

Commercial Creators Challengers Champions

Channel Four
Television Corporation
Report and Financial
Statements 2018

Channel Four Television Corporation Report and Financial Statements 2018

Incorporating the Statement of Media Content Policy

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

Contents

annualreport.channel4.com

Please contact us via our website (channel4.com/corporate) if you'd like this in an alternative format such as Braille, large print or audio.

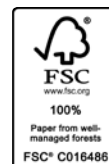
© Channel Four Television Corporation copyright 2019

The text of this document may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Channel Four Television Corporation copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at Channel Four Television Corporation, Corporate Communications Department, 124 Horseferry Road, London SW1P 2TX.

This publication is available at
<http://annualreport.channel4.com>



Printed in the UK by CPI Colour on FSC® certified paper. CPI Colour's environmental management system is certified to ISO 14001, and is accredited to FSC® chain of custody scheme. CPI Colour is a certified CarbonNeutral® company and offsets its CO₂ emissions. CPI

Colour use vegetable based inks. This document is printed on material 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.

OVERVIEW

Chair's Statement	4
Chief Executive's Statement	8
The heart of what we do	13
Remit	38
At a glance	40

STATEMENT OF MEDIA CONTENT POLICY

2018 programme highlights	42
4 All the UK	46

Remit performance

Investing in content	48
Innovation	56
Young people	64
Inclusion and diversity	70
Supporting creative businesses	78
Talent	84
Social change	94
Creative forward look	102

Metrics

Investing in innovation	106
Making an impact	122
Thank you	142
Awards	144
Independent assurance report	152

FINANCIAL REPORT AND STATEMENTS

Strategic Report

Financial review and highlights	156
Our principal activities	159
Key performance indicators	160
People and corporate social responsibility	162
Risk management	164
Strategic and financial outlook and Viability statement	167

Governance

The Channel 4 Board	168
Report of the Members	172
Corporate governance	174
Audit Committee Report	179
Members' Remuneration Report	183

Consolidated financial statements

Independent auditor's report	192
Primary financial statements	198
Group accounting policies	202
Notes to the consolidated financial statements	207

Additional information

Channel 4 financial statements	226
Historical metrics	232

2018 was a year of strong performance for Channel 4 both creatively and commercially. Against the background of a changing media landscape and a challenging economy, I am pleased to report that Channel 4 continues to be seen as a compelling brand to viewers, advertisers, producers and talent. Our digital viewing and revenues enjoyed another year of rapid growth and Channel 4 delivered high levels of public service impact measured against our public remit obligations.

Chair's Statement

Charles Gurassa

Channel 4 delivered a £5 million financial surplus in 2018 and remains in robust financial health, despite the challenging economy. We retain a strong balance sheet with cash reserves of £180 million and have a £75 million additional credit facility available should it be required. We are therefore well prepared to navigate any Brexit-related volatility in the advertising market over the coming months.

We budgeted prudently in 2018 against the backdrop of continuing economic and political uncertainty. As a result of this, content spend declined from £675 million in 2017 to £662 million in 2018 but still represents our third highest-ever level of spend. In the previous two years, we had deficit-funded record levels of content investment.

Despite challenging trading conditions with the TV advertising market declining by -0.5% in 2018, commercial performance was strong with the Channel 4 Sales House sustaining TV ad market share in a very competitive environment. Overall, Channel 4 revenues grew from £960 million to £975 million, driven mainly by digital revenue growth of 11% and strong performance from Film4 in 2018, underlining our ambition to grow revenues outside of the traditional TV model.

Influenced in part by changing viewer habits, we saw some declines in our audience perception remit trackers. However, Channel 4 continued to outperform its PSB competitors in all of these measures.

Channel 4 continued to punch above its weight creatively in 2018, with Oscar-winning films, agenda-setting journalism, brilliant new comedy and drama and ground-breaking new programme formats. We were delighted to see the News and Current Affairs team winning eight RTS Journalism Awards early in 2019, including a record seven awards for *Channel 4 News*, four of which were for the Cambridge Analytica story, which made headlines around the world.

It was also a particularly strong year for Film4, with BAFTA and Oscar success for *Three Billboards in Ebbing, Missouri*. *Three Billboards* was the first production coming out of the new strategy to take bigger financial stakes in key films, generating further revenues for Channel 4 and Film4. Film4's good performance has continued into 2019 with the success of *The Favourite*.



Channel 4 continued to punch above its weight creatively in 2018, with Oscar-winning films, agenda-setting journalism, brilliant new comedy and drama and ground-breaking new programme formats."



Chair's Statement (continued)

The year also saw Channel 4 announce its ambitious strategy to further enhance its contribution to the UK's Nations and Regions, through its '4 All the UK' plan. In March 2018, we launched a tender process where cities and regions from across the UK were invited to bid to become the homes of our new National HQ and Creative Hubs.

There was extraordinary interest and enthusiasm across the country to host Channel 4 and all of the shortlisted cities would have made worthy winners. In October, after careful consideration, the Board approved the final decision to select Leeds as the home of the new National HQ, and Bristol and Glasgow as the homes of our new Creative Hubs. The inspiring visions and passion for Channel 4 articulated in these bids shone through – and we now begin the real work of bringing that vision to life.

4 All the UK is the start of a significant new chapter in Channel 4's history and an opportunity to enable new voices, new talent and new perspectives from across the UK to flourish. We are looking forward to working closely with all of our partners to ensure that we fully realise the potential of these changes.

The breadth of our output, our contribution to the creative industries around the UK and our championing of alternative views, new British talent and minority voices all underline the continued importance of Channel 4's role as a public service broadcaster.

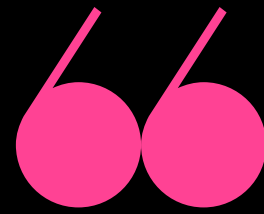
At a time when global media and technology giants are increasingly influencing what people see and concerns about the impact of 'fake news' continue to grow, public service broadcasting has never been more important. It is why we are working closely with the other UK public service broadcasters to find ways in which together we can ensure the continuing ease of access and availability of our schedules and programmes in the digital landscape, and are calling on policy-makers to urgently address the issue of prominence. We believe it is critical to modernise the current regulations that underpin the public service broadcaster framework to ensure that public service broadcasters receive appropriate prominence regardless of how, when and where audiences are viewing television content.

Looking ahead to 2019 and beyond, the priority of the Board is to ensure that Channel 4 remains creatively dynamic and financially sustainable at a time of continued political and economic uncertainty, while also driving significant digital transformation. This means making sure that Channel 4 is responsive to these market changes – by accelerating its investments in its digital capability, responding rapidly to changing viewer habits, nurturing a culture that is creatively vibrant and distinctive, building partnerships across the sector and continuing to manage its finances prudently. Above all, we are committed to delivering distinctive, thought-provoking, engaging and entertaining content to British audiences.

I would like to thank all the Members of the Board for their continued stewardship of Channel 4. I would particularly like to thank Dan Brooke, who has stepped down from his role as Chief Marketing and Communications Officer and from the Channel 4 Board. Dan has been a great champion of Channel 4 and contributed greatly to its successes of recent years.

Finally, I would like to thank everyone who works at Channel 4 and all its creative partners for their tremendous efforts throughout 2018. It is their dedication, imagination and commitment to the organisation that make it such a unique place, and ensures that against a backdrop of rapid change, Channel 4 continues to matter.

Charles Gurassa
Non-Executive Chair



A significant new chapter





At a time when fast broadband, mobile technology and streaming have transformed consumer behaviour around viewing, we need to accelerate some behaviours, stop others and drive change faster than ever before.”

Chief Executive’s Statement

Alex Mahon

My first full year as Chief Executive has been marked by key turning points for Channel 4, including the beginning of the most radical transformation that the organisation has ever been through, 4 All the UK.

Our 4 All the UK plan will see us establish our National HQ in Leeds and open two new Creative Hubs in Bristol and Glasgow in 2019. We are looking forward to now delivering on this plan, following several years of heightened political scrutiny. This will not only be the biggest organisational change in our history, but it will fundamentally transform Channel 4’s range of voices and on-screen representation. It will see us work more closely with independent production companies across the UK’s Nations and Regions, helping the UK fortify its talented production industry outside of London. Thank you to all of the cities and regions that took part in the process throughout the year. You can read more about our 4 All the UK plans on p46.

At a time when fast broadband, mobile technology and streaming are transforming consumer behaviour around viewing, we need to accelerate some behaviours, stop others and drive change faster than ever before.

In order to navigate through these structural and behavioural changes, I unveiled a new strategy for Channel 4 in 2018. Its three pillars – to accelerate digital, supercharge our impact with young people and build a strong, inclusive creative culture – will transform the organisation and its long-term future, while ensuring that we retain our unique and distinctive role in British life.

This role is very much recognised by our viewers and our brand remains strong. Viewers associate Channel 4 with being the most independent-minded, forward-thinking, alternative, experimental, edgy and British public service broadcaster. We are also perceived to be the most youthful, exciting and surprising channel, which sets us in good stead for the future.

As this report demonstrates, we continued to deliver strongly to our remit in 2018.



Chief Executive's Statement (continued)

It is a huge privilege to lead this phenomenally important publicly-owned asset, whose mission is more important than ever before.

Despite a very challenging market and competitive context, we delivered great results in 2018.

It was a strong year commercially, with revenues of £975 million helping deliver a £5 million financial surplus in the business, following two years of planned deficits in which we drew on our reserves to boost investment in content.

At £662 million, our total content budget fell slightly by 2% in 2018 but was still the third highest in our history. This enabled us to increase Channel 4's distinctiveness by commissioning more innovative, risk-taking and challenging programmes, alongside our popular returning series.

2018 witnessed mixed linear performance. Lower ratings in some of our long-running titles and experimental new formats, alongside growing competition from digital TV channels and a summer in which the BBC and ITV received a World Cup boost, resulted in our portfolio viewing share declining marginally, by 0.3 percentage points, to 10.2%. Our share of 16-34-year-olds also fell, by 0.5 percentage points, to 15.9%. We face a challenge as young people's viewing habits evolve and we are committed to addressing this.

However, we did see strong performance in digital, which continues to play a growing role for Channel 4. Digital revenues reached a record £138 million (up by 11% and now making up 14% of total corporation revenue), thanks to the outstanding performance of our streaming platform All 4.

All 4's success reflects the mixture of expert curation, increased demand for catch-up programming from our strong linear schedule and the success of our large collection of archive and exclusive box-sets. We also invested heavily in improving the All 4 user experience, which has helped it grow in usage and frequency.

£975m

corporation revenue (2017: £960 million), helping to deliver a £5 million financial surplus (2017: £17 million deficit)



Our strength must be in our distinctiveness and what Channel 4 stands for – and for us to be even clearer that we are here to provide innovative, purposeful and popular content, delivered at scale. Particularly to young audiences.”

Viewing on our apps and platforms increased by 26% in 2018 to reach a record 915 million views over the year. This is the highest year-on-year growth in percentage terms since 2010; and in absolute terms, this year's increase – of 187 million views – is the largest annual rise we have ever recorded.

In 2019, we are establishing a Digital Creative Unit (DCU) in Leeds to ensure that we have the right mix of digital and creative skills to reach more young audiences on social platforms. This ensures that we are taking our shows to where younger audiences are spending more of their time, and will enable us to experiment with new talent who may produce the Channel 4 shows of the future.

Creative highlights

One of the standout successes of 2018 has been the development and nurturing of our enviable slate of returning programmes, which has led to an unprecedented number of these delivering strong year-on-year growth. Sixteen of our biggest peak-time series increased their audience volume, including *Gogglebox*, *24 Hours in Police Custody*, *The Island with Bear Grylls*, *Hunted*, *Grand Designs* and *8 Out of 10 Cats*.

In addition to this spine of strong returning titles, we also successfully landed a number of new shows. These have ranged from critically-acclaimed scripted pieces to distinctive and innovative unscripted programming and ground-breaking investigative journalism. *Channel 4 News* had a standout year, breaking a number of impactful, award-winning stories that had a global impact. Of particular note are: the undercover investigation into Cambridge Analytica and its ties to social media giant Facebook; the plight of the Windrush generation; and the in-depth coverage of Brexit.

In scripted, *Derry Girls* supercharged our comedy slate and became our most successful new comedy since 2004. Created in the Nations and Regions, it was the biggest series on record in Northern Ireland on any channel since records began in 2002.

Jack Thorne's drama series *Kiri* also gripped the nation at the beginning of the year and became Channel 4's biggest drama series since 2002.

These were complemented by ground-breaking new formats and programmes throughout the year. Standout highlights include *The Big Narstie Show*, *Genderquake*, *Peng Life* and *Prison*.

The Circle also launched with huge hype in September, asking provocative questions about modern identity, how we portray ourselves and how we communicate through social media. It resonated hugely with young people, achieving a 16-34-year-old profile of 49% – the largest attained on any terrestrial channel since 2012.

The critical, awards, and box office success of *Three Billboards Outside Ebbing, Missouri* was the headline news for Film4 in 2018. The film, a joint production with Fox Searchlight, was a huge box office hit, pulling in more than \$160 million worldwide and winning hundreds of awards, including two Academy Awards and five BAFTAs. It acted as a superb advertisement for Film4 as a global player and creative force and demonstrated that our investment strategy is working.

Other standout films of the year include Pawel Pawlikowski's gorgeous *Cold War* and Steve McQueen's gripping *Widows*. *The Favourite*, our third film with director Yorgos Lanthimos, which was released in the US market in 2018 and in the UK in early 2019, has also done incredibly well, winning seven BAFTAs and one Academy Award in 2019.

Turning to 2019 and beyond, in addition to realising our 4 All the UK plans, we will continue to dial up the difference creatively. We have an ambitious slate of new programmes in 2019 that will support our stable of returning series – you can read more about them in our creative forward look on p102.

Alongside our drive for greater regional diversity, we have a clear focus on inclusion and diversity at Channel 4. We continue to play a leading role both on and off screen in reflecting diverse communities, whether through the lens of disability, social mobility, BAME communities or gender identity. We want our employees to feel that their individual talents are appreciated, that they can be themselves and be different. And we want our production partners to feel that Channel 4 enables them to tell the widest range of stories from different parts of the country.

Our strength must be in our distinctiveness and what Channel 4 stands for – and for us to be even clearer that we are here to provide innovative, purposeful and popular content, delivered at scale. Particularly to young audiences.

I'd like to thank all of our creative and commercial partners who helped us in 2018 and with whom we will be working in 2019. It is our deep relationships with the independent production community across the UK that ensures we are able to commission the best ideas and experiment with new formats and I am very grateful to them for their support.

It is a huge privilege to lead this unique publicly-owned asset, whose mission is more important than ever before. Public service broadcasting plays a critically important role in British life and we must ensure that public service content remains relevant – through our programming, our partnerships and our platforms.

I'm very lucky to have an amazingly talented and committed team at Channel 4 and colleagues across the industry helping us achieve our ambitions.

Alex Mahon
Chief Executive

Channel Four
Television Corporation



The heart
of what
we do

We bring to life new creative ideas and, in the process, create thousands of jobs and support hundreds of independent production companies across the UK. We do this at no cost to the British taxpayer as we are entirely commercially self-sufficient.

For the British public, we offer content that no other public service broadcaster dares to air: challenging the status quo is in our DNA. We are the youngest-skewing public service broadcaster in the world and we punch well above our weight in streaming.

The last decade has seen the media landscape transform fundamentally. Competition is more intense than ever across all aspects of our business; yet this is a moment bursting with opportunity for a digital, diverse, distinctive Channel 4.

Channel 4's corporate strategy, set out over the next few pages, is a bold approach to transform the organisation and keep its long-term future.

Introduction

Since launching in 1982, Channel 4 has been mandated to take risks and offer alternative programming to the existing public service broadcasters. Our remit makes us creators, challengers, champions and commercially-minded. We are unique in the British media landscape.



Riot Girls

Introduction (continued)

Across our platforms and media channels, we offer a unique, trusted environment for viewers, content creators and advertisers. We will look to capitalise on the opportunities that we can offer to them.

As consumption habits change, particularly among young people, we must take advantage of this opportunity and transform our business to ensure that we fully serve the needs of this key audience. Supercharging our impact on youth will see us invest significantly in content that appeals to them, making programmes that young people cannot find elsewhere.

This also means ensuring that our key audiences can find us where they want us – we need to be where they are. We are investing in digital, boosting our spend on All 4, ramping up our commercial and creative partnerships and fundamentally changing how we think about our content. This means no longer commissioning solely for TV, but for all platforms.

In turn, this requires us to develop a new way to measure how and where our content is viewed. We cannot rely on overnight viewing figures to measure performance: both we and our partners know that we need to measure consumption across all platforms.

Culturally, we will focus on Channel 4's diverse roots and ensure that – unlike the global digital giants – we stand out as a proudly British brand that reflects Britain in all of its diversity. This, too, is our USP.

Channel 4 operates in an increasingly competitive and challenging market, but we believe that our strategy – to accelerate digital, supercharge our impact with young audiences, and build a strong, inclusive culture – will safeguard Channel 4's long-term sustainability. This strategy will enable us to retain our position as a must-watch, must-follow brand.



Extreme Everest with Ant Middleton

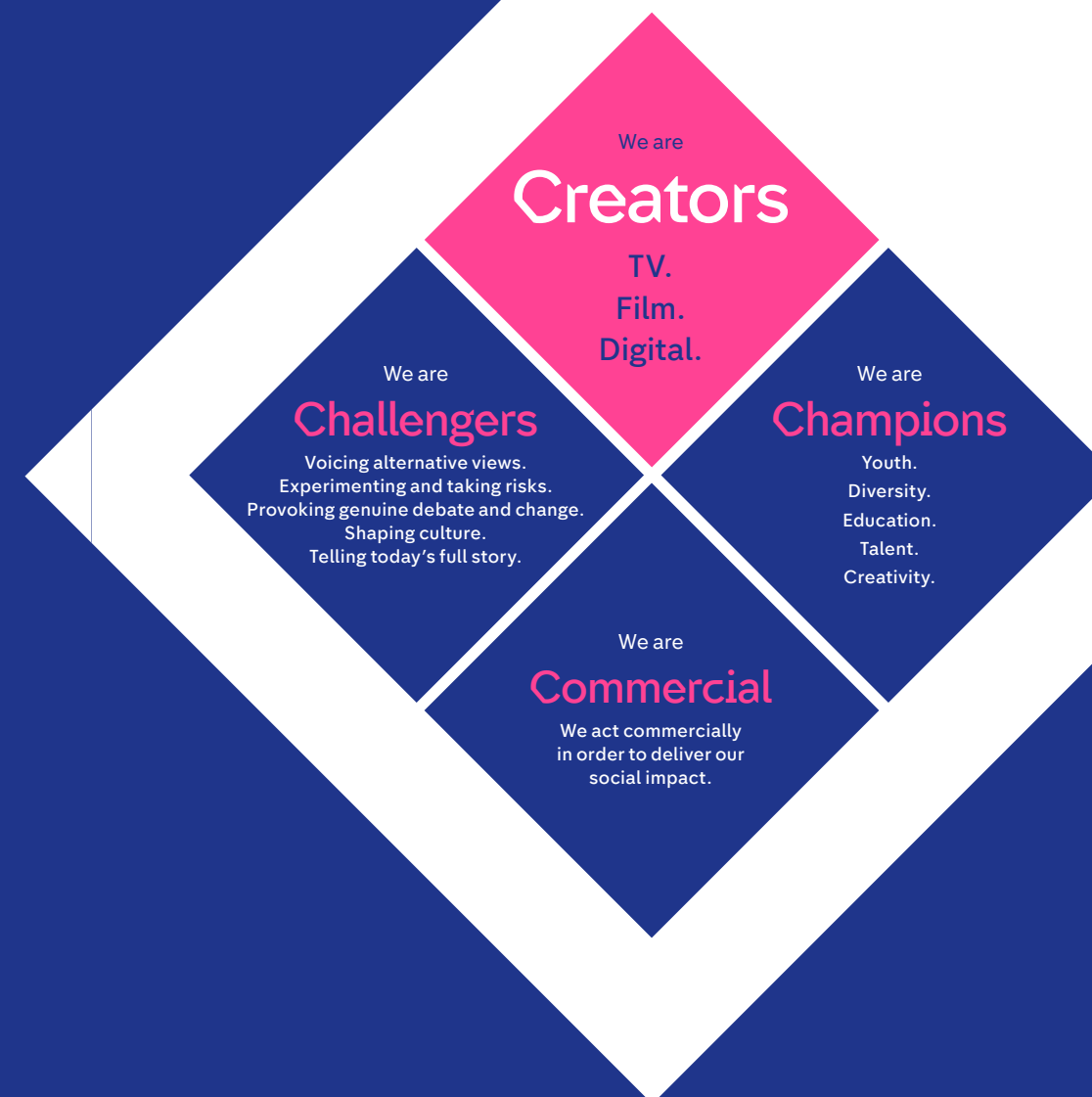
“This is a moment
bursting with
opportunity for
a digital, young,
inclusive Channel 4



At Channel 4,
we're more than
a public service
broadcaster,
we're a unique and
distinctive part
of life in the UK.

Our remit is to be experimental and
inclusive, and that's been set by
Parliament and enshrined in law.

Everything we do is inspired by our
public service remit. Along with a set of public
service broadcasting licence obligations,
the remit creates a framework that shapes the
way we work as a whole: the types of content
and programming that we invest in, the people
and companies that we work with to supply
this content and the positive impacts that
our content has on society.



A constant focus on improving and innovating All 4, changing how we think about commissioning in the digital age and boosting our investments in digital partners will ensure that Channel 4 remains an industry challenger.

Accelerating Digital



Payday

20



The End of the F**king World

Accelerating Digital (continued)

Channel 4 has been at the forefront of technological innovation from the outset, and we are seriously accelerating our digital capabilities in order to remain a key player in the digital landscape. Competing against digital entertainment behemoths requires us to rethink our digital strategy and accelerate our digital capabilities.

As a result, we have substantially increased our investment in All 4 to ensure it is the best user experience possible.

On the content side on All 4, we have already ramped up our partnerships with major digital brands, such as VICE and Adult Swim, and plan on developing this model further in order to offer unique, popular content on demand.



Competing against digital entertainment behemoths requires us to rethink our digital strategy and accelerate our digital capabilities."

We are also changing how we think about commissioning, moving from a linear-first approach to thinking about performance across all platforms. This means actively seeking shows that drive on-demand growth and shaping our shows to generate strong social content and engagement.

In parallel to this, we are overhauling how we measure viewing, developing a new way of assessing viewing across all platforms. Overnights no longer tell us the full picture: digital viewing needs to be included in our measurements to accurately reflect consumption of our programmes.

Digital is also a prime focus for our Commercial Growth Fund, which takes equity stakes in fast-growing businesses in return for advertising airtime. The fund has been mandated to scale-up its investments and create new partnerships that will generate strong returns from high-potential digital businesses.



24

Supercharged Youth

Young people have been at our heart since Channel 4 launched in 1982. Today, we are putting youth at the heart of our programming and ensuring that we super-serve their needs, building new brands in peak-time and significantly boosting our investment in the programmes they love to watch.



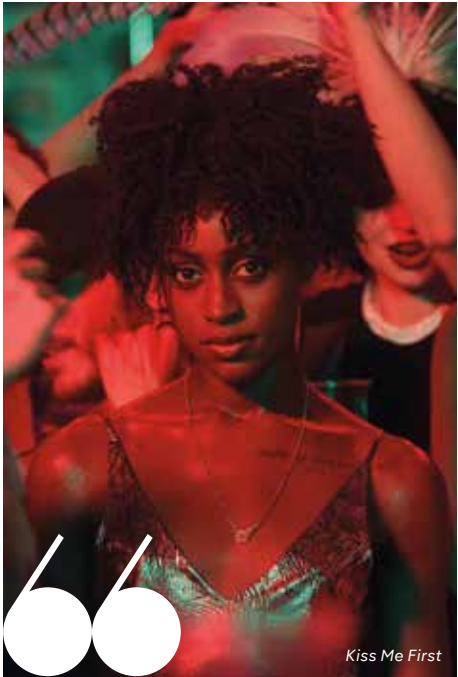
25

Supercharged Youth
(continued)

Channel 4 is the youngest-skewing public service broadcaster in the world, but we face a long-term challenge as social media platforms and global streamers draw young audiences away from public service broadcasters. To compete, we need to offer new, compelling content that appeals specifically to young people.

Our corporate strategy aims to supercharge our impact with young people, boosting investment in the key areas that have the most bearing on 16-34-year-olds: peak-time programmes, comedy and our digital youth channel E4.

This clear focus on younger viewers will see us create more programmes that resonate with younger audiences, giving them the programmes they want and love that are not available elsewhere.



To compete, we need to offer new, compelling content that appeals specifically to young people."

E4 is already one of the strongest youth brands on linear TV and we believe it has further potential to be an even more powerful young brand across on demand and social media. We have therefore increased the channel's annual budget by £10 million and have appointed a Controller of E4.



Genderquake

Supercharged Youth (continued)



Gogglebox

We have also allocated an additional £10 million to Comedy. This will not only enable us to offer viewers new comedy programmes, but also to create a 'Comedy Sandpit' on All 4, where we can try out new talent and experimental ideas that appeal to young people.

On our main channel, the emphasis is on reaching more viewers through broad, popular shows in our 8pm and 9pm slots, alongside spikier, younger shows at 10pm. Doubling down on these popular shows will ensure that we remain Britain's most appealing public service broadcaster for younger audiences.

Inclusive Culture

Our culture makes us strong. We are a uniquely British brand and we want to show Britain in all its glorious diversity. From increasing the diversity of our own business, to transforming into a more inclusive culture and delivering our 4 All the UK plan – we have more to do to become the fully inclusive organisation that we aspire to be.



30



The Bisexual

Inclusive Culture (continued)

On screen, we are creating more space for diverse and under-represented voices. Inclusion and diversity is paramount to our culture – it not only unlocks creative and commercial benefits to the business, but it is also the right thing to do. We will challenge the status quo that media is an exclusive club which people cannot break into and ensure that we better reflect the whole of the UK.

Our 4 All the UK plan (see p46) is transforming Channel 4's culture, improving regional representation on screen and making sure that people who want to work in media know that they do not need to move to London to do so. Having a commissioning team spread across the country will also enable us to reach the stories, ideas and talent that others are not able to. While the digital giants aim to appeal to a global audience, we are a proudly British brand with proudly British-made content.



Inclusion and diversity must be paramount to our culture – this not only unlocks creative and commercial benefits to the business, but is also the right thing to do.”

Building an inclusive culture must begin with us. We have always been transparent with our data, which helps us to become the inclusive and representative organisation that we aspire to be. Our new Head of Inclusion and Diversity has been appointed and will ensure that Channel 4 is open to all people, regardless of their background. We are fully committed to build on our strong heritage and ensure that Channel 4 even more deeply fulfils its remit to champion inclusion and diversity in the UK.





Channel 4 is ●

Unique

in the British
media landscape

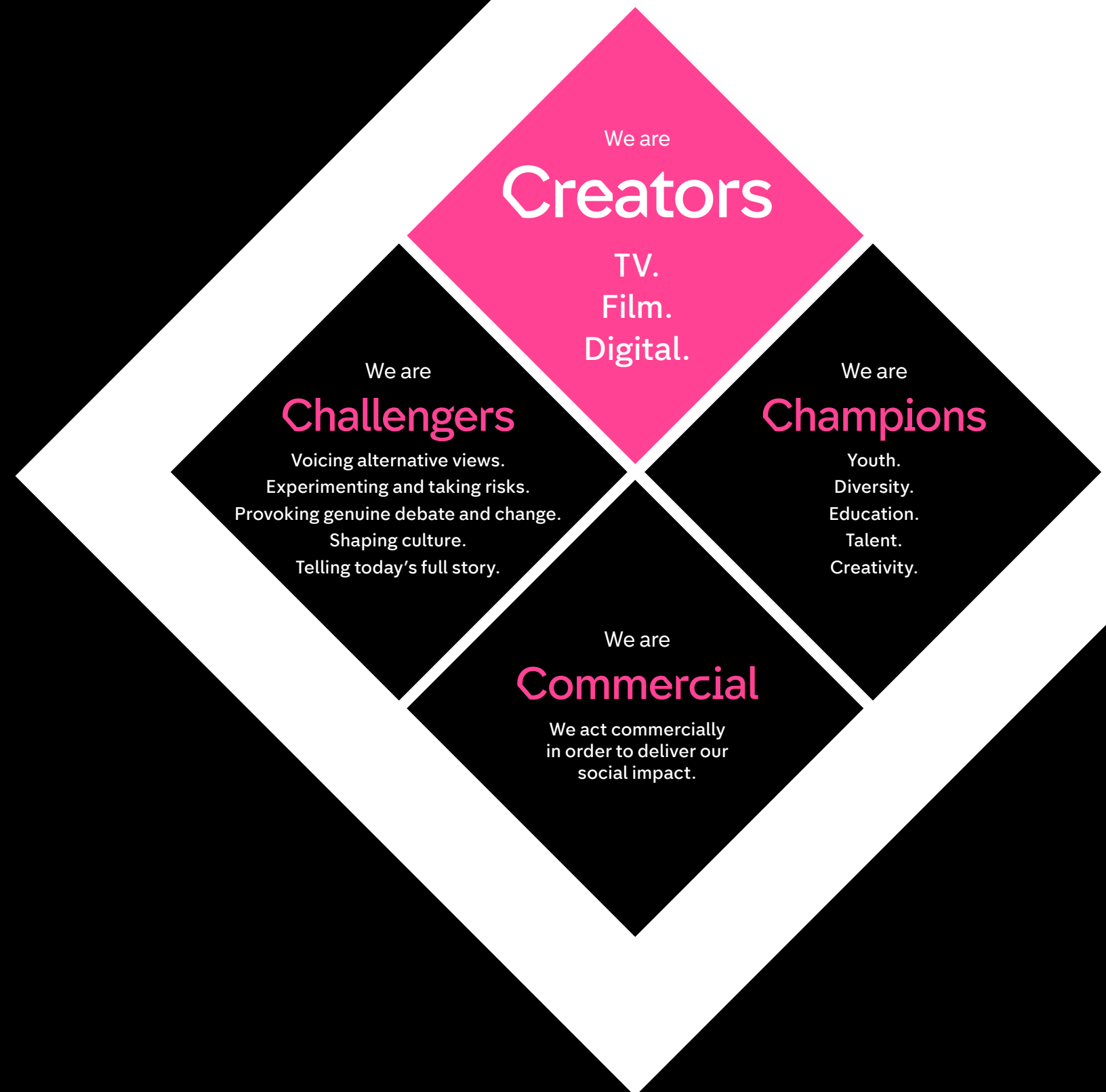




At Channel 4, we're more than a public service broadcaster, we're a unique and distinctive part of life in the UK.

Our remit is to be experimental and inclusive, and that's been set by Parliament and enshrined in law.

Everything we do is inspired by our public service remit. Along with a set of public service broadcasting licence obligations, the remit creates a framework that shapes the way we work as a whole: the types of content and programming that we invest in, the people and companies that we work with to supply this content and the positive impacts that our content has on society.



Financial stability

£975m

corporation revenue (+2%)



£180m

cash reserves (-5% year-on-year) plus £75m revolving credit facility as required

£5m

surplus, following two years of planned deficits (+£22m on 2017)

Record digital growth

£138m

record digital revenue (+11%), now making up 14% of total corporation revenue

915m

programme views on demand (+26%) – the highest year-on-year increase in views since 2008



19.6m

viewers registered with All 4 (+18%)

Investment in content

£662m

total content spend (-2%) – the third highest in Channel 4's history and following two years of record spend funded by reserves



£548m

spend on main channel (+£4m on 2017)

£186m

spend on production companies in the Nations and Regions (-1.5%) – the second-highest level in Channel 4's history

274

producers across the UK (-11%) – including 154 independent production companies

TV viewing

15.9%

portfolio viewing share among 16-34-year-olds (-3%) – we are the only public service broadcaster to attract significantly greater viewing among young people than across the general population

10.2%

viewing share across the TV channel portfolio (-3%) – despite a year-on-year fall in our digital channels' share, our main channel viewing share remained stable at 5.9%

78.7%

of all TV viewers reached every month across Channel 4's TV channels (-3%) – we are the third-biggest UK broadcaster in terms of audience reach, behind only the BBC and ITV



Innovative, distinctive new programmes and films:

2018 programme highlights

Alongside our successful stable of returning programmes, we introduced a raft of new programmes that dialled up the difference in 2018.



The Big Narstie Show

◀ **+129%**
share of
BAME
viewers
against
the slot



Kiri

Seven BAFTAs and one Oscar



The Favourite



Married to a Paedophile

◀ **Channel 4's**
highest-rating
drama ever

49% ▶

profile of 16-34-year-olds
the largest attained on any
terrestrial channel since 2012

The Circle



23%

share of 16-34-year-olds.
Our most successful comedy
launch since 2004



Derry Girls

Three Billboards Outside Ebbing, Missouri



Genderquake

2.3m

average audience made it
our best new factual series
of the year



Prison

▶ **\$160m**

Box Office
Five BAFTAs and
two Oscars

Strong, popular
returners:

2018 programme highlights

8.9m

viewers on average and a
share of 58% of 16-34-year-olds

£24m

raised for cancer research



Stand Up To Cancer



The Great British Bake Off

89%

of our programmes met our
Commissioning Diversity
Guidelines in 2018, a new record.
The guidelines provide on- and
off-screen diversity targets for
production companies.



Channel 4 News



24 Hours in Police Custody

Channel 4 News
has the highest
16-34-year-old and
BAME profile of any
PSB news programme



Gogglebox

3.5m

series average for
Gogglebox, including a 23%
share of 16-34-year-olds

Factual Entertainment Award
(National Television Awards)

2018 corporate achievements

4 All the UK

Inclusion and diversity have always been at the heart of Channel 4's mission. The launch of our '4 All the UK' plan is the biggest and most exciting change in our history, as we make Channel 4 more open to people from across the UK and supercharge the impact we have in all parts of the country.



Liam Bakes

The launch of our 4 All the UK plan is aimed at ensuring that we serve the whole of the UK. Through increased spend, boosting regional representation, moving jobs and creating new ones, we hope to reflect the full diversity of Britain on and off screen.

In April 2018, in order to achieve this, we publicly set out a rigorous process to deliver our strategy. We received over 30 pitches from cities and regions across the UK, which were shortlisted to 13. Three cities were then taken forward for advanced negotiations for the National HQ or Creative Hub option (Birmingham, Leeds, Manchester) and three more cities for the Creative Hubs only (Bristol, Cardiff, Glasgow).

Detailed discussions were undertaken with all six cities over a three-month period and a recommendation was then made by the Channel 4 Executive Team and approved by the Channel 4 Board. In October, we announced that our new National HQ would be established in Leeds and that we would open two Creative Hubs in Bristol and Glasgow.



Hollyoaks

3,000

Approximate number of production jobs in the Nations and Regions economy supported by 4 All the UK

UK

Supporting the whole of the UK

At the heart of our plans is a significant increase in Channel 4's Nations and Regions content spend, from our current quota of 35% to 50% of main channel UK commissions by 2023 – worth up to an additional £250 million. This increase will benefit all areas of the UK, not just the specific locations, and it will support up to 3,000 production jobs in the Nations and Regions economy.

