been fallow for some time on the channel and are ripe for reinvention, and intend to provide standout pieces for 2016.

We will also be ring-fencing a greater portion of the features budget for out-and-out risk-taking. Having worked hard to stabilise 8pm performance over the past years, the coming years should place greater emphasis on the number of provocative commissions.

We will continue to experiment with tone, form and content, e.g. playing with devices and drawing upon insights from outside the world of traditional television. We will also continue to search for new voices, faces and perspectives on the stuff of life to share with audiences at 8pm, further helping to promote and deliver our diversity objectives.

CASE STUDY: FACTUAL

BENEFITS STREET

"A SAD AND TOUCHING DOCUMENTARY, WHICH TAKES THE TIME TO OFFER A NUANCED DEPICTION OF PEOPLE USUALLY TALKED OF AS TROUBLING, UNWELCOME STATISTICS..."

The Guardian

Benefits Street was one of the most important programmes of 2014 for Channel 4. It resonated strongly with audiences and stimulated a national debate about poverty and the welfare state.



STIMULATE
DEBATE



ALTERNATIVE
VIEWS



CULTURAL
DIVERSITY



INSPIRE CHANGE

69%

of viewers thought the programme was thought-provoking

The observational documentary focused on the lives of a group of people living on James Turner Street in Birmingham – most of whom were on benefits. It sought to bring to life the reality of living in poverty in Britain today and put the people experiencing this reality at the heart of the programme.

The programme reached 23 million people – more than one third of the British population and though many were outraged by the programme, a YouGov survey found that the programme was in fact a big hit with viewers and 78% of those surveyed said they would watch it again. The majority felt it was good TV and fairly portrayed what life is like in impoverished communities. Perhaps most interestingly – those on some kind of benefits were more likely than those not claiming benefit to say that the programme was a fair portrayal.

Following the final episode of the series, Channel 4 broadcast a follow-up documentary which gave some residents the chance to discuss their experiences of the welfare system, while a live debate also tackled some of the issues brought to the fore by the series.

The programme has been recommissioned for 2015 and will focus on a street in Stockton-on-Tees, near Middlesbrough, which has been hit hard by the recession.

▲ annualreport.channel4.com

59%

found *Benefits Street* highlighted "the strength of community spirit in deprived areas"

CASE STUDY: FACTUAL

LIVE FROM SPACE



Presented by Dermot O'Leary, with contributors including Professor Stephen Hawking and British astronaut Tim Peake on the live show, *Live from Space* was 20 months in the making and took live event television to a new dimension.



INNOVATIVE



EDUCATIONAL

The *Live from Space* season brought the day-to-day experiences of living in outer space into viewers' living rooms. The series culminated with a live two and a half hour broadcast from the International Space Station and Mission Control in Houston as the ISS completed an entire orbit of the Earth, allowing viewers to experience stunning visuals shot from 250 miles above the Earth.

This series is a great example of creative risk-taking. The programme took years to get off the ground and was fraught with complexities, but it was a brilliant concept and an important opportunity to show how far space travel has come. The series gave a unique insight into the daily life and challenges aboard the ISS and showcased the cutting-edge work that astronauts are doing.

▲ annualreport.channel4.com

"Forget Gravity, this is the real deal"

Metro

CASE STUDY: FACTUAL

THE ISLAND



Exploring the evolving role of the modern man, *The Island with Bear Grylls* asked if today's sedentary and technology driven lifestyle has dulled modern men's basic instincts and ability to survive.



INNOVATIVE



CULTURAL DIVERSITY

Stranded and completely alone, this series saw a group of British men battle exhaustion, dehydration and the reality of crippling hunger for 28 days on an uninhabited island. The series didn't use a traditional crew. Instead the men filmed themselves to create an honest, raw and completely immersive exploration of survival in the 21st century.

The series was watched by a consolidated average of 3.1 million viewers and consistently won the slot for 16–34s, reaching an average share of 20% of the young audience.

▲ annualreport.channel4.com

3.1m
viewers

"It's about as close as television has got to *Lord of the Flies* and it's absolutely fascinating because of it."

The Guardian

CASE STUDY: FACTUAL

DON'T STOP THE MUSIC



"A SHOW THAT'S FULL OF IMPETUS. ... IF YOU DON'T ALREADY APPRECIATE THE VALUE OF MUSIC IN EDUCATION, THERE WAS PLENTY IN *DON'T STOP THE MUSIC* TO PERSUADE YOU."
The Independent

Angry about the state of music education in Britain, James Rhodes had a radical plan to reverse what he sees as years of neglect. In his view, children are missing out on an activity proven to improve behaviour, creativity, teamwork – even basic literacy and numeracy. And Britain is missing out on the next generation of talent. *Don't Stop the Music* followed James as he trialled an instrument amnesty in a primary school in Basildon, investigates the crisis, gathers allies and gears up to go nationwide.

The programme was the number one conversation on Twitter for five hours after transmission and had great impact in the press, and ultimately on the thousands of children who now have musical instruments to use at school. In six weeks over 6,000 donations were made – the most successful instrument amnesty of all time, including one the BBC ran in 2000 – with over 70,000 signatories to the change.org petition to review music education.

The series was also the subject of a debate in the Lords, with Lord Aberdare describing the programme as “a fantastic example of TV, online and real world combining in an innovative and strategic way”.

£1m
of instruments donated



STIMULATE
DEBATE



INSPIRE CHANGE

▲ annualreport.channel4.com

FILM



"IT'S GLORIOUSLY OTT, AND UTTERLY HILARIOUS... A REAL CONTENDER FOR THE YEAR'S FUNNIEST FILM."

Empire

Inbetweeners 2



Interview with
David Kosse
Head of Film4

2014 Ambitions

- ▶ Nurture the best new and established talent in UK filmmaking
- ▶ Help TV-based talent to extend into film
- ▶ Experiment with new distribution and release models
- ▶ Explore partnership funding

2014 was a year of great critical and commercial success for Film4, reinforcing our position as a vital player in Britain's independent film sector, promoting new talent and helping to build a more ambitious and sustainable industry.

What were the key ambitions for Film4?

Film4 has always been about new talent, about filmmakers who are just on the cusp as well as more established filmmakers who want to stretch their wings and try something new.

We wanted to explore new distribution models. We're in a market place that is almost entirely dependent on independent distributors in Europe and the US, and the number of distributors, and what they are willing to pay, have both declined dramatically over the past four or five years. As a major player in the independent sector it's incumbent on us to explore new ways of distributing and we did that, for example with *A Field in England* in 2013. We also held a very successful Digital Innovation Forum which brought the industry together to discuss how the market is changing in an ever-more digital world. Here, too, we're in the vanguard of the independent sector because we can put money into digital

activity round a film that most lower budget productions are not able to do and share our findings with the industry.

How do you feel 2014 went?

We were very active in 2014, with 14 films being released. *Inbetweeners 2* was a huge success at the UK box office, earning £33 million. *Mr Turner* was a massive critical success, as expected, but it was a commercial success too, Mike Leigh's biggest film in terms of the UK box office where it took £6.7 million.

We enjoyed tremendous critical success with many of our other releases. *Under the Skin*, chosen by both the Guardian and the Telegraph as their top film of the year, was full of daring technical innovations, in production and in post-production. In that sense, it really was a film ahead of its time. David McKenzie directed what has been described as his career best work with *Starred Up* and catapulted its lead actor, Jack O'Connell into stardom. And Anton Corbijn's *A Most Wanted Man*, with one of Philip Seymour Hoffman's last performances, performed well both here and in the US.

£16.9m

spent on feature film
production and development

"DIRECTOR MIKE LEIGH'S
MASTERPIECE – AND THAT WORD
IS USED ACCURATELY HERE –
TAKES A DICKENSIAN DELIGHT IN
ORNATE AND EARTHY LANGUAGE,
CHARACTER AND COMEDY."

The Times

Mr Turner

"THIS IS VERY SIMPLY AND
STRAIGHTFORWARDLY,
A MASTERPIECE."

Daily Telegraph

Under the Skin

2015 Strategy

Our strategy for 2015 is to push forward with those challenges; to continue to look for high quality, distinctive fare that can resonate with audiences both here and abroad. We've got some very strong projects coming through – Sarah Gavron's *Suffragette*, a very dark and quirky piece called *The Lobster* and documentary feature *Dark Horse* to name a few. And we're looking forward to Todd Haynes' *Carol*, which stars Cate Blanchett as an unhappily married woman who embarks on an affair in 1950s New York.

We develop a lot of work with first-time directors. I like to measure success partly by asking 'Did the film do what it set out to do? Was the creator's aim achieved?' And by that yardstick I think we did well. But we also measure success by looking at the trajectories of some of our alumni – people we've helped early on in their careers, like Danny Boyle, Steve McQueen and Andrea Arnold.

How did Film4 help deliver the remit?

Historically, Film4 has been about providing alternative voices and growing new talent. It's an important role and we are able to support productions with the expertise and resources they otherwise might not have – for development, business affairs, production, post-production and launch and we generally help them get their films into better shape so as to maximise their audience. It's also very risky – we are at the riskiest end of a very risky business.

Film is a crucial part of the Channel's remit and we step up to the task. But I think we also have to keep a balance between remit and revenue if we are going to create a sustainable model for the UK industry.

What are the key challenges?

Our challenge going forward is to keep that balance between going for critical success and commercial success. I believe Film4 can play a part in helping the broader British film industry to make movies that succeed at a global level. We need to focus on films that are fresh and distinctive that resonate with audiences. That way, we can help create an industry that is more sustainable and confident and not so dependent on public money. In simple terms, we don't always get back from projects as much as we should and if we could do that we would have more to invest in other films, or be able to take bigger stakes in the films we do support. Steering that path is a real challenge for us.

And, as I said earlier, our second great challenge is to help independent filmmakers come to terms with a rapidly changing distribution market. We can have some influence over the direction the industry takes and that should be part of our role.

CASE STUDY: FILM

'71

New recruit Private Gary Hook (Jack O'Connell) is unexpectedly deployed to Belfast during The Troubles in 1971. Shortly after he arrives, a routine house search operation escalates into a terrifying street riot. During the chaos Hook is accidentally left behind. Unable to tell friend from foe, the raw recruit must survive the night alone and find his way to safety through a disorientating, alien and deadly landscape.



NURTURE TALENT



DISTINCTIVE

The film was directed by Yann Demange, who most recently directed the first series of Channel 4's critically acclaimed drama, *Top Boy*. Film4 had several projects in development with Demange for a number of years, with the aim of supporting his debut film. Gregory Burke's screenplay was developed with long-standing partners Warp Films.

Our co-financing partners were Northern Ireland Screen Commission, BFI, Creative Scotland and Screen Yorkshire. The film premiered to much excitement at the Berlin Film Festival in February 2014 and was released in the UK via Studio Canal in October 2014.

▲ annualreport.channel4.com

"It's a film that holds you in a vice-like grip throughout."

The Guardian



CASE STUDY: FILM

20,000 DAYS ON EARTH

"SHIMMERING, PLAYFULLY ELUSIVE PORTRAIT, WHICH BLENDS INTERVIEW AND PERFORMANCE FOOTAGE WITH MORE CONSTRUCTED, NOIR-STYLE DIGRESSIONS, ALL WITHIN AN ELEGANT LIFE-IN-A-DAY."
Empire Magazine

20,000 Days on Earth is a bold and unique look at one of music's most mysterious and charismatic figures, the iconic musician and writer Nick Cave.



NURTURE TALENT



INNOVATIVE

Intrigued and excited by the idea of creating something unique, Film4 and Channel 4 Arts developed the project with first time directors, Iain Forsyth and Jane Pollard, back in early 2013.

The film launched in Sundance to rapturous reviews and had its UK premiere as part of Film4's Summer Screen at Somerset House, swiftly followed by an event style release in September which kicked off with a screening, satellite Q+A and gig with Cave at the Barbican.

During the film, we join Nick Cave on a journey through his personal archives. It is this archive that would go on to inspire the film's digital partner project, the *Museum of Important Shit* (Cave's own words to describe his archives). *The Museum* invites people to upload images of ordinary objects which have extraordinary significance to them, enabling fans to make an ongoing deeper connection with the film, extending its life beyond the screen and creating a collective archive of transformative stories.

Film4's co-financing partners on the project were BFI, Corniche Pictures, PHI Films, and Goldin Films.

▲ annualreport.channel4.com

NEWS & CURRENT AFFAIRS



Jamaica's Underground Gays

Channel 4 News and Current Affairs is committed to a range and quality of foreign reporting that is now unique in British television. With events in the Middle East continuing to dominate much of the news in 2014, that commitment proved to be more important than ever, and it was rewarded with an increase in viewers and an astonishing 43 major awards.

What were the key ambitions for News & Current Affairs?

We sought to cover with sensitivity those foreign affairs stories given largely negative coverage in the British media, such as the humanitarian catastrophes in Syria and Iraq and the Ebola outbreak in West Africa. We also sought, particularly in *Unreported World*, to tell positive stories of how people in developing countries are helping themselves.

At home, the Scottish Referendum was one of the most significant political events in recent history and we wanted to ensure that we reflected both the magnitude of what was at stake and the complexity of the issues it raised for the whole of the United Kingdom. We also wanted to focus on the economy, analysing changes in the world of work and examining issues of rising inequality. An exciting step online was our decision to change the focus of our online news coverage to reach out to young people who increasingly find their news on the internet.

How do you feel 2014 went?

This was a significant year for Channel 4's News and Current Affairs in which we won 43 major awards for our coverage. In 2014 we saw an increase in the share of younger viewers watching *Unreported World* – the programme had its highest 16–34s share since 2010 – as well as increases in the share of viewers for both *Channel 4 News* and *Dispatches*. We made major progress with our strategy in online with our strategy to deliver video content across an array of platforms proving particularly successful, with video views up more than 200% on last year.

We made some very difficult films in Syria. *Children on the Frontline*, in which Marcel Mettelsiefen showed how children were surviving amidst the ruins of Aleppo, made an impact around the world with our strategy to deliver video content across an array of platforms proving particularly successful. And we conducted major investigations into homophobia in Russia, mass killings in Northern Nigeria and the activities of a prolific British paedophile in Kenya which resulted in him being apprehended and convicted.

2014 Ambitions

- ▶ Advance our reputation as the home of challenging and investigative journalism
- ▶ Reach young people more effectively by making our journalism available on multiple platforms
- ▶ Develop a fresh and more accessible approach for our *Dispatches* and *Unreported World* strands



Interview with
Dorothy Byrne
Head of News & Current Affairs



Invisible People

How did News & Current Affairs help deliver the remit?

No other broadcaster combines news and current affairs in the way we do. We are unique, too, in the depth and range of our foreign coverage and in our campaigning approach to major issues. This year we conducted major investigations into homophobia in Britain and across the world. The film *Hunted* exposed homophobes who persecute gay men in Russia, winning reporter Liz MacKean the Stonewall Journalist of the Year Award. *Undercover: Hate on the Terraces* highlighted homophobia on Britain's football terraces and, in *Unreported World*, Ade Adepitan revealed how a community of gay and transgender men in Jamaica have been driven to living in sewers. Both Ade and Giles Duley have demonstrated across a range of programmes that disability is no barrier to a great reporter's ability to get to the story. The diversity of our reporting team is important. The majority of *Unreported World* reporters are from a diverse background and 20 per cent of our on-screen reporters on *Channel 4 News* now come from an ethnically diverse background.

Following on from her 2013 investigations, Cathy Newman carried out a major news investigation of sexual harassment in Westminster and the House Speaker Lord Bercow announced that a hotline was being set up for Westminster staff to report abuse.

What are the key challenges?

The greatest immediate challenge we face is the difficulty of reporting events in Syria because of the grave threat to journalists of kidnap. We have had to find different ways of covering the conflict, such as in *A&E in the War Zone*, particularly as it affects the innocent civilians, and will continue to do so.

An ongoing challenge is to engage younger viewers who want their news and information online. We have been experimenting with short online films for younger people who want to know more about the world. An uplifting example, a short film *Patrick Speaks*, in which a young Ugandan learned to use sign language, was very popular online, being viewed 1 million times within three days of being uploaded, as was a *Channel 4 News* film about young Romanians who live in tunnels. We are currently developing a new idea, *NewsWall*, which will provide twice daily online digests of news in a totally new format, to launch in 2015.

2015 Strategy

Syria and Iraq will continue to be our major focus and our greatest challenge; how to reveal what is happening without endangering life. Our greatest challenge at home will be to interest our viewers in British politics so that as many people as possible register to vote in the General Election. 17 per cent of our news audience are 16-34s, the highest proportion for any news programme, and we will seek innovative ways to demonstrate to them that politics is about their lives and concerns.

We are also revitalising our business news coverage with the bolstering of our team so we can reflect the scale of entrepreneurship in the UK, including amongst young people.



Scottish Referendum

CASE STUDY: NEWS

SYRIA: CHILDREN ON THE FRONTLINE



The story of five young children whose lives have been changed forever by the civil war in Syria, this *Dispatches* documentary forms part of a raft of news and current affairs programming to focus on the conflict in Syria. First-time documentary maker Marcel Mettelsiefen's film looks at the impact of the war in Syria through the eyes of five young children who have experienced life on the frontline.

Marcel communicated, for the most part, with Producer and Director double BAFTA-award winning Anthony Wonke via Skype – a unique collaboration between an experienced film-maker and a debut film-maker.

The film garnered much critical acclaim and many awards, including the Gaby Rado award at the Amnesty Media Awards and the Grierson Award for Best Documentary on a Contemporary Theme.

▲ annualreport.channel4.com

"A masterful assembling of bleak and awful facts...and compelling stories. It gave the children their voices without ever becoming mawkish or intrusive and without neglecting or demonising the adults around them."

The Guardian



STIMULATE
DEBATE



ALTERNATIVE
VIEWS



CULTURAL
DIVERSITY



INSPIRE CHANGE

CASE STUDY: NEWS

HUNTED



"THIS FILM REVEALS THE VIGILANTE GANGS THAT TARGET GAY MEN AND WOMEN AND EXPLORES THE TERROR THAT GAY RUSSIANS ARE CALLING 'HUNTING SEASON'."

The Observer

Shown in the run-up to the Sochi 2014 Paralympic Winter Games, *Hunted* highlighted the abuse of gay men and women in Russia at the hands of gangs intent on physical and mental torture of their victims. The film-makers gained a unique access to these gangs which led to some harrowing scenes in the film.



STIMULATE
DEBATE



ALTERNATIVE
VIEWS



CULTURAL
DIVERSITY



INSPIRE CHANGE

It created a Twitter storm and invited comment from MPs and pressure groups of all kinds. A version of the film has since been screened on HBO in the USA with Director Ben Steele appearing on various chat shows to discuss the film.

Liz Mackean has been recognised for her reporting on the film with a Stonewall award for Journalist of the Year. The film won the Sony Impact Award at the Rory Peck Awards and the TV Feature/Documentary Story of the Year at the Foreign Press Association Awards, as well as the Grierson Award for Best Documentary on Current Affairs.

▲ annualreport.channel4.com

"It's extremely difficult viewing, but everyone needs to see @C4Dispatches at 10pm tonight on @Channel4 #Hunted."

@GayTimesMag

44,000+
Tweets generated

ONLINE



Guy Martin's Passion for Life



Interview with
Richard Davidson-Houston
Head of All 4 and Digital Content

2014 Ambitions

- ▶ **Focus on games and interactivity that provide companion pieces to TV shows**
- ▶ **Seek and develop new ideas to enhance our audience's viewing experience**
- ▶ **Make our games more commercially viable**
- ▶ **Innovate with short form content for mobiles**

Channel 4 has maintained its position as the market leader in the field of interactivity, exploring new ways of engaging audiences and revitalising television with the imaginative use of second screen technologies.

What were the key ambitions for Online?

This year we wanted to broaden the scope of our ambition in each of the areas in which we work – short form video, interactive television apps, content in support of television programmes and mobile games.

We launched *Shorts*, our short form channel on the Channel 4 on demand service, providing a platform for both stand-alone short form content and short programmes that build on the success of existing programme brands.

In the field of interactive TV, Channel 4 has been the market leader, with apps like *Million Pound Drop* and the *Hugh's Fish Fight* companion website. In 2014 we sought to expand on those successes, using new technologies to involve viewers in new ways.

We also continued to expand our offering of high quality games based around viewers' favourite Channel 4 brands.

How do you feel 2014 went?

The interactive TV show *Singer Takes It All* was hugely ambitious and very successful in terms of encouraging the audience to interact with a show while watching it. The interactivity directly influenced the editorial direction of the show, with viewers able to control not just the fate of the contestants, but also the layout of the stage and the set itself.

The launch of *Shorts* this year has been highly successful, with over 4 million views on 4oD and 38 different titles launched, including *Educating Binky*, *Tattoo Twists* and Guy Martin's *Passion for Life*. We delivered high quality online-only output that maintains our scale, influence and relevance, in comparison with other online-only publishers. Breakout original shows such as *Tattoo Twists* have demonstrated that online video can be successful without being based on an existing programme brand or featuring TV talent.

In terms of games, we've had three top ten Apple App Store hits since we started producing games, and this year we had another hit with our first paid-for app *The Snowman and The Snowdog*.



Live from Space

How did Online help deliver the remit?

Innovation is core to the Channel 4 remit and at the heart of everything we do as we look for new ways to engage with viewers online. It is a fiercely competitive marketplace and we are constantly refreshing formats and developing new ideas to stay relevant to viewers.

This innovation can have real impact: the multiplatform component to James Rhodes' *Don't Stop the Music*, for example, was extremely complex; the online element was central in enabling viewers to donate more than 6,000 instruments to schools in need.

Online projects are also a great way to find new production talent by allowing a broad and untried mix of production companies into the Channel 4 supplier base. We are

also able to foster partnerships between larger television producers and smaller digital producers, as was the case with our online companion site to *Live from Space*, which was a collaboration between London-based Arrow Media and Sheffield-based Rocket, and which won a Lovie Award.

What are the key challenges?

It is always a challenge to ensure viewers are aware of our digital content amongst the huge variety of content that's available. It is a challenge we are meeting with projects such as the online *Shorts*, for which the response has far exceeded our expectations. But there is a lot more to do in encouraging short form viewing to become a habit for our audience.

2015 Strategy

In 2015 we will launch thirty new *Shorts* titles, including *Body Mods*, the third in a set of *Shorts* titles that focus on tattooing and body adornment; *Drone UK* which will provide access to drone-filmed aerial footage of abandoned sites across the UK; and *Total Recast*, which will showcase members of the public re-enacting famous film scenes. Overall, we will focus *Shorts* on a young audience and on delivering content that is fun and entertaining.

We will continue to deliver exciting online experiences in support of our television programmes. And we are looking to increase our games output, with companion games planned for *The Island with Bear Grylls*, *The Jump* and *Gogglebox*.

In 2015 we are looking forward to the launch of All 4, our new digital flagship. All 4 will be a single digital destination for viewers to access all that Channel 4 has to offer.



Tattoo Twists

CASE STUDY: ONLINE

SINGER TAKES IT ALL APP



***The Singer Takes It All* is a unique singing gameshow with a winner every episode. There's no panel of judges – viewers decide a winner via the app during the live show. Using a number of major innovations, the mobile app puts viewers in control like never before.**



DISTINCTIVE



INNOVATIVE



DIGITAL

The app gave the public the power to audition for the show and cast all the contestants. Using karaoke-style functionality, viewers could choose from hundreds of songs, and sing their video audition into their mobile. In the Hopefuls section of the app, users judge auditions, choosing whether each is a hit or a miss. Vote, and another performance slides in and automatically plays.

Vote data from the app controls everything – the direction and speed of the moving track on the stage where contestants sing, the scores that are displayed on the TV screen: even the studio lighting was automated from the incoming app data.

The Singer Takes It All aimed to put the excitement back into live voting, giving viewers real power over a TV show and engaging viewers with the televised show in a unique way.

▲ annualreport.channel4.com

7.3m

live votes were cast
across the 4 episodes

580,000+

app downloads

CASE STUDY: ONLINE

MADE IN CHELSEA: NORMAL FOR CHELSEA



Part of the online Am I Normal hub, ten online shorts using the cast of *Made in Chelsea* showed cast members exploring youth focused issues. Through psychologist interviews, round table discussion and discussion around questions posed to cast members via Twitter, *Made in Chelsea* stars talk about how 'normal' they are. This discussion acted as a vehicle for them to discuss more generally issues that are of interest to young people: love, sex, loyalty, friendship.

As part of the Education strategy to use existing programme brands as a Trojan Horse for more educational content, the site was borne out of research that demonstrated that young people are preoccupied with whether or not they are normal, and how they fit on the spectrum of 'normal'. In *Made In Chelsea: Normal for Chelsea* we celebrate the idea of difference through the characters and their behaviour. A further promo will be launched in 2015 to support the ten short films.

▲ annualreport.channel4.com

160,000
views in just one month



DISTINCTIVE

STIMULATE
DEBATE

DIGITAL

SPORT



Channel 4 Racing



Interview with
Ed Havard
Head of TV Events

2014 Ambitions

- ▶ **Make the biggest-ever UK contribution to the Sochi 2014 Paralympic Winter Games**
- ▶ **Deliver major events such as the *Grand National***
- ▶ **Feature more back stories and marketing to highlight the achievement of the UK's sportsmen and sportswomen**

2014 saw successful coverage of major disability sport events including the Sochi 2014 Paralympic Winter Games as well as an award-winning year of horse racing and the return of the Super Bowl to Channel 4.

What were the key ambitions for Sport?

One key aim for the year was to showcase the *Sochi 2014 Paralympic Winter Games* and to build on the success of the 2012 London Games. Channel 4 broadcast 150 hours of coverage from Sochi as well as special editions of *The Last Leg* during the Games – the greatest ever commitment to the *Winter Paralympic Games* from a UK broadcaster which saw an incredible haul of medals for UK Paralympians.

2014 was also a year in which we had to land major events across the schedule including the *Grand National*, *Royal Ascot* and the *Super Bowl*.

How do you feel 2014 went?

With 8.5 million viewers, the *Grand National* was one of the highlights of the 2014 schedule. To win the Broadcast Award for Best Sports Programme for our coverage of the National was a fantastic acknowledgement of the quality of the output and the strength of the IMG production team, with director Denise Large also winning an RTS Craft Award for Multicamera Work in Sport.

We have also brought new ideas to our coverage. For example, we introduced Gok Wan into our line up for *Royal Ascot* and he delivered fashion coverage and features content which helped to attract a younger and larger share of the female audience in 2014 than we saw the previous year.

The scale of our coverage at Sochi was formidable and provided an incredible showcase for disability sport. We also covered the *IPC European Athletics* from

Swansea, the first major parasport event in the UK since the 2012 Games, and the *European Swimming Championships* from the Netherlands.

And the *Super Bowl* made a return to the Channel for the first time since 1998. We introduced innovations to help viewers better understand the game – such as the Twitter handle #C4Rookie where viewers could ask basic questions about American Football to help grow the audience and reach new fans to the sport.

How did Sport help deliver the remit?

The Paralympic movement is growing and it was heartening to see Paralympians featuring in the *Sports Personality of the Year*. At the same time we're raising the profile of our presenters with disabilities. Rachel Latham, for example, presented the European

Swimming Championship and Arthur Williams was nominated for a Grierson Award for his work beyond sport. We're championing diversity in other ways too: Denise Large is the first female director of the *Grand National* coverage and her RTS award was one of the highlights of the year for *Channel 4 Racing*.

What are the key challenges?

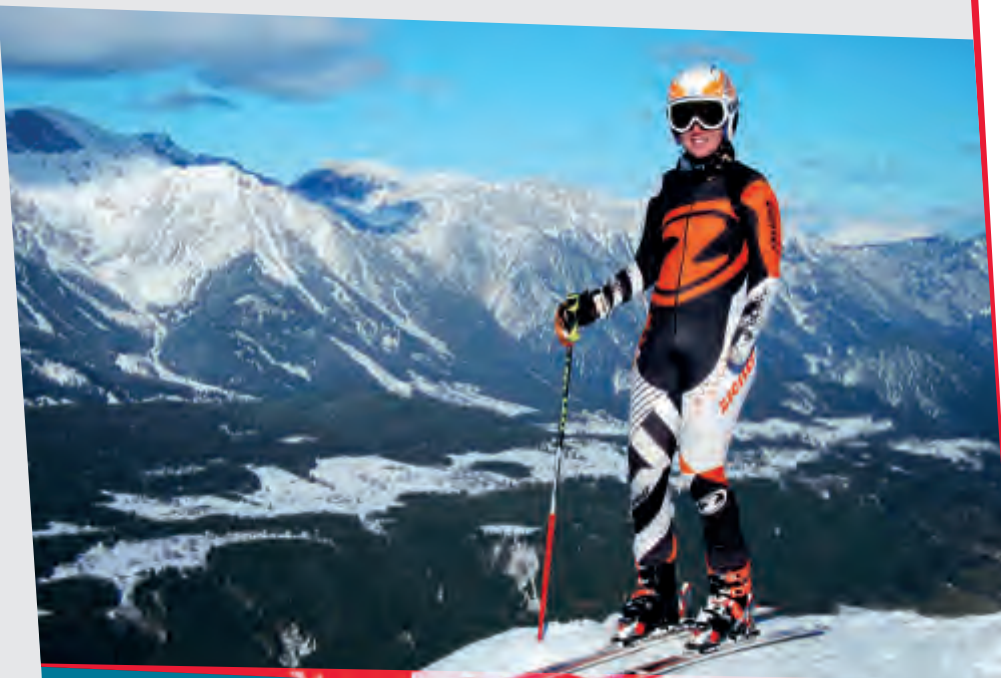
The key challenge is to create a compelling proposition for Rio that builds on the success we have had with parasport but also retains the tone and scale which audiences have come to expect of our Paralympic coverage. We have had huge success in harnessing cross genre programming to support sport and major events – from *How to Win The Grand National* through to *The Last Leg* – and the challenge of building on that is something we are excited about.