Our new bases in Leeds, Bristol and Glasgow will ensure that Channel 4 better represents all of the UK on and off screen and they will help to catalyse the increased Nations and Regions production spend.

Home to a thriving digital industry and a strong digital talent pool, our National HQ in Leeds will enable us to capitalise on a strong and fast-growing independent production sector across the North of England as well as unlocking the potential for growth in the underserved North-East of England.

This will help to support our new Digital Creative Unit, which will be established in the National HQ to grow our impact across digital and social media platforms. *Channel 4 News* will also have a new hub in Leeds, operated by ITN in a new building that will include a studio to regularly co-anchor the award-winning programme.

In Bristol, there is the opportunity to build on a thriving TV production sector in the city, which has world-renowned factual producers and also has strengths in areas such as animation and digital production. It also enables us to partner with Cardiff and work closely with the wider creative cluster across the South West and South Wales.



Ackley Bridge

Glasgow has a well-established and vibrant independent production sector. Locating a Creative Hub in the city will bring Channel 4 commissioners even closer to key production partners and help to develop the production and creative sector across Scotland. It will enable us to harness the city's rich cultural diversity, further improve on-screen representation and work with the region's educational sector to grow the pipeline of new talent into the production and broadcast industries.

4 ALL THE UK

Channel 4's 4 All the UK strategy is set to benefit the whole of the UK.

Increased spend:

A significant voluntary increase in Channel 4's Nations and Regions production spend, from our current quota of 35% to 50% of main channel UK commissions by 2023 – more than £250 million more in total over the next five years.

New talent:

A National HQ to be established in Leeds alongside two new smaller Creative Hubs in Bristol and Glasgow in 2019, home to up to 300 new and existing Channel 4 jobs – including key creative decision makers.

Boosting representation:

A significant increase to Channel 4 regional representation with a new studio and daily show from Leeds as well as new *Channel 4 News* bureaux co-anchoring from the Nations and Regions.

Supporting indies:

A reduction in Channel 4's London footprint with space in our London HQ made available to Nations and Regions production companies doing business in the capital.

2

Creative Hubs created in Bristol and Glasgow

Channel 4's Digital Creative Unit

A key strategic initiative to be delivered through our 4 All the UK plan is the Digital Creative Unit (DCU), which will be based in our new National HQ in Leeds.

The DCU is primarily designed to help us develop digital and creative skills in-house and to expand our reach with young people through social platforms – producing the content they want, where they want it, and made by young people for young people.

The DCU will act as a catalyst for growing digital capabilities across the whole of Channel 4, including Commissioning, Marketing and Technology. It includes the execution of our social media marketing strategy as well as the commissioning of original digital material, both to support existing linear programming and to create new digital-only content.

£662m

total content spend
(-2%)

£489m

originated content
investment (-4%)

10.2%

viewing share across
the TV channel portfolio
(-3%)

We are creators. Every day, our creative investments across a broad range of high-quality TV programmes, films and digital content deliver to our remit.

Investing in content

We work with the best creative talent on and off screen, and from across the UK. We introduced a new creative strategy in 2018 to increase our distinctiveness and take more risks in order to find the best ideas and pioneer new programme ideas and formats.

This shines through our content in everything that we do – from creative, risk-taking documentaries that tackle controversial subjects, through to supercharging our comedy slate, developing dramas that reflect the realities of contemporary Britain, backing a range of critically acclaimed feature films, and much more. Our approach distinguishes us from other broadcasters.

1

2019 ambitions

Our content will reflect the country and engage with the big issues, including through an increased Current Affairs commitment and more live programming, such as a new daily show hosted from Leeds.

2

Film4 will continue to invest in both new and proven, quality filmmakers with a unique vision. Film4-backed films launching in 2019 include: Yorgos Lanthimos's *The Favourite*, Stephen Merchant's *Fighting With My Family*, Asif Kapadia's *Diego Maradona*, Armando Iannucci's *The Personal History of David Copperfield* and Sarah Gavron's latest feature film project.

The Big Narstie Show



Investing in content (continued)

Our ability to engage audiences and make an impact is dependent on great ideas being generated within a thriving and diverse production sector.



A core part of our mission is to strengthen the independent production sector by supporting companies directly, commissioning impactful, distinctive content that draws in sizeable audiences and revenues that can, in turn, be reinvested into more great content.

Investment in content across our services fell by 2% in 2018, reflecting our response to the weaker economy and our strategy to deliver a financial surplus following two years of planned deficits, in which we drew on our reserves to boost investment. Still, at £662 million, our total content budget was the third highest in our history. In addition, content investment on the main channel was protected – rising marginally by £4 million, to £548 million.

This enabled us to invest in a key plank of our new content strategy, increasing Channel 4's distinctiveness by commissioning more innovative, risk-taking and challenging programmes, while continuing to seek scalable popular returners.

This is exemplified by our high-profile drama content, which delivered a mixture of new and returning programming to viewers throughout the year. *Kiri*, a drama written by the award-winning Jack Thorne and starring Sarah Lancashire, was our biggest drama success of 2018. Each episode was watched, on average, by 4.9 million people, however, in total it reached 9.3 million people, equivalent to 19% of the TV population. The four-part programme became our biggest originated drama series since our records began in 2002 – and the biggest-ever drama on All 4. Our existing stable of returning programmes continued to build on their success in 2018, with 16 of our biggest peak-time series increasing their audience volume, including *24 Hours in Police Custody* (+28%), *Escape To The Chateau* (+28%) and *Friday Night Dinner* (+24%).

Dialling up the difference



There were many creative highlights in 2018, particularly the introduction of a raft of new programmes that dialled up the difference alongside our successful stable of key returning programmes. In a world where audiences are flooded with choice, our strategy was to stand out from the crowd.

We launched a number of innovative and highly distinctive programmes, including *The Big Narstie Show*, *Genderquake* and *The Circle* alongside format innovations such as *Peng Life* and *Married to a Paedophile*.

The Circle asked provocative questions about modern identity, how we portray ourselves and how we communicate through social media. With 106 cameras, it was the biggest fixed-rig, fast-turnaround show on British TV and was Channel 4's most popular new factual entertainment series for young viewers in 2018.

It became our youngest profiling show since 2012, with a 49% profile of 16-24-year-olds, and it was also the biggest new original commission launch on demand since 2012, with over ten million views.

We also took an unvarnished look into the British penal system in *Prison*, and explored the current UK housing crisis by following intrepid Liverpool homebuyers in *The £1 Houses: Britain's Cheapest Street*.

Channel 4 News delivered several agenda-setting stories across 2018, including the extraordinary undercover investigation into Cambridge Analytica, about the harvesting of the data of millions of people's Facebook profiles for political purposes. This story dominated headlines across the world and wiped \$36 billion off Facebook's value (see case study, p97). The programme also covered in depth the scandal of the Windrush generation; and continued coverage of Brexit, with Channel 4 running an updated Leave/Remain poll of the UK public and holding a live Brexit debate.



The 'social experiment' has been one of the standout TV shows this year."

The Guardian, on *The Circle*



Investing in content (continued)

Comedy

It was a bumper year for comedy on Channel 4, putting it at the heart of our schedules with great success.

Our edgy, irreverent comedy has always been one of the defining flavours of the channel, from *Comic Strip Presents* on the very first night that Channel 4 launched in 1982, through to *The Ali G Show*, *Brass Eye*, *Father Ted*, *Peep Show*, *Green Wing*, *The IT Crowd*, *The Inbetweeners* and *Catastrophe*.

In 2018, we announced an additional £10 million investment in scripted comedy and comedy entertainment, a notoriously difficult genre in which to achieve success. We aim to make Channel 4 the unequivocal home of British comedy.

Lisa McGee's award-winning *Derry Girls* supercharged our comedy slate at the start of the year and became our most successful new comedy since 2004, delivering a 23% share for 16-34-year-olds, which was up 147% on the slot average. Created in the Nations and Regions, *Derry Girls* was an overnight sensation and became the biggest series ever in Northern Ireland on any channel since BARB records began.

We also saw the return of Sacha Baron-Cohen to Channel 4 with his unique political satire series *Who Is America?*, which also significantly outperformed the slot average for 16-34-year-olds.

Other new comedy shows that stood out in 2018 included Desiree Akhavan's unflinching exploration of modern sexuality, *The Bisexual*, as well as Jamie Demetriou's irresistible *Stath Lets Flats*, about Britain's least successful letting agent. These complemented a range of returning comedy series, including Will Sharpe's *Flowers*, featuring Olivia Colman and Julian Barratt, and the return of hit comedy soap opera *The Windsors* with a royal wedding special.



Derry Girls



Q&A interview: with Lisa McGee, creator of *Derry Girls*

Q Why has *Derry Girls* been such a success?

A It's been massive. There has never been a comedy about Northern Ireland like this. It's always been quite dark, serious and political, so there has been a real response to having a programme showing the lighter side of things. Northern Irish people have never really seen themselves reflected in this way before!

It also shows young female characters who feel real and who are allowed to lead, be ruthless and awful. We don't often see young women portrayed like this, and one of the great things about Channel 4 is that they're not afraid of stuff like that.

Q What has been your experience of working with Channel 4?

A I've had a positive experience, and I have a good relationship with Channel 4. Particularly in Comedy: I feel like they are genuinely interested in hearing about places and characters that we don't see on TV that often, which have been ignored.

I've always felt supported and the most important thing, for me, is that they trust writers and their ideas. They know when not to interfere, which is what you really want as a writer – to have creative control of your work.

Q Why did you take *Derry Girls* to Channel 4 and not another broadcaster?

A I had done another comedy with Channel 4 previously, called *London Irish*, which was quite dark and ruffled a few feathers when it came out. It didn't land as well as *Derry Girls*, but I really loved how much Channel 4 had trusted me with it.

So I felt that Channel 4 was where I wanted to work – they trusted that I had something worth saying. It's a relationship that has existed for years. Plus, I like – and watch – the channel, which helps!

Investing in content (continued)



The Favourite



If I could make movies with Film4 from here till the cows come home, that would be my preference. I cannot speak more highly of them – they are creative, local and have brilliant taste.”

Bart Layton, Director of *American Animals*

A strong year for film

Film4 Productions continued to develop and invest in film in 2018, working with the most distinctive and innovative talent in the UK. It was a strong year for Film4, which worked with both new and established filmmakers, alongside partners ranging from cultural organisations such as the British Film Institute through independent producers to Hollywood studios.

Film4's strategy is to back creative excellence and invest in British content and British filmmakers, enabling them to realise the vision they have for their films.

The year started with the UK release of British-Irish filmmaker Martin McDonagh's *Three Billboards Outside Ebbing, Missouri*, our fourth project with the director, following *Seven Psychopaths*, *In Bruges* and his Oscar-winning debut short *Six Shooter*. *Three Billboards* was a critical and commercial success, winning over 100 awards, including two Academy Awards and five BAFTAs, and grossing almost \$160 million at the global box office. This was our first film greenlit under Film4's expanded investment strategy, which allowed us to take a 50-50 stake alongside Fox Searchlight, and its success has enabled us to drive revenues back into the organisation. We were also delighted that Rungano Nyoni's *I Am Not A Witch* won the all-important Outstanding Debut at the BAFTAs.

In May, Paweł Pawlikowski was awarded Best Director at the Cannes Film Festival for his film, *Cold War*, and continued to pick up more awards throughout the year, including three Academy Award nominations and four BAFTA nominations in January 2019. The film was released in UK cinemas in August and became the first foreign language arthouse title of 2018 to reach £1 million at the box office.

Our fourth collaboration with Oscar-winner Steve McQueen, *Widows*, received rave reviews and was selected for the Opening Night Gala of the BFI London Film Festival.

The Favourite – Film4's third collaboration with Yorgos Lanthimos, following *The Lobster* and *The Killing of a Sacred Deer* – received its world premiere at the Venice Film Festival, where it picked up the Silver Lion – Grand Jury Prize and the Best Actress award for Olivia Colman. The film, released in the UK in early 2019, also went on to win one Golden Globe for Olivia Colman as Best Actress and seven BAFTAs in 2019, including

Outstanding British Film of the Year, Leading Actress for Olivia Colman, Best Supporting Actress for Rachel Weisz and Best Original Screenplay. Colman was also crowned Best Actress at the 2019 Academy Awards.

Other Film4-backed films released in UK cinemas in 2018 included: Clio Barnard's *Dark River*, Andrew Haigh's *Lean on Pete*, Bart Layton's *American Animals*, Mike Leigh's *Peterloo*, Michael Pearce's *Beast* (which won an Outstanding Debut BAFTA for Pearce), and Lynne Ramsay's *You Were Never Really Here*.

Film4 has a strong slate for 2019, including both new and established filmmakers with distinctive stories that aim to resonate with UK and international audiences. In addition to Yorgos Lanthimos's *The Favourite*, other 2019 UK releases include Asif Kapadia's *Diego Maradona*, Stephen Merchant's *Fighting With My Family*, Chris Morris's *The Day Shall Come* and Sarah Gavron's latest feature film.

Films still in production include Coky Giedroyc's adaptation of Caitlin Moran's bestseller *How To Build a Girl*, Armando Iannucci's *The Personal History of David Copperfield*, Justin Kurzel's *True History of the Kelly Gang* and Michael Winterbottom's *Greed* – as well as four features from first-time film directors.



Three Billboards Outside Ebbing, Missouri



Film4 have been incredibly supportive all the way through my career. Long may that relationship continue.”

Lenny Abrahamson, Director of *The Little Stranger*

144

new and one-off
programmes were shown
(between 6pm and
midnight) (-24%)

915m

programme views initiated
on All 4 (+26%)

36th

Channel 4 is ranked the
36th biggest social media
brand in the world

Our remit encourages us to push creative and commercial boundaries, taking risks and experimenting in ways that other broadcasters do not or cannot.

Innovation

Innovation takes a number of forms. It drives our commissioning decisions and creative strategy, leading us to take more risks with new programme ideas to find winning formats and programmes. And it informs how we use technology to reach audiences and encourages us to find new commercial approaches.

In 2018, we remained at the cutting edge of innovation in the media sector, experimenting with new programme formats to produce fresh, original and accessible content, forging new commercial partnerships to ensure we remain competitive, and harnessing technology so that we continue to best serve and reach audiences.

2019 ambitions

- 1 — As part of our 'one show, many platforms' strategy, we will shape shows with digital as well as linear expression from the first point of commission.
- 2 — We will use our new Digital Creative Unit in Leeds to experiment with new, future talent and ideas on social platforms, taking Channel 4 to new audiences.
- 3 — 2019 will also see us create more space and investment in risky and innovative programmes, such as a bigger and bolder second season of *The Circle* and more experimentation with virtual reality.



Peng Life

Innovation (continued)



Technically outstanding, truly innovative and utterly coherent."

Broadcast, on *Married to a Paedophile*



Married to a Paedophile

Programme innovation

Throughout the year, Channel 4 focused on taking risks and innovating its schedule. As well as refreshing and updating much-loved programmes, we brought hundreds of new shows to the screen in 2018. By the nature of innovation, some programmes attracted fewer viewers than we had hoped for – while others are on track to become hits.

On the main channel, in the evening period when most people are watching (between 6pm and midnight), Channel 4 showed 144 new and one-off programmes. This is more than the other commercially-funded public service broadcasters, ITV (104 programmes) and Channel 5 (128 programmes).

We developed new ideas and formats to introduce more innovation into our schedule with programmes such as *The Big Narstie Show*, *Genderquake: The Debate*, our fly-on-the-wall documentary *Inside the US Embassy* and our ground-breaking *Prison* documentary series.

Tapping into the world of fan-generated content, *The Real Football Fan Show* brought the stars of YouTube's ArsenalFanTV format onto Channel 4 in a late-night slot. The programme is unique in that it provides an authentic voice for real fans in a TV landscape that is dominated by pundits, professional comedians and former football players.

We also worked with other YouTube talent, helping them make their TV debuts throughout the year, for example with Elijah Quashie and *Peng Life*.

A highly innovative take on storytelling, *Married to a Paedophile* was a 90-minute film following two families as they deal with the shock, trauma and stigma of a family member being convicted of possessing indecent images. This documentary, directed by Colette Camden and produced by Brinkworth Films, went on to win Broadcast's Best Original Programme Award in 2018.

With these families living under the constant fear of vigilante attacks, we devised an innovative technique designed to protect their identities. The documentary was originally recorded as an audio documentary, using the real voices of families affected by men convicted of the crime. Actors were then cast to lip sync the audio precisely – including every breath, every swallow – over these recordings for the film.

It combined the emotional intensity and intimacy of documentary with the heightened aesthetic of drama. Despite its length and challenging subject matter, the innovative film performed well, ranking in the top ten most successful true crime and factual drama documentaries we have shown in the last three years.

The Circle

Ground-breaking reality gameshow *The Circle* is a prime example of an experimental, innovative series on Channel 4.

Produced by Studio Lambert with Motion Content Group, and launched in August, *The Circle* is the first reality show where players communicate via a social network. Contestants living in separate apartments in a single building play games and chat with each other through a unique voice-activated social media platform.

The players were observed by 106 fixed-rig cameras – the biggest rig on British television ever. They rate each other frequently, unpopular players are 'blocked' and, ultimately, the most popular player wins a cash prize.

It was a genuine risk for Channel 4 to take on this innovative new reality format, and the series struck a chord with young viewers, who were utterly gripped by the set-up in which drama and relationships unfolded on screen between players who never met.

The Circle was Channel 4's most popular new factual entertainment series for young viewers in 2018, proving a hit with critics and young audiences on social media alike.

With an average of 49% profile of 16-24-year-olds, it was Channel 4's youngest profiling show since 2012. And on All 4, *The Circle* was the biggest new original commission launch since 2012, with over ten million views.

Viewers appreciated its distinctiveness and learnt useful lessons about trust and privacy online. Three-quarters agreed that *The Circle* felt new and different to other reality TV shows (rising to 84% of 14-19-year-olds). Seven in ten viewers said the series made them think differently about who to trust on social media, and one in five claimed to have changed their privacy settings on a social media account since watching the show. Following the programme's success on Channel 4, Netflix has bought the format for the rest of the world.



The Circle



New reality show *The Circle* has proven a hit with viewers who have called it 'perfect' and 'powerful'."

The Sun

1 in 5

viewers have changed their social media privacy settings after watching *The Circle*

75%

of viewers agreed *The Circle* felt new and different to other reality TV shows



The Circle

Innovation (continued)

All 4 continued to punch above its weight in video-on-demand (VoD) and grew faster than the market thanks to its unique mix of live TV, catch-up TV, box-sets and programming from partners such as VICE and Walter Presents.

Our online platform All 4 had its best year ever in 2018. Viewing on our apps and platforms increased by 26% to reach a record 915 million views over the year.

This increase in streaming views is the highest year-on-year growth in percentage terms since 2010; while in absolute terms, this year's increase – of 187 million views – is the largest annual rise since Channel 4 began reporting this metric in 2008. This strong performance is important as audiences – especially young people – are increasingly turning to on-demand services for content.

All 4's popularity has been driven by a mixture of expert curation, catch-up programming following a strong linear schedule and exclusive programming, such as *Community* and *Dawson's Creek*. Our large collection of box-sets – a mixture of archive (such as *Friday Night Dinner* and *The Inbetweeners*) and exclusive content (such as *90210*) – was also a huge draw. We also made improvements to our products, including the All 4 app.

First-run catch-up programmes accounted for nearly half of total views on All 4 across 2018. *Hollyoaks* was the biggest title of the year, followed by *Celebs Go Dating* and *The Great British Bake Off*. Our new reality formats, *The Circle* (see case study, p59) and *Five Star Hotel*, also landed well – over half of the 16-34-year-old viewing volume to these shows was on All 4.

We also recorded our best-ever drama launch with *Kiri*, with 1.9 million catch-up views of the first episode, and our best-ever comedy launch with *Derry Girls* – which attracted a staggering six million views in the first 30 days and a further four million after this initial catch-up window.

Repeats and the Channel 4 archive accounted for more than a third of our total views. While most of the top 20 titles were unchanged in 2018 compared to 2017, reflecting the enduring value of classic Channel 4 shows, more people watched more programmes.

The average monthly number of logins grew by 35% in 2018 to an average of 4.8 million users. Nearly 20 million people are now registered with All 4, including approximately 70% of all 16-24-year-olds in the UK.

Walter Presents, our curated channel dedicated to quality foreign language programming, also had a strong year with steady growth. The service now includes 80 titles from almost 20 countries, and its library features around 900 hours of curated content, including French crime drama *Killer By The Lake*, haunting German legal thriller *Shades of Guilt*, compelling Norwegian thriller *The River* and Swedish action crime thriller *Alex*.

The Courtney Act Show



4.8m

average monthly viewers (+35%)

First Dates



All 4+ trial

In 2018, we launched the trial of a paid-for service on All 4, to test viewer response and functionality of a video-on-demand service without ads.

All 4+ launched as a beta test with an invited sample group in December. The test forms part of our strategy to increase investment in All 4 and to compete against large digital players.

The results of the beta test are being evaluated in 2019 and will help to inform the future strategic development of the service.



Who Is America?

915m

programme views on All 4
(+26%)

19.6m

registered All 4 users (+14%)

Innovation (continued)

Innovation through partnerships

Experimenting with innovative content partnerships featured strongly in 2018 for Channel 4 on our linear channels as well as our on-demand platform All 4.

In September, we announced that Channel 4 and Sky had agreed a bold and innovative cross-platform deal between a public service broadcaster and pay-TV platform. Channel 4 will show highlights of Formula 1 races, with the British Grand Prix shown live on both Sky Sports F1 and Channel 4. This ensures that the 2019 Formula 1 Championship and the British Grand Prix remain available on free-to-air television for UK viewers.

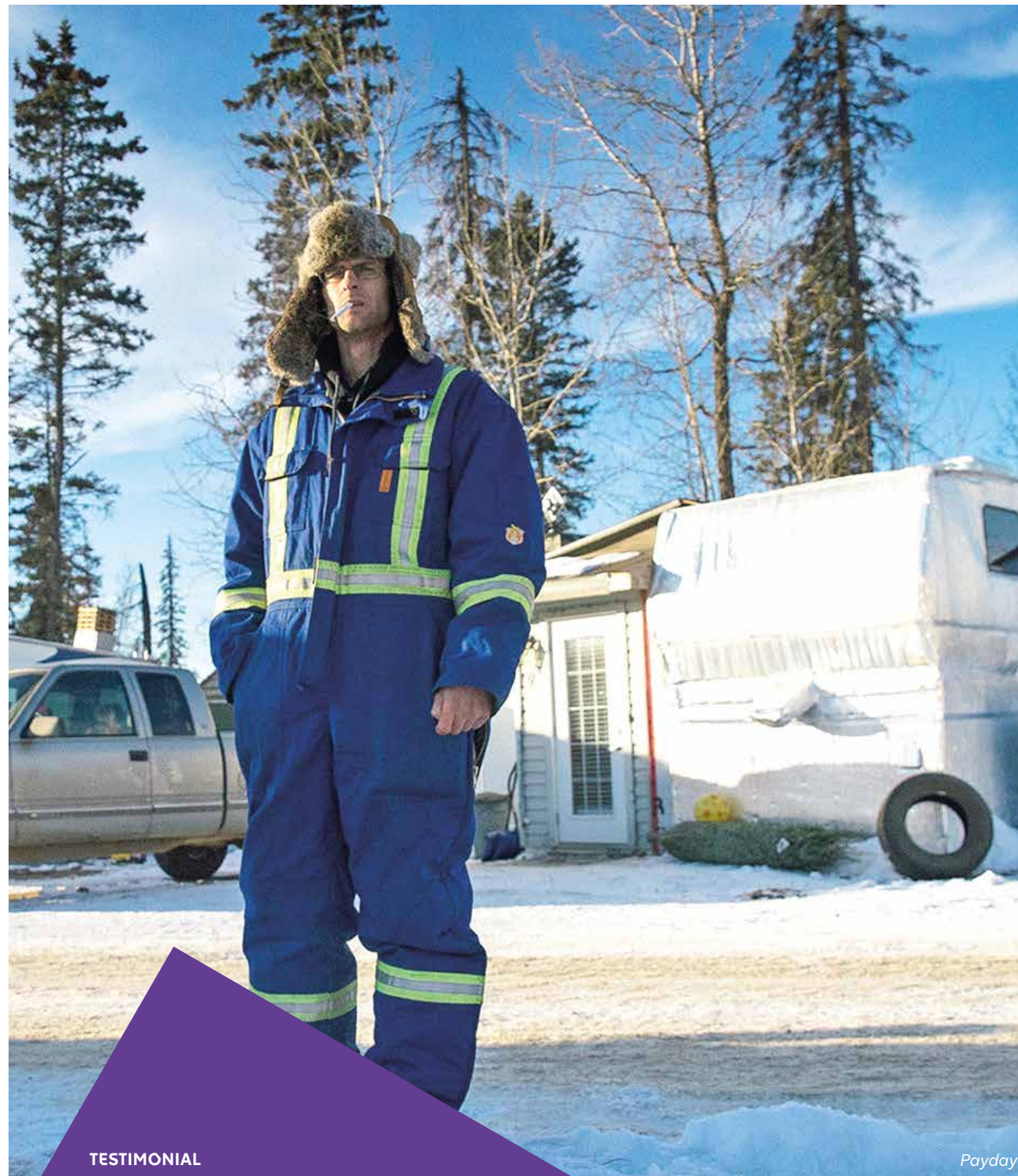
The partnership also saw the first season of the Sky original production *Tin Star* air on Channel 4. In exchange, Sky and Now TV subscribers are being given access to a variety of Channel 4 and Walter Presents content packaged as box-sets, including *No Offence*.

This collaboration was the first of its kind in the UK, benefiting viewers and strengthening the ecosystem of UK broadcasters and British originated content.

Another standout partnership of 2018 was the exciting and innovative partnership that All 4 signed with digital media company VICE in August, which bolstered our video-on-demand offer significantly.

The partnership led us to create a VICE-branded hub on All 4; the first time we have hosted content from a non-Channel 4 brand. More than 900 hours of new and old VICE long-form content – previously only available on subscription TV services – have been added onto All 4 for viewers to watch for free.

The programming includes documentary series *Hate Thy Neighbour*, *Needles and Pins* and *Gaycation*, fashion series *States of Undress* and a current affairs and news strand. As part of the partnership, the All 4/VICE box-sets are also pushed on all of VICE's social media platforms.



TESTIMONIAL

"The partnership has been a true collaboration across our brands, resources and creative that has enabled us to raise awareness of the VICE brand and to bring new audiences to the All 4 platform."

"Channel 4 has been the ideal platform for VICE, given our shared sensibilities for bold, experimental and creative content to engage young audiences. We are looking forward to working together to further expand our partnership."

CJ Fahey, General Manager, VICE TV and Studios EMEA

Reaching audiences on social media

Channel 4, E4 and All 4 experienced strong growth on social media, resulting in Channel 4 being ranked the 36th biggest social brand in the world at the end of 2018.

This is ten places higher in the rankings than in 2017 and is higher than much bigger organisations such as Netflix, Amazon, ITV and Sky and higher also than key challenger brands such as VICE.

While the UK media market's social performance increased by 7% year-on-year in 2018, the Channel 4 portfolio grew by 40% – and E4 alone by 160%. As a portfolio, our brands achieved in excess of ten billion views in 2018, up 40% against 2017.

This success is crucially important in showing that Channel 4 can engage with younger audiences in new ways – 87% of our social media audience is aged under 35. Our youth-focused channel E4 also became the biggest Facebook page by any UK broadcaster, overtaking *BBC News* in March 2018. Since then, it has grown each month and, by December, was three times bigger than the next biggest competitor page, BBC One.

Channel 4 News also continued to be one of the UK's biggest video news brands on social media in 2018. More than 1.5 billion minutes of *Channel 4 News*, *Dispatches* and *Unreported World* was viewed on YouTube and social media.

Channel 4 News also announced a partnership with Facebook to produce a news show, *Uncovered*, exclusively for Facebook Watch. The ten-minute show will focus on a single international issue each week, going beyond the headlines to tackle stories that often go unreported.

In addition, *Channel 4 News* launched a podcast in 2018. *Ways to Change the World*, presented by Krishnan Guru-Murthy, features hour-long conversations with high-profile guests to explore "the big ideas influencing how we think, act and live". A hit with audiences, it was included in Apple's UK 'Best of 2018' podcast list.



Diversity and innovation in advertising

From experimental production techniques and programme formats, right through to ground-breaking advertising breaks and commercial firsts, innovation runs through the Channel 4 business.

In 2018, we worked with several major advertisers to create innovative ad breaks that celebrated diversity in unique, engaging ways.

A strong example of this is our partnership with Nationwide Building Society, Maltesers and McCain to broadcast a primetime ad break takeover to take a stand against online abuse.

The takeover, which was broadcast in September during the first episode of the new series of *Gogglebox*, adapted the brands' original adverts to include examples of real online abuse that the diverse contributors had received. This was amplified with visual effects – such as mould, a cracked screen and digital distortion – designed to replicate what it felt like for those on the receiving end.

We also teamed up with eight organisations to mark International Day of Persons with Disabilities and the worldwide #PurpleLightUp campaign in December, which sought to celebrate the economic contributions made by disabled people.

Employees from BT, HSBC UK, Lloyds Banking Group, Lloyd's of London, Nationwide Building Society, Reed Smith, Scope and Virgin Media – plus Channel 4 – appeared in the film to give insight into the extra worries that they have to cope with. Broadcast throughout the weekend and International Day of Persons with Disabilities, the innovative partnership encouraged businesses to help disabled people find careers in which they can thrive.

For the third year, we ran our £1 million Diversity in Advertising Award, this year inviting agencies to create a campaign challenging ingrained gender stereotypes and the objectification of women. The Royal Air Force and Engine won the £1 million of commercial airtime, with their advert airing in February 2019.



3rd

Channel 4 is the third most popular UK TV channel for 16-34-year-olds (=)

15.9%

portfolio viewing share among 16-34-year-olds (-3%)

4.8%

viewing share for E4 among 16-34-year-olds (-9%)

Young people are at the heart of Channel 4. More than any other PSB, our programmes resonate strongly with younger audiences, reflecting their lives and interests and helping them to develop the life skills they need.

Young people

Liam Bakes

2019 ambitions

- 1 — We will focus on delivering more broad-reaching – yet young-skewing – originated programmes on Channel 4, experimenting with riskier content in late-night slots, as well as pursuing high-volume, scalable shows with a young appeal.
- 2 — We will also renew our commitment to E4 through an additional £10 million investment that will be used for genres including Comedy Entertainment, and broadening E4's editorial base.
- 3 — From late 2019, our Digital Creative Unit will also be able to experiment with commissioning content for young people on social platforms.

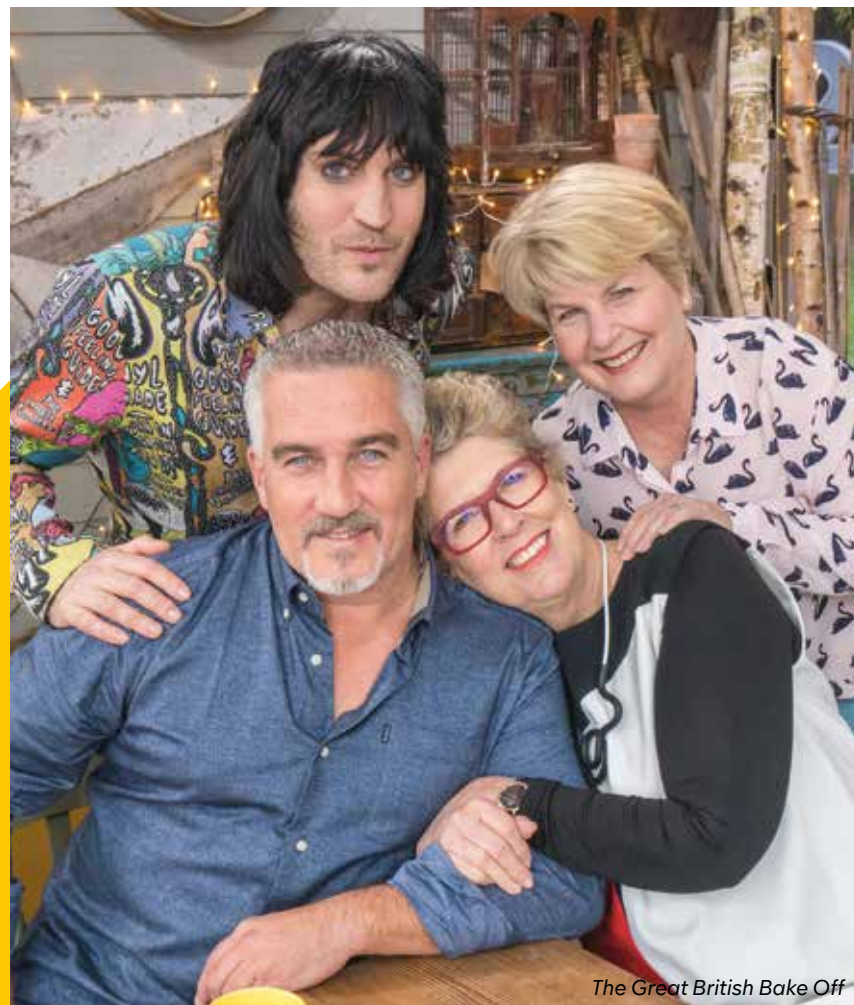
More than ever in 2018, our focus has been on maintaining and growing our connection with young people – an increasingly hard-to-reach audience, as young viewers move towards on-demand content and platforms. Across all our output, our alternative and unique approach to subjects appeals strongly to young audiences and our programmes tend to focus on themes that are particularly relevant to young people.

In line with our new strategy, which sets out young people as a key priority, our approach – to offer experimental, educational and entertaining programmes – results in disproportionately strong viewing figures relative to other public service broadcasters.

This is felt particularly strongly with Channel 4's factual programmes, which accounted for seven out of the top ten factual entertainment shows among young audiences in 2018, and with *The Great British Bake Off*, which attracted higher figures and share amongst 16-34-year-olds than any other series.

Young people (continued)

Engaging young audiences is a core part of our remit. We work hard to commission programmes that appeal to 16-34-year-olds, an increasingly hard-to-reach audience as young viewers migrate towards on-demand content and platforms. Across our 2018 slate, our returning series proved the most popular programmes for young people.



The Great British Bake Off

Viewing among 16-34-year-olds was particularly strong in Factual genres this year. For the second time running, seven out of the UK's top ten factual entertainment programmes were shown on Channel 4.

In 2018, *The Great British Bake Off* was Channel 4's biggest show for young people, with a share up 146% against the slot norm, and is often watched together by young people with their family. Indeed, *The Great British Bake Off* reached more 16-34-year-olds (6.8 million) than ITV2's *Love Island*.

Overall, the programme was the second most-watched by young people across all public service broadcasters, with an average of 2.4 million young viewers, second only to ITV's *I'm A Celebrity, Get Me Out Of Here* (which averaged three million viewers aged 16-34). *Celebrity Hunted*, our first series that saw celebrities go on the run, also performed brilliantly with 16-34-year-olds, with a share up 129% against its average slot time.

Channel 4's viewing share among 16-34-year-olds was 15.9% in 2018 across our TV channel portfolio. This is 0.5 percentage points down on 2017, but our share of 16-34-year-olds is still more than 50% higher than our all-audience share. We are the only public service broadcaster to attract significantly greater viewing among 16-34-year-olds than across the general population.

15.9%

Channel 4's viewing share among 16-34-year-olds in 2018 (-3%)

7.5%

Channel 4's share of 16-34-year-olds (=), making it the third most popular channel for young people

Boosting E4

2018 saw Channel 4's Head of Programmes, Ian Katz, unveil his new creative strategy which included a bigger focus on young viewers: creating more programmes that resonate with younger audiences – and giving it to them where they want it.

E4, which is already one of the strongest youth brands on linear TV, is at the heart of this. In addition to TV, E4 has the potential to be an even more powerful youth brand across on demand and social media.

As part of the strategy, we announced an additional £10 million to E4's budget, with an emphasis on reality and factual entertainment originations, and we also appointed a new Controller of E4, Karl Warner, who joined in June 2018.

E4's performance was strong at the beginning of 2018, with a 7% increase in viewers year on year, thanks to the launch of *Young Sheldon* – E4's best-performing broadcast of 2018 and E4's best ever new comedy launch for both individuals and 16-34-year-olds – and strong performances by *Celebs Go Dating* and *Brooklyn Nine-Nine*.

However, the channel's performance was impacted later in the year, resulting in E4's viewing share falling by 0.4 percentage points overall in 2018, to 4.8%. This was due to a combination of factors, including Sky's decision in May to move E4+1 on the Sky electronic programme guide – from a position of 138 to 235, decreasing the channel's prominence and resulting in a drop-off in viewing – and very strong competition from the *World Cup* on BBC and ITV and ITV2's *Love Island* across the summer. E4's share was also affected by lower ratings for some of its long-running titles.

Turning to the future, E4 will be the main focus of our efforts to grow young share directly, while on Channel 4 our emphasis will be on reaching younger viewers through broad, popular shows at 8pm and 9pm, as well as spikier, younger programmes at 10pm.



Celebrity Hunted

Young people (continued)

Hollyoaks: Tackling young people's mental health

Hollyoaks, our flagship soap, has aired on Channel 4 since 1995 and continues to be the youngest-skewing soap on British television.

56% of its audience are 34 or under (compared to 23% for *Eastenders* (BBC), 18% for *Coronation Street* and 15% for *Emmerdale* (both ITV)). Running at five episodes a week, it is one of our most popular and enduring shows. The series performed strongly in 2018, seeing its share grow by 3% for all individuals and 8% for 16-34-year-olds, compared to 2017.

As well as providing entertaining storylines that appeal to young viewers, *Hollyoaks* has a proud track record of delivering impactful, important public service messages to this core audience on challenging social issues. In 2018, a number of powerful storylines tackled self-harm, abuse, bulimia and schizoaffective disorder among others, and we worked closely with mental health charities.

Alongside its mental health storylines, *Hollyoaks* ran an awareness campaign in 2018 called 'Don't Filter Feelings', in which the cast and production revealed their own battles with mental health illnesses and how opening up about it has helped them. In recognition for the campaign's success, *Hollyoaks* received a 'Making a Difference' award at the 2018 Mind Media Awards.

Due to the success of the cross-platform campaign, the *Hollyoaks* team was invited to the House of Commons to talk about the show's work on mental health for young people – with Luciana Berger MP, former Shadow Minister for Mental Health, naming herself as 'MP for *Hollyoaks*' due to the work that the show has done to campaign for better mental health support.



Ten days into the year and *Hollyoaks* has chucked down the gauntlet to the rest of TV. Top that! I honestly think that at this point in time, that such a challenge is unbeatable."

Metro

TESTIMONIAL

"The issues that *Hollyoaks* deals with act as a prompt for that first conversation. This responsibility plays a really important part in deciding what stories we tell and critically, how we tell them.

"Yes, it's a soap and it's entertainment – but it's also educational. It's relevant and reflects the lives that young people lead today. A lot of the issues that we tackle are often the first time that they will have encountered the topic. It instigates discussions that allow the younger audiences to learn, explore and establish their own opinion."

Claire Poyser, Managing Director, Lime Pictures

Reaching older children

Appealing to older children (10-14-year-olds) and young adults is an important part of our slate. In 2018, our strategy was to provide programmes that reflect their lives and interests, but which also have a popular mainstream appeal.

This has proven to be very successful, with original, high-quality programmes that enable children to see their lives reflected on screen and helping them to better understand the world around them.

A prime example of this is *Lego Masters*, which sees pairs of children use Lego to build intricate Lego masterpieces. The series – which combined a strong appeal to children with a broad appeal to Lego lovers of all ages – returned to Channel 4 at an 8pm slot for a second year, following its success in 2017.

The series averaged a 20.2% share of 10-14-year-olds. And with a profile of 17%, *Lego Masters* achieved our biggest children profile for a series in primetime since *Rock School* in 2005 (17.4%). In terms of overall viewing numbers, the five-episode series was ranked as Channel 4's third-biggest series of 2018 for children aged 10-14-years-old, after *The Great British Bake Off* and *The Great Celebrity Bake Off for Stand Up to Cancer*.

Other content in our schedules with proven appeal to children included *The Secret Life of 5 Year Olds*, *Gogglesprogs*, *The Island with Bear Grylls* and *Hunted*.

Alone at Home was a four-part factual entertainment series that questioned to what degree modern parenting styles prepare children for adulthood (it achieved a 15.2% share of 10-14-year-olds). *The Class of Mum and Dad* saw parents return to primary school to experience what school is like for their 11-year-old children (9.6% share of 10-14-year-olds). And in *Spying on My Family*, members of one family were able to see into every corner of each other's lives, with cameras tracking their every move and with every social media post and text message laid bare (8.0% share of 10-14-year-olds).



Lego Masters



The Class of Mum and Dad

Educational content

We have an important role to play in providing educational content to young people, exploring issues that matter to them in entertaining and engaging ways.

Our educational content was successful at reaching young people aged 14-19-years-old. This year saw the return of our successful drama series *Ackley Bridge*, about a new academy school that merges the lives and cultures of a community (which reached 15.7% share of 14-19-year-olds).

We also sought to represent the experiences of teens in *My F-ing Tourette's Family*, a documentary which told the story of two boys living with Tourette's Syndrome, and *Indian Summer School*, a new Factual Entertainment series in which five white, working class British boys who have failed their GCSEs were given a second chance when they took part in a study programme at the world-famous Doon School in India which has an exam pass rate of 100%.

We also found ways to explore big issues relevant to teen identity in programmes such as *Genderquake: The Debate*, which explored a major issue affecting young people – gender identity.

177hrs

of first-run originations
covering diversity issues
on the main channel
(+37%)

9.5%

portfolio viewing share
among BAME audiences
(-6%)

89%

of programmes met
our Commissioning
Diversity Guidelines

Inclusion and diversity are at the heart of everything we do, on and off screen. We want every audience to feel at home on Channel 4.

Inclusion and diversity

Many of the most iconic Channel 4 moments over the years have had diversity at their heart: from the first black sitcom *Desmond's*, to *Brookside's* pre-watershed lesbian kiss in the 1990s and our gold-standard Paralympic sport coverage over the last decade. In 2018, we created more space for diverse and under-represented voices on screen.

Many of these voices remain under-represented on television. Through our work and our partnerships with others, we aim to fully reflect the diversity of Britain today in our output, and in the people who make these programmes.

We want our employees to feel that their individual talents are appreciated, that they can be themselves and be different. And we want our independent production partners to feel that Channel 4 enables them to tell the widest range of stories from different parts of society.

2019 ambitions

- 1 — On screen, we are creating more space for diverse and under-represented voices through a range of new schemes.
- 2 — Our 4 All the UK plan will spread our commissioning team across the country, which will ensure that we reach the stories, ideas and talent that reflect the whole of the UK.
- 3 — Within Channel 4, we will continue to develop our thinking around inclusion within the organisation and the wider sector.

Ackley Bridge

Inclusion and diversity

(continued)

Through the programmes that we commission, we aim to entertain our audiences while also showcasing Britain in all of its brilliant diversity. This leads us to showcase exceptional talent drawn from the widest talent pools from across the UK.



What Makes A Woman?

2018 was a strong year for inclusion and diversity at Channel 4. Programmes such as *Derry Girls* and *The Big Narstie Show* have demonstrated that diverse themes can generate great success and *The Great British Bake Off* has illustrated the power of ensuring that inclusion and diversity run through our biggest shows.

Across all of our 2018 programmes, we showed 260 hours of originated programmes on the main channel that specifically covered diverse content – from religion to multiculturalism, disability and sexuality. This was up 3% on 2017.

All of our genres played a role in presenting a modern, diverse Britain on screen, including: Sport (*PyeongChang 2018 Paralympic Games*, *Superhero Triathlon*); Entertainment (*The Last Leg*, *The Big Narstie Show*, *The Courtney Act Show*); Documentaries (*Trans Kids: It's Time To Talk*, *Genderquake*, *What Makes A Woman?*); Drama (*Ackley Bridge*, *Hollyoaks*); News and Current Affairs (*Unreported World*, *Supershoppers*); Factual Entertainment (*The Undateables*, *Gogglebox*, *Riot Girls*, *Peng Life*) and Specialist Factual (*Random Acts*, *Superkids: Breaking Away from Care*, *The Secret Life of 5 Year Olds*).

A record 89% of our programmes met our Commissioning Diversity Guidelines, which set genre-specific diversity targets on and off screen. This is the highest level we have achieved since we introduced the guidelines four years ago, and reflects an increase in on-screen diversity across all programme genres. This has also resulted in more people from diverse backgrounds working behind the camera, on programmes such as *The Secret Life of 4 and 5 Year Olds*, *Ackley Bridge*, *The Undateables* and our *First Cut* documentary strand. In addition, we achieved 100% subtitles across all linear channels, leading the way in our provision of access services.

Our programmes also appealed to diverse audiences, with many attracting disproportionately high shares of BAME viewing. Factual Entertainment programmes had a particularly strong pull for our BAME audiences, including *Indian Summer School* (17.5% BAME viewing share vs 6.5% share for all individuals), *Liam Bakes* (11.6% BAME share vs 5.4% share for all individuals) and *Jimmy and Jamie's Friday Night Feast* (15.2% BAME share vs 7.4% share for all individuals).

89%

of programmes met our Commissioning Diversity Guidelines in 2018



The Secret Life of 5 Year Olds: All Girls

#vote100

To mark the centenary of British women being allowed to vote, we launched a 'Celebration of Women' season in February, which reached 8.3 million people or 13.9% of the TV population.

This kicked off with Channel 4 screening Film4 Productions' *Suffragette* – which was up a notable 106% for female viewers – followed by a *Secret Life of 5 Year Olds: All Girls* special episode and a repeat of Clare Balding's *Secrets of the Suffragette* documentary. *The Last Leg* also held a 'Suffragette' special, which attracted 1.7 million viewers and won its 10pm slot for 16-34-year-olds.

Film4 also hosted a month-long 'Phenomenal' film season to celebrate the achievements of women both in front of and behind the camera – titles included *The Dressmaker*, *Lucy* and *The Other Woman* – and reached 12.8 million people. And our digital platform All 4 also created four 'Celebration of Women' collections, featuring programmes directed by women and featuring women in lead roles, which totalled 4.3 million views across February.

The season was very well received, with 71% of viewers agreeing that this is just the type of programming that Channel 4 should be airing.

Genderquake

Our *Genderquake* season featured ground-breaking programmes that examined the gender debate – from feminism, gender privilege and sexual violence to gender identity and gender fluidity.

At a time when issues of gender and gender identity are highly charged and hotly debated, this collection of entertaining, thoughtful and provocative programmes featured a broad range of inspiring people, who added their varied and informative voices to the wider debate.

The season kicked off with *Genderquake*, a two-part factual entertainment series looking at gender fluidity and attitudes to gender among a group of 11 young people.

In her first UK documentary, *What Makes A Woman?*, model and activist Munroe Bergdorf explored gender dysphoria and identity as she underwent life-changing surgery.

We also held a studio discussion, *Genderquake: The Debate*, which was chaired by Channel 4 News' Cathy Newman and featured a wide-ranging panel of guests – including Munroe Bergdorf, feminist and academic Germaine Greer and US television personality and Olympic gold medal winner Caitlyn Jenner – who offered a variety of perspectives on what gender means in 2018.

The season challenged and inspired viewers. Reaching 4.5 million people, or 7.4% of the TV population, the programmes elicited a positive viewer reaction. Eight in ten agreed that *Genderquake* succeeded in stimulating open discussion around the subject of gender identity.

Half the audience claimed that prior to watching *Genderquake*, they felt gender fluidity was a taboo issue, suggesting that the programme has helped break some social taboos. Three-quarters of *Genderquake* viewers also felt that programmes like these can have a positive impact on those confused about their gender identity – and 70% agreed that programmes like *Genderquake* help overcome prejudice.

Genderquake



Inclusion and diversity (continued)

Changing the public's view of disability

Channel 4's coverage of Para sport has played a key role in changing how people view disability, with millions of viewers tuning in to watch the PyeongChang 2018 Winter Paralympic Games.

Despite a time zone difference that meant much of the action took place in the small hours of the day, *PyeongChang 2018* was successful at attracting viewers both across our live coverage and in our primetime evening highlights programming.

Coverage of the Games benefited from a first-class line-up of diverse commentators led by Clare Balding, Lee McKenzie and double Paralympic gold-winner Jonnie Peacock in Channel 4's purpose-built snow centre at The Snow Centre in Hemel Hempstead, as well as Ade Adepitan, Sophie Morgan and Arthur Williams presenting live in PyeongChang. The Snow Centre's ski slope was also used to demonstrate the classifications and the skill required by Britain's Paralympians to compete.

Adam Hills, Alex Brooker and Josh Widdicombe returned with three special editions of *The Last Leg* during the Games, providing their unique take on the Games and celebrating the Paralympians' extraordinary achievements.

Our coverage was well received by the UK public, with the Games reaching a total of 11.9 million people, equivalent to 19.8% of the TV population.

This had a positive impact on how people view disability, with just under 80% of viewers agreeing that Channel 4's coverage of the Games made them think about the challenges facing disabled people in a different way – and 53% felt it challenged their existing perceptions of disability and what it means to be disabled.

It also helped to create more open discourse around disability, with over half (53%) of viewers saying they felt more comfortable talking or asking questions about disability as a result of watching the Games. Overall, eight in ten viewers said that there should be more programmes on TV that feature people with disabilities.



Since London 2012, Channel 4 continues to rewrite the global blueprint for how a broadcaster should cover the Paralympic Games.

Whether it's developing disabled on- or off-screen talent, producing international award-winning promotional campaigns or the in-depth and widespread coverage itself, every broadcaster around the world wants to know what Channel 4 is doing because it is regarded as the world leader."

Andrew Parsons,
President, International Paralympic Committee



TESTIMONIAL

"Spotlight on Directors has continued to make a big contribution to my career. They introduced me to the sports production company Whisper Films and funded trips to Belgium and Malaysia for me to shadow the regular director on the Grand Prix weekends. I learned the setup of the shows before directing some practice sessions and have since directed the Italian Grand Prix shows from Monza, Italy this year.

"If diversity in directing is ever going to improve, it is essential that major broadcasters and production companies take action and actively look to provide opportunities that are otherwise very difficult to obtain.

"Initiatives like Spotlight on Directors are essential if new directors are going to have an opportunity to break into the industry, particularly the under-represented."

Jan Genesis, Spotlight on Directors participant who, since participating in the scheme, has gone on to direct the pilot for comedian Mo Gilligan's upcoming new series and has also progressed to working in a wide range of new entertainment shows.

Boosting off-screen diversity

Throughout the year, we worked with diverse, new and emerging companies and talent – with a focus on creative diversity of supply, both regionally and culturally.

We funded a series of targeted Progression Bursaries in 2018 to support mid-career talent across our content and build sustainable careers for talented individuals in the freelance population. This included talent from BAME and working class backgrounds as well as people with disabilities.

For example, these placements supported talented development producers with disabilities to work with existing suppliers to boost the pipeline of innovative diverse ideas.

We continued to work with the directors on our Spotlight on Directors initiative, supporting them throughout their placements and into their onwards journeys in 2018. Through the initiative, which first launched in 2017, we have worked with more than 40 directors – both established and emerging, across all of our content – to expand diversity of thought in TV.

Our Creative Diversity team continued to support Channel 4's independent suppliers to deliver the requirement of the Commissioning Diversity Guidelines. The guidelines set genre-specific, on- and off-screen diversity targets for production companies working with Channel 4. In 2018, the percentage of programmes that met these guidelines was as its highest ever at 89%. This reflects an increase across all genres, particularly in Factual.

Through our long-running series *Location, Location, Location*, we supported a Runners' Scheme – a major new point of entry for working class and BAME talent in Scotland.

We used our D.I.V.E.R.S.E Festival to launch a campaign to boost the profile of Project Diamond, the pan-industry monitoring system. Our in-house creative team, 4Creative, designed a Diamond Champion character who was the face of a social media and marketing campaign.

Our diversity work – both on screen and off screen – was also recognised with a Broadcasting Press Guild Award for Innovation.

86

hours of *PyeongChang 2018 Winter Paralympic Games* on Channel 4

11.9m

reached – equivalent to 19.8% of the TV population

Inclusion and diversity (continued)

Inclusion and diversity within Channel 4

Diversity is at the heart of everything we do, including our own workforce. 2018 was a strong year for Channel 4, as we developed a new inclusion and diversity strategy.

The change in leadership at Channel 4, with CEO Alex Mahon joining in late 2017, provided us with a prime opportunity to consider our approach to diversity and how we measure progress in the future.

We will have a renewed focus with inclusion at its core – where everyone is treated with respect and dignity and ensuring that everyone can participate fairly and equally. This environment allows everyone to be the best they can be and for the business to fully unlock its creative potential.

To help drive this, we have also appointed a new Head of Inclusion and Diversity, Yasir Mirza, to lead this work. And our five employee resource groups – The Collective, 4Mind, 4Pride, 4Purple and 4Women – are now well established and empowered to advise the business on change, with each group having an Executive sponsor, broadening accountability.

Beyond the strategy, throughout 2018, we have continued to champion diversity through a multitude of business activities.

We held our Annual Diversity Lecture in Parliament in May, which garnered significant media coverage. The keynote speech was delivered by television personality and Olympic gold medal winner Caitlyn Jenner, who shared her story as a trans woman. We also launched our 360° Diversity Charter – Three Years On report at the event, which outlined our achievements in diversity in the previous year.

Our third D.I.V.E.R.S.E. Festival was in Glasgow, also in May. This brought together gamechangers from the worlds of media, politics, professional services, music and the third sector. Speakers included Scottish First Minister Nicola Sturgeon, trans model and activist Munroe Bergdorf, SB.TV founder Jamal Edwards, and others.

Genderquake: The Debate



Meanwhile, Ofcom's 2018 Diversity in Broadcasting Report showed that we continue to lead in many areas of diversity, particularly our work on disability.

Across 2018, among our employees, we increased our proportion of BAME staff to 19.0%, and remain on track to hit our 2020 target of 20%. We grew our proportion of disabled employees to 11.5%: with this figure, we are proud that we have not only met but almost doubled our 2020 target of 6%. And we grew the proportion of LGBT employees to 7.3%, meaning we have already met our 2020 target of 6%. The proportion of female staff, meanwhile, held steady at 56.0% (well above the proportion of women in the population).

We published our gender pay gap for the first time in 2018, setting out the difference in average hourly pay between men and women at Channel 4. Our first report showed that in 2017, we had a mean gender pay gap of 28.6%.

By increasing the number of women in senior positions, we achieved a reduction of one-fifth in 2018, to 22.7%, bringing us closer to our target of 50:50 gender balance among the top 100 earners by 2023. Our 2018 Pay Report also included BAME pay data; this showed a pay gap of 19.1%, alongside our strategy for reducing the BAME pay gap.

Between programmes, we also continued to work with advertisers on diversity. A prime example of this is a campaign against online abuse, run with Nationwide, which was extremely well received by the viewing public and triggered a positive debate around diversity (see case study on p63).

RISE

We launched our Women's Development Programme for Channel 4 employees, called RISE, in 2018. The programme is one of the key actions that we have put in place to enable our female employees to develop and grow into senior roles across the organisation, while creating real and sustainable cultural change within Channel 4.

Launched in September, in partnership with consultants Shine For Women, the programme has already supported the development of more than 200 women at all levels of Channel 4 by giving them training and support to ensure that they feel energised about furthering their careers and reaching their full potential.

Feedback has been widely positive, with eight in ten attendees saying that they have a better sense of how they can use their strengths for the future, and a similar proportion saying that they feel ready to stretch out of their comfort zone.



Socioeconomic diversity

Improving the socioeconomic diversity of Channel 4 and ensuring that the organisation is open to people from all backgrounds is a key tenet of our Inclusion and Diversity Strategy.

In 2018, we published research that analysed the socioeconomic make-up of Channel 4 and the production companies that we work with, which has greatly contributed to the industry debate.

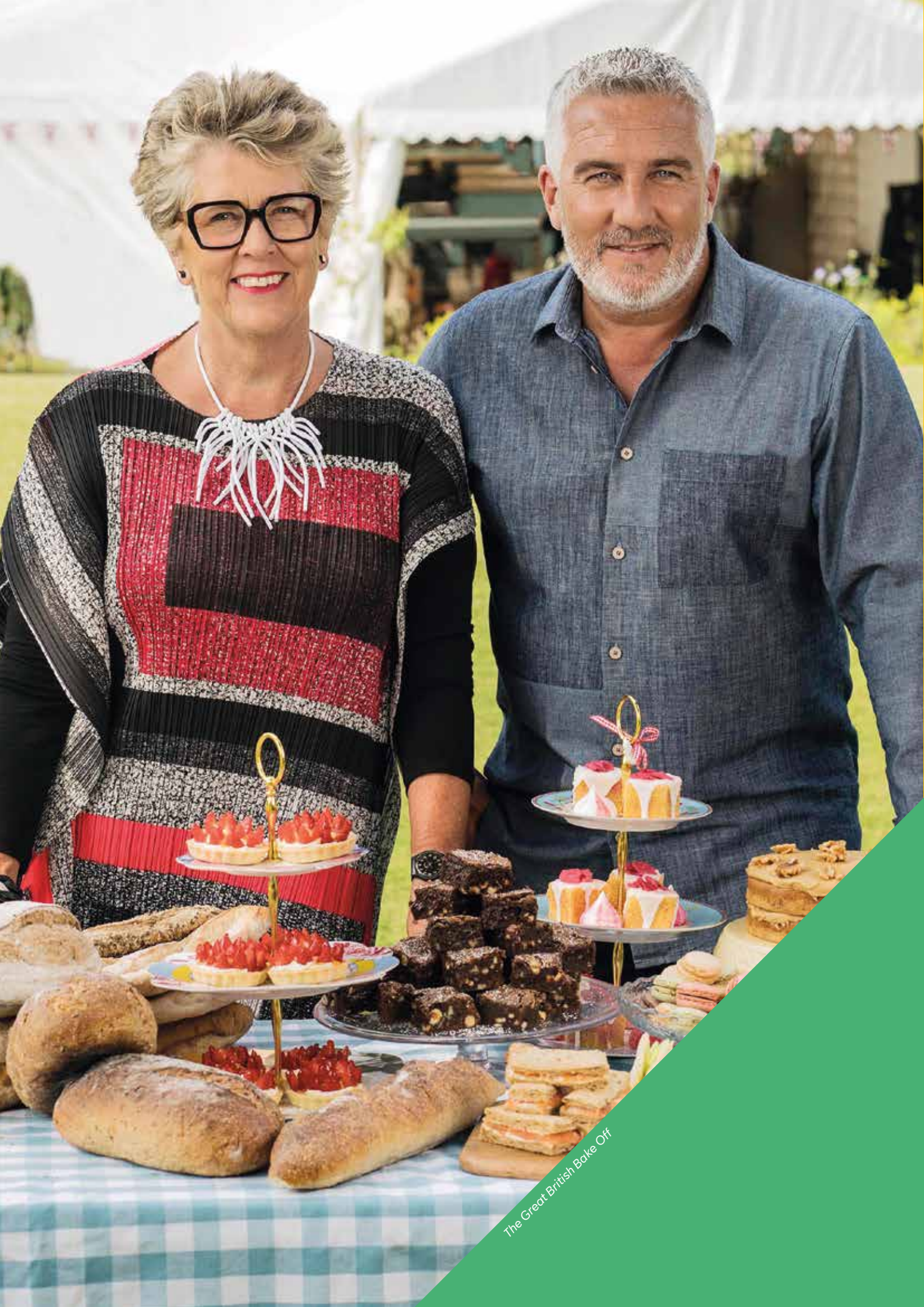
The research, conducted by leading academic Sam Friedman of the London School of Economics, showed that Channel 4 is less socially inclusive than we would like it to be – only 9% of people across Channel 4 and our independent production partners came from a 'working class' background.

The results also highlighted that it is harder for working class employees to progress into management positions than their middle class counterparts. This is partly due to a culture of sponsorship, in which people help others from similar backgrounds up the ladder, and partly because television operates a series of behaviour codes that can be invisible to those from different social classes. LSE named this as "studied informality".

In response, we launched a number of new measures to help tackle this, including new outreach programmes across the UK, a new apprenticeship scheme to people without degrees and paid work experience in London and the Nations and Regions.



On The Edge: A Mother's Love



£489m

invested in originated content from British producers (-4%)

£186m

spent on production companies based in the Nations and Regions (-1.5%)

154

independent TV production partners across our commissions in TV, film and digital media out of 274 suppliers (-10%)

Supporting creative businesses across the UK is what we're here to do. Our work and impact can be felt across the UK.

Supporting creative businesses

2019 ambitions

- 1 — We will continue to support production companies across the UK, with a host of regionally-produced programmes.
- 2 — We will deliver on our commitments set out in the Creative Contract, to be the most responsive, clear and collaborative partner for indies.
- 3 — Our Indie Growth Fund's focus will turn to investing in independent production businesses in the Nations and Regions as well as BAME and digital businesses.

As a publisher-broadcaster, we commission all our programmes from others, investing hundreds of millions of pounds into the UK creative landscape and working with hundreds of independent production companies across the country.

We're proud to play a unique and influential role in the UK's creative economy. This is not just helping to bring creative ideas to life: it's about supporting the sustainable growth of small and medium-sized enterprises (SMEs) across the country. The economic and cultural legacy that we're creating will last long into the future.

What's more, we're committed to being the best partners for production companies to work with. Our new Creative Contract is intended to strengthen the genuine creative partnership between Channel 4 and the production industry, helping the UK's creative businesses and those who work across all parts of the industry to flourish and achieve global success.

The Great British Bake Off

Supporting creative businesses (continued)

We nurture and bring to fruition new creative and digital ideas, and in the process we drive economic growth, create jobs and support hundreds of SMEs across the UK.

£489m

in originated content from British producers

59%

of all first-run originations were from suppliers in the Nations and Regions



Gogglebox

Our publisher-broadcaster model is unique among public service broadcasters in that everything we air on our portfolio of TV channels is commissioned from external production companies. Since our launch in 1982, we have commissioned from a huge range of independent production companies across the UK, and our renewed ambition in the coming years is to support and build a sustainable production sector outside London as we deliver our '4 All the UK' plan.

In 2018, we worked with 274 companies across our portfolio, investing £489 million in originated content from British producers. The independent producers that we work with retain the secondary rights to the programmes that they create (beyond Channel 4's first-run window). This gives our investment a multiplier effect, whereby our production partners can go on to monetise content in secondary markets, generating additional revenue streams for the sector.

We invested £186 million in programmes from the Nations and Regions, £3 million less than in 2017. While this was 1.5% down on last year's record figure, it is still higher than in any year prior to 2017 and is £37 million above its 2015 level. For the sixth successive year, more than half of all first-run originations were from suppliers outside of London (59%, up two percentage points year-on-year). Regional indies continue to deliver successful returning hits, including our biggest single commission *Hollyoaks* (Liverpool's Lime Pictures), *A New Life In The Sun* (Leeds' True North Productions), *Kirstie and Phil's Love It Or List It* (Glasgow's Raise the Roof Productions), *Extreme Cake Makers* (Cardiff's Boom Cymru TV) and many more. Some of our most significant new commissions this year came from indies in the Nations and Regions, including *My Family Secrets Revealed* (Northern Ireland's Big Mountain Productions), *Lee and Dean* (Letchworth Garden City's Bingo Productions) and *Britain's Most Historic Town* (Glasgow's IWC Media). We also changed the end credits of our programmes to highlight where in the UK the programmes were made, helping to showcase the national and regional diversity of the British independent production sector.

Our investment in programming made in the Nations and Regions isn't just about economic impact – just as important, it is also integral to ensuring that on screen we reflect a wide range of voices, experiences and stories drawn from across the UK.

For example, *Derry Girls* – which became Channel 4's biggest comedy launch since 2004 and the biggest series in Northern Ireland since modern records began – is a new comedy set in the early 90s during The Troubles. The comedy, which also received funding from Northern Ireland Screen, was a commission for Hat Trick Productions and has been a showcase of creative talent from Northern Ireland, entirely set and made locally. Awarding it the Best Comedy Programme of 2018, Broadcast highlighted its "authentic depiction of everyday life" as well as being "full of laughs".

Our most popular returning series also reflect British diversity. *The Great British Bake Off* showcased bakers from across the country: Bristol, County Tyrone in Northern Ireland, Leeds, London, Newport in Wales, Rotherham, Sheffield, the West Midlands and West Yorkshire. And each episode of *Gogglebox* features families drawn from a range of locations across the UK, including Caerphilly, Dorset, Bristol and the Wirral.

Our regional impact extends to film. *Peterloo*, directed by BAFTA-winning director Mike Leigh, was released in 2018 and tells the story of the infamous 1819 massacre at a peaceful pro-democracy rally at St Peter's Field in Manchester. The film was shot across a range of historical locations, from Lincolnshire to West Yorkshire and further afield, with many local talent cast as extras. The Film4-backed film's UK premiere was held in Manchester as part of the BFI London Film Festival – the first time that the festival has premiered a film outside of London.



It's a tremendous opportunity [for Derry] to be on primetime Channel 4. Plenty of other cities and towns would give their right arm for the opportunity. Another upside is that other writers and artists from within this city can use this as a great platform."

Mark Durkan, former SDLP MP for Foyle

Supporting creative businesses (continued)

Expanding outreach in the Nations and Regions

While much of the focus on Channel 4 outside of London this year has been on the search for new creative bases, the dedicated Nations and Regions team continued to deliver best-in-class development funding, outreach, skills and training from their existing Glasgow office.

The Nations and Regions team is a strategic arm of the Commissioning division, whose purpose is to help companies across the country access Channel's 4's Nations and Regions spend as we move rapidly towards our voluntary 50% target.

This work is particularly aimed at small and emerging businesses, prioritising strategic input and partnerships, to help them win commissions and protect the Channel's 'diversity of supply' remit.

With the number of Nations and Regions companies that the department worked with tripling in 2018, the team was increased to five so they could expand the reach of their operations.

The number of out-of-London engagement events grew for another consecutive year, to 25, but more importantly involved not just Commissioners but other vital contacts at Channel 4 as well, including the Growth Fund, Legal and Compliance, and Commercial Affairs departments. Within this expanded outreach, the team also ran a new programme of networking opportunities for freelancers.

The '4 All the UK' pitch process of 2018 saw a galvanisation of creative partnerships in cities across the UK, and one of the Nations and Regions team's key pieces of work is to continue dialogue with these cities, exploring how Channel 4 can work more closely with each region to develop the creative sector and new talent across the UK on a long-term basis, to best achieve sustainable growth towards our 50% target.

To that end, one of the first strategies delivered by this team in November 2018 was for Northern Ireland. At the Belfast Media Festival, Deputy Head of Programmes Kelly Webb-Lamb announced that Northern Ireland would see a presence from Channel 4 every week, once the relocation phase is complete. She also promised £100,000 in Alpha funding would be ring-fenced for Northern Ireland-based companies and announced two brand new fully-funded, entry-level placements in Belfast and Derry.

Finally, the Nations and Regions team spent £385,000 through our Alpha Fund to provide development and talent progression funding to four independent production companies in Wales, five companies in Northern Ireland, five in the English regions and six in Scotland



We always want to be the place that takes risks on ideas where others wouldn't."

Ian Katz, Director of Programmes, Channel 4

A new Creative Contract

To foster clearer and more collaborative relationships with our indie partners, in 2018 we unveiled a Creative Contract that sets out the ways in which Channel 4 and the production community interact.

As the creators of all the content that we transmit, the relationship between Channel 4 and producers is at the heart of our success. We want to strengthen our creative partnerships – so they are empowering, collaborative and candid. To that end, we produced a new Creative Contract to spell out how we want to work together.

Channel 4's Creative Contract includes five practical commitments. These cover: how we respond to ideas, how we make decisions, a commitment to expediting editorial specifications and contracts, offering training to new and existing Commissioners, and sharing more audience insight and performance data with producers.

While our new comprehensive training scheme will enable new Commissioners to hit the ground running, we are also introducing bespoke training for existing teams in the interests of continual improvement.



Targeted investments

Our two main investment funds – the Indie Growth Fund and Commercial Growth Fund – support UK business growth through their targeted investments. Channel 4 now has 24 active investments.

The Indie Growth Fund has a remit to stimulate growth in the indie sector, investing in early stage production companies across the UK. This fund is now four-years-old and the existing portfolio continues to perform well.

The £20 million fund has invested in 14 companies, realising three exits so far: True North Productions was sold to Sky in 2017; Renowned Films, a BAME-led production company, was sold to Critical Content, also in 2017; and Arrow Media's management team bought back its shares from Channel 4 in May 2018. The fund also saw one of its investments, Popkorn TV, cease trading in March 2018 due to market volatility.

The Indie Growth Fund set a new investment strategy in 2018, geared to fast-growing independent production companies in the Nations and Regions as well as digital and diverse businesses across the whole of the UK.

The Commercial Growth Fund was launched in 2015 and invests in high-growth digital consumer businesses, offering media airtime in exchange for equity. To date, this fund has completed 14 equity investments and had a balance sheet value of £16 million at 31 December 2018.

In 2018, Commercial Growth Fund investments included: Festicket, a festival discovery and ticketing business; Rated People, a lead generation marketplace for tradespeople and homeowners; online property estate agent Emoov; and Crowdcube, the UK's leading equity crowdfunding platform. The increase in the fund's value was offset by fair value losses that relate to trading issues experienced by some of the fund's investments.

TESTIMONIAL

"The Nations and Regions team have helped True Vision Yorkshire immeasurably over the last year. We were very fortunate to be selected to take an investigative journalist who is part of the Channel 4 Journalism Training Scheme, and he has already helped in securing key commissions for Channel 4.

"We also have received Alpha funding at a very crucial time for us in terms of our development strategy. We have some significant commissions on our plate for Channel 4, both in Documentaries and Current Affairs for the years 2019-20, which is incredibly exciting.

"What I have really valued about the Nations and Regions team is that they have been brilliant at supporting and encouraging a small indie to believe in itself and help us to be strategic about what we do!"

Anna Hall, Creative Director, True Vision Yorkshire



683

young people attended
C4 Pop Ups (+11%)

66%

of our work experience
cohort came from outside
of London (+30%)

16

young people were
funded through
our Production
Training Scheme

Identifying and supporting both emerging and established talent – across TV, film and digital media – is a vital part of our role. This extends from on screen to off screen, as well as in-house at Channel 4.