2015 Strategy

We're on a journey to Rio – growing the audience for the Paralympic Games and all disability sport and growing the skills and confidence of our presenters. We will continue to win new audiences for Racing – in 2014 our viewing figures for 16-34s during the flat racing season grew 34% in 2014. We are constantly innovating in our racing coverage and that will be something audiences see more of in 2015.

8.5m

viewers –
Grand National



Sochi 2014 Paralympic Winter Games

CASE STUDY: SPORT

PARALYMPICS COVERAGE – SOCHI





Inspiring change and challenging prejudice is core to Channel 4's purpose. Our public service remit is to champion alternative voices and fresh perspectives, challenge people to see the world differently, and inspire change in people's lives. Central to this is championing disability; changing perceptions of what it is to be disabled from inferior to equal.

The 2012 Paralympics played a central role in defining public perceptions of disability, and we aimed to do this. The *Sochi 2014 Paralympic Winter Games* is an extension of this success, continuing Channel 4's commitment to showing Paralympic sport and raising awareness of, and changing attitudes towards, disability.

2014's Sochi coverage included extended hours of the *Paralympic Winter Games* on Channel 4 and More4 (just under 80 hours) and the *Winter Paralympic Show*, a daily 30-minute Paralympics highlight programme. *The Last Leg* also returned to add their irreverent touch to proceedings.

Team GB hit the heights with six medals – four of them for Jade Etherington, gold for Kelly Gallagher and a bronze for the curling team. Paralympics GB skier Kelly Gallagher and guide Charlotte were also shortlisted for the 2014 *BBC Sports Personality of the Year*.

Channel 4's offices were rainbow branded in the colours of the gay pride flag on Friday 7 February to mark the start of the *Sochi 2014 Winter Olympic and Paralympic Winter Games* to wish good luck to all athletes – gay or straight – competing at the *Games*.

▲ annualreport.channel4.com



NURTURE TALENT



STIMULATE DEBATE



ALTERNATIVE VIEWS



CULTURAL DIVERSITY



INSPIRE CHANGE

82%

of viewers surveyed agreed that Channel 4's coverage will improve society's perceptions of disabled people

Thank you

This list includes all our suppliers of first-run originated television programmes that transmitted across the portfolio in 2014, and the digital companies that received project funding from us in 2014. We also provided development funding to a range of other companies. While every effort has been made to identify and name all the relevant companies for this list we apologise if there are any accidental omissions.

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

011 Productions
13 Strides
15nine Studio
2LE Media
A.M.Heath & Company
Acme Films
Aerian Studios
Alcove Entertainment
Amido
Amos Pictures
Apocalypso Pictures
Arrow International Media
Atomized Entertainment
Attention Seekers Productions
Avalon Television
B3 Media
Balletboyz
Balloon Entertainment
Big Bit
Big Mountain Productions
Big Shell Publishing Pty
Big Talk Productions
Blackwatch Productions
Blakeway
Blast! Films
Blink Films
Blueprint Pictures
Bofa Productions
Bonafide Films
Boom Cymru TV
Boomerang
Borderline Films
Boundless (part of FremantleMedia UK)
Braven Films
Bridge + Tunnel Productions
Bright Cold Day Films
Brook Lapping
Bwark Productions
Casarotto Ramsay & Associates
Caterpillar Television
CB Films
CC-Lab
Century Films
Charlie Productions
Chunk
Cinetig
ClearStory
Clerkenwell Films
Cloud Eight Films
Clover Films
CMP film
Company Pictures
Conker Media
Corporation Pop
Cow Wow Wow
Cowboy Films
CPL Productions
Crackit Productions
Craft Strategy
Crash Lab
CTVC
Cucumber Series
Curtis Brown Group
Cwmni Da
Daisybeck Productions
Darlow Smithson Productions
David Modell
Daybreak Pictures
Dazed Group
Deadpan Films
Deltatre Media
Demand Media
Derek Productions
DMC Film
DNA Films
Dominic Buchanan Productions
Don't Panic
DOS Studios
Double Act Productions
Double Band Films
Dream Horse
Dream Team Television
DVDance
East West Documentaries t/a Medialab
Element Pictures
Eleven Film
Emu Films
Endemol
Evan Williams Productions
Eyeworks
Factory Films
Feelgood Fiction
Film London
Film-Mode
Finestripe Productions
Finetake Productions
Firecracker Films
Firecrest Films
Fly Film Company
Focus Features International
Free Range Films
Freeform Productions
Fresh One Productions
Friel Kean Films
Frieze Foundation
Full Tilt Productions Inc
HanWay Films
Hardcash Productions
Hat Trick Productions
Hay Fisher Productions
Headline Pictures
Hillbilly Films and Television
HotSauce TV
House Of Tomorrow
Hyphen Films
Icon Films
Illuminations
Img Media
Independent Talent Group
ITN
Infinite Media
Inflammable Films
Institute Of Contemporary Arts
Intrepido
Iota Films
Irresistible Films
IWC Media
JJ Stereo
Joe Public Productions
Johnston North
JW Films
Keo Films
Kissanut Productions
Knickerbockerglory

Knight Hall Agency
 KOTV
 Latimer Digital
 Left Bank Pictures
 Lemonade Money
 Liberty Bell Productions
 Liberty842
 Lime Pictures
 Lion Television
 Little Dot Studios
 LM Productions LLP
 Love Productions
 Love Live
 Luna W
 Lupus Films
 Mammoth Screen
 Maroon Productions
 Martin Rich
 Matchlight
 Maverick Television
 McDougall Craig
 Megalomedia
 Me:Mo Interactive Media
 Mentorn Media
 Mercury Prize
 Million Media
 Minnow Films
 Mint Digital
 MJW Productions
 MK2 Productions
 Mobile IQ
 Modern Films
 Monkey Kingdom
 Monterosa Productions
 Monumental Pictures
 Moonspun Films
 NERD TV
 New Entertainment Research And Design
 Nine Lives Media
 Nkiru Nkiru
 No.1 Films
 North One Television
 Northern Film And Media
 Nova International
 NPE Media
 Number 9 Films
 Numiko
 O Productions
 Objective Productions
 October Films
 One Potato Two Potato
 Open Mike Productions
 Optic Circle
 Optomen Television
 Origin Pictures
 Osf (Wales)
 Outline Productions
 Oxford Scientific Films
 P Guide
 P&V Pictures
 Pabulum
 Paper Seven
 Parts & Labor Films
 Passion Pictures
 PBJ Management
 Peake Associates
 Pett Productions

Philbert
 Pioneer
 Pipedream Pictures
 Plum Pictures
 Potboiler Productions
 Princess Productions
 Protein
 Pulse Films
 Quark Films
 Question Media
 Quicksilver Media
 Raise The Roof Productions
 Rare Day
 Raw TV
 RDF Television
 Recorded Picture Company
 Red House TV
 Reef Television
 Remarkable Television
 Remedy Productions
 Renegade Pictures (UK)
 Retort (part of Fremantlemedia UK)
 Revolution Films
 Ricochet Television
 Rize USA
 Roast Beef Productions
 Rocket Science Solutions
 Ronachan Films
 Rondo Media
 Rook Films
 Room 414 Productions
 Rosalind Ramsay
 Roughcut TV
 Ruby Films
 Rumpus Media
 Run 71
 Running Bare Pictures
 Sayle Screen
 Scott Free
 Screen First
 SDI Productions
 Secret Peter
 See-Saw Films
 Sexy RPC
 Sherbet
 Shine Pictures
 Shoebox Films
 Shooting People
 Sigma Films
 Siriol Productions
 Sixteen Films
 Snowdog Enterprises
 Snowman Enterprises
 Soho Moon Pictures
 Special Edition Films
 Speedy Films
 Spirit Digital Media t/a Social Media Factory
 Spun Gold TV
 Starfield Productions
 Stay Gold Studios.
 Steve Boulton Productions
 Stray Bear Productions
 Studio Canal Plus
 Studio Lambert
 Succulent Pictures
 SUMS Film And Media

Sundog Pictures
 Sunset+Vine Productions
 Sure Shot Films
 Swan Films
 Syndicut Communications
 Talkback (part of FremantleMedia UK)
 Tandem Communications GmbH
 Tandem
 Films Entertainment
 Tavistock Wood Management
 Teledu Telesgop
 Ten66
 Tern TV
 Testimony Films
 Testronic Labs
 The Agency
 The Bureau Film Company
 The Comedy Unit
 The Connected Set
 The Garden Productions
 The Ink Factory
 The Jim Henson Company
 The Jones Company Productions
 The Project Factory
 Thin Man Films
 Think-Make
 Third Films
 This Is It Collective
 Tifini
 Tiger Aspect Productions
 Tiger Lily Films
 Tinderbox Films
 Toledo Productions
 Too Tall Productions
 Touchline Media
 Touchpaper Television
 Trainspotting Productions
 True North Productions
 True Vision
 Tuesday's Child Television
 TV Cartoons
 Twenty Twenty Productions
 Twofour Broadcast
 Twofour Productions
 Unique Television
 Universal Spirits
 Varga-TVC
 Various Agencies
 Vera Productions
 Videocracy
 Videotext Communications
 Voltage TV Productions
 Waddell Media
 WAG TV
 Wall to Wall Television
 Warp Films
 West Fourth Films
 Whizz Kid Entertainment
 Wildfire Television
 Wildgaze Films
 Windfall Films
 Wingspan Productions
 Young Bwark Productions
 Young Films
 Zeitgeist Television
 Zeppotron
 Zig Zag Productions
 ZKK
 Zone Worldwide

Awards 2014

Awards Television UK

AIB Awards

Children on the Frontline (Dispatches) (ITN)
Winner International Current Affairs
Documentary

BAFTA Scotland

Shirley Henderson (Southcliffe) (Warp Films)
Actress Television

Dave: Loan Ranger (Finestripe Productions)
Current Affairs

Location Location Location (IWC)
Features/Factual Entertainment Programme

BAFTA Television Awards

Sean Harris (Southcliffe) (Warp Films)
Leading Actor

Katherine Parkinson (IT Crowd)
(FremantleMedia UK)

Female Performance in a
Comedy Programme

Richard Ayoade (IT Crowd)
(FremantleMedia UK)

Male Performance in a Comedy Programme

Complicit (Manyriversfilms)
Single Drama

Bedlam (The Garden Productions)
Factual Series

The Murder Trial (Windfall Films)
Single Documentary

Gogglebox (Studio Lambert)
Best Factual Entertainment

Syria: Across the Lines (Dispatches)
(Quicksilver Media)
Current Affairs

British Soap Awards

Hollyoaks (Lime Pictures)
Best British Soap

Danny Mac (Hollyoaks) (Lime Pictures)
Sexiest Male

Anna Passey (Hollyoaks) (Lime Pictures)
Villain of the Year

Ellis Hollins (Hollyoaks) (Lime Pictures)
Best Young Performance

Broadcast Awards

Educating Yorkshire (Two Four)
Best Documentary Series

The Murder Trial (Windfall Films)
Best Documentary Programme

Syria: Across the Lines (Dispatches)
(Quicksilver Media)
Best News and Current Affairs Programme

Gogglebox (Studio Lambert)
Best Original Programme

Gogglebox (Studio Lambert)
Best Popular Factual Programme

Broadcasting Press Guild Awards

Gogglebox (Studio Lambert)
Best Factual Programme Award

Educating Yorkshire (Two Four)
Best Documentary Series

Syria: Across the Lines (Dispatches)
(Quicksilver Media)
Best Single Documentary

BT Information Security Journalism Awards

The Datababy Project (Channel 4 News)
Best Security Broadcast Feature/ News Story
of the Year

Charles Wheeler Award for Outstanding Contribution to Broadcast Journalism

Jon Snow (Channel 4 News)

Edinburgh TV Festival Awards

Channel 4
Channel of the Year

The Murder Trial (Windfall Films)
Programme Innovation Award

Educating Yorkshire (Two Four)
Best Television Moment Award

Marcel Mettelsiefen (Children on the Frontline)
(ITN Productions)
Producer/Director Debut Award

Foreign Press Association Award

How to Fix a Football Match
(Vera Productions)
Sports Story of the Year

Hunted (Dispatches) (Blakeway)
Television Feature/Documentary Story of
the Year

Bucharest's King of the Sewers
(Channel 4 News)
Television News Story of the Year

Francis Crick Science Journalism Award

Tom Clarke (Channel 4 News)

Grierson Awards

Educating Yorkshire (Two Four)
Best Documentary Series

Educating Yorkshire (Two Four)
Radio Times Readers' Choice Awards

The Murder Trial (Windfall Films)
Best Documentary on a Contemporary
Theme – Domestic

Dispatches: Children on the Frontline
(ITN Productions)
Best Documentary on a Contemporary
Theme – International

Our Gay Wedding: The Musical
(Wingspan Productions)
Best Entertaining Documentary

Hunted (Dispatches) (Shine TV)
Best Documentary on Current Affairs

Rupert Everett (Love for Sale) (Swan Films)
Presenter of the Year

Marc Williamson (Last Chance School)
(Minnow Films)
Newcomer of the Year

Harold Wincott Business Awards

Siobhan Kennedy and Girish Juneja
(Channel 4 News) (ITN)
Television Journalism of the Year

What is Your Pension Really Worth?
(Dispatches)
Personal Finance Journalism of the Year

Inside Soap Awards

Hollyoaks (Lime Pictures)
Best Storyline

Nikki Sanderson (Hollyoaks) (Lime Pictures)
Best Actress

Danny Mac (Hollyoaks) (Lime Pictures)
Sexiest Male

National Reality Television Awards

Four Rooms (Boundless Productions)
Best Business Show

One World Media Awards

Dispatches: Children on the Frontline
(ITN Productions)
Television Award

Guillermo Galdos (Channel 4 News) (ITN)
International Journalist of the Year Award

Political Studies Association

Michael Crick (Channel 4 News)
Journalist of Year

Rory Peck Awards

Team Mindeulle (Korea: Inside the Secret State) (Dispatches)
Award for Features

Ben Steele (Hunted – Dispatches) (Shine TV)
Sony Impact Award

RTS Television Journalism Awards

The Hunt for Britain's Sex Gangs (Dispatches)
(True Vision)
Current Affairs – Home

Syria: Across the Lines (Dispatches)
Current Affairs – International

Plebs, Lies & Videotapes
The Independent Award

Channel 4 News (ITN)
Daily News Programme of the Year

Channel 4 News (ITN)
Specialist Journalist of the Year

RTS Programme Awards

Olivia Colman
Actor Female

Four Rooms (Boundless Productions)
Daytime

Educating Yorkshire (Two Four)
Documentary Series

The Last Leg (Open Mike Productions)
Entertainment

Alan Carr (Alan Carr: Chatty Man)
(Open Mike Productions)
Entertainment Performance

Richard III: King in the Car Park
(Darlow Smithson Productions)
History

Gogglebox (Studio Lambert)
Popular, Factual and Features

The Murder Trial (Windfall Films)
Single Documentary

Marlon Smith and Daniel Fajemisin-Duncan
(Run)
(Acme TV)
Writer Drama

Sandford St Martin Religious Broadcasting Awards

A Very British Ramadan (Watershed)
Runner Up

Televisual Bulldog Awards

Fresh Meat
(Objective Productions/Lime Pictures)
Comedy

Gogglebox (Studio Lambert)
Factual Entertainment

Dogging Tales (Minnow Films)
Documentary Single

Educating Yorkshire (Two Four)
Documentary Series

TRIC Awards

Gogglebox (Studio Lambert)
Entertainment Programme

Ashley Taylor Dawson
(*Darren Osborne – Hollyoaks*) (Lime Pictures)
Soap Personality

TV Choice Awards

Educating Yorkshire (Two Four)
Best Factual Entertainment & Lifestyle Show

Gordon Ramsay's Home Cooking (Optomen)
Best Food Show

Kirsty-Leigh Porter (*Hollyoaks*) (Lime Pictures)
Best Soap Newcomer

Television – International

Banff Television Awards

My Mad Fat Diary (Tiger Aspect)
Youth Fiction Award

David Bloom Award

Olly Lambert (*Syria: Across the Lines*)
(*Dispatches*)

Emmys

Julia Margulies (*The Good Wife*) (CBS
Paramount)
Actress Drama

Jim Parsons (*The Big Bang Theory*) (Warner)
Outstanding Lead Actor in a Comedy Series

Rose D'Or Awards

Gogglebox (Studio Lambert)
Best Reality & Factual Entertainment Award

Toast of London (Objective Productions)
Best Sitcom Award

Prix Italia

Southcliffe (Warp Films)
Drama Serial Award

International Emmys for News & Current Affairs

Syria's Descent (Channel 4 News)
News category

Bayeux-Calvados Awards for War Correspondents

Marcel Mettelsiefen (*Children on the Frontline*)
(*Dispatches*)
Grand Format Television Category –
International Jury

San Marino International Film Festival

Complicit (Manyriversfilms)
Single Drama Award

Amnesty International Media Awards

Marcel Mettelsiefen (*Children on the Frontline*)
(*Dispatches*) (ITN Productions / C4) / *Dancing in the Danger Zone* (*Unreported World*)
Gaby Rado Award

Paraic O'Brien (*Channel 4 News*) (ITN)
TV News

Film UK

BAFTA Film Awards

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary

BAFTA/LA Britannia Awards

Mike Leigh (*Mr Turner*) (Film4 / Focus
Features International / Lipsync Productions)
John Schlesinger Britannia Award for
Excellence in Directing

BAFTA Awards Scotland

David Mackenzie (*Starred Up*) (Creative
Scotland / Film4 Productions)
Director Film/Television

Jonathan Asser (*Starred Up*)
(Creative Scotland / Film4 Productions)
Writer Film/Television

Starred Up (Creative Scotland / Film4
Productions)
Feature Film

BIFA Awards

Iain Forsyth, Jane Pollard (*20,000 Days on
Earth*) (Corniche Pictures / BFI / Film4 / Pulse
Films)

Douglas Hickox Award for Best Debut
Director

Yann Demange ('71) (Crab Apple Films /
Warp Films / Film4 / BFI / Screen Yorkshire /
Creative Scotland)
Best Director

Sameena Jabeen Ahmed (*Catch Me Daddy*)
(Film4/ BFI / Screen Yorkshire / Lip Sync)
Most Promising Newcomer

Jon Ronson/Peter Straughan (*Frank*)
(Runaway Fridge and Element Pictures)
Best Screenplay

Stephen Rennicks (*Frank*) (Runaway Fridge
and Element Pictures)
Best Technical Achievement (Music)

British Comedy Awards

The Inbetweeners 2 (Bwark Productions)
Best Comedy Film

Empire Film Awards

Michael Fassbender (*12 Years A Slave*)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Supporting Actor

Guardian Film Awards

Steve McQueen (*12 Years A Slave*)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Director

London Critics Circle Film Awards

Chiwetel Ejiofor (*12 Years A Slave*)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Actor

Chiwetel Ejiofor (*12 Years A Slave*)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Actor of the Year

Lupita Nyong'o (*12 Years A Slave*)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Supporting Actress of the Year

12 Years A Slave (Regency Enterprises
/ Film4 / Plan B Entertainment / Summit
Entertainment)
Film of the Year

The Selfish Giant (BFI/ Film4 / Moonspun
Films)
British Film of the Year

Conner Chapman (*Selfish Giant*)
(BFI/ Film4 / Moonspun Films)
Young British Performer of the Year

Richard Attenborough Film Awards

Chiwetel Ejiofor (*12 Years A Slave*) (Regency
Enterprises / Film4 / Plan B Entertainment /
Summit Entertainment)
Best Actor

South Bank Awards

Selfish Giant (BFI/ Film4 / Moonspun Films)
Best Film

UK Regional Critics Awards

12 Years A Slave (Regency Enterprises
/ Film4 / Plan B Entertainment / Summit
Entertainment)
Film of the Year

Chiwetel Ejiofor (*12 Years A Slave*)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Actor of the Year

George MacKay (*For Those in Peril*)
(Warp Films / Film4)
British Breakthrough

Film International

Academy Awards

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary, Feature

Academy of Science Fiction, Fantasy & Horror Films

12 Years A Slave (Regency Enterprises
/ Film4 / Plan B Entertainment / Summit
Entertainment)
Saturn Award – Best Independent Film

AFI Awards

12 Years A Slave (Regency Enterprises
/ Film4 / Plan B Entertainment / Summit
Entertainment)
Movie of the Year

Alliance of Women Film Journalists

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary

Laura Poitras (*Citizenfour*) (Praxis Films with
Bertha Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Female Icon of the Year (tie)

Awards 2014

American Black Film Festival

Chiwetel Ejiofor (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Actor

Steve McQueen (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Director

Lupita Nyong'o (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Supporting Actress

John Ridley (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Adapted Screenplay

American Cinema Editors

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Edited Documentary (Feature)

Athens International Film Festival

20000 Days on Earth (Corniche Pictures / BFI / Film4 / Pulse Films)
Golden Athena Award for Best Film within Music

'71 (Crab Apple Films / Warp Films / Film4 / BFI / Screen Yorkshire / Creative Scotland)
Golden Athena – Award for Best Film

Austin Film Critics Association

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary

Australian Academy of Cinema & Television Arts International Awards

Chiwetel Ejiofor (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
International Award for Best Leading Actor

Michael Fassbender (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
International Award for Best Supporting Actor

Berlin International Film Festival

'71 (Crab Apple Films / Warp Films / Film4 / BFI / Screen Yorkshire / Creative Scotland)
Prize of the Ecumenical Jury – Commendation

BET Awards

Chiwetel Ejiofor (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Actor

Lupita Nyong'o (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Actress

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Movie

Black Reel Awards

Lupita Nyong'o (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Breakthrough Actress

Francine Maisler (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Ensemble

Chiwetel Ejiofor (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Actor

Steve McQueen (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Director

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Motion Picture

Hans Zimmer (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Score

John Ridley (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Screenplay

Lupita Nyong'o (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Supporting Actress

Boston Online Film Critics Association Awards

Under the Skin (Film4 / BFI)
Best Original Score

Under the Skin (Film4 / BFI)
Ten Best Films of the Year

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary

Britdoc Impact Awards
No Fire Zone (Outside TV)

Broadcast Film Critics Association (BFCA) Critics Choice Movie Awards

John Ridley (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Adapted Screenplay

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Picture

Lupita Nyong'o (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Supporting Actress

Brussels International Film Festival

The Double (Alcove Entertainment / Film4 / British Film Institute)
Audience Award

Cannes Film Festival

Timothy Spall (Mr Turner) (Film4 / Focus Features International / Lipsync Productions)
Best Actor

Dick Pope (Mr Turner) (Film4 / Focus Features International / Lipsync Productions)
Vulcain Prize for Technical Artist

Central Ohio Critics Association Awards

Chiwetel Ejiofor (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Actor

Chicago Film Critics Association Awards

Jack O'Connell (Starred Up) (Creative Scotland / Film4 Productions)
Most Promising Performer

Cinema for Peace Awards

Steve McQueen (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Most Valuable Movie of the Year

Children on the Frontline (Dispatches) (ITN)
Most Valuable Documentary of the Year

Cinephoria Awards

Steve McQueen (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Top Ten of the Year

Costume Designers Guild Awards

Patricia Norris (12 Years A Slave) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Excellence in Period Film Award

Dallas-Fort Worth Film Critics Association Awards

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary

Detroit Film Critic Society

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary

Directors Guild of America, USA

Laura Poitras (Citizenfour) (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Outstanding Directorial Achievement in Documentary

Dinard British Film Festival

Frank (Runaway Frigate and Element Pictures)
Special Jury Prize

Dublin Film Critics Circle Awards

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Top Ten Films

Frank (Runaway Frigate and Element Pictures)
Best Irish Film

Jack O'Connell (Starred Up) (Creative Scotland / Film4 Productions), '71 (Crab Apple Films / Warp Films / Film4 / BFI / Screen Yorkshire / Creative Scotland)
Breakthrough Award

Dublin International Film Festival

Jack O'Connell (Starred Up)
(Creative Scotland / Film4 Productions)
Best Actor

Daniel Landin (Under the Skin) (Film4 / BFI)
Best cinematography

European Film Awards

Timothy Spall (Mr Turner) (Film4 / Focus
Features International / Lipsync Productions)
European Actor

Joakim Sundstrom (Starred Up)
(Creative Scotland / Film4 Productions)
European Sound Designer

Mica Levi (Under the Skin) (Film4 / BFI)
European Composer

FICE AWARDS – Federazione Italiana Cinema D'essai

12 Years A Slave
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Audience Award for Best Foreign Film

Florida Film Critics Circle

Mica Levi Under the Skin (Film4 / BFI)
Best Score

Gay and Lesbian Entertainment Critics Association for Film & Television Awards

12 Years A Slave (Regency Enterprises
/ Film4 / Plan B Entertainment / Summit
Entertainment)
Film of the Year

Georgia Film Critics Association

Chiwetel Ejiofor (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Actor

Michael Fassbender (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Supporting Actor

Lupita Nyong'o (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Supporting Actress

Golden Trailer Awards

12 Years A Slave (Regency Enterprises
/ Film4 / Plan B Entertainment / Summit
Entertainment)
Best Independent Poster

12 Years A Slave (Regency Enterprises /
Film4 / Plan B Entertainment / Summit
Entertainment)
Best Independent TV spot

Gotham Awards

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary

Hollywood Reel Independent Film Festival

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary Film

Houston Film Critics Society Awards

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary

Independent Spirit Awards

12 Years A Slave (Regency Enterprises /
Film4 / Plan B Entertainment / Summit
Entertainment)
Best Feature

Steve McQueen (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Director

John Ridley (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Screenplay

Lupita Nyong'o (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Supporting Actress

Sean Bobbitt (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Cinematography

International Documentary Association

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Feature

Indiana Film Journalists US
Mica Levi (Under the Skin) (Film4 / BFI)
Best Musical Score

International Press Academy Satellite Awards

Steve McQueen (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Director

12 Years A Slave (Regency Enterprises
/ Film4 / Plan B Entertainment / Summit
Entertainment)
Best Motion Picture

Iowa Film Critics Awards

Chiwetel Ejiofor (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Actor

Steve McQueen (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Director

12 Years A Slave (Regency Enterprises /
Film4 / Plan B Entertainment / Summit
Entertainment)
Best Film

Michael Fassbender (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Supporting Actor

Lupita Nyong'o (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Supporting Actress

Irish Film & Television Awards

Chiwetel Ejiofor (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best International Actor

Michael Fassbender (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Supporting Actor

Ischia Global Film and Musical Festival

Chiwetel Ejiofor (12 Years A Slave)
(Regency Enterprises / Film4 /
Plan B Entertainment / Summit Entertainment)
Best Actor

Kansas City Film Critics Circle Awards

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary

Las Vegas Film Critics Society Awards

Frank (Runaway Fridge and Element Pictures)
Sierra Award – Best Song

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary

Les Arcs European Festival

Stephen Rennicks (Frank)
(Runaway Fridge and Element Pictures)
Best Music

Los Angeles Film Critics Association Awards

Citizenfour (Praxis Films with Bertha
Foundation / BRITDOC / Channel 4 /
Norddeutscher Rundfunk NDR / Bayerischer
Rundfunk BR)
Best Documentary/Non-Fiction Film

Mica Levi (Under the Skin) (Film4 / BFI)
Best Music (Tied with Jonny Greenwood for
Inherent Vice)

National Board of Review USA

A Most Wanted Man (Demarest Films /
Potboiler Productions / The Ink Factory /
Film4 Productions)
Top 10 Independent Films

Mr Turner (Film4 / Focus Features
International / Lipsync Productions)
Top 10 Independent Film

Jack O'Connell (Starred Up)
(Creative Scotland / Film4 Productions)
Best Breakthrough Performance

Starred Up (Creative Scotland / Film4
Productions)
Top 10 Independent Films

New York Film Critics Circle

Timothy Spall (Mr Turner) (Film4 / Focus
Features International / Lipsync Productions)
Best Actor

Awards 2014

New York Film Critics Circle Online

Mr Turner (Film4 / Focus Features International / Lipsync Productions)
NYFCO Award Top Films of the Year

Jack O'Connell (*Starred Up*)
(Creative Scotland / Film4 Productions)
Breakthrough Performer

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Non-Fiction Film (Documentary)

Under the Skin (Film4 / BFI)
Top Films of the Year

NAACP Image Awards

Steve McQueen (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Direction in a Motion Picture

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Motion Picture

Lupita Nyong'o (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Actress in a Motion Picture

John Ridley (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Outstanding Writing in a Motion Picture (theatrical or television)

Online Film and Television Association Awards

Chiwetel Ejiofor (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Actor

Lupita Nyong'o (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Breakthrough

Francine Maisler (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Casting

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Picture

Michael Fassbender (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Supporting Actor

Lupita Nyong'o (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Supporting Actress

John Ridley (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Writing

Palm Springs International Film Festival

Steve McQueen (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Director of the Year

Lupita Nyong'o (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Breakthrough Performance

Selfish Giant (BFI / Film4 / Moonspun Films)
Directors To Watch Award

Producers Guild of America Awards

Brad Pitt, Dede Gardner, Jeremy Kleiner, Steve McQueen, Anthony Katagas (*12 Years A Slave*) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Darryl F. Zanuck Award for Outstanding Producer of Theatrical Motion Pictures