Talent

Derry Girls

2019 ambitions

- 1** — In 2019, we will refresh and diversify on-screen talent, including several new, popular shows by a range of up-and-coming presenters.
- 2** — We will continue to invest in developing new writers and directors, including through an ambitious new trainee director scheme in Documentaries and our 4 Writers scheme in Drama.

Nurturing talent ensures that our output stands out in a crowded market and bringing new faces to TV strengthens our appeal to younger audiences. This plays a particularly important role when global streamers invest mostly in established talent.

We are committed to ensuring that people from different backgrounds and walks of life can successfully pursue careers in the media industry, helping to foster the UK's vibrant and innovative television and film sectors.

We invest significantly in talent and skills development initiatives within Channel 4 through our production partners, and by supporting cultural and educational institutions, to help people 'get in' and 'get on'. From the earliest stages of the career ladder, through to working with talent as they progress during their careers, we work hard to develop long-lasting relationships with a shared success.

Talent (continued)

From discovering and championing new talent to helping established talent move in new directions, Channel 4 is committed to forging long-term relationships with people on screen, off screen and in-house.

While familiar and well-loved faces were back on Channel 4 with a number of returning programmes, we also had a renewed focus on finding and developing fresh talent in 2018. The diversity of our output allows us to experiment with ideas and programmes, working with writers and indies to bring new ideas to life.

The year started very strongly, with acclaimed playwright and screenwriter Jack Thorne (*National Treasure*, *Harry Potter and the Cursed Child*, *This Is England '86* and *'90*) returning to Channel 4 with a powerful and compelling new four-part serial drama, *Kiri*. We have a long history with Jack Thorne, having helped to launch his TV writing career with *Shameless* and *Skins* on Channel 4.

Set in Bristol, and telling the story of an abducted young black girl, *Kiri* was Channel 4's highest-rating original drama ever and the second part of Jack Thorne's Channel 4 trilogy examining the state of our nation (the first part, *National Treasure*, appeared in 2016).

Kiri is a good example of new and established talent working together. It was nine-year-old Felicia Mukasa's first big role – she was spotted for the role when a casting director attended one of her drama classes – and starred alongside BAFTA and RTS award-winner Sarah Lancashire (*Happy Valley*, *Coronation Street*, *Last Tango in Halifax*).

We also made significant strides in championing and developing new and diverse talent in 2018. *The Big Narstie Show* (see case study, right), presented by Big Narstie and Mo Gilligan, was widely credited as ground-breaking – its share of young viewers was 68% above slot average and up 129% for BAME viewers.

Elijah Quashie's TV career also began on Channel 4 in 2018 with *Peng Life*, a Factual Entertainment review show which saw Quashie and two friends test out some of the most deluxe experiences that money can buy – which attained a BAME share 81% above slot average.

Other new talents included Maya Jama and Alice Levine, who fronted our biggest young profile show, *The Circle* (see full case study on p59), as well as AJ Odudu, who featured in an authored programme about her personal journey to Nigeria to find a husband.

We also saw the fearless and taboo-breaking comedy *The Bisexual* land on our screens, written, directed by and starring Desiree Akhavan (see interview, p88), who appeared alongside Maxine Peake and Brian Gleeson.

Film4 Productions continued to support British talent in 2018, backing critically acclaimed and award-winning work from new and noted filmmakers, many of whom enjoy ongoing relationships with Film4. British-Irish filmmaker Martin McDonagh returned with the BAFTA and Oscar-winning *Three Billboards Outside Ebbing, Missouri*, his third feature film that we have backed. Clio Barnard's *Dark River* was her second film developed with and supported by Film4. *I Am Not A Witch*'s writer and director Rungano Nyoni also won the prestigious 2018 BAFTA Award for Outstanding Debut. Our long-standing collaboration with Mike Leigh continued with *Peterloo* – the 11th film of his we have backed. And the critically acclaimed *Widows* continued the relationship between Film4 and Steve McQueen which has spanned all four of the director's feature films.



I love Film4! After I made *The Arbor*, I was invited in by them and just asked what I wanted to do. I've been very nurtured and grown by Film4 – in a very thoughtful and caring way. Just brilliant."

Clio Barnard, Director of *Dark River*



This is a show that you wouldn't get anywhere else. It's a breath of fresh air; it's introducing you to two new presenters on your TV, a musician and a comedian. We're not TV presenters. We're just two guys giving the nation a really funny TV show."

Mo Gilligan, *The Big Narstie Show*



The Big Narstie Show

A hit in 2018, *The Big Narstie Show* saw grime musician Big Narstie co-host the late night entertainment show alongside stand-up comedian Mo Gilligan, crystallising Channel 4's commitment to bringing more diverse and emerging talent to a nationwide audience.

The anarchic studio series, from Expectation and Dice Productions Entertainment, featured a range of celebrity guests and musical performances alongside straight-talking segments on the news of the week, TV, showbiz, trends and laugh-out-loud sketches. Guests across the first series included Ed Sheeran, David Schwimmer, Thandie Newton, Richard Ayoade and Craig David.

Giving Big Narstie and Mo Gilligan their own show was a success with hard-to-reach audiences. It was 94% up on share of 16-24-year-old viewers, 129% up on share for BAME viewers and 144% up on share for black audiences.

The Big Narstie Show will return for a second series in 2019, and Mo Gilligan has also been commissioned for a new six-part comedy entertainment series of his own.

Talent

(continued)



Q&A interview: Desiree Akhavan, writer and director, *The Bisexual*

Q Why did you take the concept of *The Bisexual* to Channel 4?

A Channel 4 has been the home of shows that have inspired me over the years: *Peep Show*, *Smack the Pony*, *Catastrophe*. It was clear from the moment I moved to the UK that Channel 4 was the only home for a series like this one, that takes huge risks and looks unlike anything else out there. I never felt censored by the network – the question was always: are we taking this as far as it can go?

Q Why did you want to write a story about bisexuality?

A I wanted to make this show because it was something I'd never seen before, a sex comedy from the perspective of a bisexual woman. I thought the subject matter lent itself well to the episodic format, where we could raise a lot of questions and introduce characters that represented various perspectives.

Q Do you feel that the storylines of bisexual people are under-represented on TV?

A Yes, definitely. I've never seen bisexuality at the forefront of the conversation.

Q The crew was female heavy; how important was it to have a cast and crew that was inclusive and diverse?

A It was always important to me that people making the show reflect the show itself, so it made sense that the makeup of the crew was predominantly female and queer.

Q What did you hope people would take away from the series?

A I made it to feel less alone and I hope that it does that for others. I also want to humanise a marginalised community that you rarely hear from. Mostly, I hope it makes you laugh and feel and question some of your own fears/prejudices.

Q Finally, what was your experience of working with Channel 4?

A It's been an incredibly positive experience. I've found my collaborators at Channel 4 to be very smart, creative and generous.

looks unlike anything else



The Bisexual

Talent (continued)

Talent at Channel 4

Uncovering hidden talent is about more than looking in different parts of the country. It means opening up opportunities to groups traditionally under-represented in the media industry and the wider jobs market. This is a core to our remit but it will also ensure our continued creative and commercial success.

Social mobility is at the heart of our talent strategy. This is divided into three strands: early outreach, 'getting in' and 'getting on'. For these strands to work, it is essential both to raise awareness of opportunities among young people and then to ensure that they can use those opportunities to further their careers.

We published the findings of our social mobility research, conducted by Sam Friedman from the LSE, in 2018. This looked into the socioeconomic background of people working at Channel 4 and in the wider production industry (read more about the research on p77).

Over the last several years, we have run a number of industry-leading schemes tailored to early outreach. For the fourth consecutive year in 2018, Channel 4 ran a series of Pop Ups in cities across the UK – this is a national outreach programme of skills workshops and challenges, which enable us to delve deeper into a variety of communities across the UK, searching for hidden young talent and the 'unusual suspects', connecting with people who may not have considered a career in the media industry before.

This year's Pop Ups were held in Dundee, Liverpool, Nottingham, Sunderland, Swansea and Wolverhampton. They focused on giving attendees tangible career advice and support in applying for roles within Channel 4.

For the first time, the Pop Ups also delivered two employability sessions, aimed at younger audiences recognised as being the furthest away from employment in their cities. A total of 683 young people attended our Pop Ups in 2018 – the highest number yet. Of these, 55% were from socially-mobile backgrounds (more than double our target), 19% of attendees identified as BAME, 19% as LGBT and 13% as disabled.



Random Acts

Our Work Experience Scheme provides training and hands-on experience of working in a team at Channel 4. This attracted 2,675 applications in 2018 and we offered 65 work placements across the year. Of these, 66% of places went to people from outside of London, who we supported financially during their placement. We also held a Work Experience Day in our Manchester office, which attracted 20 attendees who were considering a career in TV ad sales.

We also continued our partnership with the Royal Television Society, offering support and funded placements for talented engineering and computer science graduates from low-income backgrounds to consider a career in TV. In 2018, we ran a summer tour to invite students to visit Channel 4 for hands-on workshops helping them to understand how we use data and the role of cyber security in the work environment. We also gave a candidate an eight-week placement in our Data Analytics team.

The cornerstone of our 'getting in' strategy is our Apprenticeship Scheme. Apprentices spend 12-24 months attached to one of our departments in London, Manchester or Glasgow working on a range of in-depth projects that count towards their Level 3 or 4 qualification. In 2018, we welcomed seven young apprentices, out of a pool of 1,146 applicants.

We also funded 16 young people through our Production Training Scheme, a 12-month salaried training programme where we place trainees at independent production companies. Of these 16 places, 11 were with companies based in the Nations and Regions, in Brighton, Bristol, Cardiff, Glasgow, Leeds, Manchester and Plymouth. Of our trainees graduating in 2018, an impressive 94% are now working full-time in the industry, including at production companies such as Nine Lives, Firecrest Films and Lime Pictures.

Educational partners

We continued to support budding investigative journalists in 2018. We have now trained over 50 journalists through the Dispatches Investigative Journalism Training Scheme since we launched it in 2010, and these have come from a wide range of backgrounds.

The scheme offers an opportunity for people with solid professional experience to transfer their skills and experience to work in investigative broadcast journalism.

We have trained 16 advanced journalists on the senior scheme, which helps people to make the jump to produce and direct their own current affairs documentaries.

2018 saw the second cohort of graduates of the MA degree in Investigative Journalism, which we set up in partnership with De Montford University in Leicester. Twenty graduates have passed through this MA in two years, many of whom have secured journalism jobs, including one, Hamza Syed, joining *This American Life* (one of the most prestigious shows on American public radio, and the makers of the podcast *Serial*).



TESTIMONIAL

"The TV industry is notoriously hard to get into. The Production Training Scheme is shaking up the TV industry by opening access for people from BAME, disabled, LGBTQ+ and under-represented backgrounds.

"The support that Channel 4 offers to trainees is incredible. There is a genuine interest in the development of our careers. It has given me a unique opportunity and I've come away with fantastic skills, advice, lessons and great industry connections – as well as my first TV credit!"

Yasmin Ali, Production Trainee in Leeds

683

young people attended a Channel 4 Pop Up in 2018 – a new record

55%

of attendees were from socially-mobile backgrounds



Unreported World

Talent (continued)

170

mentees have been supported through the Commissioning Mentor Network

Professional development

Our off-screen talent is as important as who appears in front of the camera. Directors, producers, writers – all play their part in turning great ideas into brilliant original content.

Our commissioning teams work closely with independent production companies to source and cultivate diverse new talent. A number of schemes help us to identify and provide a platform for future talent, such as our Comedy Blaps (Comedy), First Cuts (Documentaries), Random Acts (Arts) and 4Screenwriting (Drama) – these schemes help new talent to flourish and discover a path to making great TV.

On the production side, our Commissioning Mentor Network focuses on identifying diverse rising stars. The network helps to elevate them to more senior posts in commissioning and production, both at Channel 4 and within the independent production community. This has created a pool of diverse talent: since launching in 2015, we have matched 170 mentees through the network. In 2018 alone, as well as managing existing members, we matched 49 new mentees, brought 20 new commissioners into the network and ran four induction sessions.

Our Creative Diversity team also runs a development programme, the Alpha Fund, to assist start-ups, BAME-led and regionally based companies, as well as projects with diverse content or talent attached. In 2018, over £385,000 was spent by our Creative Diversity team through this fund, supporting companies across the UK.

Through these bespoke talent initiatives, we continue to develop a strong pipeline of talent, supporting Channel 4's success as well as that of the wider UK creative sector.

Flowers



Random Acts

71%

of viewers said that Channel 4's factual programming has inspired change in their lives (+6%)

91%

of Channel 4 News viewers regard it as independent from the government (+7%) and 88% regard it as independent from big business

In a rapidly changing world, Channel 4 continued to play a crucial role in provoking debate, inspiring change and telling stories from contemporary Britain.

Social change

In News and Current Affairs, we produced bold, impactful, high-quality investigative journalism that held others to account, while also continuing to deliver long-form programmes in peak-time and forging connections with young people through digital platforms.

Looking outward, we explored life inside the secretive North Korea, uncovered a global sex abuse scandal and continued to shine a light on the plight of the Rohingya people in Myanmar.

Closer to home, across a mix of genres – including Factual, Documentaries and Current Affairs – we provoked debate and offered a platform for alternative views. At its most impactful, our content exposes the truth and acts as a powerful catalyst for social change.

2019 ambitions

- 1 — Our programmes will challenge orthodoxies and we will double down on our remit, exploring hard-hitting issues through programmes that say something significant about Britain. Big contemporary issues include social mobility, gender and sexuality, and the housing crisis.
- 2 — As Britain navigates through political uncertainty, our award-winning News and Current Affairs teams will continue to hold those in power to account and tell the full story at home and further afield.

Grayson Perry: Rites of Passage



Social change (continued)

91%

of regular *Channel 4 News* viewers regard it as independent from the government

Channel 4 News



7.4m

viewers watched *Channel 4 News* each month in 2018

Telling the full story

Channel 4's distinctive approach to news and current affairs – in terms of the form and subject matter of our programmes – allows us to provide alternative views and stimulate debate, particularly among younger viewers.

Channel 4's flagship *Channel 4 News* is the only hour-long news programme in peak-time on the main PSB channels. This extended running time enables us to tell the full story from multiple angles and in more depth. In addition to linear programmes, *Channel 4 News* also significantly expanded its digital presence in 2018.

Throughout the year, *Channel 4 News* provided its distinctive take on the news, offering in-depth analysis that stood out from the mainstream. We held the powerful to account – most notably Facebook's CEO Mark Zuckerberg, who was put in front of a US Senate enquiry following our extraordinary undercover investigation into Cambridge Analytica, which dominated headlines at home and abroad (see case study, opposite).

This story helped us to grow our reputation as being independent from government and big business. A huge 91% of regular viewers of *Channel 4 News* regarded it as being independent from the government – this is a seven percentage-point jump on 2017 and is the first time any broadcaster has scored higher than 90% on this metric since it was first reported in 2009.

88% of regular viewers of *Channel 4 News* also agreed that it is independent from the influence of big businesses. Again, this is a record score – a full ten percentage points more than our previous high of 78% in 2017.

On average, 7.4 million viewers watched *Channel 4 News* each month, down 9% year-on-year due to a number of factors including change in TV viewing habits, our overall reach being down, increased competition from other news programmes and 'Brexit fatigue'. The news programme has a particular appeal to young adults, with 16-34-year-olds making up 12% of viewers, more than any other public service broadcaster. The programme also performed well among BAME groups, who accounted for 15% of viewers.

Some of the fall in linear viewing was offset by the very strong performance of *Channel 4 News* online. *Channel 4 News* has continued to record strong growth online, led by younger viewers. The programme achieved 113 million video views on YouTube in 2018 (up 107% year-on-year), of which 64% came from 13-34-year-olds. Total watch time also grew significantly, by 250% in 2018 to 650 million minutes. The brand now reaches over two million UK 16-34-year-olds on YouTube every month (watching for over five minutes on average).



This is fantastic journalism. Hats off to *Channel 4 News* for lifting the lid and digging deep."

Stewart McDonald MP



Channel 4 News

Data, democracy and dirty tricks

***Channel 4 News*' story of the year was its award-winning undercover investigation into Cambridge Analytica and its ties to social media giant Facebook.**

In March 2018, working in close partnership with *The Observer*, the *New York Times* and journalist Carole Cadwalladr, a whistleblower revealed to *Channel 4 News* how UK data firm Cambridge Analytica secretly campaigned in elections across the world. Bosses were filmed talking about using bribes, ex-spies, fake IDs and sex workers to further their clients' ambitions.

Misappropriating data from an estimated 87 million Facebook accounts, the firm targeted British and American voters through fake advertisements on the social network to seek to influence how they voted in elections, including the Brexit referendum and the US presidential elections.

Our investigation had huge immediate – and real-world – repercussions. Alexander Nix, Chief Executive of Cambridge Analytica, was suspended as a result of the exposé. The UK's Information Commissioner obtained a search warrant for Cambridge Analytica's London premises. Facebook lost \$36 billion in market value and the company announced it would change the way that it shares data with third-party applications. The Electoral Commission and the House of Commons DCMS Select Committee opened investigations. And Mark Zuckerberg, Facebook's founder and CEO, was called to appear before the US Senate's Commerce and Judiciary committees to discuss data privacy on the social network. The repercussions of this investigation continue to play out, with further ongoing public inquiries around the world into Facebook's activities.

Channel 4 News was recognised for its work on the investigation in the 2018 British Journalism Awards, jointly winning the Investigation of the Year prize with *The Observer*. Judges noted: "This was a fantastic example of a collaborative investigation. Both organisations showed long-term commitment to this story and both made a contribution appropriate to the genre they were working in."

Social change (continued)

At home and further afield

Our flagship *Dispatches* and *Unreported World* strands investigated the things that matter to communities that are often neglected by the state and ignored by the media – both in the UK and across the world.

Dispatches aired almost entirely in a peak-time 8pm slot in 2018, bringing large audiences to its domestic and international investigations on topics such as poverty, homelessness and the British legal system. Across 21 films this year, *Dispatches* averaged close to one million viewers per episode and attracted a lot of attention in Parliament and in the wider media. For example, our *Breastfeeding Uncovered* film was screened in Parliament and our *Baby Bank* film was used by MPs to highlight the poverty crisis in the UK during a debate in Parliament.

Overseas, the *Dispatches* team exposed international scandals through impactful documentaries including *Myanmar's Killing Fields*, which provided evidence of years of repression, violence and mass murder by the Myanmar authorities against the Rohingya people, and *UN Sex Abuse Scandal*, which exposed how more than 1,700 UN peacekeepers have been accused of raping the vulnerable people they are meant to protect. Based on the evidence uncovered in this film, the UN has launched a new independent investigation and report.



Dispatches

Reporters from our multi-award-winning foreign affairs series *Unreported World* also uncovered stories that have been ignored by world media. *Unreported World's* 12 films explored wide-ranging international stories including the deadly gold rush in South Africa, sex tourism in the Dominican Republic and the public health crisis caused by pollution in Mongolia.

Unreported World also joined into a unique partnership with social media and entertainment giant LADBible, helping to make our content available to a young-skewing online audience. Together, our five most-watched videos received in excess of five million views.



Unreported World

Challenging perceptions

Beyond News and Current Affairs, our other genres also helped to stimulate debate and inspire change among the British public in 2018.

My F-ing Tourette's Family, which attracted 1.8 million viewers, showed the challenges of raising a young boy with Tourette's Syndrome, helping viewers to better understand the illness and challenge perceptions.

Factual Entertainment series *Bride & Prejudice*, which looked at couples facing objections to their marriages, reached 6.2 million people and challenged perceptions: close to half of viewers said the programme had opened their eyes to modern relationships.

Our lifestyle programming also acted as a catalyst for positive change in people's lives, with a range of programmes such as *Live Well For Longer*, *Food Unwrapped*, and *Secrets of our Favourite Snacks* exploring how we can live life better.

Many of our documentaries also raised thought-provoking or challenging issues. Filmed over seven months inside HMP Durham, *Prison* offered unprecedented access and insight into life behind bars, exploring the issues faced by prisoners and prison staff, such as drug abuse, violence and mental health. The series, directed by Paddy Wivell, was our best-performing new factual and non-scripted series of 2018, with an average of 2.3 million viewers.



Prison

Countdown to Brexit

As the UK moved closer to leaving the European Union, Channel 4 commissioned a range of Brexit-related programmes in 2018 that sought to explain, uncover and challenge.

With calls growing louder for a second Brexit referendum throughout the year, Channel 4 commissioned an exclusive poll to uncover the British public's views. The survey, conducted by Survation among 20,000 people from every constituency in Britain, was the largest independent survey on public opinion on Brexit since the referendum.

The results were unpacked during a live studio discussion in November. *Brexit: What The Nation Really Thinks* was hosted by Krishnan Guru-Murthy in Birmingham – the most evenly-split city in Britain in the 2016 referendum.

The debate featured Justice Secretary David Gauke, Shadow Trade Secretary Barry Gardiner, Caroline Lucas ('The People's Vote') and Nigel Farage ('Leave Means Leave'). Pulling in 1.3 million viewers, the debate stimulated important and insightful discussion during a particularly politically-charged period.

This programme was followed up by *The Real Brexit Debate* in December. Just days before MPs were given a 'meaningful vote' on Brexit in Parliament, the live, hour-long programme brought together four high-profile politicians to debate the realistic options remaining for the UK.

In addition, *Channel 4 News* produced a series of in-depth, intellectually-rigorous animated videos – specifically aimed at young people – to break down the most complicated political process of their lifetime. These have performed strongly: one of the explainers is the single most-watched piece of news content about Brexit on YouTube, watched by 1.5 million people under the age of 34.



Food Unwrapped

Social change (continued)

Stand Up To Cancer

Stand Up To Cancer returned to Channel 4 in October – and the RTS award-winning and BAFTA-nominated national fundraising campaign was bigger and better than ever before.

Launched in 2012, the joint national fundraising campaign from Cancer Research UK and Channel 4 raises funds for research to accelerate new cancer treatments and tests, saving more UK lives, more quickly.

Dozens of celebrities from across the worlds of entertainment, music and sport – including Michael Bublé, Emeli Sandé, James Corden, Sharon Horgan, Sting and John Legend to name but a few – took part in programming throughout the month, which culminated in a live telethon presented by Alan Carr, Maya Jama and Adam Hills.

In the run-up to the live show, we featured a line-up of celebrity-packed programming, with a number of our shows – including *Celebrity Gogglebox*, *Celebrity First Dates*, *Celebrity Hunted*, *Celebrity Island*, *The Great Celebrity Bake Off for Stand Up To Cancer* and brand new *Celebrity Call Centre* – getting Stand Up To Cancer makeovers.

A huge £24.6 million was raised for cancer research this year – the most successful campaign to date, exceeding the amounts raised over the previous six years.

Viewing also hit new records, with the combined reach of all Stand Up To Cancer programming totalling 25.2 million people, or 42% of the TV population. This is a far higher proportion of people than our 2016 campaign, which reached 18.7 million people (32% of the TV population).

Despite being a challenging watch at times, viewers recognised the importance of the programming, both in terms of its educational value and the significant funds raised on behalf of Cancer Research UK.

Nine in ten viewers agreed that the programme dealt with difficult issues in a sensitive way, and eight in ten said it made them feel like they could make a difference when it comes to combating cancer.

What's more, the programme also prompted action, with one-third of viewers stating they had donated to a cancer charity since watching. And 15% of viewers also claimed to have made a positive change to their family's lifestyle after watching *Stand Up To Cancer* 2018.

TESTIMONIAL

"Thanks to the brilliant and dedicated team at Channel 4, our Stand Up To Cancer campaign has raised over £62.9 million. Since its launch in 2012, the partnership has gone from strength to strength. The award-winning live show and special programming have proven to be a huge hit with the public, inspiring millions of people to raise money for life-saving research – including Channel 4 staff, who have raised a fantastic £200,000.

"All of this has enabled Cancer Research UK to fund 35 research trials, with another 15 projects joining the portfolio in 2019 – research that will help us to beat cancer."

Simon Harrison,
Head of Stand Up To Cancer,
Cancer Research UK

85%

of viewers said Stand Up To Cancer made them think differently about the challenges facing those with cancer

£24.6m

was raised by Stand Up To Cancer this year

42%

of the TV population watched Stand Up To Cancer programming in 2018

15%

of viewers claim to have made a positive change to their family's lifestyle after watching Stand Up To Cancer

SU2C viewing hit new records



Celebrity Gogglebox for Stand Up To Cancer

Creative forward look

Director of Programmes

Ian Katz

In 2019 we will dial up the difference, commissioning popular and entertaining programmes that challenge orthodoxies and say something significant about Britain.

From a searingly timely drama about the Brexit vote to a landmark exploration of Britain's creaking justice system, via some of the most original new comedy and anarchic entertainment anywhere, Channel 4's new slate will take shape in 2019.

Through entertaining and provocative shows like *Mums Make Porn*, *The White Kids Are Coming* (tackling race at school) and *The Restaurant That Makes Mistakes* (dementia), we will engage broad audiences with some of the most pressing issues in Britain today – and always approaching them from an unexpected angle, always with something challenging to say.

Across Entertainment, Comedy, Drama and our Factual genres, we will introduce a diverse and exciting host of new faces, renewing Channel 4's reputation for innovation and championing new talent. From *100 Vaginas*, an exploration into the vagina's definitive role in women's lives, to *The Surjury*, a new factual entertainment show about plastic surgery, we will air shows that other channels wouldn't, ask awkward questions and make waves.

Our creative approach is underpinned by five key pillars: dialling up the difference; a focus on young viewers; putting comedy at the heart of Channel 4; one show, many platforms; and being the best partner for talent.

Dialling up the difference

By dialling up the difference, we aim to ensure that Channel 4 is always the most distinctive British broadcaster – taking creative risks and airing unheard voices, but always with the ambition of being broad and popular. Channel 4 will speak for the marginalised but should never be marginal.

At our best, our shows drive the national conversation. James Graham's *Brexit: The Uncivil War* managed the seemingly impossible feat of being praised – and damned – by all sides in the Brexit debate. With a widely-acclaimed central performance from Benedict Cumberbatch, it was highly entertaining, revelatory and humane.

Equally distinctive, *Leaving Neverland* was an unflinching and meticulous two-part film, originally commissioned by Channel 4, showing how Michael Jackson groomed and abused two young boys for years. It made headlines around the world for weeks, triggered a wholesale re-evaluation of Jackson's legacy and vividly illustrated the kind of bold risk taking that few other broadcasters can match.

Elsewhere, big contemporary issues that we will cover include social mobility (*How The Other Kids Live*), gender and sexuality (*The Making of Me*) and the housing crisis (*Lodgers for Codgers*).

Our '4 All the UK' plan, meanwhile, will boost diversity of voice, drawing on our new creative centres in Leeds, Bristol and Glasgow, while a new daily live show from Leeds will be firmly rooted in the North.



In 2018, Channel 4 aired 30 of the 50 youngest-skewing shows broadcast by any of the major PSBs, and we hope to build on that with this year's slate."

Focus on young viewers

We are determined to deliver more programming that appeals to younger viewers this year. In 2018, Channel 4 aired 30 of the 50 youngest-skewing shows broadcast by any of the major PSBs, and we hope to build on that with this year's slate, which combines broad family shows, such as the heart-warming *Flirty Dancing*, with young-skewing series such as the brilliantly bonkers *Rick and Morty*.

The Circle – our reality show for the social media age in which contestants communicate through a specially-created social network – will come back bigger and better. The first series was Channel 4's youngest profiling show since 2012. The *Big Narstie Show* is also returning; one of the most distinctive and unpredictable shows on TV, its BAME audience share in 2018 was more than double the slot average.

While successful young-skewing shows, such as *SAS: Who Dares Wins*, have earned longer runs, we are also opening more slots for experimentation in order to find the next big landmark factual programmes for young people. Programmes appealing specifically to older children will also be commissioned, such as *Junior Bake Off*, *The Tiger Who Came To Tea* and *When I Grow Up*. For teens and young adults, a variety of educational-skewing titles include *Secret Teacher*, *Race in the Classroom* and *Grime Up North*, while *Hollyoaks* will keep its finger on the audience's pulse and continue its proud tradition of tackling important social issues.



Creative forward look (continued)

By dialling up the difference, we aim to ensure that Channel 4 is always the most distinctive British broadcaster – taking creative risks and airing unheard voices, but always with the ambition of being broad and popular.

We have also committed an additional £10 million to the young-focused E4. This will help to develop the next generation of signature shows and enable us to keep investing in other important genres for young people, such as Factual Entertainment, Reality, Comedy and Formats.

Comedy at the heart of Channel 4

With two of our biggest comedy hits in many years playing in 2018 – *Derry Girls* and *Friday Night Dinner* – our ambition is to become the unequivocal home of youthful British comedy in 2019 and beyond. To achieve this, we have increased our commitment to scripted comedy on Channel 4, as well as creating a 'Comedy Sandpit' to showcase new talent and short-form comedy on All 4 and social platforms.

At 11pm, a number of new pilots will offer late-night topical humour and authored comedies. We will experiment in the highly challenging area of pre-watershed comedies too. And Harry Hill will return to Channel 4 with a new series showcasing up-and-coming comedians. As well as *Derry Girls*, we will also see the second series of recently-launched titles such as *Stath Lets Flats*, *Gameface* and *Lee & Dean*, along with the final season of acclaimed hit *Catastrophe*.

One show, many platforms

As the media landscape changes, with young people increasingly turning to VoD services and social media for content, we are stepping up our commitment when commissioning innovative programmes to incorporate digital and social from the very start. 2019 programmes that exemplify this approach include *Moon Landing Live*, which will allow viewers to follow the progress of the original Apollo 13 mission in real time across linear, digital and social, *Shipwrecked*, *The Circle* and our new, updated version of *Four to the Floor*.

£10m

additional investment for E4 in 2019 to develop the next generation of signature shows for young people

Significant investment will continue in the All 4 platforms and technology. From relaunching the All 4 brand and its new mobile app to enhance functionality and usability, to acquiring wider VoD content rights, we want to ensure that our programmes can be played across all of our platforms – giving audiences what they want, where they want.

New content partnerships will support this strategy, including a deal with Adult Swim, which will bring hours of edgy, young-skewing content to All 4. The new Digital Creative Unit, based in Leeds, will help us take our shows to where young people are spending more time, while also experimenting and forming relationships with future generations of talent.

The best partner for talent

We are rethinking how we behave and position ourselves in the creative ecosystem with the ambition to make Channel 4 the best partner for creative talent.

On and off screen, we will refresh and diversify the talent that we work with, attracting new partners and developing existing contributors. We want to be the most writer-friendly broadcaster and will continue to invest in developing new writers and directors. As part of this, our significant investment in digital content will provide a stepping stone for newer talent.

Reflecting our ambitions, an exciting mix of new faces will join some of the biggest stars from the UK and beyond – from Jamali Maddix (*Adventures in Futureland*), Alice Levine (*Sleeping with the Far Right*) and Mo Gilligan (*The Mo Show*), through to Stephen Graham and Keeley Hawes (*The Virtues*), Sarah Lancashire (returning in *The Light*, the final part of Jack Thorne's state of the nation trilogy) and George Clooney (*Catch 22*).

From our bases in Leeds, Bristol and Glasgow (all launching this year), we will develop further capacity in the Nations and Regions, discovering new production partners and working closely with existing indies to drive our Nations and Regions commissioning spend up to 50%.

2019 promises to be a pivotal year that could define Britain's place in the world – and sense of itself – for decades to come. It is a moment that demands all the imagination, boldness and challenge of a vibrant Channel 4, to which I am confident we will rise.

Ian Katz

Director of Programmes



Our '4 All the UK' plan will boost diversity of voice, drawing on our new creative centres in Leeds, Bristol and Glasgow, while a new daily live show from Leeds will be firmly rooted in the North."



Derry Girls

Metrics

Channel 4's commitment to innovation extends across the full range of its creative output on the main channel and digital platforms – spanning all genres, the scope and geographical spread of its supplier base, and the diversity of voices and perspectives in its content.

Innovation through content

In 2018, Channel 4's output reflected its strategy to achieve a financial surplus following two years of planned deficits during which it drew on its reserves to boost investment, inevitably resulting in some declines in volume and spend. Investment

in originated and acquired content across the TV and digital portfolio totalled £662 million this year. While this is 2% less than last year, it is still the third-highest level in Channel 4's history. Expenditure on Channel 4's own commissions was £489 million in 2018: 4% below last year's record, but still higher than every previous year. At £445 million, investment on the main channel was protected (up £1 million on 2017), with the reduced content budget mostly impacting the digital TV channels and digital media, spend on which fell by 32% between them.

Channel 4 broadcast eight hours of first-run originations every day on average across the TV portfolio in 2018. This was 6% down on last year, with hours on the main channel down by 4% and those on the digital channels down by 26%, reflecting the corresponding declines in originated content investment described above. In peak-time (6-10.30pm), when TV audiences are at their highest, first-run originated programmes accounted for 73% of hours on the main channel – level with 2017 and the joint second-highest figure since 2003. Including repeats, 82% of peak-time hours were taken up with originations (one percentage point up on 2017).

Across the TV portfolio, Factual, Drama and Entertainment together accounted for 60% of the total content budget in 2018. Total spend in Factual, the biggest genre, was £222 million, and there were 1,340 hours of first-run originations. Highlights included new series *Prison* and the return of *The Great British Bake Off*. Investment fell this year, with reductions in peak-time and daytime output: volume and spend were both 13% down.

In Drama, ambitious new series included *Kiri*, while *Hollyoaks* saw its share grow by 8% amongst 16-to-34-year-olds. In total, there were 159 hours of Drama programming, 7% down year-on-year, while the budget, at £80 million, was 8% down on 2017. In Entertainment, *The Big Narstie Show* and *Stand Up To Cancer 2018* were standouts of the year. Total investment rose by 6%, to £91 million, though Daytime cuts meant that volume was 16% down, at 463 hours. Three other genres saw movements of more than 10% in their budget. Spend on Comedy rose by 21% to £52 million; its expanded slate included acclaimed new series *Derry Girls*. Education was up 70%, to £17 million, with a longer run for *Ackley Bridge* and a *Genderquake* season. And spend on programmes for Older Children was also up, by 16% to £8 million, with new series such as *Class of Mum and Dad*.

Innovation through diversity

As the only PSB that commissions solely from external suppliers, Channel 4 continued to provide vital support for the UK's production sector in 2018. It spent £440 million on first-run external commissions on the main channel, equal with 2017. The digital channels were more affected by the reduction in the content budget: spend was 31% down, at £38 million. Across the TV portfolio, these figures give a total spend of £478 million, 4% down on 2017. Channel 4 worked with 274 creative partners across its commissions in TV, film and digital media this year, 11% down on 2017. Of these suppliers, 34 were new to Channel 4, a 29% decline. As well as the smaller content budget, these falls were due to a shift in All 4's strategy towards acquiring third-party content with similar brand values to Channel 4, resulting in fewer online suppliers.

Channel 4's commitment to regional diversity is reflected in its commissions from across the Nations (Northern Ireland, Scotland and Wales) and the English Regions. In 2018, 59% of hours of first-run originated programmes on the main channel came from suppliers based outside London, two percentage points more than in 2017 and the fourth consecutive year that this figure has risen. In expenditure terms, 45% of Channel 4's investment in first-run originated programming on the main channel came from out-of-London suppliers; after two previous annual increases, this figure held steady this year. Across the TV portfolio, Channel 4 spent

£186 million on programmes from production companies based outside London, marginally down (by 1.5%) on last year's record figure. £33 million of this total came from companies based in the Nations. This was 16% down on the 2017 figure, as cuts in Daytime affected a number of Scottish commissions.

Turning to on-screen diversity, Channel 4 showed 260 hours of originated programmes on the main channel whose subject matter covered issues relating to religion, multiculturalism, disability and sexuality. Programme highlights this year included extensive *PyeongChang 2018 Winter Paralympic Games* coverage from PyeongChang and the *Genderquake* season exploring gender roles and identities. The total included 177 hours of first-run programmes – other than 2012 and 2016, when Channel 4 covered the Summer Paralympic Games, this is the joint-highest level since Channel 4 began reporting this metric. Of these first-run hours, 62 related to programmes shown in peak-time. Looking at year-on-year trends, the volume of all originations rose slightly (by 3%), the volume of first-run originations jumped by 37%, while first-run originations in peak-time fell by 31%, due to the live coverage from PyeongChang mostly occurring in daytime.

Programming with an international theme adds another element of diversity to the schedules. There were 60 hours of first-run non-news programmes covering international topics on the main channel and in the cross-channel *True Stories* documentary strand in 2018. This was 20% down year-on-year, largely due to the decision to discontinue *True Stories* (excluding this strand, the decline falls to 3%). The TV portfolio also continued to showcase foreign language TV shows from Channel 4's Walter Presents service: the opening episodes of 11 foreign language TV series were premiered on the main channel this year, and a further eight series shown in full on the main channel and More4. Taken together, these Walter Presents programmes reached 10.4 million people in 2018, one million more than last year. Meanwhile, the Film4 channel continued to offer a diverse and international slate: 31% of its output came from outside the US, with British films accounting for 15% of total output.

Investing in innovation

Metrics
(continued)

Innovation through content

£662m

spent on content
across all services

Down 2%

on last year

£652m

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

Down 2%

on last year

Investment in all content

In 2018, Channel 4’s investment in content across its services fell back slightly, by 2%, reflecting its strategy to achieve a financial surplus following two years of planned deficits during which it drew on its reserves to boost investment. Nonetheless, at £662 million, its total content budget was still the third highest in the broadcaster’s history. The main channel – which attracts larger audiences than any other channel or service in the portfolio – accounted for 83% of the total budget, equivalent to £548 million. The remaining 17% of investment was spent on digital services: £104 million on the digital TV channels, and £10 million on digital media, comprising Channel 4’s websites, cross-platform content and investment in All 4 content, including foreign language TV service Walter Presents.

Content investment on the main channel was up 1% this year (rising by £4 million), meaning that the cuts – of £17 million in total – were shared across the digital services. Investment on the digital channels fell by £15 million (a 12% decline), while expenditure on digital media was £2 million down (20% decline). This meant that total spend across Channel 4’s TV portfolio (the main channel and digital channels) was £652 million in 2018, 2% below last year’s figure of £663 million.

Focusing on the TV portfolio, five big genres – Film, Drama, Factual, Comedy and Entertainment – accounted for 81% of the content budget in 2018. Two of these genres experienced year-on-year changes in investment in excess of 10%. Spend on Comedy was up by 21% (equivalent to £9 million), with the new Comedy strategy producing an increased slate that included a raft of new titles such as acclaimed series *Derry Girls* and *Lee and Dean*, along with the return of the popular *Friday Night Dinner*. Conversely, Factual was down by 12% (£32 million) as some peak-time titles – including *Eden*, *The Jump* and *Mutiny* – did not return this year, and there were also reductions in commissioned Daytime output such as *Come Dine With Me*. Of the other big genres, there were small investment increases this year in Entertainment (of £5 million) and Film (£1 million), while Drama investment fell by £7 million.

The reduction in Factual spend allowed for increases elsewhere across the schedule, and investment in all the smaller genres either held steady (in the case of News) or rose – there were no decreases. There were notable increases in spend (of more than 10%) in two genres. Education spend rose by 70% (£7 million), with *Ackley Bridge* being given a longer run in its second series, and the insightful *Genderquake* season examining gender and identity. Spend on programmes for Older Children was up by 16% (£1 million), with new series such as *Class of Mum and Dad* and a longer run for *Old People’s Home For 4 Year Olds*. Other genres benefited from smaller increases of £1-2 million.

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

				Total
2018	548	104	10	662
2017	544	119	12	675

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

Source: Channel 4.

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

Film	82	81
Drama	80	87
Factual	222	254
Comedy	52	43
Entertainment	91	86
News	27	27
Current Affairs	27	25
Older Children	8	7
Education	17	10
Sport	46	43

■ 2018 (£652m) ■ 2017 (£663m)

Source: Channel 4.

Metrics
(continued)

Innovation through content

73%

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

Equal

with last year

Output mix on Channel 4

Channel 4 typically premieres its original programmes on the main channel during peak-time hours (defined by Ofcom as 6-10.30pm), exposing them to the largest audiences and enabling them to have the greatest impact. In 2018, 73% of all peak-time hours on the main channel were made up of first-run originated programming. This is level with the 2017 figure and represents the joint second-highest figure since 2003. Repeats of original programming accounted for another 9% of peak-time output (up one percentage point year-on-year), meaning that originations comprised a total of 82% of peak-time hours – well ahead of Ofcom’s 70% licence requirement. Channel 4’s daytime schedules include a more balanced spread of originations and acquisitions, with originations representing 63% of output on the main channel across the day in 2018, level with the 2017 figure and again well above the relevant Ofcom quota (of 56%).

There was little year-on-year variation in this metric: in peak-time, there were one percentage point boosts to originated repeats and first-run acquisitions at the expense of acquired repeats. Across the whole day, within both originations and acquisitions, there were very small (one percentage point) movements from first-run programming to repeats.

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

Peak (6-10.30pm)				
2018	73	9	7	11
2017	73	8	6	13
All day				
2018	30	33	6	31
2017	31	32	7	30

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

Source: Channel 4.

£489m

spent on originated
content across
all services

Down 4%

on last year

Investment in originated content

Channel 4 delivers its public remit primarily through the original content that it commissions and invests in. In 2018, total expenditure on originated content (first-run transmissions and repeats) across its TV channels and online services was £489 million. While this is less than the record totals in the last two years, when Channel 4 drew on its reserves to boost investment, 2018’s figure – set at a level to ensure a financial surplus this year – is still 8% higher than that in 2015 and exceeds every earlier year in the broadcaster’s history.

Investment on the main channel – which attracts the biggest audiences and correspondingly accounts for the large majority of Channel 4’s originated content budget (91% of the total in 2018) – was maintained this year: expenditure was £445 million, an increase of £1 million. £221 million of this total was spent on News, Current Affairs, Education programming, Comedy, Drama series and single dramas (including Film4 productions), Arts and Religion (this sum does not include the full range of programming genres e.g. Factual or Sport, where Channel 4 also delivers important public service content).

Beyond the main channel, £39 million was spent on original content for the digital channels, and a further £5 million on digital media content (including websites and cross-platform content). With core channel investment holding steady, reductions in investment this year fell primarily on these digital services. Overall, originated content spend was down by £21 million, a 4% drop.

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

				Total
2018	445	39	5	489
2017	444	56	10	510

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

Source: Channel 4.

Metrics
(continued)

Innovation through content

8.0hrs

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

Down 6%

on last year

Originated output across Channel 4 TV portfolio

In 2018, Channel 4 broadcast an average of 8.0 hours of new commissioned programmes (i.e. first-run originations) every day across the main channel, E4, More4 and Film4. The main channel accounted for 7.2 of these daily hours (90% of the total), with the other 0.8 hours on the digital channels.

The volume of first-run originations across the TV portfolio fell by 6% in 2018, with hours on the main channel down by 4% and those on the digital channels down by 26%. These figures correspond closely to the corresponding declines in originated content investment (see ‘Investment in originated content’ on p109), and reflect Channel 4’s prudent strategy, against a background of economic uncertainty, to achieve a financial surplus.

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

			Total
2018	7.2	0.8	8.0
2017	7.5	1.0	8.5

Channel 4 Digital channels

Source: Channel 4.

Metrics
(continued)

Innovation through content

2,900hrs

of first-run
originations across
the portfolio

Down 7%

on last year

Volume of first-run originations by genre

Channel 4 broadcast 2,900 hours of first-run originated programming across its TV portfolio (main channel and digital channels) in 2018. The three biggest genres were Factual (1,340 hours of first-run originations), Entertainment (463 hours) and Sport (406 hours) – these genres together accounted for 76% of total hours. There was a 7% fall in the total volume of first-run originations this year, equivalent to 203 hours. This decline reflects the fall in originated content investment this year that follows two years when Channel 4 drew on its reserves to boost investment.

The decline in the total volume of first-run originations may be fully accounted for by a similar decline, of 205 hours, in Factual programming (13% down year-on-year). Amongst the highest-volume changes, there were fewer hours this year of *Come Dine With Me*, while other Daytime series such as *My Kitchen Rules* and *French Connection* did not return. Beyond Factual, there was a further rebalancing of output across the schedules. In the big three genres, there was also a significant decline, of 90 hours, in Entertainment programming (a 16% fall); again, the biggest changes were in Daytime, with fewer hours of *Fifteen To One* and series such as *Cheap Cheap Cheap* not returning this year. Much of this was offset by a large increase in Sport programming this year, with 68 additional hours (a 20% rise), primarily due to coverage of the *PyeongChang 2018 Winter Paralympic Games* and the *European Rugby Champions Cup*.

In the rest of the schedule, another four genres experienced year-on-year changes in investment in excess of 10%, all of which were increases. The volume of Comedy programming rose by 12 hours (a 59% rise), with the new Comedy strategy delivering an expanded slate (see ‘Investment in all content’ on p108). There was an additional eight hours of Education programmes (a 43% rise) and three additional hours of programmes for Older Children (a 15% rise) – again, see ‘Investment in all content’ for key programming changes in these genres. Film rose by five hours (an 83% jump), as six first-run Film4 Productions were premiered in 2018 compared to three in 2017; these included Sarah Gavron’s *Suffragette*, Andrew Haigh’s *45 Years* and Ben Wheatley’s *Free Fire*. In the genres with smaller changes, Current Affairs programming was up by 5%, the volume of News held steady and Drama was down by 7%.

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

Film	12	7
Drama	159	172
Factual	1,340	1,545
Comedy	31	19
Entertainment	463	553
News	249	249
Current Affairs	189	180
Older Children	24	21
Education	27	19
Sport	406	338

2018 (2,900hrs) 2017 (3,103hrs)

Source: Channel 4.

Metrics
(continued)

Innovation through content

Meeting Channel 4's licence obligations			
Average hours per week		Compliance minimum	2018
News	In peak-time (6-10.30pm)	4	4
	Overall	4	6
Current Affairs	Overall	4	6
	In peak-time (6-10.30pm)	2	3
Hours per year	Schools	1	39
Percentage			
Origination production	Overall	56	63
	In peak-time (6-10.30pm)	70	81
Independent production		25	49
European independent production		10	28
European origin		50	71
Subtitling for the deaf and hard of hearing		90	100
Audio description		10	41
Signing		5	5
Regional production		35	45
Regional hours		35	59
Production in the Nations		3	8
Nations hours		3	10

Metrics
(continued)

Innovation through diversity

£440m

investment in first-run external UK commissions on the main channel in 2018

Equal
with last year

Broadcasters' investment in the production sector

Channel 4 is unique amongst the main public service broadcasters in that it has no in-house production base of any kind, and is therefore required to source 100% of its original programming from external suppliers. An intrinsic part of Channel 4's model, this ensures that its investment in content provides maximum benefit to the UK's independent production sector. In 2018, Channel 4 spent £440 million on first-run originations from external supplies for the main channel. 47% of this total was spent on qualifying independent production companies. There was another £38 million of investment on the digital TV channels, taking Channel 4's total investment in first-run originations from external suppliers across its TV portfolio to £478 million. This total is down on the corresponding figures in the last two years, when Channel 4 drew on its reserves to boost investment. On the main channel, spend was protected and equal with last year. Investment on the digital channels fell further, by 31%, resulting in an overall decline in spend across the TV portfolio of 4%.

Compared to other broadcasters, Channel 4 plays a disproportionately important role in supporting the independent production sector. Cross-industry data published in earlier years by Ofcom showed that Channel 4 consistently spends more on first-run external commissions than any of the other main public service broadcasters. Equivalent expenditure data was not available for other channels this year from Ofcom (their most recent data, for 2016, was reported in Channel 4's last Annual Report).

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

			Total
2018	440	38	478
2017	440	56	496

Main channel Digital channels

Source: Channel 4.

Metrics
(continued)

Innovation through diversity

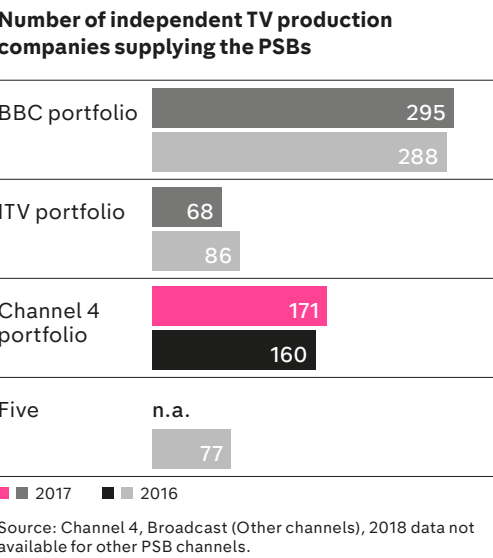
274
companies working with Channel 4 portfolio across TV, film and digital media in 2018 of which 154 were independent TV production companies

Down 11%
on last year

Diversity of supply base
Channel 4 punches above its weight in terms of the number of independent TV production companies that it works with. In 2017, the most recent year that comparative TV industry data is available, Channel 4 worked with 171 independent TV production companies. Only the BBC – whose TV portfolio content budget (£1.6 billion in 2017-18, according to its Annual Plan) is more than double that of Channel 4 – worked with more companies (295 in total). Channel 4 also worked with significantly more companies than ITV, which also has a much larger content budget than Channel 4 (68 companies).

According to Channel 4’s most recent data, for 2018, a total of 274 companies supplied the TV, film and digital media content that it commissioned. In TV, this included 154 independent production companies (2017: 171 companies, as compared to other broadcasters above). A further 44 non-independent producers gave a total of 198 programme suppliers. In other media, there were 36 online suppliers and 68 film companies (some suppliers worked across TV, film and online). Across all types of content, 34 companies were new suppliers to Channel 4.

Looking at year-on-year changes, the principal driver was the shift in All 4’s strategy to focus on acquiring long-form third-party content, rather than commissioning original short-form content. Channel 4’s online suppliers declined from 84 suppliers in 2017 to 36 suppliers in 2018. TV suppliers also fell slightly across the year (from 212 to 198, down 7% year-on-year) and film suppliers reduced from 71 to 68 (down 4% year-on-year). There was also a decline in the number of new suppliers (29% down), which is also largely attributable to the shift in our online strategy. When duplicates are removed (suppliers working across more than one media), the total number of companies worked with in 2018 was 274.



59%
of first-run originated programme hours

Up 2pts
on last year

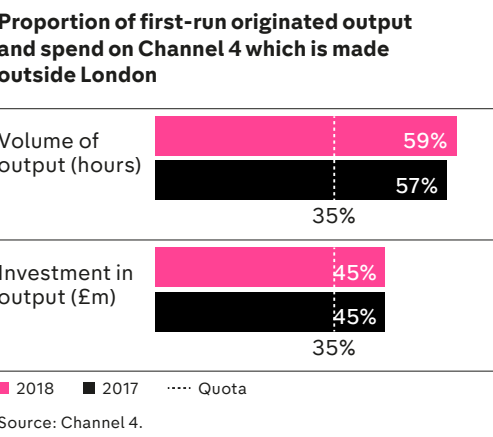
45%
of the value of first-run originations

Equal
with last year

Investment in the Nations and Regions (main channel)
In 2018, Channel 4 reached its highest ever level of investment in the Nations and Regions in volume terms. It sourced a record 59% of the hours of first-run originated programmes on its main channel from suppliers based outside London. Up two percentage points on the 2017 level, this is the fourth consecutive year that this figure has risen. The proportion of programming from suppliers in the Nations and Regions is now eight percentage points higher than it was in 2014. This performance is strikingly different from that in the first 30 years of Channel 4’s history: up until 2013, the proportion of out-of-London suppliers had never reached 50%.

Turning to spend, 45% of Channel 4’s expenditure on first-run originated programming on the main channel was on programmes from suppliers outside London. After two previous years of increases, this figure held steady in 2018, matching the 2017 level.

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



Metrics
(continued)

Innovation through diversity

10%
of first-run originated programme hours

Down 2pts
on last year

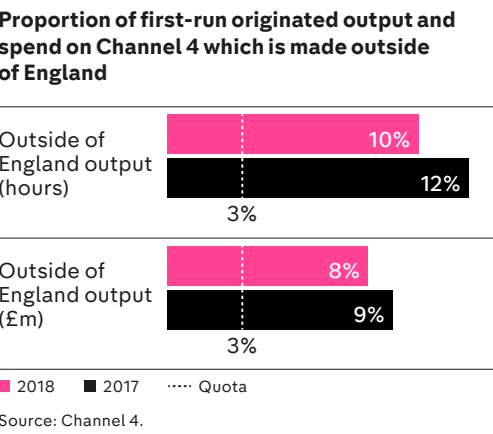
8%
of the value of first-run originations

Down 1pt
on last year

Investment in the Nations (main channel)
In 2018, Channel 4’s commissions in the Nations represented just over 10% of total hours of first-run originated programming on the main channel. While this total fell by two percentage points year-on-year, it is still above the 2%-9% range achieved over the preceding decade (2007-2016). It also exceeds not only the current 3% licence quota set by Ofcom but also the increased 9% quota which comes into effect in 2020. Looking at the individual Nations, Scotland accounted for 4.8% of the total this year, Wales 4.2% and Northern Ireland 1.1%.

In spend terms, the Nations represented almost 8% of the total budget for first-run originated programmes on the main channel (with 3.3% spent in Scotland, 3.4% in Wales and 1.1% in Northern Ireland). While this is one percentage point down year-on-year, it remains at the top end of the 2%-8% range achieved over the preceding decade. Again, it exceeds Ofcom’s current 3% licence quota and is just one percentage point short of the upcoming 9% quota for 2020.

Commissions from the Nations provided 238 hours of first-run programming on the main channel in 2018, 20% down year-on-year. This decline was driven primarily by cuts in Daytime which affected Scottish commissions: volume was 47% down, dropping to 113 hours (2017: 214 hours), and spend fell by 52%, from £27.4 million to £13.3 million. There were fewer hours of *Fifteen To One* and some shows, e.g. *Best Of Both Worlds* and (in peak-time) *Eden*, did not return. Reductions in Scotland were partly offset by increases elsewhere. In Wales, the volume of programme commissions rose by 51% to 100 hours (2017: 66 hours), while total investment rose by 53%, to £13.8 million (2017: £9 million), boosted by this year’s rugby coverage, more episodes of *Extreme Cake Makers* and new drama *Kiri*. In Northern Ireland, volume was up by 40% to 25 hours (2017: 18 hours), while total investment more than doubled, rising by 107% to £4.3 million (2017: £2.1 million), with new series *My Family Secrets Revealed* and *Derry Girls*.



Metrics
(continued)

Innovation through diversity

£186m

spent on production companies based outside London

Down 1.5%
on last year

Spend by region across the Channel 4 TV portfolio

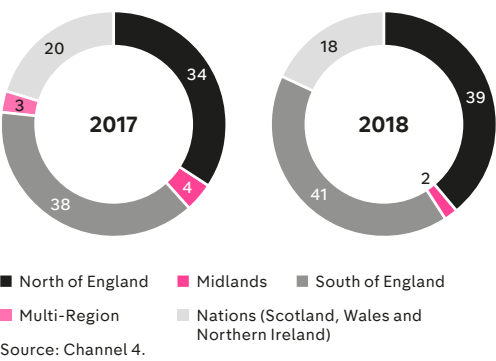
In 2018, Channel 4 spent £186 million across its TV portfolio on content commissioned from production companies based in the Nations and the English Regions. While this was 1.5% down on last year’s record figure (a £3 million drop), it is still higher than in any year prior to 2017 and is £37 million above its 2015 level.

Expenditure on content from production companies in the Nations was £33 million this year, £6 million below its 2017 level (£39 million). This decline was driven by a 48% year-on-year decline in spend on content from Scotland, which fell from £27.6 million in 2017 to £14.4 million this year, primarily due to cuts in Daytime (see previous metric above). There were substantial percentage increases in spend in the other Nations. In Wales, spend was up by 53%, equivalent to an additional £4.8 million, taking this year’s total to £13.8 million. Northern Ireland benefited from a 110% increase in spend, equivalent to £2.3 million, giving a total spend of £4.4 million. New programmes in the Nations this year included *Emergency Helicopter Medics* (from Scotland), *Kiri* (Wales) and *Derry Girls* (Northern Ireland).

Turning to the English regions, Channel 4’s TV portfolio spend rose for the third consecutive year, to £152 million. It increased by 5%, equivalent to £7 million, relative to 2017’s £145 million total. Major commissions from the English Regions this year included *The Great British Bake Off* (South of England), *Travel Man* (the Midlands), and *Countdown* (North of England). A further £1 million was spent on multi-region content in 2018, down from £6 million in 2017.

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

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



£33m

spent on production companies in the Nations

Down 16%
on last year

Metrics
(continued)

Different voices

60hrs

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

Down 20%
on last year

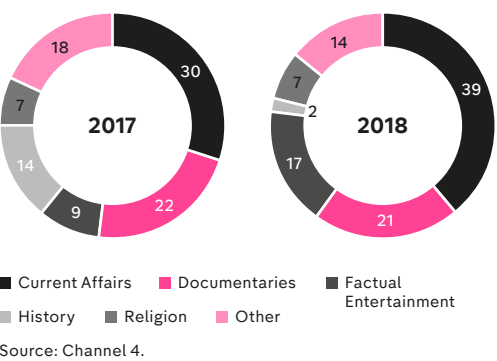
Range of international programming

Channel 4’s coverage of international themes extends across all parts of the schedule, from the most vital geopolitical issues to lively authored explorations of different parts of the globe. Excluding *Channel 4 News*, there were 60 hours of first-run programmes in 2018 with an international theme on the main channel and in the dedicated international documentary strand, *True Stories*, which runs across the main channel and Film4. This was a reduction of 20% on last year’s figure of 74 hours (a reduction of 14 hours).* The bulk of this decline is due to the decision to discontinue the *True Stories* strand, which accounted for 19 hours of the total in 2017, and just six hours in 2018 (a 13-hour drop year-on-year). Excluding *True Stories*, there were 56 hours of first-run originations with an international theme this year, six hours fewer than last year (a fall of 3%).

As was the case last year, Current Affairs was the biggest single genre in 2018, accounting for 39% of total first-run hours of non-news international programming (2017: 30%). Programmes included the long-running *Unreported World* strand, along with powerful *Dispatches* films such as *Myanmar’s Killing Fields*, in which secret recordings provided evidence of years of repression, violence and mass murder by the Myanmar authorities; *Russian Spy Assassins: The Salisbury Attack*, which explored potential motives for the poisoning of former double agent Sergei Skripal; and *The UN Sex Abuse Scandal*, a harrowing report looking at continuing allegations of sexual exploitation and abuse by UN peacekeepers. New series this year included timely looks inside major institutions in *Inside The American Embassy* and *Carry On Brussels*. Filmed over two years, *The FGM Detectives* was a hard-hitting examination of female genital mutilation, which is still practised in some communities in the UK despite being banned by the UN and World Health Organization.

The second biggest genre was Documentaries, with 21% of the total (2017: 22%). Programmes ranged from powerful series such as *Meet the Drug Lords: Inside the Real Narcos*, in which ex-Special Forces soldier Jason Fox travelled through South America revealing the brutal hidden worlds of the drug cartels, to lighter fare such as Guy Martin’s travelogue *Our Guy In Russia*. With 17% of the total (2017: 9%), Factual Entertainment was the third biggest genre this year, which included *Our Wildest Dreams*, which saw British families starting over in some of the furthest corners of the planet, and the return of Richard Ayoade in *Travel Man*. In Religion (7% of the total, level with 2017), *Grayson Perry: Rites of Passage* saw Grayson travel the world exploring the rituals that govern the big moments in our lives. History programming this year (2% of the total, down from 14% in 2017) comprised *Holocaust: The Revenge Plot*, which told the remarkable story of a secret group of Holocaust survivors who decided to avenge the Holocaust by poisoning German cities’ water supplies.

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



Metrics
(continued)

Different voices

In addition to these programmes, Channel 4’s acquired TV programmes and films also include a diverse range of content from around the world. These include tie-ins with Walter Presents, Channel 4’s innovative on-demand service curating the best foreign language TV shows. This year, the launch episodes of 11 series were premiered on the main channel, with viewers being pointed to All 4 to watch the rest of the series. The most popular title was Italian drama *Maltese: The Mafia Detective*, the opening episode of which attracted 513,000 TV viewers. A further eight series were shown in their entirety on the main channel and More4, of which the most popular, Swedish thriller *Rebecka Martinsson: Arctic Murders*, averaged 373,000 viewers across seven episodes. Taken together, the Walter Presents-branded foreign language dramas shown on the main channel and More4 reached 10.4 million people in 2018 (one million more than in 2017), equating to 17.2% of the population. Overall, there were 203 hours of first-run foreign language TV shows and films across the TV portfolio. After three years of significant rises, this figure held steady in 2018 (there was no change in percentage terms, though in absolute terms it fell marginally, by one hour). On the Film4 channel, a total of 796 hours of films from outside the UK and US were shown in 2018 (this figure includes first-runs and repeats, and films shown both in the English language and in foreign languages). This is a significant rise, of 14% (equivalent to 95 additional hours) relative to the 2017 figure.

* Note: a change has been made this year to the genres shown in the pie charts, to better reflect the overall genre mix and reduce the volume of programming included in the “Other” category. The pie charts for both 2017 and 2018 reflect this new genre list. The 2017 data has also been restated: for consistency, *Travel Man* is now counted (in both years) as International programming (within the Factual Entertainment genre).

Metrics
(continued)

Different voices

177hrs

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

Up 37%
on last year

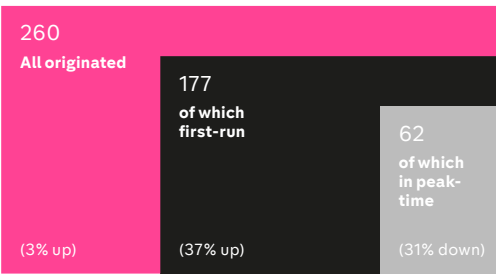
Diversity output on the main channel

As one part of Channel 4’s goal to reflect the diversity of the UK – which spans its entire output – it broadcasts programmes whose subject matter specifically covers diversity issues. It showed 260 hours of originated programmes on the main channel whose subject matter covered diversity issues (relating to religion, multiculturalism, disability and sexuality) in 2018. Of these originated hours, 177 were first-run programmes (the others being repeats), and 62 of the first-run hours related to programmes shown in peak-time (i.e. between 6pm and 10.30pm, following Ofcom’s definition). Highlights this year were Channel 4’s extensive coverage of the *PyeongChang 2018 Winter Paralympic Games* and the *Genderquake* season exploring gender roles and identities. Other programmes included *Grayson Perry: Rites of Passage* (Religion), *Indian Summer School* (multiculturalism), popular series *The Last Leg* and *The Undateables* (disability) and new comedy drama *The Bisexual* (sexuality).

The volume of first-run originations rose by 37% in 2018; other than years which feature coverage of Summer Paralympic Games (i.e. 2012 and 2016), this was the joint-highest level since Channel 4 began reporting this metric in 2008. The volume of all originations was also up slightly year-on-year, by 3%. However, first-run originations in peak-time were down in 2018, by 31%, in large part because the bulk of the live coverage of the *PyeongChang 2018 Winter Paralympic Games* took place outside peak hours.

Channel 4’s impact on diversity includes far more than the programme commissions covered by these figures. The broadcaster continues to support a range of initiatives that promote diversity. In 2018, it announced a new strategy to embed inclusion across the organisation, creating more space for diverse and under-represented voices on screen, off screen and in-house. Channel 4 also continues to improve access to opportunity to those with different backgrounds via its C4 Pop Ups, Production Training Scheme and Work Experience and Apprenticeship programmes. Read more about Channel 4’s work on diversity on pages 70-77.

Total hours of programming covering diversity issues shown on the main channel (2018 with trends relative to 2017)



Source: Channel 4.

Metrics
(continued)

Film

31%
from outside the US

Down 1pt
on last year

15%
from the UK

Down 2pts
on last year

Diversity of Film4 channel schedule

The Film4 channel – which grew its share amongst 16-to-34-year-olds this year – continued to showcase a diverse and alternative range of films from around the world in 2018, with a substantial share of the schedule devoted to non-Hollywood studio titles. British films – including ones that were co-funded by Film4 Productions – accounted for 15% of total programming hours in the schedule. Other non-US films made up a further 16% of the schedule, meaning that a total of 31% of hours of output were devoted to films from countries other than the US. (Note that this figure includes films that were co-productions between the US and other countries; in 2018, 6% of output on the channel comprised US/non-US co-productions, one percentage point more than in 2017.)

Year-on-year variations in these figures were small. The total proportion of non-US films in the Film4 channel schedule fell by one percentage point this year (2017: 32%), with a two percentage point fall in the share of UK films (2017: 17%) partially offset by a one percentage point increase in the share of other non-US films (2017: 15%).

2018 saw the return of the entire Studio Ghibli slate, introducing the animated classics to a new generation. The films were available both in much-loved dubbed form and in the original Japanese language. This year, the season was complemented by a new *Ghibliothèque* podcast series, produced by Little Dot Studios, that rose to the top of Apple’s iTunes charts (for Arts and Film & TV), and was highly praised by listeners and critics around the world. The Film4 Channel marked the 100th anniversary of the suffragette movement with a month-long, female-focused season *Phenomenal*, which celebrated women in film, both in front of and behind the camera. This landmark celebration culminated on International Women’s Day with an all-female film line-up, including the acclaimed Film4 production *Suffragette*.

Metrics
(continued)

News and Current Affairs

376
long-form News
and Current Affairs
programmes in
peak-time

Up 3%
on last year

Commitment to long-form journalism

At a time when much of the news media focuses on ‘snackable’ digests intended to be consumed quickly, News and Current Affairs programmes with extended running times allow topics to be covered in greater depth, providing higher levels of rigour and analysis. Channel 4 believes this to be especially valuable in the context of growing concerns about the levels of trust in, and accuracy of, news sources. This metric looks at long-form journalism in the News and Current Affairs output on the main PSB channels, defining ‘long-form’ programmes as those running for at least 45 minutes for News and 15 minutes for Current Affairs.

In 2018, Channel 4’s main channel showed 376 long-form News and Current Affairs programmes in peak-time (between 6pm and 10.30pm, as defined by Ofcom). This is substantially more than the number of long-form News and Current Affairs programmes in peak-time on the other main PSB channels (220 programmes between them). Moreover, while the other channels reduced their commitment to long-form journalism in peak-time, with a 19% year-on-year reduction in the number of long-form News and Current Affairs programmes between them, the number of such programmes on Channel 4 rose by 3% year-on-year, making this year’s figure the highest since 2012 (the oldest year using the current methodology).

Some News and Current Affairs programmes are broadcast later in the evening (most notably *Newsnight* on BBC Two, which usually begins at 10.30pm), so this metric also considers output over a longer period each evening so that these programmes can be captured. Between 6.30pm and midnight, Channel 4 showed 446 ‘long-form’ News and Current Affairs programmes on its main channel in 2018. This was also 3% higher than the previous year’s figure and the highest for Channel 4 since 2012. It was also considerably greater than that for any of the other main PSB channels. The channel with the next highest number of titles was BBC Two, with 313 ‘long-form’ News and Current Affairs programmes (only 35 of which were shown in peak-time), 133 fewer than Channel 4.

Number of long-form News programmes and single story Current Affairs programmes with a duration of at least 45 minutes and 15 minutes respectively shown on the main channel between 6pm and midnight					Total
BBC One	2018	94	105		199
	2017	128	106		234
BBC Two	2018	35	278		313
	2017	52	265		317
ITV1	2018	86	26		112
	2017	92	32		124
Channel 4	2018		376	70	446
	2017		364	67	431
Five	2018	5			5
	2017	0			0

■ Peak-time ■ Off-peak

Source: Channel 4, BARB (other channels).

Metrics (continued)

Making an impact

Channel 4 is unique: it is a mass-market TV channel that reaches large audiences whilst also appealing to under-served groups that other public service broadcasters ('PSBs') struggle to connect with. It does this with alternative and distinctive content that takes risks, challenges preconceptions and inspires change. To measure Channel 4's impact, we look at viewing across different audience groups as well as the public value achieved by delivering its remit.

Reputational impact

To assess its public value impact, Channel 4 tracks audience perceptions of 12 reputational statements linked to its public service remit, benchmarking the main channel against BBC One, BBC Two, ITV and Channel 5. Channel 4 typically leads these other main PSB channels by a significant margin, so to provide additional rigour in assessing performance on these statements, we look at annual variations in the main channel's leads over the other channels' average scores.

Channel 4 continued to lead the other broadcasters on all 12 statements in 2018: the difference compared to the average for the other main PSB channels on individual statements ranged from 13 to 33 percentage points. The biggest leads were for 'taking risks with programmes that others wouldn't' (33 percentage points), 'tackling issues other channels wouldn't' (32 points) and 'taking a different approach to subjects compared to other channels' (27 points). Averaged across the 12 statements, Channel 4's lead over the average for the other main PSB channels was 24 percentage

points this year. This is three percentage points below the all-time record of 27 points achieved in both of the last two years, when we drew on our reserves to boost investment (leads on individual statements fell by between zero and five percentage points year-on-year). Nonetheless, the average lead over the other channels remains in the middle of the 20-27 percentage point range achieved over the last decade (note that not all statements were tracked in the earliest years).

Television

Notwithstanding continuing audience fragmentation in the UK television market and a summer in which the BBC and ITV received a World Cup boost, Channel 4's main channel held its share this year, at 5.9%, and total portfolio viewing was only marginally down (by 0.3 percentage points), at 10.2% (2017: 10.5%). The digital channels had a combined viewing share of 4.3% (2017: 4.6%). E4's share fell by 0.2 percentage points, with intensified competition from *Love Island* and declining audiences for some long-running titles. 4Music's share fell by 0.1 percentage point, while Film4 and More4 held steady.

Channel 4's TV portfolio was watched by 78.7% of all television viewers every month on average in 2018, behind only the BBC and ITV. The main PSBs all suffered declines in their reach this year, as viewing migrates towards other linear TV channels and video-on-demand (VoD) services. With a fall of 2.7 percentage points, Channel 4 was worst hit, due in large part to the fact that it has by far the highest proportion of young people in its audience, who are the fastest adopters of VoD services.