Sant Jordi Awards

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Rosa de Sant Jordi Audience Awards – Best Foreign Film

San Diego Film Critics Society Awards

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Documentary

San Francisco Film Critics Circle

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary

Satellite Awards

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Motion Picture, Documentary

Screen Actors Guild Awards (SAG Awards)

Lupita Nyong'o (*12 Years A Slave*)
(Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Female Actor in a Supporting Role

Seville European Festival

Mike Leigh (*Mr Turner*) (Film4 / Focus Features International / Lipsync Productions)
Asecan Award – Special Mention

Timothy Spall (*Mr Turner*) (Film4 / Focus Features International / Lipsync Productions)
Best Actor

Mike Leigh (*Mr Turner*) (Film4 / Focus Features International / Lipsync Productions)
Best Director

St. Louis Film Critics Association

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary

Sundance Film Awards

20000 Days on Earth (Corniche Pictures / BFI / Film4 / Pulse Films)
World Cinema Directing Award: Documentary

20,000 Days on Earth (Corniche Pictures / BFI / Film4 / Pulse Films)
World Cinema Editing Award: Documentary

USC Scripter Awards

John Ridley/Solomon Northup (*12 Years A Slave*) (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
USC Libraries Scripter Award

Utah Film Critics Association Awards

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary Feature Film

Vancouver Film Critics Awards

12 Years A Slave (Regency Enterprises / Film4 / Plan B Entertainment / Summit Entertainment)
Best Film

Village Voice Film Poll

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary

Washington DC Area Film Critics Association Awards

Mica Levi (*Under the Skin*) (Film4 / BFI)
Best Original Score

Women Film Critics Circle Awards

Laura Poitras (*Citizenfour*) (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Courage in Filmmaking Award

Citizenfour (Praxis Films with Bertha Foundation / BRITDOC / Channel 4 / Norddeutscher Rundfunk NDR / Bayerischer Rundfunk BR)
Best Documentary by or about women

Craft

BAFTA Craft Awards

Daniel Fajemisin-Duncan & Marlon Smith (*Run*) (Acme TV)
Breakthrough Talent

Mark Towns (*Educating Yorkshire*) (Two Four)
Editing Factual

Nick Holt (*The Murder Trial*) (Windfall Films)
Director Factual

The I.T. Crowd (FremantleMedia UK)
Writer Comedy

Marcus Robinson (*Rebuilding the World Trade Center*) (Lion Television / All3Media)
Photography Factual

Production Team (*D-Day As It Happens*) (Windfall Films)
Digital Creativity

RTS Craft & Design Awards

Noel Fielding's Luxury Comedy 2 – Tales from Painted Hawaii (Secret Peter)
Graphic Design – Titles

Alan Carr: Chatty Man (Open Mike Productions)
Lighting for the Multicamera

Grand National 2014 (IMG Media)
Multicamera Work – Sport

Utopia 2 (4Creative / Kudos Film & Television)
Production Design – Drama

Utopia 2 (4Creative / Kudos Film & Television)
Photography – Drama

Rebuilding the World Trade Center (Lion Television / All3Media)
Photography – Documentary/Factual & Non-Drama

Cardinal Burns (Left Bank Pictures)
Production Design – Entertainment & Non-Drama

Digital Media Awards**Digital Emmy Awards (New York)**

D-Day As It Happens (Windfall Films)
Digital Programme Award Non-Fiction

BAFTA Craft Awards

D-Day As It Happens (Windfall Films)
Digital Creativity (Production Team)

Broadcast Digital Awards

Made in Chelsea (PaperSeven / Monkey Kingdom)
Best Game

D-Day As it Happens (Windfall Films)
Best Multiplatform Project

Utopia: This is a Warning Viral (4Creative / Kudos Film & Television)
Best Social Media & Digital Marketing Campaign

My Mad Fat Diary (Tiger Aspect)
Highly Commended

Freesat Awards

Educating Yorkshire (Two Four)
Best Factual TV Programme or Series

The Lovies (Multi-platform Awards)
Live from Space (C4Creative / Arrow Media)
People's Lovie Award Winner

Live from Space (C4Creative / Arrow Media)
Gold Lovie Winner

Unreported World Shorts (Quicksilver Media)
Silver Lovie Award Winner
(Internet Video: Documentary)

Online Media Awards

Anna Doble (Channel 4 News)
Editor of the Year

Channel 4 News
Best Use of Social Media

Geoff White (Channel 4 News)
Digital Writer of the Year

Channel 4 News
Technical Innovation

Newsworks Awards

Channel 4 Taste Tablet (CPL Productions)
Best Tablet Campaign

Diversity Awards**Asian Media Awards**

Krishnan Guru-Murthy (Channel 4 News)
Media Personality of the Year

Why Muslim Women Choose to Wear the Veil (Channel 4 News)
TV Report of the Year

Asian Voice Political & Public Life Awards

Michael Crick (Channel 4 News)
Special Award for Diversity

Stonewall Awards

Liz McKean (Dispatches: Hunted) (Shine TV)
Journalist of the Year

Creative Diversity Network Awards

Siobhan Sinnerton
Special Recognition for Commissioning Award

Mind Media Awards

My Mad Fat Diary (Tiger Aspect)
Drama Award

Embarrassing Bodies: Live From the Clinic (Maverick TV)
Entertainment

Channel 4 News: Life in Chains, Somalia's Mentally ill (ITN)
News and Current Affairs Award

Marketing Awards**Marketing Week Data Strategy Awards**

Channel 4
Grand Prix (Viewer Engagement Strategy)

Tribes
Data Storytelling Award –
Innovation in youth research

Viewer Engagement Strategy
Loyalty & Relationship Marketing Award

Promax Awards**Gold awards**

Psychopath Night (4Creative)
Best Factual Promo (Originated)

Grand National 2 (4Creative / IMG Media)
Best Sports Promo (Originated)

Crufts (4Creative) (Sunset + Vine)
Best Leisure & Lifestyle Promo

Film4 Claps (4Creative)
Best Film Promo

Short Shorts (4Creative)
Best Promotion for a Website or
Interactive Service

Alternative Voices (4Creative)
Best On-Air Ident Campaign (In-House)

Film4 (4Creative)
Best On-Air Ident Campaign (out of house)

Grand National 2 (4Creative / IMG Media)
Best Use of Editing

Mini in Chelsea (4Creative)
Best Use of Humour

Film4 (4Creative)
Best Channel Identity

Silver awards

Live from Space (4Creative / Arrow Media)
Best Factual Promo (Originated)

Sochi (4Creative)
Best Season or Stunt Promo or Campaign

Utopia 2 (4Creative / Kudos Film & Television)
Best Poster or Outdoor

Film4 Claps (4Creative)
Best Use of Editing

Grand National 2 (4Creative / IMG Media)
Best Use of Direction

Channel 4
Channel of the Year

Bronze awards

Singer Takes it All (4Creative / Initial and Remarkable Television)
Best Entertainment Promo (Originated)

Frightfest (4Creative)
Best Film Promo

Short Shorts (4Creative)
Best Launch Promo or Campaign

E4 (4Creative)
Best Channel Identity

Born Risky (4Creative)
Best On-Air Campaign Channel Promotion

Campaign Awards

Channel Four Sales
Television Sales Team of the Year

FORWARD LOOK

Corporate ambitions

In 2015 Channel 4 will see the continuation of the investing in innovation strategy as we reinvest the surplus generated in 2014. Following both critical and commercial success in 2014, Channel 4 is in a fantastic position to build on this success.

There will be a planned increase in our overall content spend, particularly aimed at increasing E4's content budget. Across the genres, there will be notable increases in Drama and Comedy, and some reductions in features.

Core Channel 4 will continue to be a broad based channel, attracting young and upmarket viewers with distinctive and original content. With an ambitious drama slate, there will be a renewed focus on original content and the recommissioning of successful new factual entertainment franchises.

E4 will receive more investment to fuel its growth as the leading channel dedicated to 16–34s in the UK. More4 will continue to build its refreshed schedule around the core stable of established lifestyle titles augmented with originated features and new acquired drama. And Film4 will continue to act as the leading film channel with retained brand strength and increased commercial scale.

Across the portfolio, we will be looking to maximise our investment through strategic collaborations. For example, in Drama we are developing a slate of co-productions with broadcasters such as AMC in the US, that will deliver ambitious and distinctive high quality drama that has international appeal.

We will also be working with partners in Scotland, Wales and Northern Ireland to help deliver our new licence commitment to commission at least 9% of our original spend by 2020 from the Nations. Our new Nations and Regions team will work closely with the rest of Commissioning to deliver our ambitious goals across the devolved Nations as well as the English Regions.

We will embark on an extensive programme designed to increase diversity across the business – ultimately making a lasting difference not just to Channel 4, but to the industry as a whole. The 360° Diversity Charter puts diversity at the heart of all decision making at Channel 4, on and off-screen. Investment will span key areas and will cover a wide definition of diversity including BAME, disability, LGBT, gender and social mobility.

We are also planning a rebrand of 4oD with the new All 4 brand being rolled out across all platforms in early 2015. Users will explore Channel 4 content across three temporal states – On Demand (past), Now (present) and On Soon (future) – via a new user interface. This will launch initially on PC and iOS devices and will be extended to other

digital platforms, including Android, across 2015. We will build on a great start in 2014 for *Shorts*, further refine our investment in multiplatform programmes and continue to broaden our mobile games slate, with emphasis on scale and commercial appeal.

After a successful first round of investments for our landmark Growth Fund in 2014, in which we committed spend of £5 million out of our £20 million pot, we will look to expand and diversify our portfolio in 2015. We will continue to make investments into strong growth companies, including those that are aligned to Channel 4's remit with respect to diversity and Nations and Regions. We accept applications from companies working with all broadcasters; focusing on a variety of different genres; from Factual to Comedy, Drama to Entertainment and Digital. Growth Fund Advisory Board Members Lorraine Heggessey and Tessa Ross will continue to have an active mentoring role with existing and new investments.

Our pioneering data strategy will continue to enable Channel 4 to lead the global digital TV ad market, with our unique first party data already offering advertisers superior targeting against a young, upmarket audience. In 2015 we will be launching the first European broadcaster programmatic platform which enables agencies to buy VOD ads with access to Channel 4's first party viewer data. The radical addition of automated buying is another game changer for the commercial TV VOD industry in 2015. Channel 4's data strategy continues to secure our business for the future, driving increased revenues and creative innovation.

These plans will be delivered in a challenging and rapidly-changing market. It is, however, the case that Channel 4's regulatory framework has not kept up with the pace of change within the sector and we will therefore be discussing our desire for a number of important regulatory and policy reforms with the regulator and government.

Looking further ahead into the future, we believe that Channel 4 will become an even more important part of the public service broadcasting system, acting as an 'Alternative Mainstream' channel. From the strong creative and commercial vantage point we have reached, we are now actively looking at how we can deliver the greatest impact in the future through a clear articulation of the organisation's creative vision as a PSB institution along with further innovations in our commercial model.

▲ annualreport.channel4.com

Creative overview

2015 will continue our successful mix of longer runs of returning series combined with innovative new and one-off titles.

2014 was hailed as Channel 4's factual renaissance. 2015 will be the year where our scripted shows land, with record spends in Comedy and Drama.

In both of these areas, the strategy of combining cult hits with more mainstream pieces will reach fruition with critically acclaimed shows like *Toast of London* matched by broader appeal comedies like Sharon Horgan's *Catastrophe*. In drama, Russell T Davies trilogy of shows about gay life in Britain, *Cucumber*, *Banana* and *Tofu* will sit alongside lavish period drama *Indian Summers*. In addition, there will be a welcome return for iconic writers as Shane Meadows reprises the award winning *This is England* and Paul Abbott delivers his unique take on



Jay Hunt
Chief Creative Officer



Cucumber



Indian Summers

the police service, *No Offence*. We will also air the first of our dramas funded under the international co-production model with sci-fi thriller *Humans*.

Innovative factual shows will continue to dominate the schedule with returning hits like *The Island with Bear Grylls* and *Educating...* – this time in Cardiff. And we will build on our track record of bringing young audiences to thought provoking content with new series like *The Hunted* which explores how hard it is to disappear off the grid in the age of surveillance and *The Tribe* which uses a documentary rig to capture life in an Ethiopian tribe. *The Tribe* will also be part of a refocus on international content, sitting alongside *Indian Summers*, *Our Guy in India* and *Walking the Nile*, which will reinvent the traditional travelogue combining current affairs with uplifting journeys of real endurance.

In this election year, we will also air a range of shows on key social issues that will aim to stimulate debate and engage young audiences, in particular. *NHS: £2 Billion a Week & Counting* and *The Romanians are Coming* are typical of this new kind of documentary. Our drama and comedy will also address the big political themes with longer runs of our topical show, *The Last Leg* and factual dramas like James Graham's *Coalition*, and for a lighter take on the democratic process, new comedy *On The Buses*. This coverage will culminate with Jeremy Paxman's first appearance presenting on the channel fronting *The Alternative Election Night*.

Our growing reputation in male skewing programming will be enhanced with new titles that particularly appeal to that audience. *SAS The Interview* and *Idiot Proof* will bring entertainment values to serious subjects.

In Education, our programming will cater to young audiences with new life skills documentaries that sit under the *Am I Normal?* online hub. New strands like *Underage and Gay* and *Troy's Digital Hijack* will find imaginative ways of engaging with big coming of age themes like sexuality and online safety. *Hollyoaks* will continue to play its part in airing sensitive themes that speak to this audience, and new shows such as school drama *The ABC*, and a documentary about stage school pupils will seek to appeal to our older children audience.

Channel 4 News continues to be a brilliant and unique blend of news and current affairs and we're gaining audience share albeit in a market that is declining overall. We will continue our online strategy to reach wider audiences with our News content, with a particular focus on 16–34s. As ever, we will be focusing on growing new and diverse talent and continuing to bring an international perspective that you don't get on other channels with *Unreported World*.

▲ annualreport.channel4.com



The Romanians are Coming

SPOTLIGHT 2015

ALL 4



All 4 is the new digital home of all Channel 4 content: a brand new service which will present all of Channel 4's linear channels, digital content and services in one place, for the first time.

 annualreport.channel4.com

All 4 builds on a heritage of pioneering digital innovation which saw Channel 4 launch the first ever TV catch up service in the world. The All 4 brand will replace the 4oD brand on all platforms at the end of Q1 2015. The new user-interface will launch on Channel4.com and iOS at the end of Q1 2015, with a launch on Android later in the year.

A new, engaging and intuitive user interface will guide viewers through a digital experience structured around three temporal states – On Demand (past), Now (present) and On Soon (future). On Demand will house all of Channel 4's catch up content and its vast archive – integrating all available programme related information such as cast interviews and galleries with on demand content for the first time. Now will be where viewers can watch live broadcasts from all Channel 4's channels and engage with a range of content experiences which are of-the-moment – e.g. interactive content formats, news clips, short form videos and social media feeds. On Soon will showcase new programme clips and promos allowing viewers to set reminders and alerts for future shows to drive awareness of upcoming content – and watch a selection of exclusive episode premieres before their linear TV broadcast.

Channel 4's newly launched *Shorts* programmes will be tightly integrated across all three states, with *Shorts* additionally available in a dedicated *Shorts* hub.

The All 4 brand identity brings together all the components of Channel 4's family of services in one place. Reflecting Channel 4's history of having been born out of a single channel, the new All 4 logo is derived from the iconic Lambie-Nairn Channel 4 logo. In neat parallels with its original multi-coloured design which used colour to represent different communities and voices coming together – the new All 4 identity uses colours to represent each of Channel 4's different brands.

For Channel 4's registered viewers, the All 4 experience will be increasingly personalised. Using Channel 4's leading audience insight capabilities, and leveraging its database of over 11 million viewers (which now includes 1 in 2 of all 16–34s in the UK), All 4 will surface an increasingly bespoke set of content and related experiences for viewers.



SPOTLIGHT 2015

360° DIVERSITY CHARTER

2015 sees the launch of Channel 4's 360° Diversity Charter – an important new commitment for Channel 4.

▲ annualreport.channel4.com

Channel 4 has always had a strong reputation for diversity. We've produced iconic TV moments that have changed the way we think about diversity – the first lesbian kiss on *Brookside*, the first long-running black sitcom in *Desmond's*, pioneering content like *Queer As Folk*, and of course coverage of the *London 2012 Paralympics* that forever changed our view of disability.

The 360° Diversity Charter aims to continue delivering iconic moments on screen, but it will also show leadership in diversity at every level. It's about everyone who works at Channel 4, not just those on screen. The idea is to find solutions by educating people to be diversity-savvy; to be diversity leaders. 360° also means focusing on every part of the people development chain, and we've developed a list of 30 activities to make it happen, including talent identification, recruitment, training, development, mentoring and more.

Diversity is a big, complex area – made more complicated by the fact that Channel 4 doesn't make its own programmes. As well as delivering our own diversity goals, we must work with our independent production partners to ensure *they* deliver our diversity strategy on our behalf. We must also work within the law. Channel 4 will strive to innovate around positive action (*not* positive discrimination), sharing ideas with our partners and suppliers. We know that our commissioning model, whilst challenging, actually increases our opportunity to be a force for change across the industry.

Firstly, we've developed our Commissioning Diversity Guidelines to recognise differences between genres and between suppliers and to mainstream diversity as never before – for example by fast-tracking investment in disabled talent through our Rio Paralympics Production Training Scheme. Secondly, we have focused on

introducing stretching targets for managers to increase the diversity of all our people. We will have separate targets for leaders and commissioning decision makers. We will push diversity throughout *all* commissioning decisions – on and off screen. And we will continue our £2 million commitment to the Alpha Fund, which funds the development of diverse talent and content featuring under-represented groups. Thirdly, we are listening to independent producers in order to provide them with practical assistance and help under-represented groups access our industry. We are creating a diversity database; helping source talent; offering talent selection training; increasing diversity expertise; starting the diversity dialogue at the beginning of the commissioning process, not at the end. And, in turn, we will listen when our partners think we can improve. Fourthly, we will continue to work collaboratively with our colleagues at other broadcasters, with independent production companies, and organisations like Pact, Creative Skillset and the Creative Diversity Network – as well as organisations outside broadcasting, including charities and the voluntary sector.

Our 360° Diversity Charter only works if we hold ourselves to account – and expect others to hold us to account too. That's why we're leading the way, in collaboration with our industry partners, to create a new and transformative level of accountability. DIAMOND, the new diversity monitoring system being prepared for launch in 2015, will answer a critical question. For the first time ever, we will know just how diverse the industry is, both on and off screen.

Assurance report

Independent limited assurance report to Channel Four Television Corporation ('Channel 4')

Channel 4 engaged KPMG LLP to provide limited assurance over their key measures in the charts on pages 14–21 and pages 24–35 of Channel 4's Annual Report for the year ended 31 December 2014 containing its Statement of Media Content Policy, referred to hereafter as "the key measures".

This independent assurance report is made solely to Channel 4 in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Channel 4 those matters that we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Channel 4 for our work, for this independent assurance report, or for the conclusions we have reached.

Responsibilities of the Channel 4 members

The Members of Channel 4 are responsible for the preparation of the Statement of Media Content Policy Methodology ("the Methodology"), the 2014 Annual Report and determining the content and statements contained therein, and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Channel 4 applies its own Methodology for reporting. The statement on the Channel 4 website and the detail within the Statement of Media Content Policy section give further information on how the data has been selected, specific definitions and the calculation methodology. See channel4.com/annualreport.

Responsibilities of the independent assurance provider

Our responsibility is to examine the key measures and to report thereon in the form of an independent limited assurance conclusion based upon the evidence we had obtained to Channel 4 on the findings of our work referred to below, and to examine the presentation of the key measures in the Statement of Media Content Policy section of this report for consistency with our findings.

Scope of work

We examined the key measures in the data tables, graphs and pie charts relating to Channel 4 in this 2014 Annual Report and the year-on-year trends, as defined in the Methodology.

The primary focus of our work was on the key measures for the year ended 31 December 2014 and the comparisons with the immediate prior year. We have not examined the key measures for years prior to the year ended 31 December 2013 other than in the following cases:

- Where the summary metrics for which the source of the data is Ofcom or Broadcast for which the 2014 data was not yet available, we have examined the information for the years ended 31 December 2013 and 2012 found on pages 17 and 18; and

- We have checked the extraction of TV viewing share from BARB from 2010 to 2014 found on page 31.

For the following key measures, the scope of our work was limited to checking the calculations performed by the managers of Channel 4 based on the data provided by its third party online data service providers:

- Total visits to Channel 4 websites, mobile sites and apps on page 34; and
- Channel 4 programme views initiated on demand on page 34.

Basis of our work

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Information*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our procedures to obtain sufficient, appropriate evidence on which to base our conclusion.

We made use of Channel 4's Methodology to perform our work.

Work performed

A limited assurance engagement involves performing procedures to obtain sufficient appropriate evidence to give limited assurance over the data. The procedures selected depend on our judgement, on our understanding of the data and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

For the key measures that are calculated from information derived within Channel 4 (stated as Source: Channel 4), the work consisted of:

- conducting interviews with management and other personnel at Channel 4 to obtain an understanding of the systems and controls used to generate, aggregate and report the key charts;
- examining and testing of the systems and processes in place to generate, aggregate and report the key charts;
- assessing the completeness and accuracy of the key charts by:
 - testing the operating effectiveness of systems and controls;
 - assessing relevant supporting documentation used to aggregate and report the key measures;
 - assessing the significant assumptions and judgements made by the managers of Channel 4 in the preparation of the key charts;
 - testing the documentation which supports the measurement, calculation and estimation of the key charts; and
 - assessing and testing the source information used to generate the key charts; and
- examining the presentation of key charts and the calculation of year-on-year trends in Channel 4's Annual Report in light of our findings.

For the key measures calculated based on information from outside of Channel 4 (stated as Source: BARB, Ipsos MORI, Attentional, Ofcom and Broadcast) we have relied upon the information supplied by BARB, Ipsos MORI, Attentional, Ofcom and Broadcast, as applicable, and have not carried out any independent verification procedures on the information so provided to Channel 4 other than:

- conducting interviews with management and other personnel at Channel 4 to obtain an understanding of the external information used and the level of information available to support the measures;
- assessing the accuracy of extraction from external information sources and the compilation of trends for the medium-term viewing measure; and
- examining the presentation of key measures and the calculation of year-on-year trends in Channel 4's Annual Report in light of our findings.

For the key measures based on information from Channel 4's third party online data service providers outlined above, the work consisted of:

- assessing the accuracy of the calculation performed within Channel 4; and
- examining the presentation of key measures and the calculation of year-on-year trends in Channel 4's Annual Report in light of our findings.

The extent of evidence-gathering procedures for a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Emphasis of matter

Our conclusions do not relate to periods before 2013, other than as indicated above in the scope of work section.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that in all material respects and on the basis of the Methodology:

- Channel 4's key measures for the year ended 31 December 2014 and the comparison with the immediate prior year are not fairly stated;
- key measures, where the source of the data is Ofcom or Broadcast, for the year ended 31 December 2013 and the comparison with the immediate prior year are not fairly stated; and
- the TV viewing share from 2010 to 2014 are not fairly stated.

Karen Wightman

for and on behalf of KPMG LLP
Chartered Accountants,
London,
25 March 2015

FINANCIAL REPORT AND STATEMENTS

STRATEGIC REPORT

Financial highlights

Fifth consecutive year of financial sustainability

- Corporation revenue increased by £30 million to £938 million in 2014
- Channel 4 returned to a financial surplus position in 2014 after two years of investment, and in line with our three year strategy
- Cash reserves remain above £220 million for fifth year in a row while the launch of the Growth Fund further diversified our investment portfolio
- Channel 4 portfolio viewing share was broadly stable despite a highly competitive environment with growth in our portfolio share of 16–34s and digital channels, specifically E4
- A content reserve has been established in 2014 to support our aim to achieve a long-term financial break-even position and ensure surpluses generated are re-invested into our creative ambition. We have allocated £30 million of retained earnings from surpluses generated since 2010 to set up the content reserve

Year of major creative success and achievement

- Record number of awards in 2014 including Channel of the Year
- Originated content spend increased, maintaining an average above £430 million between 2012 and 2014

Continued evolution of digital and data strategies

- Digital revenues reached £63 million in 2014
- Record number of VoD views at 587 million views, 11.3 million registrations and half of all 16–34 year olds in the UK registered
- Launch of short form programming
- Plans underway to launch a new integrated VoD proposition, All 4, in 2015

Total revenue of £938 million, an increase of £30 million year on year

- Strong advertising sales performance aided by a buoyant advertising market, growth in digital revenues, and the box office success of *The Inbetweeners 2 Movie* have contributed to the revenue uplift in 2014

Operating surplus of £4 million achieved in 2014 following two years of planned investments in Channel 4's Investment in Innovation strategy

- The contribution from increased revenues has been reinvested into content spend in 2014
- Increased surpluses generated in 4Rights through VoD and *The Inbetweeners 2 Movie* are offset by difficult DVD retail conditions and lower catalogue sales

Utilisation of cash reserves reflects continuation of the investment strategy

- Total cash and funds on deposit decreased by £16 million to £222 million reflecting further investment in content, the Growth Fund and increased Defined Benefit pension funding obligations

Income statement highlights by segment

	Advertising & sponsorship revenue £m	Other revenue £m	Total revenue £m	Operating surplus/ (deficit) £m
2014				
4Broadcast	843	17	860	(20)
4Rights	27	51	78	24
Other	–	1	1	–
Eliminations	(1)	–	(1)	–
Total	869	69	938	4

	Advertising & sponsorship revenue £m	Other revenue £m	Total revenue £m	Operating surplus/ (deficit) £m
2013				
4Broadcast	825	17	842	(36)
4Rights	22	44	66	20
Other	–	1	1	1
Eliminations	(1)	–	(1)	–
Total	846	62	908	(15)

Key revenue and cost totals

	2014 £m	2013 £m
Sales house revenues*	1,073	1,028
Corporation revenues	938	908
Of which:		
Advertising and sponsorship revenues	869	846
Digital revenues	63	61
Content spend	602	597
Of which:		
Originated content spend	430	429

* Sales house revenues include the gross revenues of all our partners including UKTV, Box and BT Sport. As we are an agent in these relationships we only recognise our commission on these sales in Corporation revenues.

STRATEGIC REPORT CONTINUED

Our 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 – to innovate and experiment in television and appeal to the tastes and interests of a culturally diverse society – we seek to optimise returns from our commercial activities.

The commercial model at Channel 4 has been framed historically by a clear set of principles, many enshrined in law. Our remit encourages us to maximise our spend on screen and minimise our overheads and asks us to meet certain minimum requirements with regard to levels of original, public service and regional commissioned programming. In return, Channel 4 receives ‘privileges’ from government such as prominence on the digital terrestrial television platform (‘EPG prominence’) and access to the digital spectrum (although these benefits have been eroding over time). In contrast to other broadcasters, we are prohibited by legislation from owning our own production capability and face a statutory limit on the amount of debt capital we can raise.

The delivery of Channel 4’s unique remit has always therefore 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, forcing Channel 4 to remain at the sharp end of innovation. Over the past decade, Channel 4 has proved remarkably resilient despite radical changes in the broader audio-visual market. This resilience has been achieved through the successful implementation of a multichannel strategy, the launch of pioneering digital services and sustained innovation in advertising sales – and a stable overall portfolio share.

There has always been a balance in maintaining the creative and cultural impact of the flagship channel and our contribution, as a publisher-broadcaster, to the UK production sector, while sustaining overall revenues by growing distribution in multichannel and online viewing. This balance exists for all public service broadcasters, but accurately predicting and managing it is central to how Channel 4 can maintain its independence and sustainability into its fourth decade.

Regulatory environment

Channel 4 receives access to the digital spectrum in return for fulfilling public service 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 was renewed during 2014 and came into effect in January 2015.

Following the completion of digital switchover, the Members consider the value of this access to be significantly diminished. It is not accounted for in the financial statements.

Business segments

Our business comprises three operating segments:

1. 4Broadcast

4Broadcast comprises the broadcast and supporting activities of the Corporation. These activities include five free-to-air television channels, available on terrestrial, satellite and cable platforms, which help to maintain the Corporation’s scale and creative impact in the multichannel world.

Channel 4, the main service channel continues to maintain its 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 leading digital channel for 16–34s and the third most popular digital channel in the UK.

More4 offers life enhancing 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 for individuals, offers a mix of the best British, European, US and international cinema.

E4, More4 and Film4 are available on all the main broadcast platforms and offer delayed transmission and high definition services.

In addition, 4Broadcast includes **interactive platforms** that have helped to extend the depth and impact of programming output for more than a decade, complementing television content as well as free, advertising-funded catch-up video on demand for the majority of key shows. 4Broadcast continues to use the internet and new technologies to develop new commercial opportunities and reinforce its public service contribution and to drive a deeper relationship with audiences as well as having more archive content than any other UK broadcaster. We remain committed to developing further in this area and plan to launch our new VoD proposition, All 4, in 2015 as detailed on page 96.

The 4Broadcast segment also includes our **Growth Fund** activities, an investment fund with the aim of nurturing the independent sector by providing 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.

2. 4Rights

4Rights includes our UK secondary rights business, generating income through the distribution of programmes, sale of DVDs, syndicated video on demand through third-party digital platforms and other associated products. Third-party video on demand platforms making Channel 4 content available to viewers include Virgin Media, Sky, BT Vision, Netflix and LoveFilm, as well as PS3, Xbox 360, Xbox One, Apple iOS, Android, Samsung and Windows 8.