Channel 4 continued to outperform other PSBs by engaging with hard-to-reach audiences in 2018, in particular young adults and black and minority ethnic ('BAME') groups. TV portfolio viewing share amongst 16-34-year-olds was 15.9%, making Channel 4 the only PSB to attract significantly greater viewing amongst this age group than across the general population. Channel 4's portfolio share amongst BAME audiences was 9.5%, meaning that they represented a higher proportion of Channel 4's total audience than the corresponding proportion for the other PSBs. Viewing share for both groups was slightly down in 2018, by 3% and 6% respectively, in the latter case due in part to the absence of some popular BAME-skewing titles this year.

Channel 4's News and Current Affairs output represents a vital part of its remit delivery. In 2018, *Channel 4 News* was watched by an average of 7.4 million people each month, a figure that was down 9% year-on-year after four years of relative stability. A number of factors were at play: the decline in overall reach of the main channel, increased competition in the 7-8pm weekday slot from the other PSBs, Brexit fatigue (which also affected BBC Two's *Newsnight*, the other main in-depth news review programme), and the migration of news consumption to digital and social media. In response, *Channel 4 News* has actively grown its presence beyond the main channel: its video views on YouTube in 2018 more than doubled to 113 million, with 13-to-34-year-olds accounting for 64% of viewing to its YouTube page, while on Twitter *Channel 4 News* videos generated 118 million views, 30% up year-on-year.

Channel 4 does better than the other PSBs in attracting young adults and BAME viewers to its news programmes. 16-34-year-olds accounted for 12% of *Channel 4 News* viewing in 2018, well above the corresponding shares, of 6%-9% of viewing, for the national news programmes on the other main PSB channels. Viewers from BAME groups represented 15% of *Channel 4 News* viewing, the joint-second-highest figure since 2009, and again ahead of the corresponding shares, of 6%-10%, for the other PSB channels' news programmes. Year-on-year variations were minimal: the proportion of viewing to *Channel 4 News* accounted for by 16-to-34-year-olds fell by one percentage point, while the proportion of BAME viewers held steady.

Amidst growing concerns in society regarding the veracity of the news that citizens are exposed to through digital and social media, the main UK broadcasters' impartial and authoritative news services are more important than ever. Looking across the main TV news providers – the BBC, ITV, Channel 4, Channel 5 and Sky – *Channel 4 News* was the most highly regarded when regular viewers were asked if the news programmes they watch are independent from the government and from the influence of big businesses. While these broadcasters all registered substantial increases this year in their scores, *Channel 4 News*' perceived independence amongst its viewers was higher than that for the other main broadcasters' news programmes amongst their viewers. Moreover, its own scores were at their highest ever levels since these metrics were first reported in 2009: 91% of regular *Channel 4 News* viewers regarded it as being independent from the government (the first time any broadcaster has scored higher

than 90% on this metric since it was first reporting using the current methodology in 2009), and 88% of regular viewers agreed that it is independent from the influence of big businesses.

In Current Affairs, Channel 4 tracks five reputational statements covering the subject matter and approach taken by the main PSB channels in their programmes and strands in this genre. Overall, *Unreported World* and *Dispatches* were tied in joint first place with the highest average scores across these statements amongst the PSB channels in 2018. *Unreported World* ranked first on three of the five statements – for 'showing stories about parts of the world you would rarely see on British TV', 'giving a voice to groups that aren't always heard in mainstream media' and 'making me see something in a different light' – while *Dispatches* ranked in second place for four of the five statements. *Dispatches*' average score across the five reputational statements rose by two percentage points year-on-year, giving it its highest score since 2012, while *Unreported World*'s average score dropped by one percentage point.

Online

As audiences – especially younger demographics – consume TV programmes ever more on demand, it is vital that Channel 4 evolves to meet this demand. Its dedicated All 4 app offers long-form programmes, live streaming and digital-first Originals and Exclusives on a wide range of PCs, smartphones, tablets, games consoles and connected TVs. As part of its strategy to encourage All 4 usage where possible – to ensure viewers have the best possible experience viewing video content on screens of all sizes – Channel 4 points website visitors towards the All 4 app when they try to watch video content on mobile platforms.

In 2018, Channel 4 attracted record levels of on-demand viewing: 915 million programme views were initiated through All 4-branded platforms. And it achieved its highest ever rates of growth: programme views were up by 26%, the highest growth in percentage terms since 2010; while in absolute terms this year's increase, of 188 million views, was the largest since Channel 4 began reporting this metric in 2008. Across individual devices, the most significant growth this year was on 'Big Screens' (connected TVs and streaming devices that plug into TVs).

Channel 4's performance was also very strong across its websites and apps. They attracted a total of 702 million visits in 2018, a new record level. Visits rose by 19%, the biggest annual percentage increase since 2012. And in absolute terms, the additional 114 million visits was, by a large margin, the biggest annual growth since Channel 4 began reporting this metric in 2011. Breaking down the two components of the total, visits to Channel 4's apps rose by 30% year-on-year, to 536 million, while visits to Channel 4's websites fell by 6%, to 166 million, reflecting the strategy to direct mobile viewers to All 4 apps for video viewing. Overall, app visits increased their share of total visits to all Channel 4's websites and apps from 70% of the total in 2017 to 76% in 2018.

Audience feedback

Each year, 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 Core4 community. Its audience research includes the 'Buzz' metric, derived from a daily sample of 3,000 people, which indicates which programmes people have talked about the most, face-to-face or on social media. The average 'Buzz' score for the ten most talked-about programmes this year was 56%. Current Affairs programmes accounted for two of the three most talked-about programmes this year: *Breastfeeding Uncovered* investigated why Britain has some of the worst breastfeeding rates in the world, and *The Real Brexit Debate* brought together four politicians ahead of a parliamentary vote on the Prime Minister's deal with Brussels last December.

Metrics
(continued)

Different voices

22pt

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

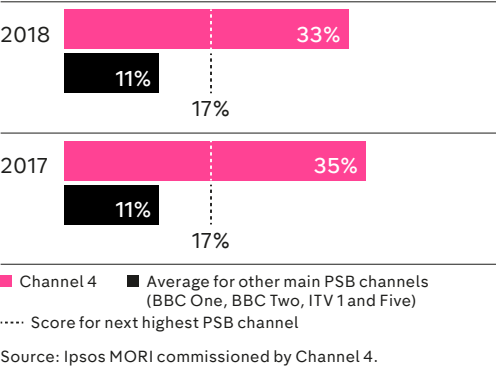
Down 2pts
on last year

Channel reputations – shows different kinds of cultures and opinions

Channel 4 maintained a strong reputation as being best for showing different kinds of cultures and opinions in 2018. The main channel was selected by 33% of all respondents, giving it a substantial 22 percentage point lead over the average for the other main PSB channels, and a 16 percentage point lead over the next highest-scoring channel, BBC One.

Channel 4’s performance fell back a little relative to the best-ever scores achieved last year. All three of the main scores – the proportion of respondents selecting Channel 4, its lead over the average for the other main PSB channels and its lead over the next highest-scoring channel – fell by two percentage points year-on-year, but remained within a stable range.

Shows different kinds of cultures and opinions



23pt

lead over average for other channels for challenging prejudice

Down 3pts
on last year

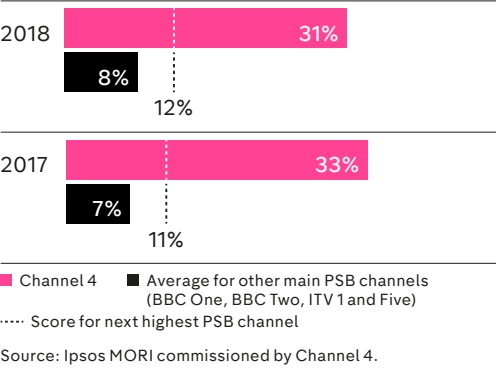
Channel reputations – challenges prejudice

In 2018, 31% of respondents chose Channel 4’s main channel as the one they most associate with challenging prejudice. Channel 4 had a significant lead, of 23 percentage points, over the average score for the other main PSB channels, while its lead over the next highest channel, BBC One, was 19 percentage points.

After reaching a record high in the previous two years, the proportion of people selecting Channel 4 dropped by two percentage points this year, remaining within a stable range.

While Channel 4’s lead over the average for the other main PSB channels, and its lead over the next highest-scoring channel, both fell by three percentage points, these leads remained within the ranges achieved in the previous five years.

Challenges prejudice



Metrics
(continued)

Different voices

24pt

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

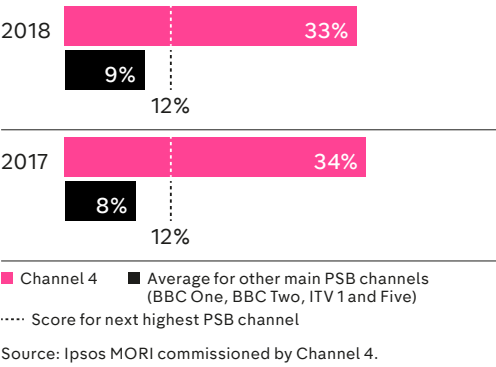
Down 2pts
on last year

Channel reputations – shows the viewpoints of minority groups in society

Channel 4 gives a voice to diverse groups, including those that are often under-represented on TV. In 2018, 33% of viewers selected Channel 4’s main channel as being the best for showing the viewpoints of minority groups in society. This gave Channel 4 a substantial 24 percentage point lead over the average for the other channels, and a 21 percentage point lead over the next highest channel, BBC One. After achieving a joint-record score last year, Channel 4’s performance fell back slightly in 2018: the proportion of people selecting the main channel, and its lead over the next highest PSB channel, both fell by one percentage point, while its lead over the average of the other PSB channels fell by two percentage points.

Channel 4 continued to significantly outperform the other PSBs for showing the viewpoints of individual minority groups. The main channel was selected by 31% of viewers as being best for showing the viewpoints of different ethnic groups in the UK (one percentage point down year-on-year), giving it a lead of 22 percentage points over the average for the other main PSB channels. 34% of viewers thought Channel 4 was best for showing the viewpoints of lesbian, gay, bisexual and transgender people (again down by one percentage point), 27 percentage points above the average of the other PSB channels. And 29% of viewers thought Channel 4 was best for showing the viewpoints of disabled people (down by two percentage points), giving it a 21 percentage point lead over the average of the other PSB channels. While these scores fell slightly this year, all three remain within the ranges achieved over the previous five years.

Shows the viewpoints of minority groups in society



26pt

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

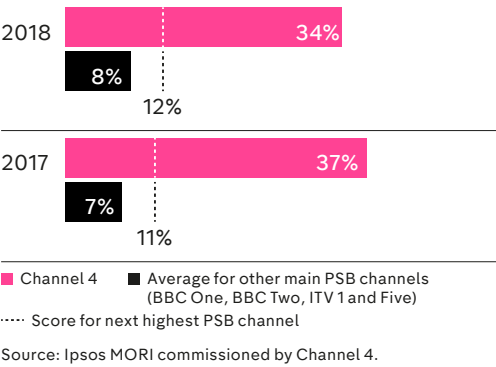
Down 4pts
on last year

Channel reputations – home for alternative voices

With ever greater societal concerns that digital and social media cause people to retreat into “filter bubbles” that constrain the range of viewpoints and perspectives they encounter, Channel 4 makes a vital contribution to plurality by providing a mainstream platform for alternative voices. In 2018, 34% of respondents selected Channel 4’s main channel as being the home for alternative voices. This gave Channel 4 substantial leads over both the average for the other main PSB channels (of 26 percentage points) and the proportion selecting the next highest channel, Channel 5 (of 22 percentage points).

After achieving record scores in the last two years, Channel 4’s performance on this metric fell back in 2018, in part due to recent improvements by Channel 5 as the next highest channel (albeit from a very low base). The proportion of people selecting Channel 4 fell by three percentage points, while its leads over the average for the other main PSB channels and over the next highest-scoring channel both fell by four percentage points.

Challenges prejudice



Metrics
(continued)

Distinctive approaches

13pt

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

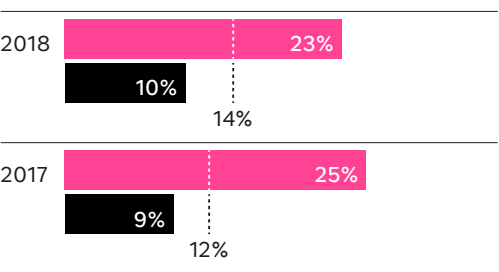
Down 3pts on last year

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

In 2018, 23% of respondents selected Channel 4’s main channel as being best for making people think about things in new and different ways. After achieving its highest ever score on this metric last year, the proportion choosing Channel 4 fell back a little this year, by two percentage points.

Nonetheless, Channel 4 still had a sizeable lead, of 13 percentage points, over the average for the other main PSB channels, while its lead over the next highest channel, BBC One, was nine percentage points. Compared to 2017, these two leads fell year-on-year, by three percentage points and four percentage points, respectively, but remained within the ranges achieved over the last five years.

Makes me think about things in new and different ways



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

Source: Ipsos MORI commissioned by Channel 4.

32pt

over average for other channels for tackles issues other channels wouldn’t

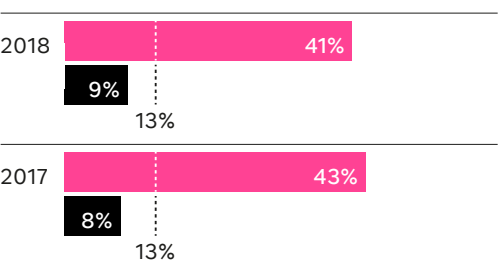
Down 3pts on last year

Channel reputations – tackles issues other channels wouldn’t

In 2018, Channel 4’s main channel was selected by 41% of respondents as being best for tackling issues that other channels wouldn’t. This huge score is more than three times that achieved by the next highest channel, Channel 5 (chosen by 13% of respondents), resulting in a 28 percentage point lead for Channel 4’s main channel. The other main PSB channels were chosen by 9% of people on average, giving Channel 4 a 32 percentage point lead over this average.

While Channel 4’s performance against this metric fell back a little in 2018 – the proportion selecting Channel 4’s main channel, and its lead over the next highest channel, each fell by two percentage points, while its lead over the average for the other main PSB channels was three percentage points down – this metric remains very strong: it is one of two reputational statements for which Channel 4 has a score above 40% and a lead over other channels in excess of 30%.

Tackles issues other channels wouldn’t



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

Source: Ipsos MORI commissioned by Channel 4.

Metrics
(continued)

Distinctive approaches

27pt

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

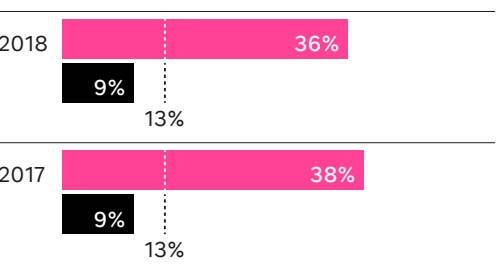
Down 2pts on last year

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

In 2018, 36% of people associated Channel 4’s main channel, more than any of the other main PSB channels, with taking a different approach to subjects compared with other channels. This gave Channel 4 a substantial lead, of 27 percentage points, over the average for the other main PSB channels, and a lead of 23 percentage points over the next highest channel, Channel 5.

After reaching record highs in 2017, Channel 4’s scores on this metric fell back a little this year: the proportion of people selecting the main channel, and its leads over the average for the other main PSB channels and over the next highest channel, were all two percentage points down year-on-year. Nonetheless, Channel 4’s performance remains within the range at which it has stabilised in recent years following an earlier period of greater fluctuations.

Takes a different approach to subjects compared with other channels



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

Source: Ipsos MORI commissioned by Channel 4.

144

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

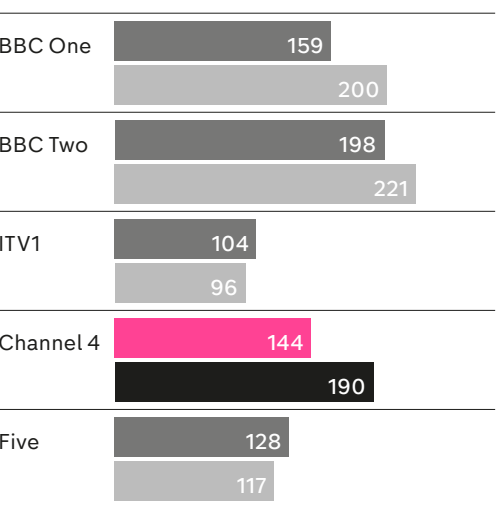
Down 24% on last year

New and one-off programming

Channel 4’s commitment to experimentation is demonstrated in part by the number of new and one-off programmes that it offers. This metric focuses on the number of such programmes in the evening schedules, when audiences are at their highest levels. In 2018, Channel 4 showed 144 new and one-off programmes on the main channel between 6pm and midnight, more than the other commercially-funded PSB channels, ITV (104 programmes) and Channel 5 (128 programmes). Of the main PSB channels, only the licence-fee funded BBC channels showed more new and one-off programmes (159 on BBC One and 198 on BBC Two).

The number of new and one-off programmes in the evening schedules on Channel 4 fell by 24% year-on-year. The reduced content budget this year meant that there were fewer commissions in general, leading to fewer new documentary series and a fall in the number of one-off Features. In addition, the 2018 schedule included a raft of returning series that were successfully introduced last year, including *Ackley Bridge*, *Lego Masters* and *The Great British Bake Off*.

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



2018 2017

Source: Attentional commissioned by Channel 4.

Metrics
(continued)

Distinctive approaches

33pt

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

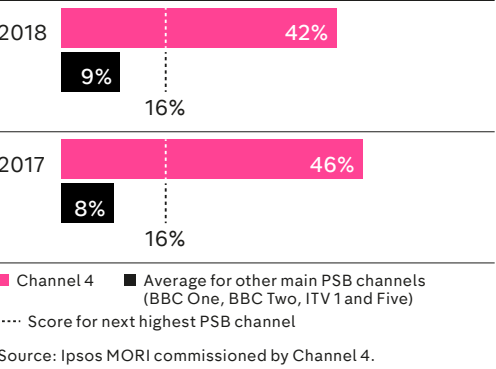
Down 5pts
on last year

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

Risk-taking lies at the heart of Channel 4's public remit, and its success in delivering on this component of its remit is reflected in its scores when respondents are asked which channel is best for taking risks with programmes that others wouldn't. In 2018, Channel 4's main channel was selected by 42% of respondents on this metric, its highest score on any of the reputational statements. This gave Channel 4 substantial leads over other channels: its lead over the average of the other main PSB channels was 33 percentage points, while the main channel was 26 percentage points ahead of the next highest channel, Channel 5.

Channel 4's scores on this metric fell back in 2018: the proportion of people selecting Channel 4's main channel, and its lead over the next highest channel, each fell by four percentage points, while its lead over the average for the other main PSB channels was five percentage points down. This five-point drop was the biggest decline across all the reputational statements, in part reflecting the huge baseline scores on this metric.

Takes risks with programmes that others wouldn't



26pt

lead over average for other channels for being experimental

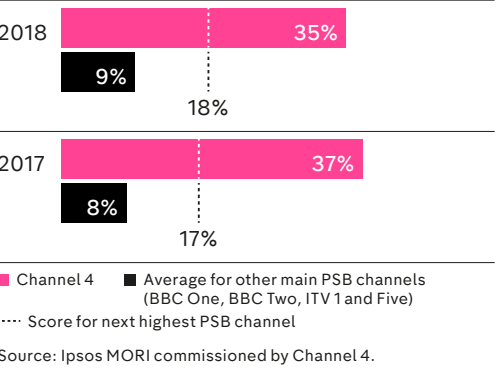
Down 3pts
on last year

Channel reputations – is experimental

Channel 4's commitment to trying new things drives its role as Britain's creative greenhouse. In 2018, 35% of respondents associated its main channel, more than any other channel, with being experimental – making this one of the highest-scoring performing reputational statements. This also resulted in substantial leads over the other channels: the proportion of people choosing Channel 4 was 26 percentage points higher than the average for the other main PSB channels, while its lead over the next highest channel, Channel 5, was 17 percentage points.

After reaching a score last year that was just one percentage point short of its all-time high (of 38% in 2009), Channel 4's performance on this metric fell back a little in 2018, falling by two percentage points year-on-year. Its lead over the average for the other main PSB channels and over the next highest channel both fell by three percentage points.

Is experimental



Metrics
(continued)

Film

26pt

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

Equal
with last year

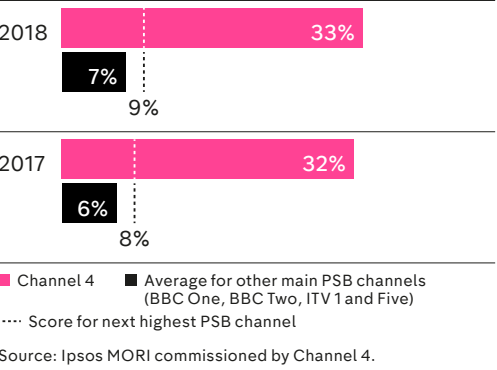
Channel reputations – is best for modern independent film

Channel 4 strengthened its reputation for showing modern independent films in 2018. 33% of respondents picked its main channel, over the other main PSB channels, as being best for modern independent film, up one percentage point year-on-year. This was the second-highest score since Channel 4 began reporting this metric in 2008, and just one point short of the all-time record of 34% in 2013.

Channel 4's 26 percentage point lead over the average for the other main PSB channels (level with last year) was the joint-highest lead since 2008. It also had a substantial lead, of 24 percentage points, over the next highest channel, Channel 5 (also level with last year). Amongst the top-rated films on Channel 4 this year, the premiere of Film4 production *Suffragette* in February, as part of a season marking the 100th anniversary of women's suffrage, attracted 1.8 million viewers and an impressive 9.2% audience share.

Channel 4's performance against this metric continued to be stable: annual variations in its scores and its leads over other channels have remained within the range of ±1 percentage point for the last four years.

Is best for modern independent film



Metrics
(continued)

Factual

20pt

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

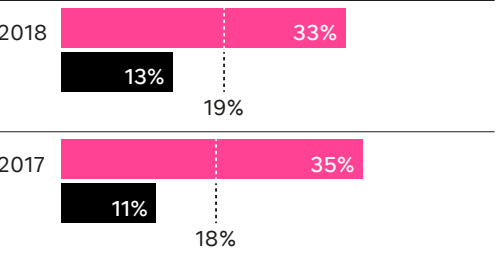
Down 4pts on last year

Channel reputations – is best for documentaries that present alternative views

Channel 4 seeks to differentiate its documentary programming from that of other broadcasters through its subject matter and approach, with a particular focus on offering alternative viewpoints less frequently seen on television. In 2018, 33% of respondents selected its main channel as being best for documentaries that present alternative views. This gave Channel 4 a significant lead over the average for the other main PSB channels, of 20 percentage points, and its lead over the next highest channel, BBC One, was 14 percentage points.

While Channel 4’s performance on this metric fell back this year, its scores remained comparable with those from the last five years. There were also declines in Channel 4’s lead over the average for the other main PSB channels, by four percentage points, and in its lead over the next highest channel, by three percentage points. Its leads this year are at the bottom end of the ranges achieved since 2013 but are still markedly higher than those in earlier years.

Is best for documentaries that present alternative views



Source: Ipsos MORI commissioned by Channel 4.

71%

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

Up 6pts on last year

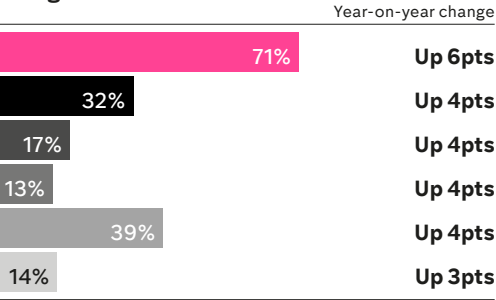
Inspiring change through Factual programming

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

In 2018, Channel 4’s Factual slate was the most inspiring since 2009, when this metric was first reported. 71% of viewers said that Channel 4’s Factual programmes inspired them in one or more ways. This was a significant rise, of six percentage points, over the 2017 figure: the biggest year-on-year change over the last decade. The 2018 figure was the second-highest-ever score for this metric, behind only the 73% level achieved in 2009. Moreover, the scores for all five individual “inspiring change” statements rose in 2018, by between three and four percentage points each. This is only the second time in the last decade that scores for all five statements have risen (the previous occasion being in 2016), and the increases are bigger this time (they ranged from one to three percentage points in 2016).

The highest-scoring individual programme across all the statements this year, with a score of 86%, was *How To Get Fit Fast*, which helped viewers find the perfect fitness regime. Top-scoring programmes on individual statements included *Old People’s Home for 4 Year Olds* (63% of viewers talked about the programme to other people) and *Are You Autistic?* (34% of people looked for further information elsewhere after watching this programme).

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



Source: Ipsos MORI commissioned by Channel 4.

Metrics
(continued)

News and Current Affairs

91%

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

Up 7pts on last year

Independence of TV news

At a time when citizens are increasingly concerned about the spread of ‘fake news’ and of the veracity of the news that they are exposed to in digital and social media, the impartial and authoritative news services provided by the main UK broadcasters are more important than ever. In 2018, the BBC, ITV, Channel 4, Channel 5 and Sky all registered substantial increases in their scores for being independent from the government and from the influence of big businesses. And, with its highest ever scores on these metrics, *Channel 4 News* was the most highly regarded news provider overall across the two metrics.

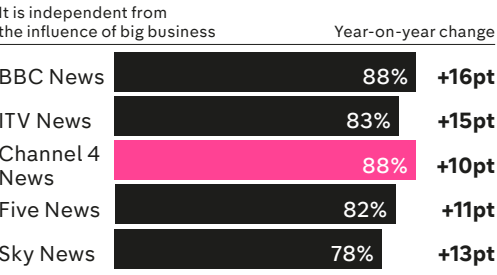
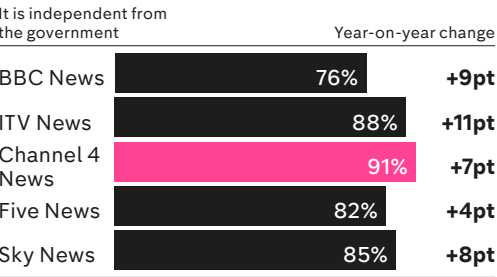
A huge 91% of regular viewers to *Channel 4 News* regarded it as being independent from the government. This is the first time any broadcaster has scored higher than 90% on this metric since it was first reported using the current methodology in 2009. Channel 4’s score is seven percentage points higher than its previous record score (84% in 2011 and 2017). It is eight percentage points more than the average for the other main news programmes (those from the other public service broadcasters and *Sky News*), and three percentage points more than the corresponding figure for the next highest-scoring news programme.

88% of regular viewers to *Channel 4 News* agreed that it is independent from the influence of big businesses. Again, this is a record score for the broadcaster, a full ten percentage points more than its previous high of 78% last year. It scored five percentage points more than the average for the other main news programmes. With *BBC News* also experiencing a significant increase, the two broadcasters shared the joint-highest score (so Channel 4 had a zero percentage point lead over the next highest-scoring news programme).

With greater audience recognition of the value of independent TV news, all broadcasters increased their scores this year, with a slight convergence in their performance at this higher level. As a result, while *Channel 4 News’* own scores increased year-on-year by seven to ten percentage points across the two metrics (as detailed above), its leads over the other channels declined. For independence from the government, its lead over the average for the other main news programmes fell by one percentage point, and its lead over the next highest-scoring news programme (*ITV News* in 2018 and *5 News* in 2017) fell by three percentage points. For independence from the influence of big businesses, *Channel 4 News’* leads over the average for the other main news programmes and over the next highest-scoring news programme (*BBC News* in both years) fell by four and six percentage points respectively.

After four years of consecutive growth, *Channel 4 News’* viewing share declined by 8% in 2018.

Percentage of regular viewers to TV news programmes in 2018 who agree with the following statements:



Source: Ipsos MORI commissioned by Channel 4.

Metrics
(continued)

News and Current Affairs

44%
The average programme reputation statement for *Dispatches*

Up 2pts
on last year

44%
The average programme reputation statement for *Unreported World*

Down 1pt
on last year

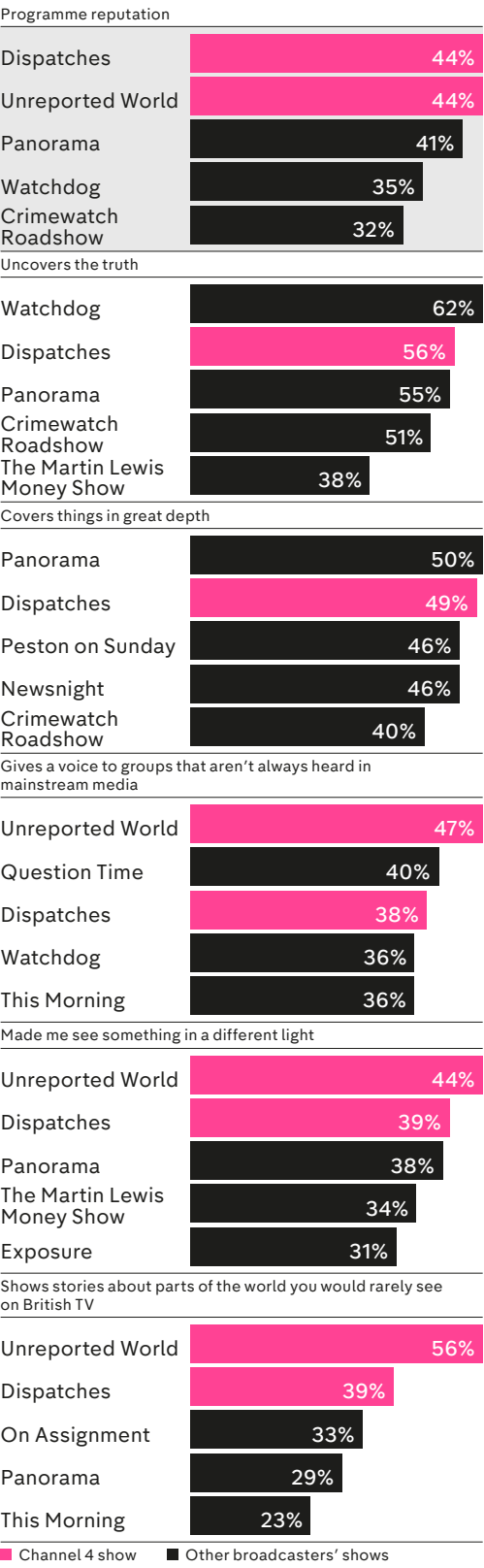
Programme reputation statements – Current Affairs

Channel 4’s schedules include two longstanding Current Affairs strands, *Dispatches* and *Unreported World*. These are differentiated from other public service broadcasters’ current affairs programmes in terms of their approach and subject matter: in particular, their 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. One-hour Current Affairs specials allow Channel 4 to deliver in-depth coverage of important stories.

Dispatches and *Unreported World*’s strengths in these areas are reflected in five audience reputational statements that assess perceptions of current affairs programming on the main PSB channels, covering regular strands on these channels as well as one-offs. In 2018, both of Channel 4’s Current Affairs strands scored higher on average than any of the corresponding programmes and strands shown by the other PSBs. *Unreported World* and *Dispatches* were tied in first place, with the joint highest average scores across the five statements, of 44%. These strands each had three percentage point leads over the next-highest-scoring programme or strand, BBC One’s *Panorama* (in third place with a 41% average score).

Unreported World scored higher than any other Current Affairs programme or strand on three of the five statements, for: “showing stories about parts of the world you would rarely see on British TV” (selected by 56% of respondents), “giving a voice to groups that aren’t always heard in mainstream media” (47% of respondents), and “making me see something in a different light” (44% of respondents). Its average score across the five reputational statements was one percentage point lower than in 2017.

While not leading on any individual statement, *Dispatches* performed the most consistently across them, ranking in second place for four of the five statements: “uncovering the truth” (for which it was selected by 56% of respondents), “covering things in great depth” (49% of respondents), “making me see something in a different light” and “showing stories about parts of the world you would rarely see on British TV” (both 39% of respondents). *Dispatches*’ average score across the five reputational statements rose by two percentage points year-on-year, giving it its highest score since 2012.



Source: Ipsos MORI commissioned by Channel 4.

Metrics
(continued)

Engaging the audience

78.7%
of all TV viewers reached every month across Channel 4’s TV channels

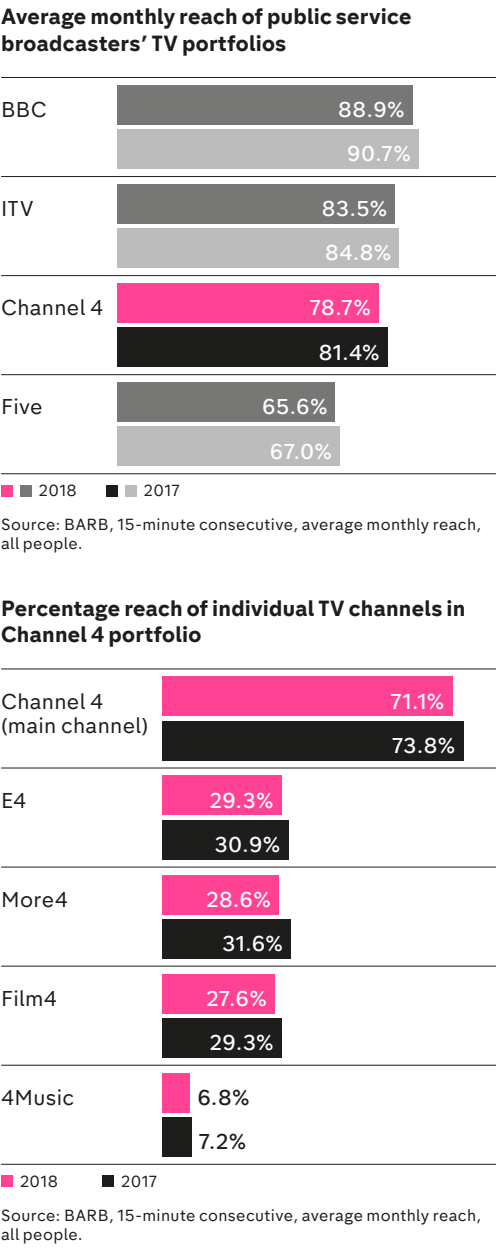
Down 2.7pts
on last year

Audience reach

With more than three-quarters of UK viewers watching its TV channels every month, Channel 4 remains the third-biggest UK broadcaster in terms of audience reach, behind only the BBC and ITV.

In 2018, 78.7% of individuals in homes with a TV watched Channel 4’s TV channels for at least 15 consecutive minutes each month on average. As viewing migrates away from the traditional broadcasters towards other linear TV channels and video-on-demand (VoD) services, the main PSBs all suffered declines in their reach in 2018 (as they did in 2017). This year, Channel 4 was worst hit, with a year-on-year decline in reach of 2.7 percentage points (equivalent to a 3% fall). This is due in large part to the fact that, of all the PSBs, Channel 4 has by far the highest proportion of young people in its audience (see ‘Share among hard-to-reach audiences – 16-34-year-olds’ on p135), and young people are the fastest adopters of VoD services. Across all TV channels, total viewing by 16-34-year-olds fell by 13% in 2018 compared to a fall of just 4% across all individuals.