3. Other

Other includes the provision of creative design and production services outside of the Corporation.

STRATEGIC REPORT CONTINUED

Group financial review

As a not-for-profit public service broadcaster, we believe cash reserves should be invested back into content and digital innovation rather than building up beyond levels necessary to keep the Corporation self-reliant. Our aim is to maintain an overall financial break-even position in the long term. We have established a content reserve in 2014 to support this principle and to ensure surpluses generated are re-invested into our creative ambition in order to deliver on our remit. We have allocated £30 million of retained earnings from surpluses generated since 2010, including the £3 million post-tax surplus recognised in 2014, to the content reserve. Surpluses generated in future years will be allocated to the content reserve when realised in cash, and creative investments will be funded by drawing down on the content reserve.

Our initiative to reinvest is designed to meet the opportunities and challenges of the next phase of digital migration and evolve our commercial business model to maintain the relevance and reach of our remit through further investment in original content, innovation through data, and viewer relationship management. Our three year investment strategy has led to planned deficits in 2012 and 2013 with the aim of achieving break-even in 2014. We achieved this target and have delivered a pre-tax surplus of £4 million in 2014.

Our key corporate and financial priorities in 2014 were to ensure the long-term sustainability of Channel 4's unique business model. These included:

- establishing familiarity with content investment with emphasis on returning, longer running series creating a distinctive new spine to the schedule and stabilising share decline
- establishing deeper data and viewer relationships and the ability to deliver targeted VoD advertising
- continuing to maximise our share of the core TV market and drive incremental revenue growth
- continuing to promote programme awareness and enhance our brand awareness and understanding of our remit
- cost control to ensure additional spend was investment and remit-focused

We introduced some new initiatives in 2014 designed to further support our growth and sustainability.

The Channel 4 Growth Fund launched in 2014 which will help generate additional commercial return for Channel 4 and will add a new dimension to Channel 4's existing support for the independent production sector by stimulating growth outside of the normal commissioning cycle. In 2014 we committed to invest a total of £5 million in five independent production companies.

The Channel 4 sales house, including advertising sales generated for our partners UKTV, The Box Plus Network (Box), PBS and BT Sport, achieved £1.07 billion in sales in 2014 (2013: £1.03 billion), as our advertising sales team produced another strong performance to exceed their £1 billion target for a fourth year running. This achievement has helped to sustain our price premium in the market to maximise our revenues for content investment and continues to drive value and revenue growth for our sales house partners.

Total revenues recognised by the Group in 2014 were £938 million (2013: £908 million) and a summary of key changes in year-on-year performance by business segment is shown opposite.

As part of our creative renewal of the schedule, and to support the UK independent production industry, we have invested £430 million into originated content in 2014 (2013: £429 million). In 2014 this included high profile and ground-breaking shows such as *Gogglebox*, *Educating Yorkshire* and *Richard III*.

Investment in video on demand platforms has extended the reach of 4oD, resulting in increased registrations, views and revenue growth. By December 2014, 11.3 million viewers (2013: 10.2 million) had registered with 4oD, with 50% of all 16–34 year olds in the UK registered.

Overhead and administrative costs continue to represent a small proportion of the total cost base (less than 3%). We continue to seek efficiencies in operations to ensure we maximise investment into content.

Financial position

We maintain a robust financial position, reflected by a strong balance sheet and significant cash reserves, providing funds for our future strategic plans as well as contingency against future advertising market volatility.

The balance sheet on page 132 shows that the net assets of the Group at 31 December 2014 are £443 million (2013: £458 million). The change year-on-year reflects increased actuarial deficits on the defined benefit pension scheme of £37 million offset by an increase in the revaluation of the Horseferry Road freehold property of £13 million, net deferred tax movements on the revaluation of the pension scheme and property of £6 million and the surplus after tax of £3 million. The increase in the value of the property, the movement in the pension deficit and their associated deferred tax impacts are recorded in Other Comprehensive Income.

Cashflow

The purchasing of programme stock ahead of transmission, the acquisitions of the Growth Fund companies and contributions to the defined benefit pension scheme led to a decrease in cash and funds on deposit of £16 million in the year (2013: a decrease of £23 million) to £222 million (2013: £238 million).

As shown in the Group cashflow statement on page 133, the investment strategy adopted in 2014 resulted in a £9 million net operating cash outflow (2013: £25 million). Net cash inflows from investing activities were £30 million as less cash was placed on deposit (2013: net cash outflows of £17 million).

Group cash and cash equivalents were £152 million at 31 December 2014 (2013: £131 million) with a further £10 million held on deposit for three months or longer (2013: £50 million) and £60 million held in variable net asset value funds (2013: £57 million).

STRATEGIC REPORT CONTINUED

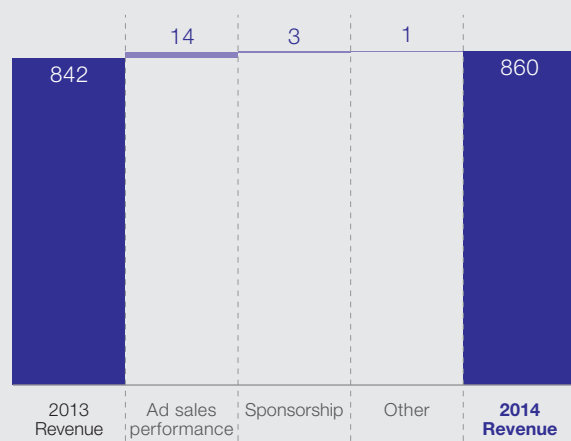
Segment financial review

4Broadcast

£860M

2014 4Broadcast revenue

Revenue (£m)

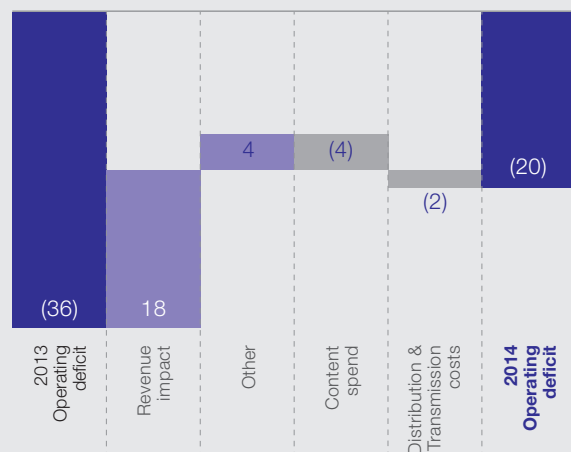


Revenue increased by £18 million in 2014, mainly due to strong TV advertising and sponsorship sales performance and TV advertising market growth.

£20M

2014 4Broadcast operating deficit

Operating result (£m)



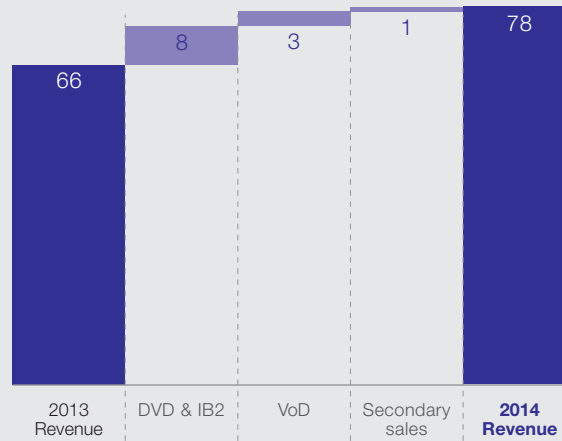
The operating deficit improved by £16 million in 2014, mainly due to the impact of the revenue growth highlighted above and careful financial cost management, offset by higher distribution & transmission costs and content spend as the additional revenues were re-invested in year.

4Rights

£78M

2014 4Rights revenue

Revenue (£m)

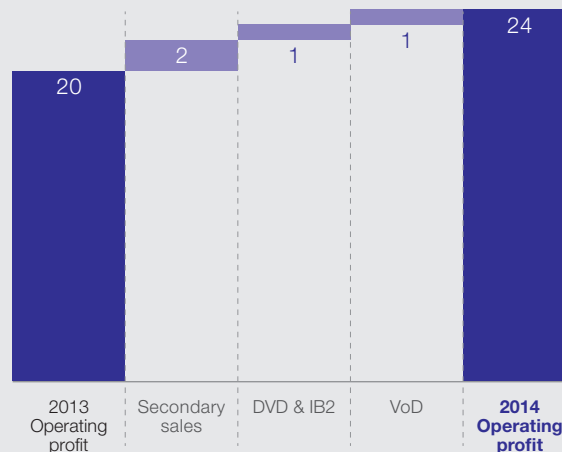


Revenue increased by £12 million in 2014, reflecting strong box office performance and DVD sales of *The Inbetweeners 2 Movie* (IB2) and further growth in VoD revenues and secondary sales. The increase in operating surplus in the year also reflected these trends.

£24M

2014 4Rights operating surplus

Operating result (£m)



STRATEGIC REPORT CONTINUED

Staff and corporate responsibility

People

At Channel 4 we pride ourselves on the wide range of passionate and talented people we employ. Not only does this reflect our audience more accurately, it also promotes creative thinking both on and off screen.

Average headcount for the year, on a full time equivalent basis, was broadly flat in 2014 at 808 (2013: 798). At the end of 2014 the total number of people of each sex employed by the Corporation for each group of employees was as follows:

2014	Male No.	Female No.
Non-Executive Members	5	4
Executive Members	3	1
Senior managers	26	14
Employees	353	512
Total Employees	387	531

Applying for roles

Channel 4 received 9,561 applications for employment from 1 January 2014 to 31 December 2014. Of overall applicants:

- 26% were BAME and 2% preferred not to say
- 57% were female and 43% were male
- 8% were lesbian, gay, bisexual or transgender (LGBT) and 7% preferred not to say
- 3% declared themselves as having a disability

Of the 168 employees who joined Channel 4 during 2014:

- 20% were BAME
- 65% were female and 35% were male
- 4% were LGBT and 2% preferred not to say
- 3% declared themselves as having a disability

Breaking down barriers to entry

Channel 4 continues to break down barriers to entering the media industry by using online and social networking, face-to-face events, and structured new entrant programmes. In 2012 we launched the Channel 4 Graduate Programme (in partnership with Creative Skillset and Bournemouth University) to complement our Apprenticeship and Production Training Scheme.

Via these schemes we offered 26 new entrants the opportunity of paid work, and second to none on-the-job training. There were opportunities in both our offices at Channel 4 and production-based roles in the Indie sector. The talent that we find and develop is for us and the wider creative industry; we believe that we all benefit from a strong, talented Indie sector.

During 2014, 100% of our 2013 apprentices (2013: 80% of 2012 apprentices) gained permanent employment at Channel 4 or other companies on completion of their apprenticeship.

Social mobility

Following the Deputy Prime Minister's Award for Excellence in 2013, we continued to strengthen our work in this area during 2014 and have held 4Talent Open Days in six locations with high youth unemployment. 4Talent attended London and Birmingham career skills shows, as well as providing career talks in a number of schools and partnering with several youth organisations.

4Talent Open Days

Channel 4 received 3,099 applications, an increase of 43%, to attend open days or apply for work experience placements. Of overall applicants:

- 27% were BAME (an increase of 9% since last year) and 2% preferred not to say
- 68% were female, and 32% were male
- 2% declared themselves as having a disability

Work experience

In 2014 Channel 4 offered 60 work experience placements of between 1 and 2 weeks for individuals aged between 16 and 25 years of age.

Talent development

Every year we give in excess of £800,000 to a variety of bodies including Creative Skillset, TRC Media and the National Film and TV School to help fund projects to develop diverse entry-level talent.

Diversity Charter

We pride ourselves on the wide range of people we employ. Not only does this reflect our audience more accurately, it also promotes the variety of creative thinking and programming that have made Channel 4 what it is today. It is only by attracting people from the widest possible backgrounds with the most diverse range of attitudes, opinions and beliefs that we can keep producing the kind of challenging, engaging output you've come to expect from us.

In January 2015, Channel 4 announced its 360° Diversity Charter. The Charter aims to continue delivering iconic moments on-screen, but it will also show leadership in diversity at every level. This is far reaching and involves all our staff as well as commissioners, writers, directors and talent to name a few examples and focuses on every part of the people development chain. It includes in-house employment diversity targets to be achieved by 2020 to address imbalances across a range of groups including BAME, gender split, people with disabilities and LGBT. Further details are provided on page 97.

Diversity in TV and the media is a top priority for us at Channel 4. A key part of our remit is to appeal to people whatever their culture, nationality, religious persuasion, physical and mental ability, sexual orientation, gender, race or age.

Creative Diversity Network (CDN)

As a founding Member, Channel 4 continues to play an active role in the Creative Diversity Network (CDN). The CDN is a coalition of all the major UK broadcasters which works across the UK television industry to promote, celebrate and share good practice around the diversity agenda.

In 2014, the CDN launched industry working groups, the Commissioning Leadership Programme and held the CDN Awards, all with the expressed aim of engaging and empowering the industry to drive change and understand the business case for wider representation and inclusion.

Pension

The most recent independent triennial valuation of the Channel Four Television Staff Pension Plan was carried out as at 31 December 2012. The subsequent valuation and recovery plan were approved by the Board in 2014 (note 18). The Channel Four Television Staff Pension Plan was closed to new joiners with effect from 1 September 2007 and a new Defined Contribution Scheme opened from the same date. On 24 February 2015, it was announced that the Channel Four Television Staff Pension Plan will close to future accrual with effect from 31 December 2015.

The assets and liabilities of the Channel Four Television Staff Pension Plan have been valued at 31 December 2014 in accordance with IAS 19 – Employee Benefits and the net accounting deficit of £73 million has been recorded in the year end balance sheet (2013: £39 million). The deficit has increased in 2014 primarily as a result of changes in actuarial assumptions following the approval of the triennial valuation and recovery plan and changes in discount rates.

STRATEGIC REPORT CONTINUED

Accountability

Our Board and Executive Team have committed to promoting the highest standard 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. Since 2004, we have reported on our approach to corporate responsibility and our performance in our Annual Report and Accounts.

Corporate and social responsibility

We are committed to playing a responsible role in our communities. Our environmental sustainability statement is disclosed on page 110.

The aim of our Corporate Responsibility (CR) 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.

Charitable giving

Employees are able to make tax-free donations to charity, directly from their salary via the Give As You Earn Scheme. We also support staff fundraising through a match funding scheme that encourages teamwork and collaboration. We match fund pound-for-pound up to £2,500 if teams of staff work together in support of a charitable cause.

Volunteering

Channel 4 recognises that volunteering can have a meaningful and positive impact on both our staff and community, and we support this through our Volunteering Policy.

The Disaster Emergency Committee (DEC)

Channel 4, working in partnership with ITN, has been a broadcast partner for the DEC for a number of decades. When a large-scale international crisis occurs, we broadcast a 2–3 minute national television appeal, without charge.

4better

4better is Channel 4's internal employee engagement programme, which works to promote positive change for our people, local communities and the environment.

Strategic outlook

Channel 4 strives to continually evolve and innovate in order to deliver its required levels of public service. Over the past five years the Executive Team have focused on creating long-term sustainability through commercial developments and creative success, whilst continuing to ensure that output is as creative and diverse as it can be. Some examples of this are below:

- Building a more stable programme schedule with key returning titles in order to strengthen our offering to our audiences, such as *Gogglebox*, *Educating Yorkshire*, *Benefits Street* and *24 Hours in Police Custody*
- Develop our ad sales partnerships. The combination of Channel 4 alongside UKTV, BT Sport and PBS means we continue to maintain scale and manage a demographically-efficient base in a constantly evolving and challenging market. Total sales house revenues have exceeded £1 billion for a fourth year in a row and we continue to seek to identify further complementary partnerships
- Driving differentiation and growth in our online revenues through our award winning data strategy. Data forms a key element in a growing proportion of our online deals as behavioural targeting becomes an ever more embedded expectation amongst advertisers. We remain committed to further developing and growing this area. We are also launching All 4 in 2015 (page 96), developing Viewer Interest Segments which will allow us to identify viewer preferences and promote accordingly, while also launching programmatic buying which is designed to further develop targeted promotional airtime on our digital platforms and enable agencies to buy VoD ads that are targeted at specific interests

- Diversify our revenue streams to reduce our reliance on linear advertising, examples of which include short form programming, advertiser-funded programming and Viewer Interactive Services (VIS)
- Launch of the Growth Fund. This puts our capital to work in more remit-delivering ways and opens Channel 4 up to sharing in the benefits of companies that go on to generate shareholder value in the future. In 2014 we committed to invest £5 million into 5 companies, and have earmarked a further £15 million to invest over the next 2 years

The core base for sustainability of the organisation remains the TV and video advertising market, accompanied by a stable total audience share across linear and VoD viewing, relative to the competition. In addition, growing new revenue streams such as short form and mobile are important, as is appropriate management of our cost base. Management are also seeking other growth and investment opportunities to help underpin remit delivery.

Looking forward, the Members remain confident that Channel 4 can continue to deliver against current levels of public service impact on a self-sustaining basis. Ofcom also share this view, as demonstrated by the renewal of Channel 4's licence for 10 years from January 2015.

Financial outlook for 2015

We have been implementing an investment strategy over the last three years, which led to planned deficits in 2012 and 2013 before achieving our financial breakeven target and returning to a £4 million pre-tax surplus in 2014.

We are planning further investment in 2015 providing the TV advertising market grows, reflecting our continued ambition to deliver strongly on our remit alongside an ambition to hold portfolio audience and commercial share viewing. We will use the surplus generated in 2014 to partly fund this, again highlighting our long-term breakeven goals, and our desire to reinvest surpluses into the core of our business.

Our outlook for 2015 is positive. The market outlook for 2015 is strong, with growth forecast between the range of 3% and 4%. Channel 4 budgets on a prudent growth model, and if the market grows by more than forecast then we will seek to reinvest any upside into content or other core developments.

Our investment plans centre around three key areas in 2015:

- Continue to invest in content that will drive growth (both linear and nonlinear) and resonate with our audiences. To this extent we are making a planned investment into our digital channel E4, via the content reserve which was created in 2014 for such a purpose.
- Continue to invest in data, to further deepen our viewer relationships, and ability to deliver a targeted VoD proposition. We will be launching All 4 in 2015, and are developing tools to enhance our engagement with our digital audiences, driving deeper viewer understanding and affinity.
- We will seek to grow our Growth Fund partnerships, and in 2015 will look to engage with and invest in companies that will both complement Channel 4's core business, and stimulate growth in regions and diversity-focused companies.

To achieve this we will seek to maximise advertising revenues from our core business and drive incremental revenue growth.

Overhead and administrative costs will be held constant or reduce as a proportion of total spend.

STRATEGIC REPORT CONTINUED

Key performance indicators

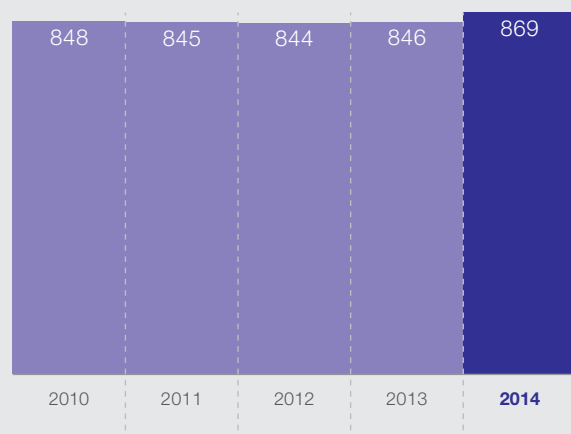
The Board uses a range of quantitative financial and non-financial indicators to monitor the Group's performance against its key objectives including the SMCP metrics set out on pages 14 to 35 of this report. Four key indicators are described below.

Advertising and sponsorship revenue

£869M

2014 advertising and sponsorship revenue

Total advertising and sponsorship revenue (£m)



Definition

Advertising and sponsorship includes all broadcast airtime, online advertising and sponsorship revenues recognised in the Group consolidated income statement. Channel 4 is funded solely from commercial activities without direct public subsidy. Our commercial performance is therefore dependent on delivering valuable airtime to advertisers, which in turn enables the delivery of our remit.

Comment

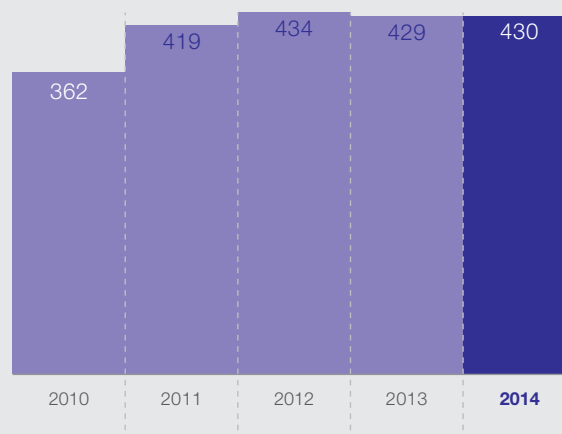
In 2014 advertising and sponsorship revenue accounted for 93% (2013: 93%) of total revenue. Total advertising and sponsorship revenue increased in the year to £869 million (2013: £846 million) as shown on page 100.

Originated content spend

£430M

2014 originated content spend

Investment in originated content (£m)



Definition

Originated content spend primarily reflects our investment across the portfolio of channels in original, UK-developed content.

Comment

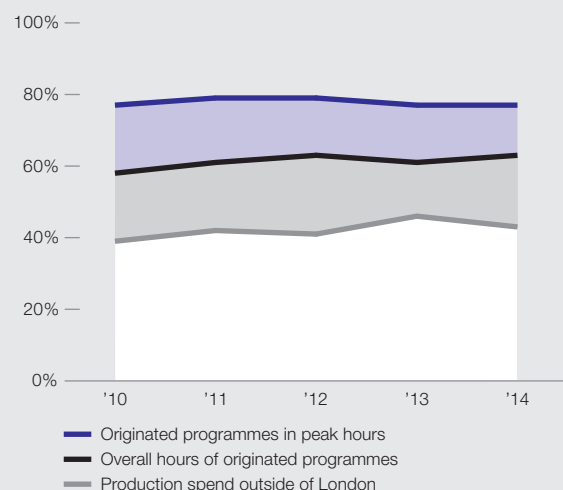
In 2014 Channel 4 continued to invest in commissions from UK independent production companies. Originated content spend was slightly higher than 2013 and only marginally lower than its highest ever level in 2012 (£434 million). The spend of £430 million (page 15) continues to demonstrate Channel 4's commitment to the UK independent production sector.

STRATEGIC REPORT CONTINUED

Ofcom requirements

EXCEEDED

Ofcom requirements

**Definition**

As a public service broadcaster, the Channel 4 main service is set various licence obligations by Ofcom, the delivery of which is central to our public service role. Targets are set for a range of production and transmission measures. These targets are set out on pages 15, 17, 18 and 165.

Comment

In 2014 and 2013 we met or exceeded all of our licence requirements.

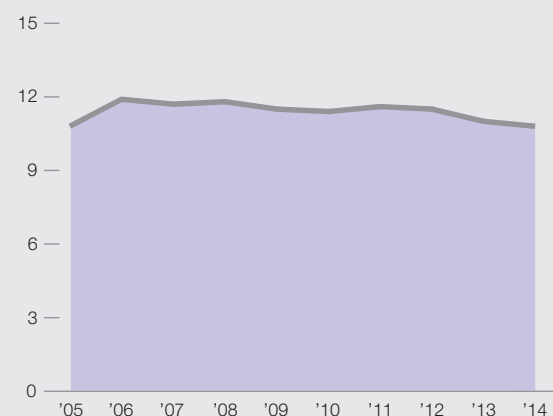
Key quotas achieved are shown above. During 2014 the main channel achieved 63% of overall hours of originated programmes (target: 56%) and 77% in peak hours (target: 70%).

As shown on pages 18 to 19, we also comfortably exceeded our target of 35% of programme production spend outside London with £153 million of the Channel 4 portfolio's originated programming, excluding *Channel 4 News*, being supplied by production companies located outside the M25.

Portfolio audience share

10.9%

Portfolio audience share

**Definition**

Portfolio audience share data is the average proportion of the total UK television audience that has viewed our portfolio of channels in the year, and is obtained from BARB (see page 31).

Portfolio audience share is a key measure of delivering our public service remit across our portfolio of channels. It is a broad measure and an easily understood indicator of performance for a range of stakeholders. In aggregate it also helps explain our success in attracting advertising to our portfolio of channels and ultimately underpins the delivery of our remit. Financial sustainability is underpinned by our success in attracting key demographics, 16–34s and ABC1s, which are valuable to advertisers, and these are important sub measures within the top level portfolio share.

Comment

In 2014, portfolio audience share was 10.9% (2013: 11.0%).

Channel 4's audience share was 5.9% in 2014 (2013: 6.1%) and our digital channels grew marginally to 5.0% (2013: 4.9%). E4 grew by 5% with Film4 and More4 flat.

Against the backdrop of overall audience share, viewing share performance in our key demographics (16–34s and ABC1s) and in peak underpin our financial sustainability. Our 16–34s demographic improved as Channel 4's appeal to younger audiences grew further, with share up by 2% to 17.0%, while our share of the ABC1 demographic declined by 4% in 2014. Our overall share of viewing in peak (8pm – 11pm) remained stable (page 166).

Further information on audience share is provided on pages 31 and 32.

STRATEGIC REPORT CONTINUED

Managing risks

How we manage risk

The Board has a clear responsibility for the identification of risks facing the Corporation and for putting procedures in place to monitor and mitigate these risks. Channel 4 has a high appetite for creative risk taking, giving rise to potentially litigious content. Channel 4 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. This framework has been developed in accordance with good practice on internal controls and risk management.

A summary of the key risks that the Group faces, together with the key steps in how those risks are mitigated, is presented on the following pages.

Who does what

THE BOARD

- Leadership of risk management
- Sets strategic objectives and risk appetite
- Monitors performance
- Accountable for the effectiveness of the Group's internal control and risk management process

AUDIT COMMITTEE

- Delegated responsibility from the Board to oversee risk management and internal controls
- Reviews the effectiveness of the Group's internal control and risk management processes
- Monitors the role and effectiveness of the internal auditors and external auditors, and their independence

EXECUTIVE MEMBERS

- Communicate and disseminate risk policies
- Support and help assess risk
- Encourage open communication on risk matters
- Monitor performance
- Assess materiality of risks in context of the whole Group
- Monitor mitigation and controls
- Facilitate sharing of risk management information and best practice across the Group

BUSINESS ASSURANCE

- Independently reviews the effectiveness of the Group's risk management and internal control processes
- Monitors and validates action taken by management
- Reports four times annually to the Audit Committee

EXECUTIVE TEAM COMMITTEES

- Comprise Commercial, Operational and Creative Executive Team committees
- Define risk management roles at operational and project levels
- Use risk as an explicit part of decision-making and management of external relationships
- Continuous identification of risk, assurance and self-assessment

Risks and uncertainties

Risk	Potential impact	Mitigating actions
Failure to respond to changes in the advertising industry given the Corporation's dependence on advertising revenue	<p>In 2014, 93% of Channel 4's revenue (2013: 93%) derived from advertising and sponsorship.</p> <p>Channel 4 is subject to cyclical fluctuations and structural changes in the advertising market, including those arising from changes in regulation, and in the competitive landscape.</p> <p>Advertising and sponsorship income are variable and can change significantly during the course of the year as a result of variations in audience share or broader market or economic conditions.</p>	<p>Channel 4 actively seeks to diversify sources of revenue. The growth of digital revenues has been a direct response to the risk of failing to diversify revenues.</p> <p>Channel 4 monitors the advertising market and its share of the market closely to identify trends.</p> <p>As far as possible, Channel 4 phases commitments and maintains a flexible cost base.</p> <p>Channel 4 holds cash reserves to protect against the impact of a decline in the television advertising market.</p> <p>Channel 4 has invested strongly in online advertising.</p> <p>Channel 4 invested in commercial innovation throughout 2014, for example through Growth Fund investments in Independent Production companies.</p>

STRATEGIC REPORT CONTINUED

Risk	Potential impact	Mitigating actions
Failure to identify and develop sufficiently compelling content	<p>Channel 4 is tasked with selecting, retaining and scheduling compelling, innovative and risk-taking content from a diverse supply base using multiplatform delivery systems, while maintaining effective relationships with independent production companies.</p> <p>The impacts arising from failing to successfully meet this challenge include a material decline in audience share and reputational damage.</p>	<p>Channel 4 has pursued a strategy of investment in creative diversification in recent years.</p> <p>Channel 4's business terms with independent producers and the scale of commissioning opportunity remain highly competitive.</p> <p>Channel 4 maintains quarterly meetings with PACT.</p>
Cyber security breach	<p>Risk that the personal information of Channel 4 viewers may be lost or disclosed, or obtained without viewers' consent.</p> <p>A cyber security breach could lead to reputational damage, loss of viewer trust, and a loss of confidence in the integrity of data-driven commercial metrics.</p>	<p>Channel 4 has an established information security function, supported by specialist resources.</p> <p>Data is stored by specialist third parties.</p> <p>Channel 4 has published a Viewer Promise of principles concerning viewers' data.</p>
Challenge in recognising and investing in new, relevant technologies to deliver content and engage with audiences	<p>A challenge for all broadcasters is maintaining legacy linear distribution systems and investing in new platforms.</p> <p>The market is increasingly competitive with emerging global content providers.</p>	<p>Channel 4 has invested in a viewer data platform to build direct consumer relations and improve decision making.</p> <p>Channel 4 maintains a strategic plan to ensure that the channel stays responsive to innovation in the technology sector.</p>
Breach of Ofcom licence and regulatory obligations, and legal compliance	<p>Our licence quotas are published on pages 15, 17, 18 and 165 of this report.</p> <p>Failure to fulfil the statutory responsibilities governing delivery of our remit presents a significant risk to Channel 4.</p> <p>Transmission of content presents legal, regulatory and reputational risks to Channel 4.</p>	<p>The Board is responsible for ensuring that Channel 4 meets all of its public service obligations.</p> <p>The Board reviews current programming output and Channel 4's performance against Ofcom quotas on a regular basis.</p> <p>Channel 4 has a number of detailed legal and compliance procedures and protocols to ensure that the risks of legal and regulatory breach are identified and appropriately managed.</p>
Failure to address the defined benefit pension deficit	<p>The defined benefit pension scheme, whilst closed to new entrants, is a material liability on the balance sheet (2014: £73 million). The overall liability may worsen over time, due to broader economic and demographic conditions, and the risk exists that Channel 4 may need to divert funding activity away from spend on-screen in order to fund an increased liability.</p>	<p>The Corporation and Trustees of the scheme meet regularly to review the pension liability.</p> <p>The Corporation has made efforts to mitigate the risk and to reduce the liability and, on 24 February 2015, announced that the scheme will close to future accrual with effect from 31 December 2015.</p>

By Order of the Board

David Abraham
Chief Executive
25 March 2015

REPORT OF THE MEMBERS

Introduction

The Members present their report and the audited financial statements for the year ended 31 December 2014.

The Chairman and Chief Executive present their statements on pages 4 and 5 respectively. A review of the Group, outlining its business model, development and performance during the financial year, together with its position at 31 December 2014 and financial outlook is provided in the Strategic Report on pages 100–109. The Strategic Report also outlines the principal risks and uncertainties facing Channel 4.

The Group's financial statements are set out on pages 130–158 and Channel 4's financial statements are set out on pages 159–162.

Legal form

Channel Four Television Corporation ('Channel 4') is a statutory corporation, without shareholders, established under the terms of the Broadcasting Act 1990.

Members' interests

Channel 4 fully embraces the principles of good corporate governance and, to this end, makes full disclosure of all Members' interests. During 2014, Members, in addition to their salaries, benefits and/or fees as disclosed on page 125, were interested in the following transactions negotiated at arm's length on normal commercial terms with the Group:

David Abraham is a Non-Executive Director and MT Rainey is Vice Chair of Creative Skillset. Channel 4 paid £453,000 to Creative Skillset, the sector skills council for the creative industries, to fund industry-wide training during 2014. Channel 4 received £214,000 from Creative Skillset in relation to the Open 4 programme in 2014.

Lord Burns is Chairman of Santander UK plc. Santander UK plc advertises its services on Channel 4.

Mark Price is Managing Director of Waitrose, and Deputy Chairman of the John Lewis Partnership. Waitrose and John Lewis advertise their services on Channel 4.

Richard Rivers is a Member of the Advisory Board of WPP plc. Channel 4 sells advertising through a number of subsidiaries of WPP plc.

Dan Brooke is a Non-Executive Director of the Britdoc Foundation, a non-profit film foundation supported by Channel 4. Channel 4 paid £180,000 to the Britdoc Foundation in 2014.

Alicja Lesniak is a Non-Executive Director and Audit Chair of SThree plc. SThree plc owns Huxley Associates, a recruitment consultancy which provides IS contractors to Channel 4. Channel 4 paid £5,686,000 to Huxley Associates in 2014.

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.

Environmental sustainability

We want to ensure that the way we conduct our day-to-day activities reflects our commitment to reducing any negative impact we may have on the environment. To support this, we have had an Environment Policy in place since 2004.

In 2014 we continued our in-house campaigns aimed at raising awareness of issues surrounding the environment and sustainability, as well as focusing on specific campaigns such as volunteering and charitable giving.

To provide accurate targets we have undertaken a benchmarking exercise for services during 2014 to provide a baseline for the Horseferry Road building now that it is fully occupied. This included a complete review of all our existing plant, which runs our building services in terms of heating, air conditioning and lighting, most of which has not been renewed since the building opened in 1994. This has allowed us to identify where we can make our existing equipment more environmentally friendly and also to update our life cycle plan so where equipment requires renewal, we can effectively cost and implement a replacement strategy that incorporates energy efficiency and sustainability.

Carbon footprint

Channel 4 registered for Phase 2 of the government's CRC scheme which commenced on 1 April 2014. Our CRC reportable carbon emissions for the April 2013 – March 2014 year saw an increase of 10% against the figures reported for the 2012–2013 year. This is due to it being the first reportable period where the building was fully occupied since the refurbishment.

Our greenhouse gas emissions for 2014 are set out in the table below.

	2014	2013
Total carbon footprint (tonnes of CO ₂)	5,922	5,925
Total carbon footprint per £m revenue	6.3	6.5

Waste

We recycled 132.628 tonnes of general office waste during 2014 (2013: 143.100 tonnes), representing 100% of identified recyclable waste. General municipal unsorted waste decreased to 30% of total waste in 2014 (2013: 36%). The mixed waste has decreased due to better food waste disposal resulting in less contaminated general waste.

Water

Following the refurbishment of the offices at Horseferry Road, we continue to monitor our consumption. The water consumption for 2014 was 9,705 cubic metres which shows an increase of 28% year-on-year, but this is attributable to the increase in occupancy of the offices.

REPORT OF THE MEMBERS CONTINUED

Channel 4 website

In keeping with our strategy to connect with viewers across all platforms, Channel 4 has published this report on its website at channel4.com/annualreport

Disclosure of information to auditors

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 Corporation's auditors are 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 Corporation's auditors are aware of that information.

Auditor

KPMG LLP has been appointed as auditor to Channel 4 with the approval of the Secretary of State for Culture, Media & Sport, and has expressed their willingness to continue in office.

Going concern

The Group's business activities, the factors likely to affect its future development and performance, the financial position of the Group and its cashflows are set out in the Strategic Report (pages 100–109). In addition, note 14 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.

On 11 March 2014, Ofcom announced the renewal of Channel 4's licence. The new ten-year licence came into effect in January 2015.

The Group has sufficient financial resources and, based on normal business planning and control procedures, 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.

REPORT OF THE MEMBERS CONTINUED

Responsibility statement of the members in respect of the annual financial statements

The Members are responsible for preparing the Annual Report and the Group and 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 IFRSs 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 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 company's performance, business model and strategy. In preparing each of the Group and Corporation financial statements, the Members:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Corporation will continue in business.

The Members have accepted responsibility for keeping proper accounting records that are sufficient to show and explain the Group and Corporation's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 decided to voluntarily 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 Corporation.

The Members are responsible for ensuring compliance with the requirements of Schedule 9 of the Communications Act 2003, as set out on page 117. Following the Digital Economy Act 2010, revised arrangements, approved by Ofcom, were implemented from 24 January 2012.

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 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 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 company's performance, business model and strategy in accordance with the UK Corporate Governance Code (September 2012).

By Order of the Board

David Abraham
Chief Executive
25 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANNEL FOUR TELEVISION CORPORATION (THE 'CORPORATION') ONLY

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of the Corporation for the year ended 31 December 2014 set out on pages 130 to 162. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Corporation's affairs as at 31 December 2014 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 as adopted by the European Union (IFRSs as adopted by the EU);
- the Corporation's individual financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as if that Act applied to the Corporation.

2 Our assessment of risks of material misstatement

We summarise below the risks of material misstatement that had the greatest effect on our audit, our key audit procedures to address those risks and our findings from those procedures in order that the Corporation's Members as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the financial statements.

Programme and film rights (£242 million)

Refer to page 123 (Audit Committee Report), page 137 (accounting policy) and page 149 (financial disclosures).

The risk – There is significant judgement involved in estimating the value to the Group of programme and film rights, and there is a risk of a write-down being required when indicators of a reduction in the value of individual assets are identified, for example when:

- The quality of the programme means it may no longer be broadcast in the originally intended transmission slot such that there is a reduction in the related expected future viewing performance; or
- Forecast future theatrical and DVD revenues no longer support the carrying value of developed film rights.

The majority of the costs of programme and film rights are written off on first transmission. There is, however, an increased level of judgement involved in assessing the profile of expected future advertising, sponsorship or other related revenue in relation to certain types of programming including feature films, sports rights and acquired series which may be written off over more than one transmission.

Our response – Our audit procedures included:

- We focused on those programme and film rights that are the oldest or have the highest carrying amounts, and those near rights expiry. We evaluated the Group's assessment of the expected future transmissions and forecast revenues through enquiry of the programme scheduling team who operate independently from finance; inspection of the programme schedule for the three month period following the year end date; and compared a sample of programmes scheduled at the year end to third party TV listings for that period:

- With regard to film rights in production, critically assessing forecast film rights income through independent enquiry of the Film 4 commissioning team to understand performance expectations; reference to third party theatrical release data and sales of distribution rights to date; and historical experience of theatrical, distribution and DVD revenues generated from film releases; and
- Challenging the assumptions underlying the calculation of transmission cost write off profiles with reference to historical viewing data, in particular programmes and films that were not fully expensed on first transmission.

Our findings – We found:

- the estimates made in relation to expected future scheduling and forecast revenues in assessing the carrying value of programme and film delivery rights to be balanced.
- the estimates in respect of future film rights income on films in production to be mildly optimistic.
- the assumptions regarding the viewing profile used to calculate the transmission cost write off profiles to be mildly cautious.

Revenue recognition (£938 million)

Refer to page 123 (Audit Committee Report), page 135 (accounting policy) and page 139 (financial disclosures).

The risk – In terms of audit risk, the Group's revenue can be divided into two categories:

- Advertising revenues (£780 million): Whilst the majority of advertising revenue contracts are straightforward, there are a small number of individually significant one-off contracts in respect of barter arrangements, where Channel 4 exchange advertising revenue for programmes, and contracts where Channel 4 acts as a sales agent for other broadcasters' advertising. These contracts can contain unique contract terms including complex commission calculations, and judgement is required to determine the appropriate revenue recognition treatment.
- Sponsorship and other revenues (£158 million): This includes many agreements with differing individual terms in respect of the following revenues: sponsorship, subscription income from other platforms, box office and DVD sales. The volume and variety of different contracts gives rise to a risk of incorrect revenue recognition between accounting periods, in particular in relation to the allocation of revenues where contracts span the year end.

Our response – Our audit procedures included:

- Testing the design and implementation of controls operating over the standard advertising revenue arrangements, and testing of the operating effectiveness;
- Agreeing the treatment of barter and sales agent contracts, in terms of
 - i. Applying the relevant accounting standards to the contract terms and comparing with the actual treatment adopted;
 - ii. obtaining evidence of performance of contractual obligations including the delivery of airtime;
 - iii. considering the valuation basis applied for the programmes received in barter deals with reference to production costs which are seen to reflect value;
- Testing the revenue recognition approach on a sample of higher value items of sponsorship and other revenue with reference to our own analysis of the application of relevant accounting standards to non-standard contract terms and transmission schedules in respect of sponsorship campaigns, to assess whether revenue has been recognised in the appropriate accounting period; and
- Considering the adequacy of the Group's accounting policy disclosures in their description of the method applied to recognising revenue for these arrangements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANNEL FOUR TELEVISION CORPORATION (THE 'CORPORATION') ONLY CONTINUED

Our findings – we found:

- the judgments regarding measurement of airtime delivery to reflect the fulfilment of performance obligations on barter and sales agent contracts to be balanced.
- for barter and sales agency contracts the judgments applied in determining the fair value of goods and services received, used for the recognition of revenue, to be balanced.
- the judgments applied in arriving at the revenue recognition treatments to be balanced.
- the Group's accounting policy disclosures to be proportionate.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £7.0 million, determined with reference to a benchmark of group revenue of £938 million (of which it represents 0.7%). We consider revenue to be an appropriate benchmark as the Corporation's aim is to achieve a long-term break even position.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding of £0.3 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group's operations are all accounted for at the Group's office in London. The Group audit team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total Group revenue, Group profit before tax, and total Group assets.

4 Our opinion on other matters prescribed under the terms of our engagement is unmodified

In addition to our audit of the financial statements, the Members have engaged us to audit the information in the Members' Remuneration Report that is described as having been audited, which the Members have decided to prepare as if the Corporation were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the Companies Act 2006.

In our opinion:

- the part of the Members' Remuneration Report which we were engaged to audit has been properly prepared 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 Corporation; and
- the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading. In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Members' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the terms of our engagement we are required to report to you if, in our opinion:

- proper 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's individual financial statements and the part of the Members' Remuneration Report which we were engaged to audit are not in agreement with the accounting records and returns; or
- certain disclosures of Members' remuneration are not made; or
- we have not received all the information and explanations we require for our audit.

In addition to our audit of the financial statements, the Members have engaged us to review their Corporate Governance Statement as if the Corporation were required to comply with the Listing Rules and the Disclosure Rules and Transparency Rules of the Financial Conduct Authority in relation to those matters. Under the terms of our engagement we are required to review:

- the Members' statement, set out on page 111, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 115–117 relating to the company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Respective responsibilities of Members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 112, the Members are responsible for the preparation of financial statements which are intended by them to give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors. Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Corporation's Members, as a body, in accordance with the Broadcasting Act 1990 and the terms of our engagement, and, in respect of the separate opinion in relation to the Members' Remuneration Report, reporting on corporate governance, and, in order that the Corporation's Members as a body may better understand the process by which we arrived at our audit opinion, the inclusion of findings in respect of the identified risks of material misstatement, on terms that have been agreed. Our audit work has been undertaken so that we might state to the Members those matters that we have agreed to state to them in our 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 the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Karen Wightman
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

25 March 2015

CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance. The Members have decided to voluntarily prepare a Corporate Governance Statement to demonstrate compliance with the main principles, where relevant, of the UK Corporate Governance Code issued by the Financial Reporting Council ('FRC') in 2012, and the disclosure and transparency provisions of the Listing Rules of the Financial Conduct Authority.

The Board considers that, throughout the year, it was compliant with the relevant provisions of the UK Corporate Governance Code.

Channel 4's status as a statutory corporation without shareholders means those provisions concerning shareholders' interests are not directly applicable. Also, instead of a nominations committee, there are formal nominations procedures which are described below.

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, which meets at least nine times a year, has a schedule of matters reserved for its approval. The following matters must be referred to the full Board:

- Channel 4's annual budget (content and non-content)
- the appointment and reappointment of the Chief Executive
- confirmation of the appointment and reappointment of the other Executive Members nominated by the Chief Executive and the Chairman 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 auditors
- the audited accounts of Channel 4 presented by the Audit Committee
- 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
- 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.

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.

The Board has an established Audit Committee and Remuneration Committee to assist with the discharge of its functions and has delegated each certain responsibilities. The Audit Committee Report is set out on pages 121–123 and the Remuneration Committee Report is set out on pages 124–129.

Given its constitution and specific statutory provisions regarding the appointment of Members, Channel 4 does not have a formal nominations committee. The following formal nomination procedures are in place:

- Non-Executive Members are appointed for fixed terms by Ofcom following consultation with Channel 4's Chairman and the approval of the Secretary of State for Culture, Media & Sport
- the Chair is appointed by Ofcom for a fixed term with the approval of the Secretary of State for Culture, Media & Sport
- the Chief Executive is appointed by the Board
- other Executive Members are appointed to the Board after nomination by the Chief Executive and the Chairman acting jointly
- the Board Secretary is appointed jointly by the Chairman and Chief Executive.

The roles of the Chairman and Chief Executive

The division of responsibilities between the Chairman of the Board and the Chief Executive is clearly defined as described below.

The Chairman is responsible for, among other things:

- 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.

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.

In 2014, Lord (Terry) Burns continued as Chairman and David Abraham continued as Chief Executive.

Senior independent member

In 2014, Mark Price continued as Deputy Chairman and Senior Independent Member.

Members and members' independence

The names of the 2014 Board Members, together with their brief biographies, are set out on pages 119–120.

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 Chairman's professional commitments are included in his biography. These do not adversely affect his role with Channel 4.

CORPORATE GOVERNANCE CONTINUED

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 110)
- receives remuneration 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
- has served on the Board for more than six 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 management 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 Board Secretary. 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. In January 2014, the Board had a training session from KPMG on the updates to the UK Corporate Governance Code and Board Members also completed the Channel 4 Code of Conduct training in 2014.

A formal Board evaluation process that uses a detailed questionnaire to allow Board Members to express both qualitative and quantitative views on Board performance is undertaken annually. The process is managed by the Board Secretary, with results anonymised in order to enable an impartial discussion of results. Results are fully discussed at a Board meeting and proposals tabled and agreed to address any actions arising. We believe the current Board evaluation process to be sufficient and accordingly have not engaged a third party to conduct the exercise. This will be kept under review.

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 covering all key areas of the business and providing a month by month report on progress against the main performance indicators set by the Board.

The Board Secretary's responsibilities include ensuring an effective flow of information within the Board and its committees and between senior management and Non-Executive Members, induction of new Members and assisting with professional development as required.

The Head of Legal, Governance, Regulatory and Trading is responsible for advising the Board through the Chairman on all governance matters.

Both posts are available to provide advice and services to all Members, as relevant, to ensure compliance with Board procedures.

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)
Lord Burns	9 (9)	4 (4) ¹	4 (5) ¹
Richard Rivers	7 (9)		5 (5)
Alicja Lesniak	9 (9)	4 (4)	
Monica Burch	8 (9)	4 (4)	
Mark Price	7 (9)		4 (5)
Paul Potts	9 (9)	4 (4)	
MT Rainey	8 (9)	4 (4)	
Josie Rourke	9 (9)		
Stewart Purvis	9 (9)		5 (5)
David Abraham	9 (9)	3 (4) ¹	5 (5) ¹
Jonathan Allan	9 (9)		
Jay Hunt	8 (9)		
Dan Brooke	9 (9)		

¹ Lord Burns and David Abraham attended Audit Committee and Remuneration Committee meetings but were not Members.

Board diversity

As shown on page 104, diversity is at the heart of Channel 4 and this is equally important at entry level as at the most senior levels of the organisation. In December 2014, the Channel 4 Board comprised four Executive Members and nine Non-Executive Members. As stated on page 115, Non-Executive Members are appointed by Ofcom, and Executive Members by the Chief Executive and Chairman. At December 2014, one of the four Executive Members was a woman (December 2013: one of four Executive Members).

At 31 December 2014 the Board comprised five women and eight men, with the five women making up 38% of the Board Membership. These details are also disclosed on page 104.

Internal control

In accordance with good corporate governance practice, the Board:

- is responsible for the Corporation's system of internal control
- sets appropriate policies on internal control
- seeks regular assurance and receives regular reports that enable it to satisfy itself that the system is functioning effectively
- ensures that the system of internal control is effective in identifying key risks and reporting on the adequacy of actions to respond to and manage those risks
- is responsible for the Group's process for the preparation of the consolidated accounts.

The Board is not responsible for the internal control environment or corporate governance for any of the Group's joint ventures or associates.

CORPORATE GOVERNANCE CONTINUED

Internal control continued

Control environment

Clear management responsibilities are established for the Executive Members. As noted on page 105, the Corporation has a Code of Conduct and a suite of policies and procedures which encompass ethical behaviour, conduct and internal controls.

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 Corporation and for putting in place procedures to monitor and mitigate such risks. Channel 4 has a high appetite for creative risk taking, giving rise to potentially litigious content. The Group has a low appetite for operational risks. The Board and executive operate a risk management framework for identifying, evaluating and managing (rather than eliminating) significant risks faced by Channel 4. This framework has been developed in accordance with relevant good practice guidance on internal controls and risk management.

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 108–109.

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. At the heart of Channel 4's creative risk-taking and compliance is the editorial 'reference-up' procedure. The Members are satisfied that Channel 4 has in place suitable procedures to fulfil the requirements of paragraph 3b of the 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.

Management reports

Detailed annual budgets and business plans are prepared for each area of the business, and are approved by the Board. Monthly management reports are produced, comparing actual income and expenditure with budget and prior year. Full-year forecasts are prepared throughout the year. These reports are monitored by the Members as part of their monthly performance packs, and explanations are provided for all significant variances.

Control procedures

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. Financial controls are monitored by management review and business assurance reports provided to the Audit Committee.

Pension plan

There are six Trustees of the Channel Four Television Staff Pension Plan who meet several times each year, and with the Plan's investment managers, Legal & General Assurance (Pensions Management) Ltd, Henderson Global Investors Ltd, Veritas Funds plc and F&C Fund Management Ltd at least once a year.

During the year the Trustees were Non-Executive Member Alicja Lesniak; two of Channel 4's executives, Glyn Isherwood (Group Finance Director) and Diane Herbert (Director of Human Resources); two member-nominated trustees, Julie Kortens (Head of Corporate Services) and Neil Pepin (Deputy Head of Legal and Compliance) and Independent Trustee Services Ltd as the Independent Corporate Trustee.

Third-party verification statement

The Channel's Ofcom Digital Replacement Licence requires it to appoint an independent party to review and report on procedures in relation to the provision of Premium Rate Telephony Services.

PricewaterhouseCoopers LLP and Deloitte LLP have been appointed to be the independent parties to review the Channel's procedures. In 2014, Deloitte continued to provide third party verification over premium rate competitions. The Members are satisfied that Channel 4 has in place suitable procedures to fulfil the requirements of paragraph 3b of the Licence.

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 24 January 2012 following the extension of the public service remit following the Digital Economy Act 2010.

Channel 4 has appointed Deloitte LLP to review compliance with the Arrangements and their report is shown on page 118. Copies of the Arrangements are available from the Board Secretary and at channel4.com.

CORPORATE GOVERNANCE CONTINUED

Independent reporting accountants' 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 2014 with the arrangements approved by the Office of Communications ('Ofcom') in January 2012 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 21 January 2015 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 contract with Ofcom dated 4 February 2015), 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 agreed between the Corporation and Ofcom are available from <http://stakeholders.ofcom.org.uk/binaries/consultations/c4-arrangements/statement/approved.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 2014 and report to you our independent conclusion as to whether they have done so.

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;
- review of the relevant internal procedures and controls and examining of the financial records relating to the above; and
- review of which of the Corporation's activities fall under the primary functions and which fall under 4Ventures Limited.

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 2014. 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 2014.

Deloitte LLP

Chartered Accountants

London
25 March 2015

MEMBERS

Non-Executive Members

Chairman

Lord Burns GCB

Appointed as Chairman on 28 January 2010, his initial appointment ran until January 2013 and has been extended to January 2016.

Lord Burns is Chairman of Santander UK plc and is a Non-Executive Member of the Office for Budget Responsibility.

He began his career in 1965 at the London Business School, becoming a professor of Economics in 1979. In 1980 he was appointed Chief Economic Adviser to HM Treasury and Head of the Government Economic Service. In 1991 he became Permanent Secretary to HM Treasury, a post he held until 1998, when he was appointed a life peer.

Previous appointments included acting as an independent adviser to the Secretary of State for Culture, Media & Sport on the previous BBC Charter Review. He has also been Chairman of Marks and Spencer plc, Glas Cymru Ltd (Welsh Water), the Governing Board of the Royal Academy of Music and the National Lottery Commission, and a Non-Executive Director of Banco Santander SA, Pearson Group plc, The British Land Company plc and Legal & General plc.

Monica Burch

Monica Burch joined the Board on 1 October 2010. Her initial appointment ran until September 2013 and has been extended until September 2016. Monica is Senior Partner of law firm Addleshaw Goddard LLP, and Chairs the firm's Board. Monica also chairs the firm's Charitable Trust and is a Board Member of charitable organisation PRIME, which promotes fair and equal access to quality work experience in the legal profession.

Monica is a Partner in Addleshaw Goddard's litigation practice where she heads contentious IP. Prior to her appointment as Senior Partner in 2011, Monica was a Board Member for six years. She also sat on the Management Board of predecessor firm Theodore Goddard.

Monica was appointed a Civil Recorder in 2010 (a part-time judicial appointment), is a CEDR-qualified mediator and was named by The Lawyer magazine as one of the 'Hot 100 Lawyers' in 2007 and 2011. She was named in the Timewise Power Part-Time List in 2013.

Monica graduated from Oxford University with a degree in Jurisprudence in 1987, and gained a distinction in her Masters Degree in Commercial Intellectual Property from Nottingham Trent University in 2007. Monica has worked in the US and UK, and has advised a variety of businesses, mainly in the consumer sector, across the globe.

Alicja Lesniak

Alicja Lesniak joined the Board on 1 October 2010. Her initial appointment ran until September 2013 and has been extended until September 2016. Alicja is also Senior Independent Director and Chair of the Audit Committee of Next 15, an AIM-listed worldwide digital communications Group, and a Non-Executive Director and Audit Chair of STthree plc, a specialist permanent and contract staffing business. She is also Business Adviser to the Board of The British Standards Institution.

Until 2009, Alicja was Chief Financial Officer of Aegis plc. Prior to this, she was Chief Financial Officer of BBDO EMEA, Chief Financial Officer of Ogilvy and Mather Worldwide, and Managing Director of J Walter Thompson.

Alicja Lesniak is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mark Price

Mark Price was appointed to the Board on 1 October 2010 and his initial appointment ran until September 2013. In 2013 his term was extended and he was appointed Deputy Chairman and Senior Independent Member until September 2016. Mark joined John Lewis Partnership in 1982 as a graduate trainee. He held numerous posts before becoming Managing Director of Waitrose in April 2007. Prior to this, in 2005 Mark was appointed as the Partnership Development Director (responsible for Strategy among other things) when he became a Member of the Partnership Board. Mark became Chairman of Business in the Community in January 2011, a post he held for four years. He is also Chairman of the Prince's Countryside Fund.

Richard Rivers

Richard Rivers joined the Board on 1 October 2010. His initial appointment ran until September 2013 and has been extended until September 2016. Richard Rivers is a former Chief of Staff and Head of Corporate Development at Unilever. As well as his role as a Non-Executive Board Member for Channel 4, Richard is a Non-Executive Director of Mothercare plc and Lumene Oy and a Member of the advisory board of WPP plc.

Paul Potts CBE

Paul Potts joined the Board on 1 January 2012. His initial appointment ran until December 2014 and has been extended until December 2017. He began his career as a reporter on the *Sheffield Star* in 1968 and worked for numerous newspapers, including the *Daily Telegraph* and *Daily Express*, where he was Deputy Editor. He joined the Press Association in 1995 as Editor-in-Chief. Paul was appointed Group Chief Executive in 2000 and Executive Chairman in 2008. He retired from PA Group in 2010.

Paul became a Commander of the Order of the British Empire (CBE) in 2009. He has an honorary degree of Doctor of Letters from the University of Sheffield and in 2010 he was appointed Visiting Professor of Journalism. He is also a media consultant and former media adviser to the Joint Parliamentary Committee on Privacy and Injunctions.

MT Rainey

MT Rainey joined the Board on 1 January 2012. Her initial appointment ran until December 2014 and has been extended until December 2017. MT (Mary Teresa) Rainey was Founder and CEO of top UK advertising agency Rainey Kelly Campbell Roalfe/Y&R. Since 2008 she has been Non-Executive Chairman of the fast-growing digital strategy agency Th_nk. She is also the Founder of horsesmouth.co.uk, a social enterprise for informal online mentoring.

In a voluntary capacity, MT is Vice Chair of Creative Skillset, the sector skills council for the Creative Industries. She is a former Chairman of Marketing Group of Great Britain and recent President of The Thirty Club.

Josie Rourke

Josie Rourke joined the Board on 1 January 2012. Her initial appointment ran until December 2014 and has been extended until December 2017. Josie was born and educated in Salford, read English at Cambridge and trained at the Donmar Warehouse, where she returned as Artistic Director in 2012. Between 2007 and 2011 she was Artistic Director of the Bush Theatre, which was recognised as Theatre of the Year in 2011.

Her other work as a Director includes productions at the Young Vic, the Royal Court, Sheffield Theatres (where she was Associate Director), the Royal Shakespeare Company, the Chicago Shakespeare Theatre, the National Theatre and in the West End.

Productions as Artistic Director of the Donmar include: *The Recruiting Officer*, *The Physicists*, *Berenice*, *The Weir*, *The Machine* (also New York and Manchester International Festival), *Coriolanus*, *Privacy* and *City of Angels*. Under her artistic direction, the Donmar has transferred two shows to New York and one into the West End from its Covent Garden home in six months.

MEMBERS CONTINUED

Stewart Purvis

Stewart Purvis joined Channel 4 as a Non-Executive Director in September 2013. His initial appointment runs until August 2016.

He joined the BBC as a News Trainee in 1969, then moved to ITN in 1972 where he became Editor of *Channel 4 News*, Editor-in-Chief of ITN and then Chief Executive. After retiring from ITN in 2003 he became a Visiting Professor of Broadcast Media at Oxford University and from 2007 to 2010 he was Ofcom's Partner for Content and Standards. He has advised the House of Lords Select Committee on Communications on the governance of the BBC and was the independent chair of a multi-party negotiation to progress digital radio in the UK.

He is Professor of Television Journalism at City University London and the co-author of *When Reporters Cross the Line*.

Jonathan Allan

Jonathan Allan was appointed as Director of Sales on 13 September 2011. He graduated from Newcastle University in Economics and immediately joined a full service agency, Cravens Advertising, in the city. He joined the TV department at the major London media agency OMD UK in 1995 and was appointed to the Board as TV Director in January 2000. He then moved into planning for a number of years and was appointed Deputy Managing Director in February 2005. In January 2007 he became Managing Director.