Turning to the individual channels in the Channel 4 TV portfolio, reach for Channel 4’s main channel was 71.1%, while Channel 4’s digital TV channels together reached 55.8% of viewers (2017: 58.7%). The main channel experienced a year-on-year fall in reach of 2.7 percentage points. The digital channels all saw declines in reach ranging from 0.4 percentage points (4Music) to three percentage points (More4).



Metrics
(continued)

Engaging the audience

10.2%

viewing share across the TV channel portfolio

Down 3%

on last year

TV viewing share

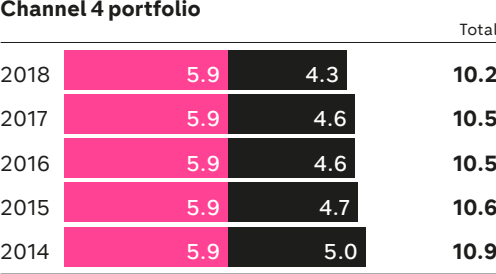
Channel 4 achieved a total viewing share of 10.2% across its TV channel portfolio in 2018. There was a small year-on-year decline in viewing, of 0.3 percentage points (a 3% fall).

Impressively – in the face of growing competition from digital TV channels and a summer in which the BBC and ITV received a World Cup boost – the main channel held its share this year: for the fifth consecutive year, it attracted 5.9% of total linear TV viewing.

With viewing level on the main channel, changes in Channel 4’s overall portfolio share were driven by the digital channels. These had a combined share of 4.3% in 2018, 0.3 percentage points down year-on-year. The bulk of this fall can be attributed to E4, whose share fell by 0.2 percentage points to 1.6%. Declines in viewing to some of its long-running titles and intensified competition from Love Island (ITV2) especially hit viewing by its target 16-to-34-year-old demographic (see ‘Most popular channel for young viewers’ on p136). Looking at the other individual channels, viewing to Film4 (1.4%) and More4 (1.1%) held steady in 2018, while 4Music’s share fell by 0.1 percentage point to 0.2%.

The main channel accounted for 58% of total viewing to the Channel 4 TV portfolio in 2018 (up from 56% in 2017).

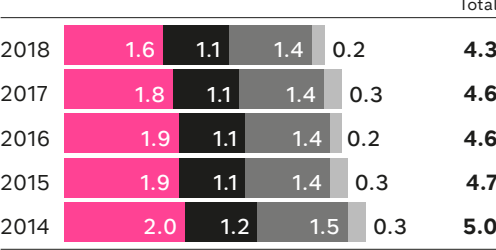
Percentage reach of individual TV channels in Channel 4 portfolio



Channel 4 (main channel) Digital channels

Source: BARB.

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



E4 More4 Film4 4Music/The Hits

Source: BARB.

915m

programme views initiated on demand

Up 26%

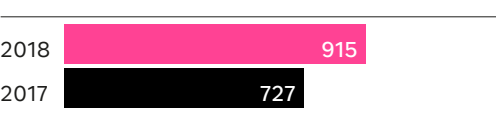
on last year

On-demand viewing

In 2018, Channel 4 achieved record levels of on-demand viewing and its highest ever rates of growth in this metric. The number of programme views initiated through All 4-branded platforms (which include PCs, smartphones, tablets, games consoles and connected TVs) rose by 26% to a new high of 915 million. This strong performance is important as audiences – especially younger demographics – are consuming TV programmes ever more via on-demand services, and it is vital that Channel 4’s own services continue to evolve to meet this demand. And it is especially impressive, as the increase in on-demand programme views is the highest year-on-year rate of growth in percentage terms since 2010; while in absolute terms, this year’s increase, of 188 million views, is the largest annual rise since Channel 4 began reporting this metric in 2008.

The strongest growth this year was on ‘Big Screen’ devices, i.e. connected TVs and streaming devices that plug into TVs, with viewing up by almost 50%. There was also strong growth on mobile platforms.

On-demand viewing (million)



Source: Channel 4.
Note: 2017 prior year comparison has been restated. Please see online methodology for further details.

Metrics
(continued)

Engaging the audience

9.5%

portfolio viewing share amongst BAME audiences

Down 6%

on last year

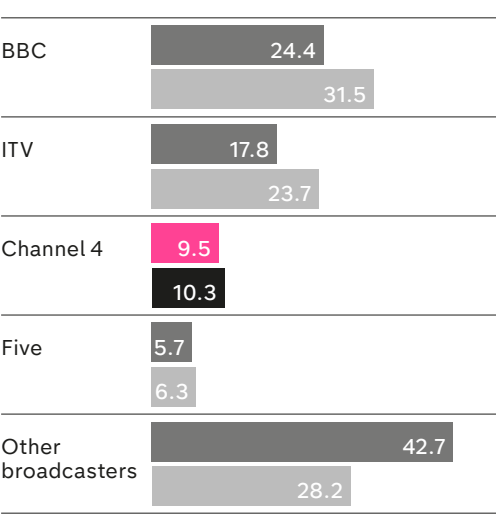
Share among hard-to-reach audiences – BAME

As part of Channel 4’s remit to make programmes that appeal to people from different cultural backgrounds, it is especially important for the broadcaster to attract ethnic minority audiences. While the PSBs all typically have lower viewing shares amongst BAME audiences than white audiences, Channel 4 strives to make this differential as small as possible.

In 2018, Channel 4’s TV portfolio enjoyed a 9.5% viewing share amongst BAME audiences. Relative to the 10.3% portfolio viewing share amongst white audiences, the viewing share differential between BAME and white audiences was 8%. By contrast, the BBC and ITV had much higher viewing share differentials between BAME and white viewers, of 23% and 25% respectively. Channel 5’s viewing share differential, of 10%, was closer to, but still higher than, Channel 4’s. Overall, as in recent years, BAME audiences represented a higher proportion of Channel 4’s total audience than they did the total audience of the other PSBs.

Channel 4’s TV portfolio viewing share amongst BAME audiences fell by 0.5 percentage points year-on-year (equivalent to a 6% decline). Its 8% differential in 2018 was bigger than last year’s (when it was 5%), due in part to the absence from the 2018 schedule of some popular BAME-skewing titles such as *Child Genius*. Nonetheless, the differential remains within the range of 3% to 11% achieved over the last decade.

Public service broadcasters’ portfolio viewing shares amongst white and BAME audiences as a percentage of total TV viewing by those audiences (2018)



BAME White

Source: BARB.

15.9%

portfolio viewing share amongst 16-34-year-olds

Down 3%

on last year

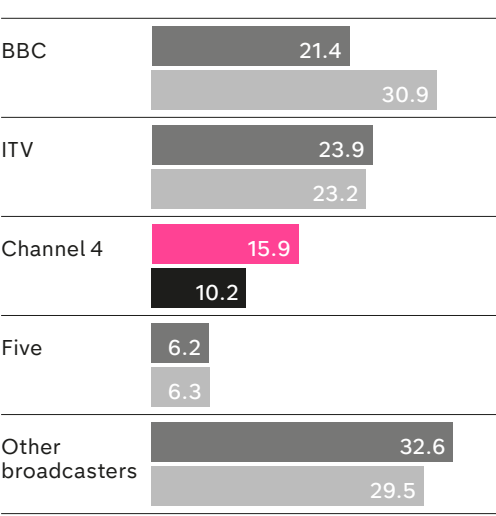
Share among hard-to-reach audiences – 16-34-year-olds

Channel 4’s TV channels continue to attract a disproportionately large share of viewing amongst hard-to-reach 16-to-34-year-olds. In 2018, Channel 4’s viewing share amongst this age group was 15.9% across its TV channel portfolio. This represented a small decrease, of 0.5 percentage points, relative to the 2017 share (a 3% fall in percentage terms).

Channel 4’s viewing share amongst 16-to-34-year-olds was 56% higher than its corresponding all-audience share in 2018, making it the only PSB to attract significantly greater viewing amongst this age group than across the general population. By contrast, the BBC’s 16-34-year-old share was a substantial 31% less than its all-audience portfolio share, highlighting its disproportionate appeal to older audiences. ITV and Channel 5 both had small viewing share differentials between all audiences and those aged 16-34, within the range ±3%.

Channel 4’s relative appeal to young audiences was stable in 2018: the 56% differential between 16-34-year-olds and all audiences was the same as last year, and indeed has been at the same level for four of the last five years.

Public service broadcasters’ portfolio viewing shares amongst 16-34-year-olds and all audiences as a percentage of total TV viewing by those audiences (2018)



16-34-year-olds All

Source: BARB.

Metrics
(continued)

Engaging the audience

4.8%

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

Down 9%
on last year

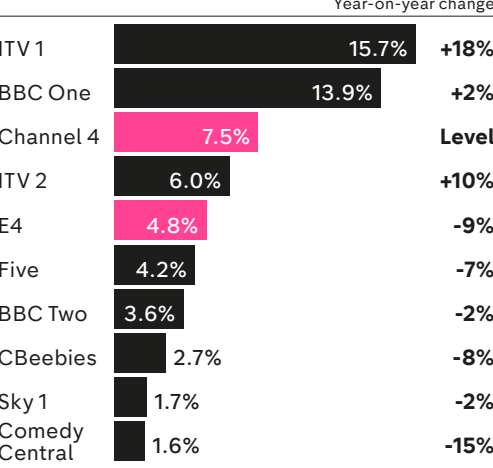
Most popular channel for young viewers

In 2018, E4’s viewing share amongst 16-to-34-year-olds was 4.8%. It continued to be the second most-watched digital TV channel in the UK for this audience, behind only ITV2; and the fifth most popular TV channel overall, ahead of two of the main PSB channels, BBC Two and Channel 5.

Key successes on E4 this year included originations such as *Celebs Go Dating* as well as the launch of US series *Young Sheldon*. However, overall E4’s 16-to-34-year-old viewing share fell by 9% year-on-year, due to a combination of factors, including declining ratings for some long-running titles and strong competition in the summer from the World Cup and ITV2’s *Love Island*. In addition, Sky’s reorganisation of channels in its electronic programme guide, with +1 channels moving into a new block, had a negative impact on viewing to E4+1 in Sky homes.

Channel 4’s main channel enjoyed another disproportionately strong performance amongst 16-34-year-olds in 2018. Its viewing share amongst this age group held steady at 7.5% (the same level as in 2017), ensuring that it remained the third most popular TV channel, behind only ITV and BBC One.

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



Source: BARB.

12%

of viewing to
Channel 4 News
programmes on the
main channel in 2018
accounted for by
viewers aged 16-34

Down 1pt
on last year

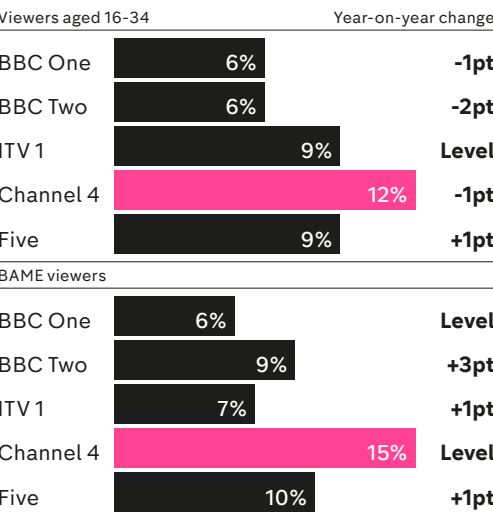
Viewing to national news

Channel 4 News has a particularly strong appeal to young and BAME audiences. In 2018, 16-to-34-year-olds accounted for 12% of viewing to this programme, well above the corresponding 6%-9% profile of the national news programmes on the other main PSB channels.

Channel 4 News’ appeal is even more marked for BAME audiences, who represented 15% of its total viewing in 2018. This was the joint-second-highest figure since 2009, and broadly in line with this group’s representation in the UK population (estimated to be around 13-14%). By contrast, the other main PSB channels’ news programmes had a smaller profile of BAME viewing in the range 6%-10%.

Year-on-year variations in this metric were minimal. The proportion of viewing to *Channel 4 News* accounted for by 16-to-34-year-olds fell by one percentage point in 2018, while the proportion of BAME viewers held steady.

Percentage of viewing to national news programmes on the main PSB channels in 2018 accounted for by 16-34-year-olds and BAME viewers



Source: BARB.

15%

of viewing to
Channel 4 News
programmes on
the main channel in
2018 accounted for
by BAME viewers

Equal
with last year

Metrics
(continued)

Engaging the audience

7.4m

people watched
Channel 4 News
each month

Down 9%
on last year

Reach of *Channel 4 News*

In 2018, an average of 7.4 million watched *Channel 4 News* for at least 15 consecutive minutes each month. This figure was down by 9% year-on-year. In terms of share of TV viewing, *Channel 4 News*’ performance also fell in 2018, by 8%.

These declines follow four years of relative stability, when annual fluctuations in reach were small, and share of TV viewing rose each year. A number of factors contributed to the declines this year. First, overall reach to the main channel was down, resulting in fewer viewers watching Channel 4 overall (see ‘Audience Reach’ on p133). Second, there was increased competition in the 7-8pm weekday slot from the other PSBs, both in general (increased viewing to the soaps) and in News specifically (the launch of *Beyond 100 Days* on BBC Four has proved successful). Third, Brexit fatigue has disproportionately affected viewing to the main two in-depth news review programmes, *Channel 4 News* and the BBC’s *Newsnight* (whose share fell by 7%). And fourth, news continues to be consumed increasingly on digital and social media.

In response to this last factor, *Channel 4 News* has actively grown its presence beyond the main channel in recent years. Its video views on YouTube in 2018 more than doubled to 113 million. Young people aged 13 to 34 accounted for almost two-thirds (64%) of viewing to *Channel 4 News*’ YouTube page. Meanwhile, *Channel 4 News* videos generated another 113 million views on Twitter, 29% up year-on-year.

Channel 4 has put in place further initiatives to address these trends in 2019. As part of the broadcaster’s relocation plans, a major new *Channel 4 News* hub will be established in Leeds, with the capability to co-anchor the programme from the new studio, providing a stronger regional voice that should strengthen the programme. Channel 4 has also announced a new partnership with Facebook to produce *Uncovered*, a weekly news show for Facebook Watch.

Metrics
(continued)

Engaging the audience

17pt

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

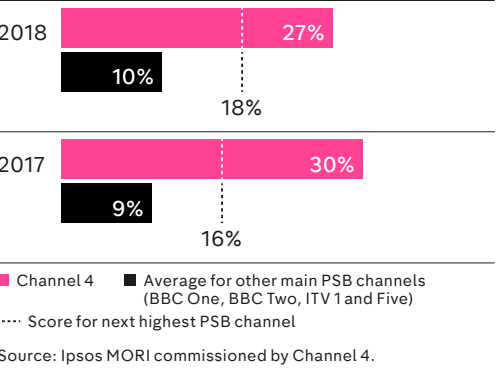
Down 4pts
on last year

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

In 2018, 27% of respondents selected Channel 4's main channel as being best for catering for audiences other channels don't cater for. This gave Channel 4 a 17 percentage point lead over the average of the other main PSB channels, and a nine percentage point lead over the next highest channel (Channel 5).

Channel 4's performance on this metric fell back this year. While the proportion of people selecting the main channel, and its lead over the average of the other main PSB channels, were both down by four percentage points, its 2018 scores remained within the ranges achieved over the previous five years (27%-30% and 17-22 percentage points respectively), and ahead of the scores in the five years prior to 2013, when the creative renewal began (21%-26% and 10-15 percentage points respectively). Channel 4's lead over the next highest channel fell further in 2018, by five percentage points, largely due to Channel 5 strengthening its reputation on this metric.

Caters for audiences other channels don't cater for



Metrics
(continued)

Engaging the audience

702m

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

Up 19%
on last year

Total visits to Channel 4's websites and apps

Channel 4 continued to generate significant growth in consumption of its content in digital media in 2018. Its websites and apps attracted a total of 702 million visits this year, a new record level, thanks to impressive growth rates. This year's figure is 19% more than that for 2017, the biggest annual percentage increase in visits since 2012. The equivalent increase in absolute terms – of 114 million visits, relative to last year's figure of 588 million – is, by a large margin, the biggest annual growth since Channel 4 began reporting this metric in 2011.

In 2018, Channel 4 continued to encourage usage of its dedicated All 4 app – which is available on a wide range of smartphones, tablets and connected TVs – to ensure viewers have the best possible experience viewing content. As part of this strategy, website visitors are pointed towards the All 4 app when they try to watch video content on mobile platforms. As a result, visits to Channel 4's websites continued to fall this year, although the 6% decline was the smallest decline in the last five years. And it was more than offset by a 30% rise in visits to Channel 4's apps this year. As an indication of the overall impact of the strategy to migrate viewers of video content to its apps, Channel 4's apps accounted for 76% of total visits to all Channel 4's websites and apps in 2018, up from 70% in 2017.

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

			Total
2018	166	536	702
2017	177	411	588

Source: Channel 4.

Metrics
(continued)

Engaging the audience

56%

average ‘Buzz’ score for Channel 4’s ten most talked about programmes

Down 4%
on last year

Producing talked about TV

Channel 4 aims to make an impact in part by engaging viewers, inspiring conversations and stimulating debate – both in the ‘real’ world and on social media (Facebook, Twitter, etc). ‘Buzz’ scores are a research tool that assesses audience reactions to Channel 4’s programmes through a daily survey that tracks the proportion of its viewers who said they talked about programmes that they watched, or commented on them on social media. In 2018, the average ‘Buzz’ score for the ten most talked-about programmes across Channel 4’s TV portfolio was 56% (down four percentage points on the corresponding 2017 figure of 60%).

The most talked-about programme of the year was *Breastfeeding Uncovered*, a *Dispatches* episode that explored the scientific benefits of breast milk and investigated why Britain has some of the worst breastfeeding rates in the world. The programme was transmitted during World Breastfeeding Week, and was supported by charities such as Unicef. Current Affairs programmes accounted for two of the three most talked-about programmes of the year, the other one being *The Real Brexit Debate*: after Theresa May and Jeremy Corbyn declined to appear together on TV, Channel 4 offered a robust debate with four politicians ahead of a crunch parliamentary vote on the Prime Minister’s deal with Brussels last December.

Sports programmes made up half of the top ten shows with the highest ‘Buzz’ scores, indicating the enduring value – to viewers and to the sports themselves – of live coverage of sporting events on the main free-to-air channels. Channel 4’s coverage of Crufts, the largest dog event in the world, took up two slots, with the *Best In Show* programme the second most talked-about programme of the year; while live coverage of a rugby union international and the *Live Reaction* broadcasts that followed two Formula 1 Grands Prix (including the British Grand Prix) also featured.

Three Factual Entertainment programmes rounded off the top ten: two Christmas specials, for popular series *First Dates* and *The Undateables*, and *The Circle*, Channel 4’s innovative new reality show, which followed a group of contestants living in separate apartments in a block of flats who communicated with each other solely through a custom-built social media platform.

Top ten most talked about programmes across the Channel 4 portfolio (2018)

Programme	2018 Buzz (%)
Breastfeeding Uncovered: Channel 4 Dispatches	67%
Crufts 2018: Best in Show	60%
The Real Brexit Debate	57%
Rugby Union: Ireland v New Zealand Live	56%
Crufts 2018	54%
First Dates at Christmas	54%
The Undateables: A Festive Proposal	53%
Formula 1: British Grand Prix Live Reaction	53%
The Circle	53%
Formula 1: Austrian Grand Prix Live Reaction	52%
Average Buzz score for 2018 top ten programmes	56%

Source: YouGov commissioned by Channel 4.
Note: Buzz measures the proportion of viewers who had talked or communicated about the programme in some way.

Metrics
(continued)

Engaging the audience

72%

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

Up 1pt
on last year

Viewing to network originations

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

In 2018, network originations accounted for 72% of total viewing to the main channel, E4 and More4, an increase of one percentage point year-on-year. This figure has grown for each of the five years, and is now nine percentage points higher than its level in 2013 (63%). Moreover, the 2018 figure sets a new record: network originations represented a higher proportion of Channel 4’s viewing than at any time since 2008, when this metric was first reported.

In volume terms, the amount of network originations in the schedules is stable: they represented 64% of all hours across the schedules of the main channel, E4 and More4 in 2018, the same as the previous year. Looking at the viewing and output figures together shows that network originations were responsible for a disproportionately high share of Channel 4’s overall viewing this year, outperforming acquired programmes: they generated a higher share of viewing (72%) than their corresponding share of the volume of programming (64%).

Please note that:

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

Thank you to all of our creative partners who helped us in 2018 and who we will be working with in 2019.

It is our deep relationships with the independent production community across the UK that ensures Channel 4 is able to commission the best ideas and experiment with new formats. We are very grateful to them for their support. We would also like to thank all of our advertising and commercial partners.

This list includes all our suppliers of originated television programmes that transmitted across the portfolio in 2018, plus film and digital companies that received project funding from us in 2018. We also provided development funding to a range of other companies. While every effort has been made to identify and name all of the relevant companies for this list, we apologise if there are any accidental omissions.

011 Productions
12 Yard Productions
360 Production
7 Wonder Productions
AbbottVision
Agile Films
Alaska TV Productions
Amazing Productions
AMOS Pictures
Angel Eye Media
Antidote Productions
Archer’s Mark
Arrow International Media
Assassin Films
Attention Seekers Productions
Avanti Media
Awen Media
Baby Cow Productions
Balloon Entertainment
BBC Studios
Betty
Big Mountain Productions
Big Talk Productions
Bingo Productions
Blakeway Productions
Blast! Films
Blink Entertainment t/a Blink Films

Blue Ant International
Bluebird Film Productions
Blueprint Pictures
Blumhouse Productions
Bonafide Films
Boom Cymru TV
Boomerang
Boundless (part of FremantleMedia UK)
Brave New Media
Braven Films
Brinkworth Films/Productions
Brown Bob Productions
Brown Eyed Boy
Burning Bright Productions
Bwark Productions
Caravan Cinema
Caravan Media
Century Films
Chalkboard TV
Cloud Nine Films
Cowboy Films
CPL Productions
Crackit Productions
Crook Productions
CTKSS
Cuba Pictures
Curve Media

Daisybeck Studios
Darlow Smithson Productions
Daybreak Pictures
Deltatre
DMC Film
DNA Films and TV
DoubleBand Films
Dragonfly Film and Television Productions
Dream Team Television
Duck Soup Films
Eagle Rock Entertainment
Ecosse Films
Electric Ray
Element Pictures
Eleven Film
EMU Films
Erny Productions
Escape Films
Escape Plan Productions
Expectation Entertainment
Fable Pictures
Field Day Productions
Films of Record
FilmWave
Finestripe Productions
Firecracker Films
Firecrest Films

Flashing Lights Media
Foreign Material
Fox Cub Films
Freeform Productions
Free Range Films
Fruit Tree Media
Fudge Park Productions
Full Fat Television
Fulwell 73
Giant Owl Productions
Goalhanger Films
Greenacre Films
Greene & Heaton
Hardcash Productions
Hat Trick
Hay Fisher Productions
H.C.A Entertainment
Heyday Films
Hootenanny Pictures
Hot Sauce Television/BFQ
House Productions
Hungry Gap Productions
Icon Films
Illuminations
IMG Media
Indus Films
InFilm Productions
ITN
ITV
IWC Media
Jamie Oliver Productions
Jesse Armstrong
Joi Polloi
JolyGood TV
Jon Lloyd t/a Frieda TV
Juniper Communications
Kerfuffle TV
King Bert Productions
Knickerbockerglory
Kudos
Label1 Television
Lens 360

Lime Pictures
Lion Television
Little Dot Studios
Little Gem Media
Livewire Sport
Love Productions
Lupus Films
Magnum Media
Mam Tor Productions
Marlborough Film Productions
Mayfly Television
Megalomedia
Menace Productions
Mensch Films
Mentorn Media
Mighty Productions
Minerva Media
Minnow Films
Misher films
Momac Films
Mongoose Pictures
Monkey Kingdom
Monumental Pictures
Mother’s Best Child
Naked Entertainment
NDF Productions
Neon Films
Nerd TV
New Pictures
Nine Lives Media
Nineteen11
Noho Film and Television
Noor Pictures
North One Television
Nova International t/a Filmnova Production
Number 9 Films
Numiko
Objective Productions
October Films
Open Mike Productions
Optomen Television

Oxford Scientific Films
PaperEpic Productions
Parable Ventures
Parti Productions
Plan B Entertainment
Plimsoll Productions
Plum Pictures
Popkorn Media
Potboiler Productions
Princess Productions
Pulse Films
Puny Astronaut
Quicksilver Media
Quiddity Films
Raise The Roof Productions
Raw TV
RDF
Red House Television
Reef Television
Remarkable Television
Remedy Productions
Renegade Pictures (UK)
Renowned Films
Revolution Films
Ricochet Films
River Films
Ronachan Films
Rook Films
Roughcut TV
Ruby Films
Rumpus Media
RVK Studios
Salt Street Productions
SB.TV Global
Scala Productions
Scott Free
Screenchannel Television
Seadog TV & Film Productions
See-Saw Productions
Sexy RPC
Shine
Shoebox Films

Sister Pictures
Slam Films
Snowdog Enterprises
Snowman Enterprises
Solution 3 Productions
Sony Pictures
So Television
Spark Media Partners
Spirit Digital Media
Spring Films
Spun Gold TV
Steve Boulton Productions
Story Films
Storyvault Films
Straightheads
Stray Bear Productions
Studio Lambert
STV Productions
Summer Films
Sundog Pictures
Sunset + Vine
Swan Films
Talkback (part of FremantleMedia UK)
Ten66
Tern Television Productions
Testimony Films
Thames (part of FremantleMedia UK)
The Bureau Film Company
The Connected Set
The Forge Entertainment
The Garden Productions
The Ink Factory
Thin Man Films
Tiger Aspect
Tiger Lily Films
Till Entertainment
Tinderbox Films
Toledo Productions
Topical Television
Touchpaper Television
True North Productions
True Vision
Tuesday’s Child Television
TV Cartoons
Twenty Twenty
Twofour Productions
Uff Productions
Uplands Television
Vera Productions
Victory Television
Voltage TV Productions
Wall to Wall
Walt Disney EMEA Productions
Warp Films
What Larks Productions
Whisper Films
Why Not Productions
Wigwam Films
Wild Blue Media
Wildgaze Films
Windfall Films
Working Title Films
World Productions
WTFN Entertainment
Yeti Media
Young Bwark Productions
Zeppotron
ZKK

Awards

UK Television Awards

AIB Awards
Myanmar’s Killing Fields (Channel 4)
Winner Investigative – Video

Hunting The KGB Killers (True Vision)
(Channel 4)
Winner Investigative – Video

Britain’s Refugee Children (Channel 4)
Highly Commended Domestic Affairs

The Fight For Mosul (Channel 4)
Highly Commended International Affairs

BAFTA Television Awards
The Handmaid’s Tale Bruce Miller, Warren Littlefield, Kari Skogland (Channel 4)
International Programme Award

British Journalism Awards
Channel 4 News (Cambridge Analytica) (Carole Cadwalladr) (ITN/Channel 4)
Investigation of the Year Award

British Soap Awards
Hollyoaks (Lime Pictures) (Channel 4)
Best Single Episode

Hollyoaks (Lime Pictures) (Channel 4)
Best Male Dramatic Performance

Hollyoaks (Lime Pictures) (Channel 4)
Best On-Screen Partnership

Hollyoaks (Lime Pictures) (Channel 4)
Best Storyline

Broadcast Awards
Catastrophe (Avalon Television) (Merman Films) (Birdbath Productions) (Channel 4)
Best Comedy Programme

Extreme Cake Makers (Boomerang) (Channel 4)
Best Daytime Programme

Hollyoaks (Lime Pictures) (Channel 4)
Best Soap/Continuing Drama

Four To The Floor (Lemonade Money) (Channel 4)
Best Music Programme

Old People’s Home For 4 Year Olds (CPL Productions) (Channel 4)
Best Original Programme

Broadcast Digital Awards
Random Acts: Last Words (Green Rock) (Little Dot Studios) (Channel 4)
Best Short Form Drama

Broadcasting Press Guild Awards
Channel 4 (Channel 4)
Innovation Award

The Great British Bake Off (Love Productions) (Channel 4)
Best Entertainment

Edinburgh TV Awards
The Handmaid’s Tale (MGM) (HULU Production)
Best International Drama Series

Old People’s Home For 4 Year Olds (CPL Productions)
Best Popular Factual Award

Gogglebox (Studio Lambert)
Best Entertainment Award

Derry Girls (Hat Trick Productions)
Best Comedy Series

Foreign Press Awards
Myanmar’s Killing Fields Evan Williams, Eve Lucas, Patrick Wells, Dan Edge (Channel 4)
TV Documentary Story of the Year

Unreported World: Africa’s Perfect Storm Seyi Rhodes, Nick Sturdee, Jamie Welham, Monica Garnsey (Quicksilver Media) (Channel 4)
Science and Environment Story of the Year

Frontline Club Awards
The Fight For Mosul (Olivier Sarbil) (James Jones) (Channel 4)
Broadcast

Mind Media Awards
Hollyoaks (Lime Pictures) (Channel 4)
Making a Difference Award

National Reality TV Awards
The Secret Life Of The Zoo (Channel 4)
Documentary Award

The Great British Bake Off (Channel 4)
Best Food Show Award

The Posh Frock Shop (Channel 4)
Best Fashion and Make Up Show Award

Big Narstie (Channel 4)
Best Entertainment Show

National Television Awards
Gogglebox (Channel 4) (Studio Lambert)
Factual Entertainment

Raindance Film Festival
Grenfell: Our Home (Parable Ventures)
Best Documentary Experience Award

Royal Television Society Television Journalism Awards
Dorothy Byrne Outstanding Contribution Award

(ITN) (Channel 4 News) (Michael Crick)
Specialist Journalist of the Year

The Battle For Mosul (Nine Finger Productions) (Channel 4 News)
Independent Award

RTS Programme Awards
*The End Of The F***ing World* (Clerkenwell Films) (Dominic Buchanan Productions) (Channel 4)
Drama Series

The Last Leg (Open Mike Productions) (Channel 4)
Entertainment Performance

RTS Yorkshire Programme Awards
Catching A Killer (True Vision Yorkshire) (Channel 4)
Documentary Series

Catching A Killer: The Search for Natalie Hemming (True Vision Yorkshire) (Channel 4)
Professional Excellence: Factual Production

Ackley Bridge Tim Phillips (The Forge Entertainment) (Channel 4)
Music and Use of Music

Ackley Bridge (The Forge Entertainment) (Channel 4)
Drama

Ackley Bridge Penny Woolcock (The Forge Entertainment) (Channel 4)
Director: Fiction

Ackley Bridge Poppy Lee Friar (The Forge Entertainment) (Channel 4)
Actor

Television and Radio Industries Club
The Great British Bake Off (Love Productions) (Channel 4)
Food Programme

Televisual Bulldog Awards
Old People’s Home For 4 Year Olds (CPL Productions)
Factual Entertainment

The Debbies (Edinburgh TV Festival)
4Talent
Best TV Company For New Talent Award

TV Choice Awards
Sunday Brunch (Channel 4)
Best Food Show

Television International

Robert F. Kennedy International Journalism Awards
Iraq Uncovered (Frontline) (Channel 4)
Television – International Winner

The Walkleys (Australia)
Myanmar’s Killing Fields Evan Williams, Eve Lucas and Georgina Davies, Dateline, SBS
Walkley Documentary Award Winner

The Lowy Institute
Myanmar’s Killing Fields Evan Williams
The Lowy Institute Media Award Winner

Awards (continued)

Film UK

BAFTA
I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films) (Rungano Nyoni) (Emily Morgan) (director) and (producer)
Outstanding Debut by a British Writer, Director or Producer

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Best Film

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Frances McDormand)
Best Leading Actress

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Sam Rockwell)
Best Supporting Actor

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Martin McDonagh)
Original Screenplay

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Outstanding British Film

BIFA
American Animals (Raw) (Nick Fenton, Julian Hart and Chris Gill)
Best Editing

American Animals (Raw) (Bart Layton)
Debut Screenwriter

Beast (Stray Bear Productions, Agile Films) (Jessie Buckley)
Most Promising Newcomer

Disobedience (Element Pictures, LC6 Productions, Braven Films) (Alessandro Nivola)
Best Supporting Actor

The Favourite (Element Pictures, Scarlet Films) (Robbie Ryan)
Best Cinematography

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actress

The Favourite (Element Pictures, Scarlet Films) (Dixie Chassay)
Best Casting

The Favourite (Element Pictures, Scarlet Films) (Sandy Powell)
Best Costume Design

The Favourite (Element Pictures, Scarlet Films) (Yorgos Lanthimos)
Best Director

The Favourite (Element Pictures, Scarlet Films) (Nadia Stacey)
Best Make Up and Hair Design

The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Production Design

The Favourite (Element Pictures, Scarlet Films) (Tony McNamara and Deborah Davis)
Best Screenplay

The Favourite (Element Pictures, Scarlet Films) (Rachel Weisz)
Best Supporting Actress

The Favourite (Element Pictures, Scarlet Films)
Best British Independent Film

You Were Never Really Here (Why Not Productions) (Jonny Greenwood)
Best Music

You Were Never Really Here (Why Not Productions) (Paul Davies)
Best Sound

Evening Standard Film Awards
I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films) (Rungano Nyoni)
Breakthrough of the Year

London Critics’ Circle Film Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Martin McDonagh)
Screenwriter of the Year

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Frances McDormand)
Actress of the Year

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Film of the Year

Film International

Academy Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Sam Rockwell)
Actor in a Supporting Role

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Frances McDormand)
Actress in a Leading Role

Alliance of Women Film Journalists Movie Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Frances McDormand)
Best Actress

Annual Academy of Science Fiction, Fantasy, and Horror Films
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Best Thriller Film

Atlanta Film Critics Circle
The Favourite (Element Pictures, Scarlet Films) (Emma Stone)
Best Supporting Actress

The Favourite (Element Pictures, Scarlet Films)
Best Ensemble Cast

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Lead Actress

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Screenplay

Austin Film Critics Association Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Frances McDormand)
Best Actress

Australian Academy of Cinema and Television Arts International Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Martin McDonagh)
AACTA International Award for Best Screenplay

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Sam Rockwell)
AACTA International Award for Best Supporting Actor

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
AACTA International Award for Best Film

Boston Online Film Critics Association 2018 Awards
You Were Never Really Here (Why Not Productions)
Best Picture

You Were Never Really Here (Why Not Productions) (Jonny Greenwood)
Best Original Score

You Were Never Really Here (Why Not Productions)
Top 10 Films of 2018 – No. 1

You Were Never Really Here (Why Not Productions) (Lynne Ramsay)
Best Director

You Were Never Really Here (Why Not Productions) (Joe Bini)
Best Editing

Broadcast Film Critics Association Critics Choice Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Best Acting Ensemble

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Frances McDormand)
Best Actress

Awards
(continued)

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Best Supporting Actor

Camerimage Awards
Cold War (Opus Film, Apocalypso Pictures, MK Productions) (Łukasz Żal)
Silver Frog, Main Competition

Camerimage Awards
Peterloo (Thin Man Films)
Fipresci Award

The Favourite (Element Pictures, Scarlet Films) (Robbie Ryan)
Camerimage Audience Award

Cannes Film Festival
Cold War (Opus Film, Apocalypso Pictures, MK Productions) (Pawel Pawlikowski)
Best Director