Jonathan Allan is also on the Board of Thinkbox, the television marketing body.

Dan Brooke

Dan Brooke is Chief Marketing and Communications Officer, having rejoined Channel 4 in November 2010. He was appointed to the Board on 1 February 2012.

Dan left independent production company Rare Day, where he was Managing Director. Prior to this, he was Managing Director of Discovery Networks UK, leading it through a period of change and innovation with the launch of seven new channels, including its first Freeview channel and its first entertainment channel, as well as mobile and on demand services.

Dan worked at Channel 4 from 1998 to 2005, joining as the Head of Marketing and Development for FilmFour, rising to be Managing Director of Digital Channels. He was responsible for the development and award-winning launches of Channel 4's portfolio of digital channels and in 2001 was elected Young Marketer of the Year by the Marketing Society for his role in the birth of E4.

Dan is also a Trustee of Britdoc, the Camden Arts Centre, Headlong Theatre and the Mass Extinction Monitoring Observatory.

Paula Carter

Paula Carter joined Channel 4 as the first Viewers' Editor, before becoming Board Secretary in 2011 and Director of Planning in 2013. Her background includes experience in advertising, marketing, public and commercial broadcasting and digital media. She worked for the BBC for ten years before joining ITV to create a new digital channel jointly owned by Granada and Boots. Prior to joining Channel 4 in 2007, she ran her own communications consultancy where her clients included Ofcom, the BBC Governors, HMRC, the Royal Opera House, the Joint Scrutiny Committee for the 2003 Communications Bill and the Cabinet Office.

Paula is a magistrate on the Central Kent Bench and Chairman of Governors at St. Michael's Prep School in Otford, Kent.

Executive Members

David Abraham

David Abraham became Channel 4's sixth Chief Executive in 2010. His focus has been on innovation, independence, creative renewal and preparing Channel 4 for the growth of connected television. Since the launch of the data strategy, more than 10 million viewers have registered and, in partnership with UKTV and BT Sport, Channel 4 Sales House has sustained revenues above £1 billion since 2011.

David joined Channel 4 from UKTV where he was Chief Executive. Prior to this, he led The Learning Channel US following a period as General Manager of Discovery Networks UK. David gave the MacTaggart lecture in 2014 on the importance of PSB to British Creativity.

During the early part of his career David was a Co-Founder of advertising agency St Luke's. He has been a Board Member of Creative Skillset since 2009.

Jay Hunt

Jay Hunt became Chief Creative Officer of Channel 4 in January 2011 from her position as Controller BBC One. Jay's commissions during this time include critically acclaimed shows such as *Sherlock*, *Luther* and *Mrs Brown's Boys*.

She spent 15 years in BBC News working on *Breakfast*, *Newsnight* and *Panorama* before becoming Editor of the *Six O'Clock News*. In 2005 Jay became Controller of BBC Daytime, commissioning shows across BBC One and BBC Two that included returning hits such as *Great British Menu*, *Heir Hunters* and *Put Your Money Where Your Mouth Is*.

As Director of Programmes at Channel 5 in 2008, she commissioned a number of successful features shows including *Cowboy Builders* and *Extreme Fishing*.

Under her leadership, Channel 4 was named MGEITF Channel of the Year and won more awards than at any time in the channel's history. Her winning commissions include *Gogglebox*, *Educating Yorkshire*, *The Island*, *The Undateables* and *Utopia*.

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

During 2014 the Audit Committee comprised Alicja Lesniak (Chair), Monica Burch, Paul Potts and MT Rainey. All the Members of the Committee are Independent Non-Executive Members. Alicja Lesniak FCA is a chartered accountant and was, until 2009, Chief Financial Officer of Aegis plc.

Further details of the Members of the Audit Committee can be found on page 119.

The Committee met four times during 2014. At the Committee Chair's invitation, the Chairman of the Board, the Chief Executive, the Group Finance Director, the Group Financial Controller, the Head of Business Assurance, the Board Secretary and the KPMG LLP 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.

Details of attendance at Audit Committee meetings by the Members of the Corporation are disclosed in the Corporate Governance Report on page 116.

Responsibilities and activities of the Audit Committee

As noted in the Corporate Governance Report on page 115, the Board has discharged certain responsibilities to the Audit Committee.

The Committee's key responsibilities, and how these were discharged in 2014, are detailed on page 122.

AUDIT COMMITTEE REPORT CONTINUED

Responsibilities of the Audit Committee	Activities of the Audit Committee in 2014
<ul style="list-style-type: none"> – to monitor the integrity of the financial statements of Channel 4 and any formal announcements relating to Channel 4's financial performance, reviewing significant financial reporting judgements contained in them 	<ul style="list-style-type: none"> – at the March and September Audit Committee meetings, reviewed an update of the Corporation's accounting policies, significant accounting and reporting issues and a detailed financial report – at the March meeting, reviewed the 2013 financial statements and other sections of the Annual Report including the Statement of Media Content Policy before their release, to determine that these were clear and consistent with their knowledge of the Corporation and its operations and to assess that the financial statements reflected appropriate accounting principles – reviewed the accounting treatment in respect of the Growth Fund and new revenue contracts and initiatives
<ul style="list-style-type: none"> – to review Channel 4's internal financial controls and Channel 4's internal control and risk management systems – to monitor the Group'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 subsequent follow-up action – to monitor and review the effectiveness of Channel 4's Business Assurance function and activities 	<ul style="list-style-type: none"> – at the January meeting, reviewed and approved the Business Assurance work plan and assessed the Corporation's risk management framework – at the June and September meetings, discussed the Corporation's risk appetite – throughout the year, reviewed reports on the results of Business Assurance activities, and met with the Head of Business Assurance and Management to review the findings from these activities and instances of whistleblowing, if any – at the March meeting, reviewed the findings of the independent reporting accountants concerning compliance with the arrangements under Schedule 9 of the Communications Act 2003 – considered a report on the governance arrangements for Growth Fund investments – reviewed a report on the management of Treasury and the Corporation's investments – considered the tax affairs and arrangements of the Corporation ahead of the annual Senior Accounting Officer certification to HMRC
<ul style="list-style-type: none"> – to make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors – 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 auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken 	<ul style="list-style-type: none"> – further details in External audit section opposite
<ul style="list-style-type: none"> – to regularly update the Board about the Audit Committee's activities and make appropriate recommendations and to ensure the Board is aware of matters that may significantly impact on the financial condition or affairs of the business 	<ul style="list-style-type: none"> – the Chair of the Audit Committee briefed the Board as necessary on the activities of the Committee and any significant matters during the course of the year – Audit Committee papers, including Business Assurance reports, have been made available to the Board during 2014

If necessary, the Audit Committee can instigate special investigations and, if appropriate, engage special counsel or experts to assist.

AUDIT COMMITTEE REPORT CONTINUED

Key audit risks

After discussions with both management and the external auditors, the Audit Committee determined that the key risks in relation to misstatement of the Corporation's financial statements were as follows:

- Programme and film rights
- Revenue recognition

These issues were discussed with management during the year, and with the external auditors while the audit strategy was being reviewed and at the conclusion of the audit of these financial statements.

Programme and film rights

The value of programme and film rights recognised on the balance sheet is £242 million as disclosed in note 12 to the financial statements. The total value of obsolete programmes and developments written off in the year was £45 million. Reflecting the status of Channel 4 as a public service broadcaster, the value to the Corporation of the programme and film rights portfolio is considered on an aggregate basis. As described on page 137, programme and film rights are stated at the lower of the direct cost incurred up to the balance sheet date and value to the Group.

The Committee has reviewed the results of management's provision for programme rights at the balance sheet date and is satisfied that the procedures performed and the assumptions made were robust.

The auditors have explained their audit procedures to test the carrying value of programme and film rights on the balance sheet and the results of their work. On the basis of their audit work, the auditor considered that the carrying value of programme and film rights was materially appropriate in the context of the financial statements as a whole.

Revenue recognition

Total revenue for 2014 was £938 million as detailed in note 1 to the financial statements. The revenue recognition accounting policies of the Corporation are disclosed on page 135. In 2014, £869 million or 93% of total revenues were advertising and sponsorship revenue, which are recognised on transmission of the advertisement for advertising revenue and on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign for sponsorship revenue.

The accounting treatment for new, unique revenue contracts is reviewed and presented by management to the Audit Committee.

The Committee has reviewed the accounting for each material new contract in 2014, and the judgement applied in each case. Management also provided papers explaining the accounting treatment to the auditors during the 2014 financial audit. On the basis of their audit work, the auditor considered that the value of revenue recognised was materially appropriate in the context of the financial statements as a whole.

Misstatements

Management confirmed to the Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The auditors reported to the Committee any misstatements that they had found in the course of their work and no material misstatements remain unadjusted. The Committee confirms that it is satisfied that the auditors have fulfilled their responsibilities with diligence and professional scepticism.

After reviewing the presentations and reports from management and consulting where necessary with the auditors, 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, challenged and are sufficiently robust.

External audit

Auditor rotation

The current auditor has been in place since the audit of the financial statements for the year ending 31 December 2004. The auditor periodically rotates the lead audit partner to safeguard independence and objectivity. Karen Wightman began her tenure as audit partner in 2013. We anticipate that Karen Wightman will continue as lead audit partner until the Audit Committee reviews the need to tender the audit ahead of 2017 when her term concludes.

Auditor objectivity and independence

Channel 4 will not use its external auditors to provide other services unless it is efficient and effective to do so. The Committee has also taken action to ensure the objectivity and independence of the external auditors is maintained. To discharge this responsibility, the Committee has:

- agreed changes in senior audit personnel including the rotation of the lead audit partner in 2013
- approved the proposed audit fee
- reviewed all non-audit fees payable to the Group's external auditors
- reviewed KPMG'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 KPMG LLP in respect of all services provided in 2014 to the Corporation is shown in note 3 to the financial statements.

Effectiveness of the audit process

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 accounts, including the key audit risks identified above
- the external auditor's detailed reports on the Group's draft financial statements for the year ended 31 December 2014

Business Assurance

As noted elsewhere, the Corporation has a Business Assurance function. The Head of Business Assurance has direct access to the Chair of the Audit Committee and reports jointly to the Group Finance Director and the Chair of the Audit Committee.

During 2014, the Business Assurance function undertook a number of specific projects to provide assurance that control processes were appropriate and working effectively, and where necessary recommend improvements.

MEMBERS' REMUNERATION REPORT

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 2014. 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 directly applicable but the Members have decided to voluntarily comply 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 2014 and other information required by the Regulations.

The Companies Act 2006 requires the auditors to report on certain parts of the Members' Remuneration Report and to state whether, in their 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 Executive Members. The Committee's recommendations and decisions in 2014 reflect its remuneration policy, which is designed to enable Channel 4 to attract, motivate and retain high calibre staff by rewarding them with both fixed and variable pay to reward commercial and creative success, while being sensitive to the position that Channel 4 occupies as a public service broadcaster.

Composition of the Remuneration Committee

During 2014 the Members of the Committee were Richard Rivers (Chair), Mark Price and Stewart Purvis. In 2014, the Committee met five times.

All the Members of the Committee are Independent Non-Executive Members. The Chairman of the Board, the Chief Executive, the Group Finance Director, the Director of Human Resources and the Board Secretary attend meetings as appropriate.

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 is being discussed.

Non-Executive Members are appointed by Ofcom, who also determines their fees. 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. Non-Executive service contracts are subject to fixed terms of a maximum of three years.

Responsibilities of the Remuneration Committee

The Committee's principal responsibilities are:

- to recommend to the Board the level of any annual salary increases, variable pay awards and the structure of remuneration, in particular for Executive Members and Senior Management
- to review any other significant change in Channel 4's remuneration arrangements and policies
- 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 seems relevant

The Chair of the Remuneration Committee reports to the Board in general terms on the Remuneration Committee's decisions, 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 2014 included overseeing the introduction of a redesigned Corporate Variable Pay Scheme for 2014 and beyond, and using this to make a recommendation to the Board for variable pay in respect of 2014. The pay award for 2014 and the details of the Corporate Variable Pay Scheme are detailed on page 126. After careful consideration and review, the average pay award for the year beginning 1 April 2015 has been made at 2.75%.

The Remuneration Committee agreed that the Corporate Variable Pay Scheme for 2015 will remain largely unchanged from 2014 and continue to be focused clearly on the two common purposes of the organisation recognised by all staff: creative achievement and financial sustainability. From 1 January 2015, the maximum amount payable to Executive Members under the Corporate Variable Pay Scheme will be increased to up to 40% of total gross salary. In the light of this amendment, no pay award has been made to Executive Members for the year beginning 1 April 2015.

MEMBERS' REMUNERATION REPORT CONTINUED

Remuneration report

The following provisions of the report are subject to audit

The remuneration of the Executive Members for the years ending 31 December 2014, 2013 and 2012 is made up as follows:

£000	Salary and fees	Taxable benefits	Variable pay	Pension	Total for 2014	Salary and fees	Taxable benefits	Variable pay	Pension	Total for 2013	Total for 2012
David Abraham	550	1	166	138	855	532	1	73	133	739	744
Anne Bulford (resigned 26 February 2013)	–	–	–	–	–	156	5	–	16	177	489
Jay Hunt	407	1	123	50	581	396	1	54	46	497	542
Jonathan Allan	350	1	102	30	483	320	1	55	22	398	482
Dan Brooke	299	1	87	50	437	275	1	39	44	359	348
TOTAL	1,606	4	478	268	2,356	1,679	9	221	261	2,170	2,605

The salary figures in the table above represent the gross salaries received in 2014, after taking account of salary increases during the year where applicable.

In 2014, David Abraham, Jay Hunt and Dan Brooke received cash payments in lieu of pension benefits.

In 2013, Jonathan Allan was party to the Advertising Sales Scheme only. From 1 January 2014, his variable pay comprised a 50:50 split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme.

The remuneration of the Non-Executive Members for the years ending 31 December 2014 and 2013 is made up as follows:

£000	2014 Salary and fees	2013 Salary and fees
Lord Burns	100	100
Mark Price	30	24
Monica Burch	22	22
Alicja Lesniak	22	22
Paul Potts	22	22
Stewart Purvis (appointed 1 September 2013)	22	6
MT Rainey	22	22
Richard Rivers	22	22
Josie Rourke	22	22
TOTAL	284	262

No detailed disclosure has been provided for the Non-Executive Members other than that relating to their fee, as it is the only form of remuneration they receive.

Mark Price does not retain his fees for his Non-Executive Directorship. In accordance with Waitrose policy, Mark has requested that his fee be paid over to Waitrose.

Monica Burch's firm, Addleshaw Goddard LLP, deducts her Channel 4 fees from her partner drawings.

MEMBERS' REMUNERATION REPORT CONTINUED

Variable pay

During the year, the Committee met to monitor performance as part of their oversight of variable pay across the business. A new Corporate Variable Pay Scheme for staff and executives was introduced in 2014, which is set out below. The Committee met again in January 2015 to agree on a recommendation to the Board on variable pay once results for the year were available.

Corporate Variable Pay Scheme outline

As set out in the Strategic Report on pages 100–109, the Corporation's business model and strategy is based on two key principles, creativity and long-term financial sustainability. The 2014 Corporate Variable Pay Scheme has been designed specifically to link variable pay with the business model and is based on the following areas of achievement:

- creativity – to maintain Channel 4's reputation for originality and creativity with an emphasis on innovation, impact and creative risk taking and achievement of the remit
- sustainability – with the aim of growing total revenues and successfully developing new sources of revenue that can be reinvested into content

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.

Most staff and Members of 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 30% for Executive team Members. These percentages represent the maximum amount that can be provided. Actual awards for each staff member will vary from the average provided to reflect their individual achievement against personal performance objectives.

Process for determining variable pay

To decide on how much variable pay should be provided each year, the Remuneration Committee considers a report written by the CEO in conjunction with the other Executive team Members, describing how the Corporation has performed in relation to creativity and commercial sustainability, and reviews business performance across a wide range of qualitative and quantitative measures which track year-on-year performance and performance against a five year average. Where relevant, performance of competitors against the same measures is also part of the Committee's deliberations. The Remuneration Committee makes a judgement on the overall performance for the year, and produces a narrative assessment of its evaluation, which is then proposed to the Board, who have the final approval of any pay-out.

The scheme is based on a mix of both qualitative and quantitative information and a degree of judgement is required around creative performance measures. Creativity and sustainability are considered to be of broadly equal weighting because they are both equally important to the long-term success of the Corporation, but the weighting allocated to each in a given year is also at the discretion of the Committee.

After due consideration of performance during the year, the Committee allocates an amount, entirely at its discretion, based on what they determine the average pay-out across the Corporation should be for the year.

The Committee will review the Corporate Variable Pay Scheme each year to ensure it remains appropriate.

Variable pay decision for 2014

The Committee noted that the two gateways to the scheme, meeting the licence requirements and the budgeted pre-tax result, had been met.

The Committee undertook a detailed review of all the information available to it, including the CEO and Executive Team's report on 2014 and the Corporation's performance across a wide range of performance measures, an extract of which is set out on pages 166 and 167 including programme quality, creative achievements, viewing share, ad sales performance, VoD viewing and commercial impact performance in key demographics. The creative achievements and financial results are also outlined in detail in the Annual Report.

The Committee determined that 2014 has been an impressive year from a creative perspective with a record number of major television and film awards (page 86–91), including Channel of the Year at the Edinburgh TV Festival, reflecting the culmination of a highly successful three year plan to renew the Channel's creative reputation and performance. In addition, the Corporation maintained or increased its lead over other broadcasters compared to 2013 across a range of the reputational Statement of Media Content Policy (SMCP) metrics (pages 14 to 35) and the *Inbetweeners 2 Movie* recorded a strong box office performance (page 68). The Committee recognises that in the pursuit of creative innovation not all endeavours will be successful, however, on balance 2014 had been a strong year of creative performance.

The Committee also determined there had been a robust commercial performance, aided by a buoyant advertising market but with significant success in initiatives designed to complement spot advertising revenue in the future and so contribute to the long term sustainability of the organisation. As set out in the financial statements on pages 130 to 158, Corporation revenues were up £30 million year-on-year and, after a planned three years of investment, the business exceeded the break-even budget with a £4 million pre-tax surplus and cash reserves of £222 million. Digital revenues reached their highest levels in the five year period and there was growth in registered VoD views as further progress was made with the development of connected relationships with viewers. The Growth Fund was also successfully launched with five companies benefitting from investment in 2014 as set out on page 38.

The Portfolio share for the year was 10.9% (page 31), marginally short of the 11.0% achieved in 2013, with strong performances from the digital channels and E4 in particular. The decline in Channel 4 share has slowed which helps to enhance sustainability. Performance in peak time, where the majority of content investment is concentrated, was strong but daytime is still a challenge with live sport on other channels continuing to attract strong audiences. The key 16–34 demographic share grew for the Portfolio, reaching its highest point in the past five years (page 166), although there was an accompanying decline in ABC1 audiences.

After a careful and detailed consideration of performance for 2014, the Committee recommended that, following an exceptional year of Creative performance and a year of strong commercial performance, staff should receive an average of 9% of year end salary under the Corporate Variable Pay Scheme, Heads of Department should receive an average of 18% of salary and the Executive team should receive an average of 28% of salary. Actual awards for each staff member varied from this average to reflect their individual achievement against personal performance objectives.

Advertising Sales Scheme

Staff working within advertising sales have a dedicated Advertising Sales Scheme, linked to advertising revenue and paid quarterly throughout the year based on performance. They are not eligible for the Corporate Variable Pay Scheme, with the exception of Executive Member Jonathan Allan whose variable pay comprised a 50:50 split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme in 2014.

MEMBERS' REMUNERATION REPORT CONTINUED

Variable pay awards to Executive Members

The Committee made the following awards to Executive Members in respect of 2014 performance:

- David Abraham was awarded an amount of 30% of year end salary under the Corporate Variable Pay Scheme
- Jay Hunt was awarded an amount of 30% of year end salary under the Corporate Variable Pay Scheme
- Jonathan Allan was awarded an amount of 28.5% of the half of his year end salary which is subject to the Corporate Variable Pay Scheme. Jonathan Allan also received £52,500 through the Advertising Sales Scheme
- Dan Brooke was awarded an amount of 28.5% 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, car allowance and membership of a private medical insurance scheme (which is provided to all staff). These benefits are not pensionable. In line with the Corporation's expenses policy, 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. Until the closure of the scheme to new entrants, Executive Members were eligible for membership of the Channel Four Television Staff Pension Plan (The Plan) on the same basis as all other members of staff. The Plan is contributory, at 7.5% of pensionable salary, and provides members with a pension based on 1/50th of final pensionable pay for each year of service up to a maximum of two-thirds of final pensionable earnings.

During the year there were no Executive Members remaining within the defined benefit scheme (2013: none).

Further details relating to the defined benefit Plan are provided in note 18 to the financial statements.

Non-Executive Members are not eligible for membership of either pension scheme.

The following provisions of the report are not subject to audit

CEO remuneration table

The table below shows the percentage change in remuneration of David Abraham, the CEO and the Corporation's employees as a whole between the years 2014 and 2013:

	CEO	All staff
Salary and fees	+3%	+2.5%
Variable pay	+127%	+83%
Total	+16%	+9%

The Group are 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.

Payment for loss of office

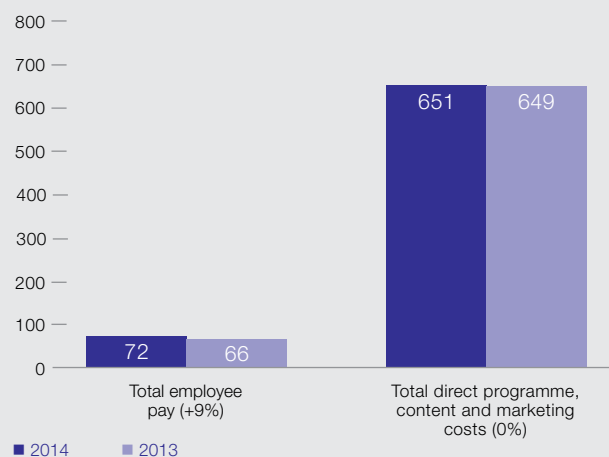
No payments were made for loss of office in 2014 to Executive Members, and at the balance sheet date there were no provisions made for compensation payable for early termination of contracts or loss of office to Executive Members.

Payment to past members

No payments were made to past members in 2014.

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 direct programme, content and marketing costs as disclosed in note 2 to the financial statements 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. As in previous years, employee pay remains between 10% and 11% of on-screen expenditure.

Total employee pay is detailed in note 4 to the financial statements.

By Order of the Board

Richard Rivers

Chair of the Remuneration Committee

25 March 2015

MEMBERS' REMUNERATION REPORT CONTINUED

Remuneration policy for 2015

The remuneration of Executive Board Members is determined by the Remuneration Committee, the membership and terms of reference of which are detailed on page 124. In framing its remuneration policy, the Committee has given full consideration to the best practice provisions of the UK Corporate Governance Code.

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 Chairman of the Board and with the Chief Executive for other Executive Members	Salaries for the year to 31 December 2015 remain unchanged and are as follows: David Abraham – £553,730 Jay Hunt – £409,744 Jonathan Allan – £350,000 Dan Brooke – £305,000 Except where otherwise shown, salaries are reviewed annually in the first quarter of the year. Increases reflect changes in responsibility and performance	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 2015 is expected to be £644 per Executive Member	None
Pensions		The Corporation currently offers a defined contribution pension scheme for new staff The Corporation also operates a defined benefit scheme. In 2014 there were no Executive Members of the defined benefit scheme Certain Executive Members also receive cash payments in lieu of pension benefits as disclosed on page 125	The maximum amount contributed by the Corporation under the defined contribution scheme is 13% of pensionable salary	None
Variable pay		All Members of the Executive Team participate in the Corporate Variable Pay Scheme. Pay-out is determined annually by the Remuneration Committee shortly after the financial year end based on performance and paid in March following the year end Jonathan Allan's variable pay comprises a 50:50 split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme	From 1 January 2015 the Corporate Variable Pay Scheme will pay up to 40% of total gross salary for executive team Members, a 10% increase from 2014 The Advertising Sales Scheme is linked to advertising revenue and paid quarterly throughout the year based on performance	The Remuneration Committee agreed that the Corporate Variable Pay Scheme for 2015 will remain largely unchanged from 2014 and continue to be focused clearly on the two common purposes of the organisation recognised by all staff: creative achievement and financial sustainability. Details of the scheme are set out on page 126 In 2014, it was agreed that, from 2015, in coming to a view on variable pay for Executive Members, it would be appropriate to consider their performance against longer term objectives as well as the in-year performance. Up to 10% (out of the total of up to 40%) could be allocated on this basis

None of the components of remuneration contain any provisions for recovery of sums paid.

MEMBERS' REMUNERATION REPORT CONTINUED

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 and Fees are paid monthly and reviewed periodically

No other components of remuneration are available for Non-Executive Members.

Policy on payment for loss of office

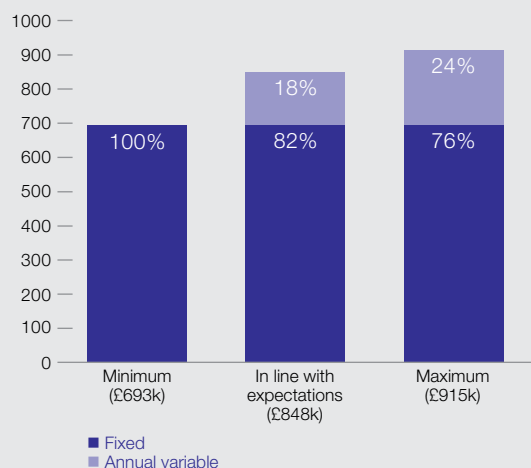
The service contracts of all the Executive Members are subject to notice periods of one year or less. The Committee's policy is to make payments in line with contractual obligations covering payment in lieu of notice including base salary and other benefits.

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.

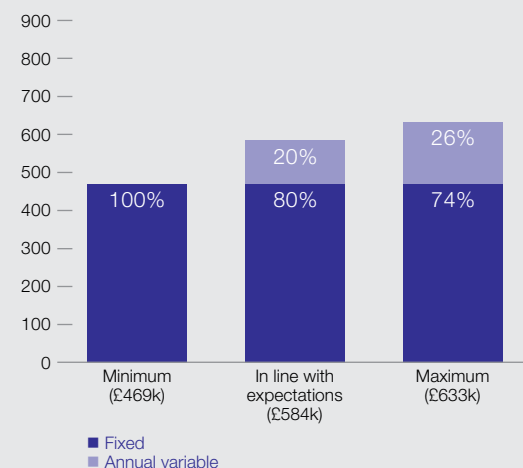
Illustration of application of remuneration policy

The graphs below represent the variations in the remuneration at different levels of performance for the 2015 remuneration policy for the Executive Members:

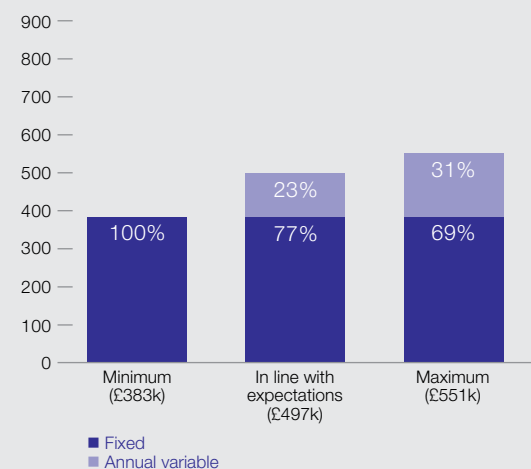
Chief Executive Officer



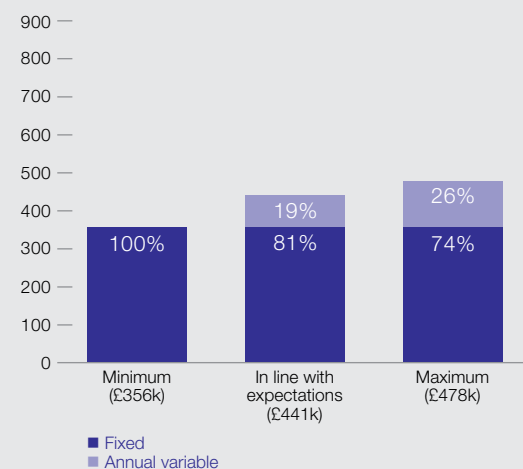
Chief Creative Officer



Director of Sales



Chief Marketing and Communications Officer



Auditable information

The remuneration information set out on pages 124 to 127, where indicated, has been audited by Channel 4's auditors, KPMG LLP, in accordance with Schedule 8 of the Companies Act 2006 as if those requirements were to apply to Channel 4.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

Consolidated income statement for the year ended 31 December

	Note	2014 £m	2013 £m
Revenue	1	938	908
Cost of transmission and sales	2	(903)	(892)
Gross surplus		35	16
Other operating expenditure	3	(31)	(32)
Profit on sale of investments	8	–	1
Operating surplus/(deficit)		4	(15)
Net finance expense	5	(1)	(1)
Share of profit of investments accounted for using the equity method, net of income tax and amortisation	7	1	–
Surplus/(deficit) before tax		4	(16)
Income tax (expense)/credit	6	(1)	1
Surplus/(deficit) for the year		3	(15)

Consolidated statement of comprehensive income for the year ended 31 December

	Note	2014 £m	2013 £m
Surplus/(deficit) for the year		3	(15)
Net remeasurement deficit on pension scheme	18	(37)	(1)
Revaluation of freehold land and buildings	9	13	12
Deferred tax on pension scheme	11	8	–
Deferred tax on revaluation of freehold land and buildings	11	(2)	(2)
Other comprehensive (cost)/income for the year		(18)	9
Total comprehensive cost for the year		(15)	(6)

None of the items in comprehensive income 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 2013	446	–	18	464
Deficit for the year	(15)	–	–	(15)
Other comprehensive (cost)/income	(1)	–	10	9
Total comprehensive (cost)/income for the year	(16)	–	10	(6)
At 31 December 2013	430	–	28	458
At 1 January 2014	430	–	28	458
Surplus for the year	3	–	–	3
Reserve transfer	(30)	30	–	–
Other comprehensive (cost)/income	(29)	–	11	(18)
Total comprehensive (cost)/income for the year	(56)	30	11	(15)
At 31 December 2014	374	30	39	443

We have established a content reserve in 2014 to ensure surpluses generated are re-invested into our creative ambition in order to deliver on our remit. Our aim is to maintain an overall financial break-even position in the long term. We have allocated £30 million of retained earnings from surpluses generated since 2010 including the £3 million surplus recognised in 2014 to the content reserve. Surpluses generated in future years will be allocated to the content reserve when realised in cash and creative investments will be funded by drawing down on the content reserve.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

	Note	2014 £m	2013 £m
Assets			
Investments accounted for using the equity method	7	26	23
Property, plant and equipment	9	103	90
Intangible assets	10	2	3
Deferred tax assets	11	18	11
Total non-current assets		149	127
Programme and film rights and other inventories	12	242	224
Trade and other receivables	13	196	182
Corporation tax		–	1
Other financial assets	14	70	107
Cash and cash equivalents	14	152	131
Total current assets		660	645
Total assets		809	772
Liabilities			
Employee benefits – pensions	18	(73)	(39)
Provisions	16	(1)	(2)
Deferred tax liabilities	11	(5)	(3)
Total non-current liabilities		(79)	(44)
Trade and other payables	15	(286)	(269)
Provisions	16	(1)	(1)
Total current liabilities		(287)	(270)
Total liabilities		(366)	(314)
Net assets		443	458
Revaluation reserve		39	28
Retained earnings:			
Content reserve		30	–
Other retained earnings		374	430
Total equity		443	458

The financial statements on pages 130 to 158 were approved by the Board of Members on 25 March 2015 and were signed on its behalf by:

Lord Burns
Chairman

David Abraham
Chief Executive

The notes on pages 134 to 158 form part of these financial statements.

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	Note	2014 £m	2013 £m
Cashflow from operating activities			
Surplus/(deficit) for the year		3	(15)
Adjustments for			
Income tax expense/(credit)	6	1	(1)
Depreciation	9	6	6
Amortisation of intangibles	10	1	2
Net financial expense	5	1	1
Share of profit from investments accounted for using the equity method, net of income tax and amortisation	7	(1)	–
Current service pension cost	18	3	3
		14	(4)
Increase in programme and film rights and other inventories	12	(18)	(5)
Increase in trade and other receivables	13	(14)	(10)
Increase in trade and other payables	15	17	2
Decrease in provisions, excluding unwinding of discounts	16	(1)	(1)
		(2)	(18)
Pension contributions	18	(8)	(6)
Tax repaid/(paid)		1	(1)
Net cash from operating activities		(9)	(25)
Cashflow from investing activities			
Acquisition of investments	7	(4)	–
Proceeds from disposal of investment	8	–	2
Purchase of property, plant and equipment	9	(6)	(3)
Interest received	5	1	1
Dividends received	7	2	2
Decrease/(increase) in other financial assets ¹	14	37	(19)
Net cashflow from investing activities		30	(17)
Net increase/(decrease) in cash and cash equivalents		21	(42)
Cash and cash equivalents at 1 January		131	173
Cash and cash equivalents at 31 December		152	131

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 2014 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 own 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 25 March 2015. 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 (Adopted IFRSs). 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 Culture, Media & 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.

The preparation of financial statements in conformity with Adopted IFRSs requires the use of estimation and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

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. Judgements made by management in the application of Adopted IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are summarised below:

Revenue recognition

Revenues are stated net of value added tax and are recognised when persuasive evidence of a sale exists, a service has been performed, and when collectability is reasonably assured. The key area of judgement on recognising revenue is the timing of recognition, which reflects the point or period when the Group has transferred the main risks and rewards of ownership to third parties. Channel 4's full revenue recognition policy is detailed on page 135.

Programme and film rights held for broadcast

Programme and film rights are stated at the lower of the direct cost incurred up to the balance sheet date and value to the Group. 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. The key area of judgement is estimating value to the Group, which is assessed both qualitatively and quantitatively, with reference to the quality of programme that has ultimately been delivered and its expected viewing performance. Channel 4's full programme and film rights policy is detailed on page 137.

Judgement is also required when estimating future revenues from distribution, when evaluating the carrying value of film rights held for exploitation.

Going concern

The Group's business activities, the factors likely to affect its future development and performance, the financial position of the Group and its cashflows are set out in the Strategic Report of the Members (pages 100 to 109). As discussed on page 101, on 11 March 2014 Ofcom announced the renewal of Channel 4's licence. The new ten-year licence came into effect in January 2015.

In addition, notes 13 to 15 to the financial statements include the Group's approach to financial risk management, including its financial instruments and hedging activities and its exposures to liquidity and credit risks.

The Group has sufficient financial resources and, based on normal business planning and control procedures, 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.

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 involvements with the investee and has the ability to affect those returns through its power over the investee. To have power, the Group needs to have existing rights that give it the current ability to direct 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 accounted for using the equity method by the Group comprise associates and joint ventures.

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.

GROUP ACCOUNTING POLICIES CONTINUED

Basis of consolidation continued

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 in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

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.

As explained in note 8, certain of the Group's other investments are not-for-profit organisations. Cost contributions to those organisations are charged to the income statement in the period to which they relate.

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 accounting policies that are material in the context of the accounts is set out below. All accounting policies have been applied consistently in all material respects to all periods presented in these financial statements.

The following new standards became effective for the first time from 1 January 2014:

- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IAS 27 – Separate financial statements
- IAS 28 – Investments in associates and joint ventures

The Group adopted the above standards from 1 January 2014. Their adoption has not had a significant impact on the consolidated financial statements of the Group.

A number of new standards, amendments to standards and interpretations have been issued and became effective on 1 January 2015. None of these 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 persuasive evidence of a sale exists, a service has been performed, and when collectability is reasonably assured. The key area of judgement in recognising revenue is the timing of recognition, which reflects the point or period when the Group has transferred the main risks and rewards of ownership to third parties. For each of the Group's significant revenue streams, revenues are recognised as described below:

Advertising and sponsorship revenues

Revenues are stated net of advertising agency commissions.

Television advertising revenue is 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. Online advertising revenues are recognised on a straight line basis over the period of display of the advertisement or, if lower, as advertising impressions are delivered.

Commission earned from advertising representation for third parties, including The Box Plus Network Limited, is recognised on transmission of the related advertisements in line with contractual arrangements. As the Group acts as an agent for these parties, and does not have exposure to the significant risks and rewards of the sale, 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.

Other revenues

Revenues earned from syndicating content to third-party online platforms are typically generated from some or all of the following contractual arrangements:

- milestones – non-refundable milestone payments are recognised once the Group's performance obligations are satisfied, for example upon launch
- ongoing service fees – revenue is recognised on a straight line basis over the contract term as service obligations are performed
- 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

DVD revenues are principally recognised when stock is delivered to retailers, net of a provision for anticipated returns based on historical trends and an assessment of market conditions at the balance sheet date. Consignment sales, when made, are recognised when the sales made to the ultimate customers can be reliably measured.

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

Segments are reported in accordance with IFRS 8 'Operating Segments'. Segments are aggregated only where the nature of the products and services provided are similar and where the segments have similar economic characteristics.

The chief operating decision-maker has been identified as the Channel 4 Board. Segments follow management reporting to the Board in order to make decisions on the allocation of resources within the Group.

GROUP ACCOUNTING POLICIES CONTINUED

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 timing 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

These investments are recognised in the consolidated balance sheet, initially at cost. The carrying amount is subsequently increased or decreased to recognise the share of other comprehensive income or share of profit or loss if these are the same, after the date of acquisition or investment.

Further details are set out under the basis of consolidation accounting policy on pages 134 to 135.

Other investments

Other investments includes 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.

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 Culture, Media & Sport require freehold land and buildings to be valued at current value. The Members believe that open market value approximates to 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.

GROUP ACCOUNTING POLICIES CONTINUED

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 are stated at cost less accumulated amortisation and any provision for impairment. 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.

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.

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 cashflows for the specific asset, or if the asset does not generate independent cashflows, the discounted future net cashflows for the cash-generating unit to which it belongs.

Estimates are used in deriving these cashflows 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 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.

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 rights and other inventories

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 'green-lit' 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.

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. 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.

Developed film rights

Direct cost

Direct cost is defined as payments made or due to the film producer.

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

Broadcast film rights are amortised in the same way as programme and acquired film rights.

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.

Other inventories

Other inventories principally comprise DVDs held within the 4Rights segment, and are stated at the lower of cost and net realisable value.

GROUP ACCOUNTING POLICIES CONTINUED

Trade and other receivables

Trade receivables are reflected net of an estimated impairment for doubtful accounts.

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.

Derivative financial instruments

The Group transacts in a number of currencies as well as Sterling, and is a net purchaser of 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

Assets held under finance leases (those in which the Group assumes substantially all the risks and rewards of ownership) are treated as property, plant and equipment and depreciation is charged accordingly. The capital elements of future obligations are recorded as liabilities. Interest is charged to the income statement over the period of the lease in proportion to the capital outstanding.

All other leases are treated as operating leases. The rental costs arising from operating leases are charged to the income statement in the year in which they are incurred.

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 current service cost, interest expense on pension scheme liabilities and interest income on plan assets are recognised in the income statement in the current period.

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 material, provisions are determined by discounting the expected future cashflows 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. Segment reporting

The reportable segments are shown in accordance with IFRS 8 'Operating Segments'. The segments are measured in a manner consistent with the management reports reviewed by the Board, which is considered to be the chief operating decision-maker. Summaries of the principal activities, products and services and financial performance for each segment are provided within the Strategic Report on pages 100–103.

Segment results, assets and liabilities include items directly attributable to a segment, along with certain costs which are allocated on an equitable basis in accordance with the Group's cost allocation policies which are reviewed under arrangements required under Schedule 9 of the Communications Act (page 117). All costs and revenues are fully allocated across the segments.

Inter-segment pricing is determined on an arm's length basis.

Gross revenues from transactions with one individual external customer comprised more than 10% of the Group's revenues in 2014 amounting to £145 million (2013: one external customer amounting to £131 million). The Group's major customers are all media buying agencies and these revenues are attributable to the 4Broadcast segment. Approximately 3% of the Group's revenues (2013: 3%) are attributable to external customers outside the UK and these are therefore not separately presented.

The following is an analysis of the Group's investment in content and revenue by reportable segment:

Year ended 31 December 2014	4Broadcast £m	4Rights £m	Other £m	Eliminations £m	Total Channel 4 £m
Programme and other content	(612)	–	–	–	(612)
Funded by:					
External sales	859	78	1	–	938
Inter-segment sales	1	–	–	(1)	–
Total revenue	860	78	1	(1)	938
Operating surplus/(deficit)	(20)	24	–	–	4
Net finance expense					(1)
Share of profit of investments accounted for using the equity method, net of income tax and amortisation					1
Surplus before tax					4

Programme and other content is comprised of investment into content across all services (the main channel, digital TV channels and digital media services) of £602 million (2013: £597 million), access services (subtitling, audio description and signing) and amounts due to collection societies. Programme and content spend is typically funded by television advertising and other commercial operations but can also be funded by the content reserve in years when a deficit arises following creative investment.

Balance sheet as at 31 December 2014	4Broadcast £m	4Rights £m	Other £m	Eliminations £m	Total £m
Segment assets	828	163	36	(218)	809
Segment liabilities	(468)	(33)	(83)	218	(366)
Net assets/(liabilities)	360	130	(47)	–	443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Segment reporting continued

	4Broadcast £m	4Rights £m	Other £m	Eliminations £m	Total Channel 4 £m
Year ended 31 December 2013					
Programme and other content	(608)	(1)	–	–	(609)
Funded by:					
External sales	841	66	1	–	908
Inter-segment sales	1	–	–	(1)	–
Total revenue	842	66	1	(1)	908
Operating surplus/(deficit)	(36)	20	1	–	(15)
Net finance expense					(1)
Deficit before tax					(16)
Balance sheet as at 31 December 2013					
Segment assets	798	133	36	(195)	772
Segment liabilities	(399)	(27)	(83)	195	(314)
Net assets/(liabilities)	399	106	(47)	–	458

2. Cost of transmission and sales

	Programme and other content £m	Indirect programme costs £m	Transmitter and regulatory costs £m	Cost of sales £m	Cost of marketing £m	Total £m
2014						
4Broadcast	612	40	108	51	37	848
4Rights	–	9	4	39	3	55
Other	–	–	–	1	–	1
Eliminations	–	–	–	–	(1)	(1)
Continuing operations	612	49	112	91	39	903
2013						
4Broadcast	608	41	106	55	38	848
4Rights	1	6	4	31	2	44
Other	–	–	–	–	–	–
Eliminations	–	–	–	–	–	–
Continuing operations	609	47	110	86	40	892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. Other operating expenditure

Other operating expenditure includes:

	2014 £m	2013 £m
Depreciation of property, plant and equipment (note 9)	6	6
Amortisation of intangible assets (note 10)	1	2
Restructuring costs	1	2
Members' remuneration (page 125)	3	2
Operating lease rentals	1	1
Other administrative expenses	19	19
Other operating expenditure	31	32

Auditors' remuneration

Fees in respect of services provided by the auditors were:

	2014 £000	2013 £000
Audit of these financial statements	145	125
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	15	15
Other audit related and assurance	58	65
Total audit and assurance	218	205
Taxation compliance services	42	79
All other services	128	70
Total other services	170	149
Auditors' remuneration	388	354

In addition to the above services, £19,245 (2013: £19,295) is payable to the Group's auditors who acted as auditors to the Channel Four Television Staff Pension Plan.

The appointment of auditors to the Channel Four Television Staff Pension Plan and the fees paid in respect of those audits are agreed by the Trustees of the Plan, who act independently from the management of the Group.

4. Employee expenses and information

A detailed analysis of Members' remuneration, including salaries and variable pay, is provided in the report on Members' remuneration on pages 124–129.

The direct costs of all employees, including Members, appear below:

	2014 £m	2013 £m
Aggregate gross salaries	61	55
Employer's national insurance contributions	6	6
Employer's defined benefit pension current service cost (note 18)	3	3
Employer's defined contribution pension contributions	2	2
Total direct costs of employment	72	66

In addition to the above, in 2014 £1 million of costs were expensed to the income statement in respect of restructuring initiatives to increase operational efficiency within the Group (2013: £2 million).

As disclosed in the Members' Remuneration Report on page 125, the total remuneration of the Executive and Non-Executive Members for the year ending 31 December 2014 was £2,640,000 (2013: £2,432,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. Employee expenses and information continued

The salary multiple of highest to median employee was as follows:

	2014 £000	2013 £000
Total remuneration of highest paid employee (page 125)	855	739
Total remuneration of median employee	54	51
Multiple of highest paid to median employee	15.8	14.5

Total remuneration is defined as base salary, variable pay, employer pension contribution and other benefits.

The average number of employees, including Executive Members, was as follows:

	2014 Number	2013 Number
4Broadcast		
Programme commissioning	214	210
Advertising and sponsorship sales and research	192	191
Marketing and creative services	110	110
Corporate affairs and press office	36	36
Information systems	40	45
Corporate and strategy	17	17
Transmission and engineering	51	46
Finance, human resources and facilities management	69	68
4Talent	13	12
	742	735
4Rights	66	63
Group total	808	798
Permanent employees	766	746
Contract staff	42	52
Group total	808	798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. Net finance expense

Net finance income/(expense) recognised in the year comprised:

	2014 £m	2013 £m
Interest receivable on short-term deposits	1	1
Net interest expense on pension scheme (note 18)	(2)	(2)
Net finance expense	(1)	(1)

6. Income tax expense

The taxation charge is based on the taxable profit for the year and comprises:

	2014 £m	2013 £m
Current tax:		
Current year	–	–
Adjustments for prior years	–	(1)
	–	(1)
Deferred tax: origination and reversal of temporary differences		
Current year	1	(2)
Prior year	–	2
Total income tax expense/(credit)	1	(1)

Corporation tax is charged at the standard UK rate of 21.5% for the year (2013: 23.25%).

Reconciliation of income tax:

	2014 %	2014 £m	2013 %	2013 £m
Surplus/(deficit) excluding income tax		4		(16)
Income tax using the domestic corporation tax rate	21.5%	1	23.25%	(4)
Effects of:				
Non-deductible expenses		1		1
Non-taxable gains		(1)		–
Deferred tax not recognised		–		1
Other tax adjustments		–		1
Total income tax expense/(credit)		1		(1)

The income tax expense excludes the Group's share of income tax of investments accounted for using the equity method of £1 million (2013: £nil) which has been included in the Group's share of post acquisition profits, net of income tax (note 7).

Current tax assets and liabilities

The current tax asset of £nil (2013: £1 million) represents the amount of income tax recoverable in respect of current and prior periods.

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:

	Box £m	Growth Fund £m	Total £m
Carrying value at 1 January 2013	25	–	25
Share of post acquisition profits, net of income tax	1	–	1
Amortisation	(1)	–	(1)
Share of dividends received	(2)	–	(2)
Total carrying value at 31 December 2013	23	–	23
	Box £m	Growth Fund £m	Total £m
Carrying value at 1 January 2014	23	–	23
Acquisitions	–	4	4
Share of post acquisition profits, net of income tax	2	–	2
Amortisation	(1)	–	(1)
Share of dividends received	(2)	–	(2)
Total carrying value at 31 December 2014	22	4	26

The Box Plus Network Ltd

The Box Plus Network Ltd (Box) broadcasts a number of music television channels on free-to-air and pay platforms. Box is accounted for as a joint venture and the investment reflects 500 ordinary shares of £1, representing 50% of the share capital of Box.

Impairment tests on the investment in Box are carried out annually or if indications arise of a possible impairment. The recoverable amounts of the goodwill and intangible assets in Box are determined based on their value in use.

An impairment review was carried out by estimating the future expected cashflows for Box using a pre-tax discount rate of 9% (2013: 10%), reflecting the Group's estimated cost of capital for its commercial television segments and comprising a risk-free rate and an equity risk premium. Cashflows were based on management's best estimate of future performance to 2024, reflecting management's cautious view of the long-term potential in music viewing in commercial television. The present value of the cashflows accruing to the Group was compared with the carrying value of the investment held on the balance sheet. No impairment was required as a result.

Management has approved the forecast on which the cashflow analysis has been based and believes that there are currently no likely changes in revenues or discount rate which would reduce the value in use for Box down to a level where an impairment would arise.

The broadcast licence acquired as part of the investment in Box is amortised over the duration of the licence period (eight years). This amount is included within the carrying value of the investment.

There are no contingent liabilities and no capital commitments in respect of Box or other joint ventures to be included within the Group's financial statements. During 2014, Channel 4 received a dividend of £2.5 million (2013: £2 million) from Box. Channel 4 also sold £8 million (2013: £8 million) of services to Box including commissions earned on advertising sales and made payments on Box's behalf for other services including transmission, programme costs, brand royalties, marketing, facilities management, information systems, finance and other administrative support and pensions. Box owed Channel 4 £1 million at 31 December 2014 (2013: £1 million) in respect of these services. Channel 4 paid £nil (2013: £nil) to Box in 2014 and owed Box £nil at 31 December 2014 (2013: £nil).

Summary annual financial information of investment in Box

	Current assets £m	Non-current assets £m	Current liabilities £m	Long-term liabilities £m	Revenue £m	Profit from continuing operations £m
2014	12	1	(6)	–	35	6
2013	13	–	(6)	–	35	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. Investments accounted for using the equity method continued

The Growth Fund

During 2014 Channel 4 launched the Growth Fund, a fund with the aim of nurturing the independent sector. The fund will seek to invest up to £20 million over a period of three years, in a broad portfolio of television and digital companies. Channel 4 invested £4 million in acquiring minority shareholdings in five companies in 2014, with a further £1 million committed for subsequent equity subscriptions in these companies at 31 December 2014.

Channel 4 set out two key aims when launching the 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. As such, the Growth Fund Companies are held for investment purposes and it is not Management's intention to control these entities. The 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. Management have reviewed the carrying value of the Growth Fund as at 31 December 2014 and concluded that there are no indicators of impairment at the balance sheet date.

Programme rights and other inventories to the value of £594 million were recognised as expenses in the year across the main and digital television channels (2013: £589 million) representing programmes commissioned from both independent and non-independent production companies as well as programme and film rights acquisitions. Of this total, Channel 4 commissioned £10 million of content from Growth Fund companies in 2014 which includes commissions sanctioned both pre and post-acquisition. Channel 4 owed the Growth Fund companies £nil in respect of these transactions at 31 December 2014.

The Growth Fund is comprised of the following entities as at 31 December 2014:

Company	Place of business	Proportion of equity owned at 31 December 2014*
Arrow International Media Ltd	UK	12.0%
Eleven Film Ltd	UK	13.5%
Lightbox Media Ltd	UK	12.0%
Popkorn Media Ltd	UK	16.1%
True North Productions Ltd	UK	21.0%

* This represents the proportion of equity owned as at 31 December 2014 and does not include commitments for subsequent equity subscriptions after the balance sheet date.

Summary annual financial information of Growth Fund investments

	Current assets £m	Non-current assets £m	Current liabilities £m	Long-term liabilities £m	Revenue £m	Profit from continuing operations £m
2014	6	1	(4)	(2)	26	1

8. Other investments

Other investments held comprise:

	2014 £m	2013 £m
At 1 January	–	2
Disposals	–	(2)
At 31 December	–	–

Espresso Broadband Ltd

£1.5 million of the other investments held by the Group at 1 January 2013 related to a 10% equity holding in Espresso Broadband Ltd, a producer and distributor of digital education programming, held since March 2007. The Corporation sold its investment in Espresso Broadband Ltd in 2013 and received a consideration of £2.2 million. A profit on the sale of the investment of £0.7 million was recognised in 2013.

Protagonist Pictures Ltd

£0.1 million of the other investments held by the Group reflect a 15% equity holding in Protagonist Pictures Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. Other investments continued

Other

Channel Four Television Corporation contributes to the funding of the following organisations, each of which is incorporated in Great Britain. The table below presents Channel 4's ownership of the entities, or legal guarantee (indicated with *), and transactions with them during the year.

	Ownership	Activity	Services received year ended 31 December £m	Funding & services provided year ended 31 December £m
2014				
Broadcasters' Audience Research Board Ltd	*	Research	–	2
Clearcast Ltd	16.70%	Regulator	–	1
Digital 3 and 4 Ltd	50.00%	Operator	1	25
DTV Services Ltd	20.00%	Marketing	5	5
Digital UK*	*	Marketing	–	2
Thinkbox Ltd	20.00%	Marketing	1	1
YouView Ltd	14.30%	Platform	1	2
2013				
Broadcasters' Audience Research Board Ltd	*	Research	–	2
Clearcast Ltd	16.70%	Regulator	–	1
Digital 3 and 4 Ltd	50.00%	Operator	1	30
DTV Services Ltd	20.00%	Marketing	3	5
Digital UK*	*	Marketing	–	1
Thinkbox Ltd	20.00%	Marketing	1	2
YouView Ltd	14.30%	Platform	4	6

Channel 4 owed DTV Services £0.5 million at 31 December 2014 (2013: £nil). There were no trade receivable or trade payable balances with any of the other related parties listed above at 31 December 2014 or 31 December 2013. No dividends were received in 2014 (2013: £nil) from any of the related parties listed above.

The investments listed have not been accounted for as joint ventures or associates as they are not-for-profit, cost-sharing organisations which will not generate returns for the Group. The Group recognises its share of funding contributions of these organisations in the appropriate line in the income statement in the period to which they relate. They are held at £nil carrying amount in the consolidated financial statements of the Group and therefore the accounting treatment applied is not deemed material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. Property, plant and equipment

	Freehold land and building £m	Fixtures, fittings and equipment £m	Total £m
Cost or valuation			
At 1 January 2013	62	125	187
Additions	–	3	3
Revaluation	11	–	11
At 31 December 2013	73	128	201
At 1 January 2014	73	128	201
Additions	–	6	6
Revaluation	12	–	12
At 31 December 2014	85	134	219
Depreciation			
At 1 January 2013	–	106	106
Charge for the year	1	5	6
Revaluation	(1)	–	(1)
At 31 December 2013	–	111	111
At 1 January 2014	–	111	111
Charge for the year	1	5	6
Revaluation	(1)	–	(1)
At 31 December 2014	–	116	116
Net book value			
At 1 January 2014	73	17	90
At 31 December 2014	85	18	103
At 1 January 2013	62	19	81
At 31 December 2013	73	17	90

There were no commitments to purchase property, plant and equipment at the balance sheet date (2013: none). There were no material assets held under finance leases at the balance sheet date (2013: none). No assets have been pledged for security (2013: none).

Valuation of freehold property

The freehold property at 124 Horseferry Road, London SW1P 2TX, was valued at 31 December 2014 by external valuers BNP Paribas Real Estate, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. 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 £85 million (2013: £73 million). After depreciation charged on the open market value at 31 December 2014 (£1 million), a gain on revaluation of £13 million has been recognised in the Statement of Other Comprehensive Income.

If freehold property had not been revalued it would have been included in the financial statements at the following amounts:

	2014 £m	2013 £m
Cost	62	62
Accumulated depreciation	(19)	(18)
Impairment	(6)	(6)
Net book value based on cost	37	38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. Intangible assets

	Developed software £m	Broadcasting licence £m	Total £m
Cost			
At 1 January 2013 and 31 December 2013	23	5	28
At 1 January 2014 and 31 December 2014	23	5	28
Amortisation			
At 1 January 2013	18	5	23
Amortisation for the year	2	–	2
At 31 December 2013	20	5	25
At 1 January 2014	20	5	25
Amortisation for the year	1	–	1
At 31 December 2014	21	5	26
Carrying amount			
At 1 January 2014	3	–	3
At 31 December 2014	2	–	2
At 1 January 2013	5	–	5
At 31 December 2013	3	–	3

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 under IAS 38 'Intangible Assets'. Assets are amortised on a straight-line basis over two to five years from the date the asset becomes available for use. The amortisation charge for developed software is recognised in the income statement (note 3).

The broadcast licence represents the broadcasting licence acquired as part of the acquisition of Life One Broadcasting Ltd in 2007 and transferred to Channel 4 on 1 January 2012 at its carrying value and was fully amortised as of 31 December 2012.

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised at 20% (2013: 20%) reflecting the corporation tax rate substantially enacted as at 31 December 2014.

	Assets 2014 £m	Assets 2013 £m	Liabilities 2014 £m	Liabilities 2013 £m	Net 2014 £m	Net 2013 £m
Property, plant and equipment	2	2	–	–	2	2
Employee benefits	14	7	–	–	14	7
Carried forward trading losses	2	2	–	–	2	2
Revaluation of freehold land and buildings	–	–	(4)	(2)	(4)	(2)
Other short-term timing differences	–	–	(1)	(1)	(1)	(1)
Group deferred tax assets/(liabilities)	18	11	(5)	(3)	13	8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. Deferred tax assets and liabilities continued

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of:

	2014 £m	2013 £m
Carried forward capital losses	1	1
Carried forward trading losses	7	7
Tax assets	8	8

Unrecognised deferred tax assets include trading and capital losses carried forward that the Group is not yet able to utilise. A deferred tax asset is only recognised to the extent that it is probable that taxable profit will be available in the near future against which the deductible temporary difference can be utilised.

Movements in temporary differences during the year

The amount of deferred tax recognised in respect of each type of temporary timing difference is as follows:

	Balance at 1 Jan 13 £m	Recognised in income £m	Recognised in other comprehensive income £m	Balance at 31 Dec 13 £m
Property, plant and equipment	2	–	–	2
Intangible assets – internally-developed software	(1)	1	–	–
Employee benefits	9	(2)	–	7
Carried forward trading losses	–	2	–	2
Revaluation of freehold land and buildings	–	–	(2)	(2)
Other short-term timing differences	–	(1)	–	(1)
Group deferred tax assets/(liabilities)	10	–	(2)	8

	Balance at 1 Jan 14 £m	Recognised in income £m	Recognised in other comprehensive income £m	Balance at 31 Dec 14 £m
Property, plant and equipment	2	–	–	2
Employee benefits	7	(1)	8	14
Carried forward trading losses	2	–	–	2
Revaluation of freehold land and buildings	(2)	–	(2)	(4)
Other short-term timing differences	(1)	–	–	(1)
Group deferred tax assets/(liabilities)	8	(1)	6	13

12. Programme and film rights and other inventories

	2014 £m	2013 £m
Programmes and films completed but not transmitted	91	74
Acquired programme and film rights	51	50
Programmes and films in the course of production	100	97
Other inventories	–	3
	242	224

Certain programmes and film rights may not be utilised within one year.

Programme rights and other inventories to the value of £594 million were recognised as expenses in the year across the main and digital television channels (2013: £589 million). Of this amount, obsolete programmes and developments written off totalled £45 million (2013: £39 million). Programme rights and other inventories include £28 million (2013: £30 million) in respect of developed film rights.

Other inventories represent amounts held within the 4Rights segment for DVDs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Trade and other receivables

	2014 £m	2013 £m
Trade receivables	157	136
Prepayments and accrued income	38	43
Distribution and producer advances	1	3
Total trade and other receivables	196	182

There is no difference between the fair value and book value of trade and other receivables. For trade and other receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables are estimated as the present value of future cashflows discounted at the market rate of interest at the reporting date.

Trade receivables are shown net of impairment charges amounting to £nil (2013: £nil) recognised in the current year in relation to outstanding balances from customers, the receipt of which management view as unlikely.

Distribution and producer advances are shown net of impairment charges amounting to £2 million (2013: £4 million) recognised in the current year in relation to advances paid on DVD development deals, which management consider are unlikely to be recouped through future sales.

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 against exposure to these receivables working to approved terms of reference including insurance for most customers. Exposure is monitored and reviewed on a weekly basis, and any issues are formally reported to an executive committee chaired by the Group Finance Director. Based on credit evaluation and discussions with both the committee and insurers, customers may be required to provide security in order to trade with the Group.

The Group establishes an allowance for impairment that represents our estimate of likely losses 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 agencies must settle their debts before advertising transmissions are broadcast.

(ii) Counterparty

See Interest rate risk and exposure on page 152.

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, net of allowance for impairment, was £157 million for the Group (2013: £136 million), with £70 million of other financial assets (2013: £107 million) and cash and cash equivalents of £152 million (2013: £131 million). The exposure to credit risk all arises in the UK.

Trade receivables of £157 million for the Group (2013: £136 million) were aged under six months and which were not yet due under standard credit terms at the balance sheet date. £122 million of the receivables were insured at the balance sheet date (2013: £114 million) and £146 million has been subsequently collected by the Group since the balance sheet date.

The allowance for impairment of trade receivables was £nil at the balance sheet date (2013: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. Treasury

	2014 £m	2013 £m
Bank balances	38	37
Money market funds ¹	84	64
Money market deposits maturing in less than three months	30	30
Cash and cash equivalents	152	131
Money market deposits maturing after three months	10	50
Investment funds	60	57
Other financial assets	70	107

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 and cash equivalents and other financial assets.

Cashflow information

	2014 £m	2013 £m
Cash and cash equivalents at 1 January	131	173
Other financial assets at 1 January	107	88
Total cash and cash equivalents and other financial assets at 1 January	238	261
Net cashflow from operating activities	(9)	(25)
Net cashflow from investing activities	(7)	2
Total cashflow	(16)	(23)
Cash and cash equivalents at 31 December	152	131
Other financial assets at 31 December	70	107
Total cash and cash equivalents and other financial assets at 31 December	222	238

Capital structure and management

Channel 4 is a statutory corporation without shareholders. Whilst returns to shareholders are therefore not relevant, the Group maintains cash reserves to help protect against short-term fluctuations in revenue and meet its business objectives in a timely and efficient manner. The Group is committed to efficient utilisation of the cash resources at its disposal to generate an appropriate return taking into account the liquidity needs of the business and the scope of treasury policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. Treasury continued

Interest rate risk and exposure

The Group invests surplus cash in fixed rate money market deposits, high interest bank accounts and variable 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 0.1% lower/higher throughout the year, with all other variables held constant the Group's deficit before tax would have been £0.1 million lower/higher (2013: £0.1 million).

The Group does not have any debt and as such is not exposed to fluctuations in interest rates in this regard.

The interest rate profile of the Group's cash and deposits at 31 December 2014 and 31 December 2013 is set out below:

	Effective interest rate 2014 %	Effective interest rate 2013 %	Total 2014 £m	Total 2013 £m
Interest bearing deposits maturing in less than three months held in Sterling	0.5	0.5	150	130
Interest bearing deposits maturing in less than three months held in foreign currencies	0.1	0.1	2	1
Total cash and cash equivalents	0.5	0.5	152	131
Money market deposits maturing after three months held in Sterling	0.7	0.6	10	50
Investment funds	0.8	0.7	60	57
Other financial assets	0.8	0.6	70	107

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 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 financial income (note 5). The Group does not have any 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 2014, the total value of forward contracts used as economic hedges of monetary liabilities was £11 million (2013: £11 million). This represented eighteen Euro forward purchase contracts, sixteen of which have a fixed maturity date with settlement within 12 months from the balance sheet date, and two thereafter, and three US Dollar forward purchase contracts, all of which have a fixed maturity date with settlement within 12 months from the balance sheet date. At 31 December 2014, these have been revalued with reference to forward exchange rates based on maturity. The change in fair value of £0.1 million (2013: £0.3 million) has been recognised in the income statement and the associated liability recorded on the balance sheet as at 31 December 2014. The forward contracts have been assessed as level 2 in the fair value hierarchy under IFRS 13.

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 surplus before tax would have been £1.5 million lower/higher (2013: £1.4 million).

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 these risks. 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, which reports to the Group 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.

Group treasury operates within clearly defined objectives and controls and is subject to periodic review by the business assurance function.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. Trade and other payables

	2014 £m	2013 £m
Trade payables	15	13
National insurance	1	1
Other creditors	48	43
Accruals	200	195
VAT	22	17
Total trade and other payables	286	269

There is no difference between the fair value and book value of trade and other payables. The contractual cashflows are equal to the carrying amount and are classified as payable within six months or less at 31 December 2014 and 2013.

The Group endeavours to pay all invoices in accordance with contract terms and, unless agreed payment terms specify otherwise, within 30 days of the date of the invoice. Any complaints about failure to pay on time should be addressed to the Group Finance Director, who will ensure that they are investigated and responded to appropriately.

The number of days taken to pay suppliers of services in 2014, as calculated using average payable balances, was 7 (2013: 6). This is significantly lower than the Group's standard payment terms of 30 days due to the payment arrangements required for programme and transmission costs.

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 are considered to be sufficient to support the Group's medium-term funding requirements.

16. Provisions

	Onerous contracts £m	Restructuring costs £m	Total £m
At 1 January 2013	3	1	4
Utilised in the year	(1)	(1)	(2)
Charged to the income statement	1	–	1
At 31 December 2013	3	–	3
At 1 January 2014	3	–	3
Released in the year	(1)	–	(1)
Charged to the income statement	–	–	–
At 31 December 2014	2	–	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. Provisions continued

Provisions have been analysed as current and non-current as follows:

	2014 £m	2013 £m
Current	1	1
Non-current	1	2
	2	3

Onerous contracts

The provision relates to the rental deficit on a building that is surplus to requirements but for which the Group has contracted commitments at the balance sheet date. The property rental agreement is due to expire in 2020. The provision represents the discounted net cashflows of the property rental agreement until its expiry. An amount of £0.1 million (2013: £0.1 million) has been recognised as an interest cost relating to the passage of time of the discounted provision.

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.

17. Commitments

	Due within 1 year £m	Due within 2–5 years £m	Due after 5 years £m	Total £m
2014				
Programme commitments	309	288	3	600
Operating leases	2	7	–	9
Total	311	295	3	609
	Due within 1 year £m	Due within 2–5 years £m	Due after 5 years £m	Total £m
2013				
Programme commitments	324	281	–	605
Operating leases	2	7	2	11
Total	326	288	2	616

In addition to the above, the Corporation is party to the shareholder agreement for Digital 3 and 4 Ltd. The Corporation is committed to meeting its share of contracted costs entered into by that company.

The Corporation's share of Digital 3 and 4 Ltd's committed payments was £25 million in 2014 (2013: £29 million) and is forecast to be £25 million in 2015. Digital 3 and 4 Ltd has entered into long-term distribution contracts that expire in 2022 and 2034 and the Corporation is committed to funding its contractual share.

The Corporation is committed to paying capacity costs for transmission on the digital terrestrial and satellite network. Committed payments for digital terrestrial transmission capacity costs amounted to £37 million in 2014 (2013: £36 million) and are forecast to be £25 million in 2015. Committed payments for satellite transmission capacity costs were £16 million in 2014 (2013: £16 million) and are forecast to be £16 million in 2015. The digital terrestrial transmission contracts expire between 2026 and 2031 and the satellite transmission contracts expire between 2018 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. Employee benefits – pensions

The Group operates a defined benefit pension scheme – the Channel 4 Television Staff Pension Plan (“the Plan”), providing benefits based on final salary for employees.

Nature of benefits, regulatory framework and governance of the Plan

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 Plan is operated under trust and as such 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 interest 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 157 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.

Amounts recognised in the consolidated balance sheet

	2014 £m	2013 £m
Present value of funded obligations	(396)	(309)
Fair value of plan assets	323	270
Recognised liability for defined benefit obligations	(73)	(39)

Movements in the fair value of plan assets recognised in the balance sheet:

	2014 £m	2013 £m
Fair value of scheme assets at 1 January	270	244
Interest income on plan assets	12	11
Return on plan assets (excluding amounts in interest income)	37	12
Employer contributions net of charges	8	6
Employee contributions net of charges	1	1
Benefits paid	(5)	(4)
Fair value of scheme assets at 31 December	323	270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. Employee benefits – pensions continued

The fair value of the plan assets at the balance sheet date is comprised as follows:

	2014 £m	2013 £m
UK equity	7	7
Overseas equity	66	59
Emerging markets equity	9	9
Total equity securities	82	75
Corporate bonds	61	37
Fixed interest gilts	–	6
Index linked gilts	101	86
Total debt securities	162	129
UK equity linked inflation	58	50
Overseas equity linked inflation	20	16
Total investment funds	78	66
Cash and cash equivalents	1	–
Fair value of scheme assets at 31 December	323	270

The plan assets do not include any directly or indirectly owned financial instruments issued by Channel Four Television Corporation.

Movements in the present value of scheme liabilities for defined benefit obligations recognised in the balance sheet:

	2014 £m	2013 £m
Present value of scheme liabilities at 1 January	309	284
Current service cost	3	3
Interest expense on pension scheme liabilities	14	13
Remeasurement deficit/(gain) on plan liabilities arising from changes in demographic assumptions	31	(2)
Remeasurement deficit on plan liabilities arising from changes in financial assumptions	43	22
Experience remeasurement	–	(7)
Employee contributions net of charges	1	1
Benefits paid	(5)	(5)
Present value of scheme liabilities at 31 December	396	309

Expenses recognised in the income statement arose as follows:

	2014 £m	2013 £m
Current service cost	3	3
Interest expense on pension scheme liabilities	14	13
Interest income on plan assets	(12)	(11)
Net charge to income statement	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. Employee benefits – pensions continued

The expense has been recognised in the following lines in the income statement:

	2014 £m	2013 £m
Cost of transmission and sales	2	2
Other operating expenditure	1	1
Net financial expense	2	2
Net charge to income statement	5	5

The remeasurement deficit recognised in other comprehensive income arose as follows:

	2014 £m	2013 £m
Remeasurement deficit on plan liabilities	(74)	(13)
Remeasurement gain on plan assets (excluding amounts in interest income)	37	12
Net remeasurement deficit on pension scheme	(37)	(1)

The cumulative amount of net remeasurement deficits/gains recognised in the Statement of Changes in Equity since transition to IFRS is £99 million (2013: £62 million).

Principal actuarial assumptions at the balance sheet date

	2014 %	2013 %
Discount rate	3.50	4.50
Rate of increase in salaries	2.65	3.20
Rate of increase in pensions	3.05	3.40
Inflation	3.15	3.50
	2014 years	2013 years
Life expectancy from 65 (now aged 45) – male	23.2	23.2
Life expectancy from 65 (now aged 45) – female	26.5	26.4
Life expectancy from 65 (now aged 65) – male	22.9	22.9
Life expectancy from 65 (now aged 65) – female	26.0	25.9

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 2014:

	Revised present value of scheme liabilities £m
0.5% decrease in discount rate	442
1 year increase in life expectancy	408
0.5% increase in inflation (and inflation-linked) assumptions	441

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

18. Employee benefits – pensions continued

Funding arrangements

Contribution rates 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 2012. The results of the valuation at 31 December 2012 showed that the scheme's assets represented 71% of the benefits that had accrued to Members, reflecting a deficit of £101 million. The next triennial valuation will be carried out as at 31 December 2015.

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 £588,000 per month with effect from 1 August 2014 to 31 December 2014 and increasing to £708,000 per month with effect from 1 January 2015 to 31 December 2025.

The estimated total employer contributions in 2015 are £12 million, comprised of £8.5 million in respect of the deficit funding payments described above with the balance representing Channel 4's contributions of monthly pensionable salary of those employees who are Members of the scheme.

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.

The Plan is closed to new entrants. On 24 February 2015, it was announced that the scheme will close to future accrual with effect from 31 December 2015.

19. Related party transactions

Members

Details of transactions in which Members have an interest are disclosed on page 110.

Details of Members' remuneration are shown in the Remuneration Report on pages 124–129.

Joint Ventures and Associates

Details of transactions between the Group and its joint ventures and associates are disclosed in note 7 on pages 144–145.

Equity investments

During 2014, Channel 4 paid £0.1 million to Protagonist Pictures Ltd for agency sales and film acquisition services (2013: £0.3 million). No amounts were due at 31 December 2014 (2013: £nil).

Other

Channel Four Television Corporation contributes to the funding of several not-for-profit, cost-sharing organisations. Details of transactions between the Group and these organisations are disclosed in note 8 on page 146.

CHANNEL 4 BALANCE SHEET AS AT 31 DECEMBER

	Group note	Channel 4 note	2014 £m	2013 £m
Assets				
Property, plant and equipment	9		103	90
Intangible assets	10		2	3
Investments in subsidiaries and joint ventures		2	28	28
Deferred tax assets	11		18	11
Total non-current assets			151	132
Programme and film rights and other inventories	12		242	224
Trade and other receivables	13		196	182
Corporation tax			–	1
Other financial assets	14		70	107
Cash and cash equivalents	14		152	131
Total current assets			660	645
Total assets			811	777
Liabilities				
Employee benefits – pensions	18		(73)	(39)
Provisions	16		(1)	(2)
Deferred tax liabilities	11		(5)	(3)
Total non-current liabilities			(79)	(44)
Trade and other payables		3	(431)	(417)
Provisions	16		(1)	(1)
Total current liabilities			(432)	(418)
Total liabilities			(511)	(462)
Net assets			300	315
Revaluation reserve			39	28
Retained earnings:				
Content reserve			30	–
Other retained earnings			231	287
Total equity			300	315

The financial statements on pages 159 to 162 were approved by the Board of Members on 25 March 2015 and were signed on its behalf by:

Lord Burns
Chairman

David Abraham
Chief Executive

The notes on pages 161 to 162 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 2013	303	–	18	321
Deficit for the year	(15)	–	–	(15)
Other comprehensive (cost)/income	(1)	–	10	9
Total comprehensive (cost)/income for the year	(16)	–	10	(6)
At 31 December 2013	287	–	28	315
At 1 January 2014	287	–	28	315
Surplus for the year	3	–	–	3
Reserve transfer	(30)	30	–	–
Other comprehensive (cost)/income	(29)	–	11	(18)
Total comprehensive (cost)/income for the year	(56)	30	11	(15)
At 31 December 2014	231	30	39	300

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 130 to 158. As permitted by the 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, Channel Four Television Corporation has not presented its own income statement. A surplus of £3 million (2013: £15 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 134 to 138, except as stated below.

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 an estimated impairment for doubtful accounts if applicable.

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 auditors for the year ended 31 December 2014 are presented in note 3 to the consolidated financial statements on page 141.

Staff costs

All staff costs are borne by Channel 4 and are presented in note 4 to the consolidated financial statements on page 141.

2. Investments in subsidiaries and joint ventures

Joint ventures

The investment in The Box Plus Network Ltd is recorded on Channel Four Television Corporation's balance sheet at historical cost. The balance as at 31 December 2014 was £28 million.

Subsidiaries

The cost of investments at 31 December was:

	2014 £000	2013 £000
4 Ventures Ltd	1	1

4 Ventures Ltd is a 100% owned subsidiary of Channel 4.

At the balance sheet date 4 Ventures Ltd owned more than 50% of the issued share capital of the following companies each of which was incorporated in Great Britain:

	Activity	Issued ordinary £1 shares	Ownership %
FilmFour Ltd	Film distribution	1,000	100
Channel Four Investments Ltd	Growth Fund	1	100

FilmFour Ltd sells rights from its film library to Protagonist Pictures Ltd (Group note 19).

3. Trade and other payables

	2014 £m	2013 £m
Trade payables	15	13
National insurance	1	1
Other creditors	48	43
Amounts due to subsidiaries	145	148
Accruals	200	195
VAT	22	17
Total trade and other payables	431	417

The number of days taken to pay suppliers of services in 2014, as calculated using average payable balances, was 7 (2013: 6). This is significantly lower than the Group's standard payment terms of 30 days due to the payment arrangements required for programme and transmission costs.

Included within trade and other payables is £nil to be settled in more than 12 months.

PROGRAMMES AND THE LICENCE

Sources of programmes

Channel 4

Channel 4 commissions programmes from both independent and non-independent producers and purchases programmes from the international markets. The source and cost of the programmes transmitted on the main Channel 4 service in 2014 are shown in the table below:

	2014 Hours	2013 Hours	2014 £m	2013 £m
Originated				
Independents	3,460	3,822	283	297
Other	2,035	1,526	99	88
	5,495	5,348	382	385
Acquired	3,265	3,412	110	101
Programmes total	8,760	8,760	492	486
Other direct programme costs			7	6
Total	8,760	8,760	499	492
All hours	Hours	Hours	%	%
Originated	5,495	5,348	63	61
Acquired	3,265	3,412	37	39
Total	8,760	8,760	100	100
Peak hours	Hours	Hours	%	%
Originated	1,266	1,272	77	77
Acquired	377	371	23	23
Total	1,643	1,643	100	100

Independent production companies are the most important source of originated programmes. Programmes transmitted on Channel 4 in 2014 were provided by 194 independent companies (2013: 224).

Other direct programme costs reflect access services such as subtitling and sign-language services and amounts payable to music royalty collection societies.

Production outside London

Channel 4 is keen to encourage film and television production throughout the Nations and Regions of the United Kingdom and has a number of schemes to achieve that objective. The total cost of those programmes in 2014 amounted to £150 million (2013: £164 million).

PROGRAMMES AND THE LICENCE CONTINUED

Programme transmissions*

Channel 4

The main Channel 4 service broadcast 8,760 hours in 2014 (2013: 8,760) – 24 hours each day. The hours and costs of the channel's wide range of programme transmissions were as follows:

	2014 Hours	2013 Hours	2014 £m	2013 £m
Drama	579	601	100	109
Entertainment	2,349	2,378	117	111
Education	2,622	2,375	98	88
Feature films	978	1,162	42	40
Other factual	165	189	25	18
News	242	240	25	25
Current affairs	238	245	20	23
Documentaries	274	295	25	31
Arts and music	92	125	8	8
Sport	814	710	22	19
Quiz and gameshows	396	418	9	12
Religion	11	22	1	2
Total	8,760	8,760	492	486

* The data in the table above is consistent with prior years and based on Channel 4's internal reporting genres. Data presented in the Statement of Media Content Policy (SMCP) is structured around the key genres reflecting Channel 4's internal commissioning structure.

E4, More4 and Film4 channels

The E4 channel broadcast for a total of 8,760 hours in 2014 (2013: 8,760 hours) with 100% of these hours being subtitled (2013: 100%).

The More4 channel broadcast for 6,832 hours (2013: 6,791 hours) with 100% of these hours being subtitled (2013: 100%).

The Film4 channel broadcast for 6,062 hours (2013: 6,076 hours) with 100% of these hours being subtitled (2013: 100%).

4seven broadcast for 7,187 hours in 2014 (2013: 7,180 hours) with 100% of these hours being subtitled (2013: 100%).

Ofcom

Ofcom monitors compliance with broadcasters' licence obligations (including compliance with its Broadcasting Code) and deals with complaints concerning standards in programmes and complaints of unfair treatment and/or infringement of privacy.

Channel 4

Ofcom recorded three breaches of its Code on standards in programmes by the main Channel 4 service in 2014 (2013: three). None were judged serious enough to merit a statutory sanction (2013: none). In 2014 one complaint about fairness/privacy in Channel 4's programmes was upheld (2013: two) and two complaints were upheld in part (2013: two).

E4, More4 and Film4

No recorded breach of the Code on standards in programmes was noted against More4 (2013: one) and no recorded breach of the Code on standards in programmes was noted against E4 in 2014 (2013: none). There were no recorded breaches of the Code on standards against Film4 in 2014 (2013: none). In 2014 no complaints about fairness/privacy were upheld against E4, More4 or Film4 (2013: none).

PROGRAMMES AND THE LICENCE CONTINUED

ASA

ASA regulates all broadcast and non-broadcast UK advertising. All non-broadcast advertising should comply with the Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (the 'CAP Code'). All broadcast advertisements and programme sponsorship credits on television services licensed by Ofcom should comply with the UK Code of Broadcast Advertising (the 'BCAP Code'). Ofcom retains direct responsibility under the BCAP Code for sponsorship, product placement and participation TV advertising. The ASA recorded two breaches of the BCAP Code in 2014 (2013: four breaches of the BCAP Code).

The licence

The wide range and diversity of programmes shows that the remit is central to Channel 4's programming policy. Our licence from Ofcom, in addition to stipulating the need to meet the remit, places certain specific programme obligations on Channel 4.

	Compliance minimum	2014	2013
Average hours per week			
News			
– in peak-time (6pm – 10.30pm)	4	4	4
Current affairs			
– overall	4	5	5
– in peak-time (6pm – 10.30pm)	2	3	3
Hours per year			
Schools	1	4	10
Percentage			
Original production			
– overall	56	63	61
– in peak-time (6pm – 10.30pm)	70	77	77
Independent production*	25	73	75
European independent production*	10	40	45
European origin	50	66	66
Subtitling for the deaf and hard-of-hearing	90	100	100
Audio description	10	28	31
Signing	5	5	5
Regional production	35	43	46
Regional hours	35	52	55
Production in the Nations	3	6	6
Nations hours	3	6	7

The 2014 Ofcom licence disclosure reflects Channel 4's Digital Replacement Licence (DRL), which was renewed in 2014 and came into effect in January 2015. This encompasses the requirements set out in the Communications Act 2003.

* There are material differences in the definitions contained in the European and UK legislation for qualifying independent production.

Several of the measures reflected in this section of the report are discussed in more detail on pages 15–18 of the Statement of Media Content Policy and the Strategic Report on page 107.

HISTORICAL METRICS 2010–2014

	Page ref	2010	2011	2012	2013	2014
Creativity						
Commissioning success						
Number of major television and film awards won	86–91	48	46	48	43	66
Originated content spend (£m)	15	362	419	434	429	430
Engaging audiences						
Portfolio high peak viewing share (2000–2300)	N/A	12.9%	12.7%	12.6%	12.4%	12.5%
Portfolio viewing share 16–34s	32	16.9%	17.0%	16.9%	16.7%	17.0%
Portfolio viewing share	31	11.4%	11.6%	11.5%	11.0%	10.9%
Portfolio viewing share ABC1s	N/A	11.7%	11.5%	11.4%	11.3%	10.9%
Portfolio 15 minute reach	30	87.7%	88.8%	88.1%	86.8%	85.2%
Digital and innovation measures						
VoD views (m)	34	372	429	450	476	587
Registered viewers (m)*	39	0.5	3.2	6.3	10.2	11.3
* registered viewers are net of duplicate and active users within the last two years						
Sustainability						
Financial metrics						
Corporation revenue (£m)	130	935	941	925	908	938
Content and marketing spend (£m)	140	622	635	667	649	651
Year end cash (£m)	132	261	290	261	238	222
Non-advertising and sponsorship revenue (£m)	N/A	87	96	81	62	69
Content and marketing spend and surplus/(deficit) as a % of revenue	N/A	72%	72%	69%	70%	70%
Other operating costs as a % of total costs	N/A	29%	29%	30%	30%	30%
Pre-tax surplus/(deficit) (£m)	130	54	45	(27)	(16)	4
Ad sales measures						
Sales House SONAR	168	24.8%	27.8%	27.4%	26.3%	25.9%
Advertising and sponsorship revenue (£m)	106	848	845	844	846	869
SOCI Portfolio high peak (2000–2300)	N/A	20.2%	19.7%	19.9%	18.7%	19.1%
SOCI portfolio 16–34s	N/A	25.3%	24.7%	24.8%	23.3%	23.3%
SOCI portfolio	N/A	18.3%	18.4%	18.5%	17.1%	16.6%
SOCI portfolio ABC1s	N/A	20.1%	19.7%	19.9%	19.0%	18.2%

HISTORICAL METRICS 2010–2014 CONTINUED

	2010	2011	2012	2013	2014
Performance versus competitors					
Portfolio viewing share					
C4	11.4%	11.6%	11.5%	11.0%	10.9%
BBC	32.9%	32.9%	33.6%	32.4%	33.1%
ITV	22.9%	23.1%	22.4%	23.1%	22.0%
Channel 5	5.9%	5.9%	6.0%	6.0%	5.9%

Source: BARB all individuals

Portfolio high peak viewing share 2000–2300					
C4	12.9%	12.7%	12.6%	12.4%	12.5%
BBC	32.9%	33.0%	34.1%	32.8%	33.3%
ITV	25.6%	25.4%	24.3%	24.9%	24.0%
Channel 5	7.3%	7.3%	7.2%	7.2%	7.0%

Source: BARB all individuals

SOCI Portfolio					
C4	18.3%	18.4%	18.5%	17.1%	16.6%
ITV	39.8%	39.5%	38.3%	38.3%	36.2%
Channel 5	10.2%	10.1%	10.1%	9.7%	9.5%
Sky	17.3%	21.4%	21.7%	21.7%	25.6%

Source: Donovan Data Systems (DDS)

SOCI Portfolio 16–34s					
C4	25.3%	24.7%	24.8%	23.3%	23.3%
ITV	29.8%	29.4%	27.5%	27.3%	26.3%
Channel 5	8.2%	8.5%	8.5%	8.0%	7.7%
Sky	21.1%	26.3%	27.6%	27.7%	30.1%

Source: Donovan Data Systems (DDS)

SOCI portfolio ABC1s					
C4	20.1%	19.7%	19.9%	19.0%	18.2%
ITV	37.7%	37.2%	36.7%	36.4%	34.6%
Channel 5	9.0%	8.6%	8.9%	8.9%	8.7%
Sky	18.8%	23.3%	23.0%	22.6%	25.8%

Source: Donovan Data Systems (DDS)

HISTORICAL RECORD

	2005 £m	2006 £m	2007 £m	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m
Consolidated results:										
Revenue	894	937	945	906	830	935	941	925	908	938
Operating surplus/(deficit)	57	14	(9)	(1)	4	49	41	(29)	(15)	4
Net financial income/(expense)	10	7	10	14	(2)	2	2	1	(1)	(1)
Share of profit/(loss) in joint venture	–	–	1	(3)	–	3	2	1	–	1
Surplus/(deficit) before taxation	67	21	2	10	2	54	45	(27)	(16)	4
Taxation	(18)	(7)	(1)	(8)	(2)	(15)	(10)	–	1	(1)
Surplus/(deficit) for the year	49	14	1	2	–	39	35	(27)	(15)	3

All figures are shown under Adopted IFRS.

Advertising sales

	2005 £m	2006 £m	2007 £m	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m
Channel 4 Sales House	769	777	825	790	707	819	939	916	935	967
Other	2,718	2,523	2,608	2,487	2,179	2,490	2,442	2,430	2,616	2,769
Total broadcast	3,487	3,300	3,433	3,277	2,886	3,309	3,381	3,346	3,551	3,736
	%	%	%	%	%	%	%	%	%	%
Channel 4 Sales House share	22.1	23.5	24.0	24.1	24.5	24.8	27.8	27.4	26.3	25.9
Other share	77.9	76.5	76.0	75.9	75.5	75.2	72.2	72.6	73.7	74.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Audience share (portfolio)

	2005 %	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %
BBC (nine channels)	35.2	34.5	34.0	33.5	32.6	32.9	32.9	33.6	32.4	33.1
ITV (six channels)	24.0	22.9	23.1	23.2	23.1	22.9	23.1	22.4	23.1	22.0
Channel 4 excl S4C (six channels)	10.8	11.9	11.7	11.8	11.5	11.4	11.6	11.5	11.0	10.9
Channel 5 (four channels)	6.4	5.9	6.0	6.1	6.1	5.9	5.9	6.0	6.0	5.9
Other (> 350 channels)	23.6	24.8	25.2	25.4	26.7	26.9	26.5	26.5	27.5	28.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The number of channels in brackets indicates the number of channels in that portfolio as at 31 December 2014.

Source: BARB all individuals

Audience share

	2005 %	2006 %	2007 %	2008 %	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %
BBC1	23.3	22.8	22.0	21.8	20.9	20.8	20.7	21.3	21.0	21.6
BBC2	9.4	8.8	8.6	7.8	7.5	6.9	6.6	6.1	5.8	6.1
ITV and GMTV	21.5	19.6	19.2	18.4	17.9	17.0	16.6	15.7	16.2	15.6
Channel 4 excl S4C	9.6	9.6	8.6	8.1	7.4	7.0	6.8	6.6	6.1	5.9
Channel Five	6.4	5.7	5.2	5.0	4.9	4.5	4.4	4.5	4.4	4.4
Other	29.8	33.5	36.4	38.9	41.4	43.8	44.9	45.8	46.5	46.4
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



Britain's Creative Television Corporation Report and Financial Statements 2014

1