Casting Society of America (CSA) Artios Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Sarah Halley Finn, Meagan Lewis, Hannah Cooper)
Feature Film – Studio or Independent – Drama

Chicago Film Critics Association
The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Art Direction/Production Design

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Supporting Actress

Cyprus Film Days International Film Festival
I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films)
Best Film (tie)

I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films)
Student Jury Award, Winner (tie)

I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films) (Rungano Nyoni)
Best Director, Winner (tie)

Dallas Forth Worth Film Critics Association
The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actress

The Favourite (Element Pictures, Scarlet Films) (Robbie Ryan)
Best Cinematography, Runner Up

The Favourite (Element Pictures, Scarlet Films) (Yorgos Lanthimos)
Best Director, Runner Up

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Screenplay

The Favourite (Element Pictures, Scarlet Films) (Emma Stone)
Best Supporting Actress, Runner Up

The Favourite (Element Pictures, Scarlet Films) (Rachel Weisz)
Best Supporting Actress, Runner Up

The Favourite (Element Pictures, Scarlet Films)
Best Picture, Runner Up

Deauville American Film Festival
American Animals (Raw)
Jury Prize

Dinard Film Festival
Old Boys (Momac Films)
Audience Award – Best Film

Dublin International Film Festival
Lean On Pete (The Bureau Film Company) (Charlie Plummer)
Best Actor

You Were Never Really Here (Why Not Productions) (Lynne Ramsay)
Best Screenplay

European Film Awards
Cold War (Opus Film, Apocalypso Pictures, MK Productions)
European Film

Cold War (Opus Film, Apocalypso Pictures, MK Productions) (Pawel Pawlikowski)
European Director

Cold War (Opus Film, Apocalypso Pictures, MK Productions) (Joanna Kulig)
European Actress

Cold War (Opus Film), (Apocalypso Pictures), (MK Productions) (Pawel Pawlikowski)
European Screenwriter

Cold War (Opus Film), (Apocalypso Pictures, MK Productions, Jarosław Kamiński)
Editing

Florida Film Critics Circle
Cold War (Opus Film, Apocalypso Pictures, MK Productions) (Łukasz Żal)
Best Cinematography

The Favourite (Element Pictures, Scarlet Films)
Best Picture

The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Art Direction/Production Design

The Favourite (Element Pictures, Scarlet Films)
Best Ensemble

You Were Never Really Here (Why Not Productions) (Joaquin Phoenix)
Best Actor

You Were Never Really Here (Why Not Productions) (Lynne Ramsay)
Best Director, Runner Up

Georgia Film Critics Association Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Best Ensemble

Gijon International Film Festival Awards
The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Aisge Award for Best Actress

Gold Derby Film Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures) (Darrell Britt-Gibson, Kerry Condon, Abbie Cornish, Peter Dinklage, Woody Harrelson, John Hawkes, Lucas Hedges, Zeljko Ivanek, Caleb Landry Jones, Frances McDormand, Clarke Peters, Sam Rockwell, Samara Weaving)
Best Ensemble Cast

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Frances McDormand)
Best Actress

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Best Supporting Actor

Golden Globes
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Best Motion Picture, Drama

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Best Supporting Actor. Film

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Frances McDormand)
Best Actress, Motion Picture Drama

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Martin McDonagh)
Best Screenplay, Motion Picture

Gotham Awards
The Favourite (Element Pictures, Scarlet Films) (Rachel Weisz, Olivia Colman and Emma Stone)
Jury Award for Ensemble Performance

Hawaii Film Critics Society Awards
The Killing Of A Sacred Deer (Element Pictures)
Best Overlooked Film, Winner

Awards
(continued)

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Frances McDormand)
Best Actress (tie)

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Martin McDonagh)
Best Director (tie)

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Martin McDonagh)
Best Original Screenplay

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Best Picture (tie)

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Best Supporting Actor

Hollywood Film Awards
The Favourite (Element Pictures, Scarlet Films) (Sandy Powell)
Hollywood Costume Design Award

The Favourite (Element Pictures, Scarlet Films) (Rachel Weisz)
Hollywood Supporting Actress Award

Houston Film Critics Society Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Best Supporting Actor

IFTA
The Killing Of A Sacred Deer (Element Pictures) (Barry Keoghan)
Best Supporting Actor

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Frances McDormand)
International Actress

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
International Film

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Martin McDonagh)
Screenplay, Film

Independent Spirit Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Frances McDormand)
Best Female Lead

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Best Supporting Male

Iowa Film Critics Association Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Carter Burwell)
Best Score, Winner

Kansas City Film Critics
Cold War (Opus Film, Apocalypso Pictures, MK Productions)
Best Foreign Language Film, Runner Up

The Favourite (Element Pictures, Scarlet Films)
Best Picture (tie)

The Favourite (Element Pictures, Scarlet Films)
Best Original Screenplay

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actress

Las Vegas Film Critics Society
The Favourite (Element Pictures, Scarlet Films) (Sandy Powell)
Best Costume Design

Los Angeles Film Critics Association
The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actress

The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Production Design, Runner Up

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis, Tony McNamara)
Best Screenplay, Runner Up

Widows (See-Saw Films, New Regency Pictures) (Elizabeth Debicki)
Best Supporting Actress, Runner Up

Los Angeles Online Film Critics Society
The Favourite (Element Pictures, Scarlet Films)
Best Cast

The Favourite (Element Pictures, Scarlet Films)
Best Comedy/Musical

You Were Never Really Here (Why Not Productions) (Lynne Ramsey)
Best Female Director

Montclair Film Festival
American Animals (Raw)
Junior Jury Award

National Board of Review
Cold War (Opus Film, Apocalypso Pictures, MK Productions)
Best Foreign Language Film

Nevada Film Critics Society
The Favourite (Element Pictures, Scarlet Films) (Rachel Weisz)
Best Supporting Actress

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Original Screenplay

The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Production Design

New York Film Critics Circle
Cold War (Opus Film, Apocalypso Pictures, MK Productions)
Best Foreign Language Film

New York Film Critics Online
Cold War (Opus Film, Apocalypso Pictures, MK Productions)
Best Foreign Language Film

The Favourite (Element Pictures, Scarlet Films)
Ensemble Cast

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Screenplay

Newport Beach Film Festival’s UK Honours
Film4
Arts Champion Award Joint Winner

North Carolina Film Critics Association Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Ken Hanke Memorial Tar Heel Award

Oklahoma Film Critics Circle
Cold War (Opus Film, Apocalypso Pictures, MK Productions)
Best Foreign, Film Runner Up

The Favourite (Element Pictures, Scarlet Films)
Best Actress – Olivia Colman, Runner Up

The Favourite (Element Pictures, Scarlet Films)
Best Ensemble Cast, Runner Up

The Favourite (Element Pictures, Scarlet Films) (Emma Stone)
Best Supporting Actress, Runner Up

Widows (See-Saw Films, New Regency Pictures)
Best Ensemble Cast

Widows (See-Saw Films, New Regency Pictures) (Brian Tyree Henry)
Best Body Of Work

Palm Spring Film Festival Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Spotlight Award: Actor

Phoenix Critics Circle
The Favourite (Element Pictures, Scarlet Films) (Deborah Davis, Tony McNamara)
Best Screenplay

Awards
(continued)

The Favourite (Element Pictures, Scarlet Films)
Best Picture

Phoenix Film Critics Society
American Animals (Raw)
Overlooked Film of the Year

The Favourite (Element Pictures, Scarlet Films) (Emma Stone)
Best Actress in a Supporting Role

The Favourite (Element Pictures, Scarlet Films) (Sandy Powell)
Best Costume Design

The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Production Design

San Diego Critics Society
The Favourite (Element Pictures, Scarlet Films)
Best Costume Design

The Favourite (Element Pictures, Scarlet Films) (runner up)
Best Ensemble Runner Up

The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Production Design

San Francisco International Film Festival Awards
Widows (See-Saw Films, New Regency Pictures) (Steve McQueen)
Irving M. Levin Award for Film Direction

Sarasota Film Festival
I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films)
Narrative Feature Jury Prize

Screen Actors Guild Awards
Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Sam Rockwell)
Outstanding Performance by a Male Actor in a Supporting Role

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
Outstanding Performance by a Cast in a Motion Picture

Three Billboards Outside Ebbing, Missouri (Blueprint Pictures)
(Frances McDormand)
Outstanding Performance by a Female Actor in a Leading Role

Seattle Film Critics Award
The Favourite (Element Pictures, Scarlet Films) Fiona Crombie (Production Designer); Alice Felton (Set Decorator)
Best Production Design

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Screenplay

Widows (See-Saw Films, New Regency Pictures)
Best Ensemble Cast

Southeastern Film Critics Association
The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Original Screenplay

The Favourite (Element Pictures, Scarlet Films) (Rachel Weisz)
Best Supporting Actress Runner Up

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actress

The Favourite (Element Pictures, Scarlet Films)
Best Film Runner Up

The Favourite (Element Pictures, Scarlet Films) (Robbie Ryan)
Best Cinematography Runner Up

The Favourite (Element Pictures, Scarlet Films)
Best Ensemble

St. Louis Film Critics Association
The Favourite (Element Pictures, Scarlet Films)
Best Comedy

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Original Screenplay Runner Up

The Favourite (Element Pictures, Scarlet Films) (Fiona Crombie)
Best Production Design Runner Up

The Favourite (Element Pictures, Scarlet Films) (Emma Stone and Rachel Weisz)
Best Supporting Actress Runner Up

Tarifa-Tangiers African Film Festival
I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films) (Maggie Mulubwa)
Best Actress

I Am Not A Witch (Soda Pictures, Clandestine Films, Unafilm, iCreate Films)
CinePalium (Italy) Best Fiction Feature Award

Toronto Film Critics Association
The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actress

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Screenplay (tie)

Univerciné British Film Festival
Old Boys (Momac Films)
Jury Prize

Utah Film Critics Association
The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Original Screenplay Runner Up

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Supporting Performance, Female Winner

Widows (See-Saw Films, New Regency Pictures) (Elizabeth Debicki)
Best Supporting Performance, Female – Runner Up

Vancouver Film Critics Circle
The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actor, Female (tie)

The Favourite (Element Pictures, Scarlet Films) (Rachel Weisz)
Best Supporting Actor, Female Winner

Venice International Film Festival
The Favourite (Element Pictures, Scarlet Films)
Silver Lion Grand Jury Prize

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Volpi Cup for Best Actress

Washington DC Area Film Critics Association
The Favourite (Element Pictures, Scarlet Films)
Best Acting Ensemble

The Favourite (Element Pictures, Scarlet Films) (Deborah Davis and Tony McNamara)
Best Original Screenplay

Women Film Critics Circle
The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Actress

The Favourite (Element Pictures, Scarlet Films) (Olivia Colman)
Best Comedic Actress

The Favourite (Element Pictures, Scarlet Films)
Best Movie About Women

The Favourite (Element Pictures, Scarlet Films)
Women’s Work/Best Ensemble Runner Up

Widows (See-Saw Films, New Regency Pictures)
Courage In Acting Runner Up

Widows (See-Saw Films, New Regency Pictures) (Jacki Weaver)
Mommie Dearest Worst Screen Mom Of The Year Award

Widows (See-Saw Films, New Regency Pictures)
Women’s Work/Best Ensemble Winner

Awards
(continued)

Craft

Royal Television Society Craft & Design Awards
Derry Girls
Michael Lennox (Hat Trick Productions) (Channel 4)
Director – Comedy Drama/Situation Comedy Winner

Kiss Me First
Axis Animation (Kindle Entertainment and Balloon Entertainment) (Channel 4)
Design – Programme Content Sequences Winner

*The End Of The F***ing World* (Clerkenwell Films and Dominic Buchanan Productions) (Channel 4/Netflix)
Photography – Drama and Comedy Winner

The UN Sex Abuse Scandal
Adam Dolniak (Ronachan Films) (Channel 4)
Picture Enhancement Winner

The Windsors Royal Wedding Special
June Nevin (Noho Film and Television) (Channel 4)
Costume Design – Entertainment and Non Drama Winner

The Windsors Royal Wedding Special
Mark Williams (Noho Film and Television) (Channel 4)
Editing – Entertainment and Comedy Winner

Marketing

British Arrows
Gold Award
Channel 4 Idents
Channel 4
The John Webster Award

Gold Award
The Great British Bake Off
Channel 4
Entertainment Promotions

Silver Award
UEFA Women’s Euros 2017
Channel 4
Sports

British Arrows Craft
Gold Award
The Great British Bake Off
Parabella (Channel 4)
New Director

Silver Award
The Great British Bake Off
Jack Croft and Stacey Bird (Channel 4)
Use of Existing Music

Campaign Big Awards
Shortlisted
100 Years
Channel 4
Media and Entertainment

Shortlisted
Humans - Human Test
Channel 4
Media and Entertainment

Campaign Media Awards
Channel 4 Paralympics
OMD UK / Channel 4
Insight and Innovation Category: Total Communications Campaign

Highly Commended
Channel 4 Paralympics
OMD UK / Channel 4
Product Sector Category: Media and Entertainment

Creative Circle
Silver Award
Channel 4 Idents
4Creative (Channel 4)
Best Channel Idents

Bronze Award
Channel 4 Idents
4Creative (Channel 4)
Film Craft: Best Direction

Bronze Award
Channel 4 Idents
4Creative (Channel 4)
Film Craft: Best FX/CGI

Silver Award
Channel 4 Idents
4Creative (Channel 4)
Film Craft: Best Animation

Silver Award
Channel 4 Idents
4Creative (Channel 4)
Film Craft: Best Use of Music

Silver Award
Channel 4 Idents
4Creative (Channel 4)
Film: Best Channel Idents

Bronze Award
RNIB Ad Break
Channel 4 Sales – Pl4y/4creative/CHI & Partners
General: Best Uncategorised Entry

Bronze Award
The Great British Bake Off
4Creative (Channel 4)
Best Typography

Bronze Award
The Great British Bake Off
4Creative (Channel 4)
Film: Best TV 60secs and over

Review Annual 2018
In Book
Channel 4 Idents
Channel 4
Channel Branding

D&AD Awards
Graphite Pencil
The Great British Bake Off
4Creative (Channel 4)/Blink Ink
Film Advertising Craft: Animation for Film Advertising

Wood Pencil
The Great British Bake Off
4Creative (Channel 4)
Art Direction: Art Direction for Film Advertising

Graphite Pencil
The Great British Bake Off
Channel 4 Idents 2017
4Creative (Channel 4)/Blink Ink
Agency-Production Collaboration

Media Week Awards
Gold Award
The Handmaid’s Tale
OMD UK (Channel 4)
Media Idea (Budget £250k – £1m)

Newsworks Planning Awards
Gold Award
The Handmaid’s Tale
OMD UK / Channel 4
Best Topical Campaign

Highly Commended
The Handmaid’s Tale
OMD UK / Channel 4
Best Newspaper Campaign

Promax Awards
Silver Award
Humans
4Creative
Best 360 Campaign

Silver Award
The Handmaid’s Tale
4Creative
Best Press Advertising

Bronze Award
Kiss Me First
4Creative
Best Social and Digital Partnership

Silver Award
100 Years
4Creative
Best On-Air Campaign

Gold Award
100 Years
4Creative
Best Use of Script Writing

Gold Award
100 Years
4Creative
Best Brand Promotion

Grand Prix
4Creative
Creative Team of the Year

Awards
(continued)

Gold Award
Ackley Bridge
4Creative
Best Drama – Originated

Silver Award
Channel 4 Idents
4Creative
Best Idents

Silver Award
Faces
4Creative
Best Sizzle or Sales Reel

Silver Award
Genderquake
4Creative
Best Factual – Originated

Gold Award
Genderquake
4Creative
Best Season Promotion

Silver Award
Genderquake
4Creative
Best Use of Script Writing

Silver Award
Grand Designs
4Creative
Best Factual Entertainment – Originated

Gold Award
Humans
4Creative
Best Direct Response Promotion

Gold Award
Humans
4Creative
Best Digital

Gold Award
Humans
4Creative
Most Creative Use of Technology

Silver Award
Humans Voice Experience
4Creative
Best Use of Social Media: Content

Silver Award
Kiss Me First
4Creative
Best Drama – Originated

Gold Award
The Circle
4Creative
Best Reality – Originated

Gold Award
The Circle
4Creative
Best Use of Motion Graphic Design

Gold Award
The Fight For Mosul
4Creative
Best Factual Clip-Based

Gold Award
The Great British Bake Off
4Creative
Best Entertainment – Originated

Silver Award
The Great British Bake Off
4Creative
Best Use of Animation

Silver Award
The Great British Bake Off
4Creative
Best Use of Direction
Sponsored by BMG Production Music

Silver Award
The Handmaid’s Tale
4Creative
Best Drama – Clip-Based

Gold Award
The Handmaid’s Tale
4Creative
Best Out of Home Advertising

Gold Award
Winter Paralympics
4Creative
Best Sports – Clip-Based

The Drum Awards
Winner
Hollyoaks Don’t Filter Feelings Campaign
Channel 4/Lime Digital
Best Social Good Initiative

Winner
Hollyoaks Don’t Filter Feelings Campaign
Channel 4/Lime Digital
Best Campaign of the Year

The Lovies
Gold Award
Humans 3 Voice Experience
Channel 4
Apps, Mobile Sites and Podcasts,
Best Use of Messaging and Bots

Bronze and the People’s winner
Humans 3 Voice Experience
Channel 4
Online Advertising, Best Branded Editorial
Experience

Tubular Labs Video Aces Awards
Top 50 Most Social Media Views in the World
Number 46 – Channel 4

WARC Media Awards
Grand Prix
We’re The Superhumans
OMD UK/Channel 4
Effective Cross Channel Measurements
– Special Award

Sales

Brand Film Festival
Gold
Age UK and Old Peoples Home For 4 Year Olds At Christmas
Channel 4, MGOMD and CPL Productions
Best Brand Documentary

Gold
Age UK and Old Peoples Home For 4 Year Olds At Christmas
Channel 4, MGOMD and CPL Productions
Best Heartstrings Film

Bronze
Visit Scotland
Channel 4, The Chase Films, The Story Lab

Silver
All Star Driving School
Channel 4, Rumpus Media, The 7 Stars,
Suzuki

Campaigns for Good Awards
Winner
Live From Inside The Human Body With Cancer Research UK
Channel 4 and Mediacom
Best Public Awareness Campaign

Campaign Media Awards
Paypal Turkey Dash
Channel 4 and Havas Media
Best Banks and Financial Services
Campaign

Live From Inside The Human Body With Cancer Research UK
Channel 4 and Mediacom
Best Media Partnership

Live From Inside The Human Body With Cancer Research UK
Channel 4 and Mediacom
Best Creative Idea

Grand Prix
Live From Inside The Human Body With Cancer Research UK
Channel 4 and Mediacom
Campaign of the Year

LEGO® Batman
Channel 4 and PHD
Branded Content of the Year

Highly Commended
4Sales
Channel 4
Best Commercial Team

Creative Media Awards
Alien Covenant: Audio Personalisation Ad
Channel 4 and Mindshare UK
Best Use of Creative Personalisation

International B2B Marketing Awards
Silver
The Big TV Festival
Channel 4, ITV, Sky and Thinkbox
B2B Experiential Event of the Year

Awards
(continued)

Media Week Awards
Silver
Old Peoples Home For 4 Year Olds At Christmas
Channel 4 and MGOMD
Media Owner – Media Idea (Budget £250k– £1m)

Gold
Lloyds Bank #GetTheInsideOut
Channel 4 and Mediacom
Media Owner – Media Idea (Budget over £1m)

Gold
Age UK and Old Peoples Home For 4 Year Olds At Christmas
Channel 4 and MGOMD
Best use of Content (Budget over £250k)

Bronze
Suzuki All Star Driving School
Channel 4 and The 7 Stars
Best use of Content (Budget over £250k)

Silver
Channel 4 Sight Loss Break With RNIB
Channel 4 and RNIB
Media Creativity

Silver
Age UK and Old Peoples Home For 4 Year Olds At Christmas
Channel 4 and MGOMD
Small Collaboration (Budget under £250k)

Gold
Paypal Turkey Dash
Channel 4 and Havas Media
Large Collaboration (Budget Over £250k)

Bronze
Age UK and Old Peoples Home For 4 Year Olds At Christmas
Channel 4 and MGOMD
Media Agency – Media Idea (Budget Under £250k)

Mediatel Connected Consumer Awards
Gold
Project Firefly
Channel 4 and ITV
Best Research Project Initiative

Silver
Audio Personalisation
Channel 4
Best Use of Connected Data

Gold
Channel 4
Channel 4
Connected Media Owner of the Year

MPA Inspiration Awards
4Sales Nations and Regions Team
Channel 4
Large Media Sales Team of the Year

Thomas Cook and The Secret Life Of 5 Year Olds On Holiday
Channel 4 and Wavemaker
Best Sales Team Campaign

Thomas Cook and The Secret Life Of 5 Year Olds On Holiday
Channel 4 and Wavemaker Best Content
Creation

Dr Oetker GBBO Sponsorship
Channel 4 and Wavemaker
Best Collaboration

Promax Awards
Gold
Snickers On Dave
Channel 4, UKTV
Best Sponsorship Integration

Silver
Tesco Mobile On Dave
Channel 4, UKTV
Best Sponsorship Integration

Thinkbox TV Planning Awards
Grand Prix
Age UK and Old Peoples Home For 4 Year Olds At Christmas
Channel 4 and MGOMD

Age UK and Old Peoples Home For 4 Year Olds At Christmas
Channel 4 and MGOMD
Best Use of Content

LEGO® Batman
Channel 4 and PHD
Best Low Budget Use of TV

Live From Inside The Human Body With Cancer Research UK
Channel 4 and Mediacom
Best Use of TV for PR

The Drum Experience Awards
Channel 4 Upfronts
Channel 4
B2B Experiential Brand Campaign/Event of the Year

UK Sponsorship Awards
giffgaff Sponsors E4
Channel 4 and All Response Media
Best TV Sponsorship

Highly Commended
Wickes Sponsors Homes On 4
Channel 4, The Story Lab and Carat
Best TV Sponsorship

Highly Commended
giffgaff Sponsors E4
Channel 4 and All Response Media
Sponsorship Innovation of the Year

Highly Commended
Suzuki All Star Driving School
Channel 4 and The 7 Stars
Branded Content of the Year

Independent Assurance Report to Channel Four Television Corporation on selected disclosures included within the Statement of Media Content Policy

We have been engaged by the Directors of the Channel Four Television Corporation (‘Channel 4’) to conduct a limited assurance engagement relating to the Assured Disclosures* concerning the Statement of Media Content Policy (‘SMCP’) performance information for the year ended 31 December 2018.

Our unqualified conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Assured Disclosures*, which have been prepared in accordance with Channel 4’s internal guidelines, materially misstate Channel 4’s SMCP performance for the year ended 31 December 2018. The data have been prepared on the basis of the methodology set out in Channel 4’s respective internal guidelines which can be seen on the Channel 4 website.

Respective responsibilities of the Directors and assurance provider

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

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

Our procedures consisted primarily of:

- interviewing managers at Channel 4’s head office, including those with operational responsibility for the preparation of the Assured Disclosures*;
- evaluating the processes and controls for managing, measuring, collating and reporting the Assured Disclosures*, including the application of the methodology within the internal guidelines to underlying assumptions; and

- testing the compilation of a representative sample of Channel 4’s SMCP data, selected on the basis of their inherent risk and materiality to Channel 4, from receipt from third party through to the presentation shown in the SMCP data.

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

Limitations

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

Our work did not include:

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

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

Independence

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

Deloitte LLP

London

3 April 2019

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

Appendix

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

- Audience reach
- TV viewing share
- Share amongst hard-to-reach audiences – BAME
- Share amongst hard-to-reach audiences – 16-34- year-olds
- Most popular channels for young viewers
- Viewing to national news
- Reach of *Channel 4 News*
- Channel reputations: shows different kinds of cultures and opinions
- Channel reputations: challenges prejudice
- Channel reputations: shows the viewpoints of minority groups in society
- Channel reputations: home for alternative voices
- Channel reputations: makes me think about things in new and different ways
- Channel reputations: tackles issues other channels wouldn’t
- Channel reputations: takes a different approach to subjects compared to other channels
- Channel reputations: takes risks with programmes that others wouldn’t
- Channel reputations: is experimental
- Channel reputations: best for modern independent film
- Channel reputations: documentaries that present alternative views

- Inspiring change through factual programming
- Independence of TV news
- Programme reputations: current affairs
- Channel reputations – catering for audiences other channels don’t cater for
- Producing talked-about TV
- Investment in all content
- Investment in programming by genre
- Output mix on Channel 4
- Investment in originated content
- Originated output across Channel 4 TV portfolio
- Volume of first-run originations by genre
- Broadcasters’ investment in the production sector – Channel 4 (main channel)
- Broadcasters’ investment in the production sector – digital channels
- Diversity of supply base
- Investment in the Nations and Regions (main channel)
- Investment in the Nations (main channel)
- Spend by Region across the Channel 4 TV portfolio
- Range of international programming
- Diversity output on the main channel
- Diversity of Film4 channel schedule
- Commitment to long-form journalism
- On-demand viewing
- Total visits to Channel 4’s websites and apps
- Viewing to network originations
- New and one-off programmes

Financial Report and Statements

For the year ended 31 December 2018

In this section

FINANCIAL REPORT AND STATEMENTS

Strategic Report

Financial review and highlights	156
Our principal activities	159
Key performance indicators	160
People and corporate social responsibility	162
Risk management	164
Strategic and financial outlook and Viability statement	167

Governance

The Channel 4 Board	168
Report of the Members	172
Corporate governance	174
Audit Committee Report	179
Members' Remuneration Report	183

Consolidated financial statements

Independent auditor's report	192
Primary financial statements	198
Group accounting policies	202
Notes to the consolidated financial statements	207

Additional information

Channel 4 financial statements	226
Historical metrics and record	232

Financial review and highlights

£975m Corporation revenue

- Increased by £15 million largely due to digital revenue growth and strong returns on film investment
- TV advertising and sponsorship revenues were relatively stable as Channel 4 Sales House sustained share in a market that declined in 2018

£4m Underlying operating surplus

- The operating surplus of £8 million includes exceptional items in respect of gains on the disposal of certain distribution rights and adjustments to the carrying value of technology related assets. The operating surplus excluding these items is £4 million

£5m Pre-tax surplus

- Surplus budgeted and delivered in 2018, following pre-tax deficits of £15 million and £17 million in 2016 and 2017 respectively

£662m Content spend

- Third highest level in Channel 4’s history
- £489 million spend on originated content
- Content investment ensured main Channel 4 channel viewing share held at 5.9% despite intense competition. Portfolio share reduced from 10.5% to 10.2% due to competitive effects and adverse EPG changes

£138m Digital revenues

- Another record year for digital with double digit growth in revenue and viewing
- Digital revenues increased by 11% and now comprise over 14% of total Corporation revenue
- VoD views increased by 26% to 915 million
- Net All 4 registrations recorded by December 2018 were almost 20 million

£439m Net assets

- Strong balance sheet provides flexibility in uncertain economy
- Sound financial platform for future growth and commercial self-sufficiency

£180m Cash reserves

- £10 million reduction versus 2017 due mainly to acquisitions (including Box) and pension contributions offset by our £5 million surplus and the impact of strong cash management across the Corporation in 2018
- Further capacity provided by a £75 million revolving credit facility (RCF)

Acquisition of Box

- On 31 December 2018, Channel 4 acquired the remaining 50% of The Box Plus Network Limited (Box)
- Acquiring full ownership will enable Channel 4 to increase value across an enlarged portfolio

Financial highlights

£975m Corporation revenue (2017: £960m)

£138m Record digital revenues (2017: £124m)

£180m Cash reserves (2017: £190m)

£5m Pre-tax surplus (2017: £17m deficit)

Income statement highlights

£m	2018	2017
Sales House ¹	1,183	1,166
Corporation revenues	975	960
Content spend	662	675
Originated content spend	489	510
Underlying operating surplus/(deficit) ²	4	(25)
Pre-tax surplus/(deficit)	5	(17)

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

2 This alternative performance measure represents the underlying performance of the business by excluding any exceptional gains or losses arising outside the ordinary course of business - see more detailed definition on page 204. In 2018 these items were £12 million of other operating income relating to a gain on the disposal of certain distribution rights, and an £8 million reduction in the carrying value of certain technology assets. There were no such items in 2017.

Overall, the television advertising market declined marginally in 2018. Although there was growth in the first half of the year, advertisers displayed caution in the second half of the year in the context of the current political and economic uncertainty. Despite this, our Corporation revenues increased to £975 million (2017: £960 million) owing to strong digital revenue growth and higher film revenues with particular success from *Three Billboards Outside Ebbing, Missouri*.

In the challenging TV ad market, the Channel 4 Sales House also held market share, delivering a strong performance in tough conditions.

Content spend was £662 million (2017: £675 million), lower than record years in 2016 and 2017 but still represented our third highest ever level. The lower content budget was driven by Channel 4 budgeting and delivering a surplus in 2018, versus a deficit recognised in 2017 (which allowed for higher content spend in that year), a decision taken to accord with Channel 4’s strategy of break-even over the medium term.

Our underlying operating surplus was £4 million in 2018 (2017: £25 million deficit). This alternative performance measure was introduced in 2018 to reflect the underlying performance of the business and is calculated by eliminating the impact of exceptional gains or losses arising outside the ordinary course of business.

Balance sheet highlights

	2018	2017
Net assets	439	446
Freehold land and buildings	94	97
Growth Fund investments	26	30
Programme stock and film rights	285	255
Cash and cash equivalents plus other financial assets	180	190
Pension deficit	(56)	(67)

As shown on page 200, the net assets of the Group decreased by £7 million in the year. This mainly reflects a decrease in the valuation of the Horseferry Road property and fair value losses in respect of our Commercial Growth Fund investments offset by our surplus after tax of £3 million and a decrease in the actuarial deficit on the pension scheme.

With a strong balance sheet, we are well prepared to meet the challenges of the current uncertain political and economic environment and potential volatility in advertising revenues. Our assets will also support 4 All the UK, our regional growth plan.

The net pension deficit has decreased to £56 million (2017: £67 million) due to contributions of £11 million made by the Corporation during the year, offset by net movement on scheme assets and liabilities.

Cashflow

Total cash reserves decreased by £10 million in the year to £180 million. As shown on page 201, the decrease was driven predominantly by contributions to the defined benefit pension scheme, capital expenditure and acquisitions made during the year offset by the cash impact of our 2018 surplus.

Working capital requirements and cash balances fluctuate during the year due to the seasonality of ad revenues and programme cash spend. To provide additional flexibility to respond to unexpected market movements during certain points in the year, we have entered into a revolving credit facility which makes an additional £75 million of liquidity available in the medium term (note 14).

Financial highlights
(continued)

Our remit and business model

Channel 4 is a unique organisation: a public service publisher-broadcaster with a distinctive creative remit, funded solely from commercial revenues, existing to provide a range of distinctive, challenging and provocative content. In order to fulfil our public service remit (which is set out on pages 38 and 39 and throughout the Statement of Media Content Policy) we seek to optimise returns from our commercial activities and minimise our overheads in order to maximise our spend on screen.

As a not-for-profit public service broadcaster, our aim is to maintain an overall financial break-even position in the long term. A key element of our long-term break-even target is the way we cross-fund commercially challenging genres with profitable programming. We believe surpluses should be invested back into original content and digital innovation to evolve our commercial business model and to maintain the relevance and reach of our remit.

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

Our strategy

The media landscape has transformed significantly over recent years and competition is as intense as ever. Our strategy will ensure the Corporation’s long-term sustainability and is described in detail on pages 13 to 37 and includes three strategic pillars – Youth, Digital and Culture.

We aim to supercharge our impact with young people and increase investment in areas that resonate most with 16-34-year -olds. To achieve this we aim to invest further in E4 from 2019 and have allocated additional funds to Comedy to drive further youth engagement in our programming.

We aim to accelerate digital growth by increasing our investment in All 4, investing in new talent and evolving our approach to commissioning by considering performance across all platforms as well as seeking shows that drive digital growth alone.

Culturally, we are creating more space on screen for diverse and under-represented voices, increasing our presence outside of London and are committed to ensure that Channel 4 more deeply fulfils its remit to champion inclusion and diversity in the UK.

- Linked to our strategy, other current corporate and financial priorities include:
- Successfully delivering our 4 All the UK plan, to deepen Channel 4’s roots in the Nations and Regions
 - Sustaining creative excellence, maintaining and increasing current levels of public service impact and increasing content spend
 - Increasing the proportion of programmes commissioned from outside London
 - Stemming portfolio share decline and targeting growth in 16-34-year-old viewing
 - Driving digital revenue growth through innovative new initiatives, bolstering and differentiating our VoD proposition and maintaining investment in technology to ensure a reliable user experience
 - Stabilising our share of commercial viewing, maximising our share of the core TV market and identifying and driving revenue innovation and incremental growth
 - Reviewing our resource allocation to ensure incremental spend is investment and remit-focused. We will continue to target operational efficiencies to offset inflationary pressures

Our principal activities

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



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



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



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



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



The Box Plus Network (Box)
Box operate a suite of Entertainment and Music channels targeted at the 16-34 demographic including 4Music, a Channel 4-branded music and entertainment offering.

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



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

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

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

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

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

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 Statement of Media Content Policy ('SMCP') metrics set out on pages 106 to 141 of this report and the performance metrics set out on pages 232 to 234.

Five key indicators are described here. We have included digital revenues within our revenue metric in 2018 reflecting its increasing proportion of our overall revenues and alignment to our corporate strategy. We have also included VoD views as an additional metric from 2018, given its importance in driving digital revenues.

TV and digital revenues

Definition

TV advertising and sponsorship includes all broadcast airtime and sponsorship revenues generated on our portfolio of linear channels. Digital revenues include advertising revenues and licence fees derived from All 4 and other third party platforms.

Importance

Channel 4 is funded solely from commercial activities, without direct public subsidy. Our performance is therefore dependent on delivering valuable linear and digital viewing to advertisers, which in turn enables the delivery of our remit.

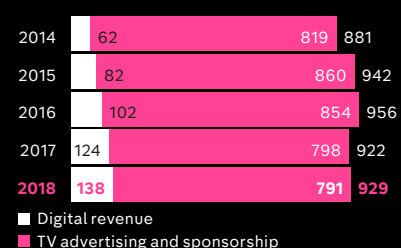
2018 performance

Total TV advertising and sponsorship and digital revenues increased to £929 million. Digital revenues increased by 11% to £138 million and now comprise 14% of total revenues. TV advertising and sponsorship revenues decreased by £7 million due mainly to a marginal decline in the ad market and a lower Share of Commercial Impacts (SOCi).

£929m ▲

Advertising and sponsorship revenue

TV Advertising & Sponsorship and Digital revenues (£m)



Originated content spend

Definition

Originated content spend primarily reflects our investment across the portfolio of channels in original, UK-developed content.

Importance

It is a key metric showing how we are delivering the remit.

2018 performance

Originated content spend was £489 million in 2018 (page 109). This was lower than the record level in 2017 due mainly to a lower overall content budget but demonstrates Channel 4's continuing commitment to the UK independent production sector.

£489m ▼

Originated content spend

Investment in originated content (£m)



Ofcom requirements

Definition

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

Importance

Channel 4 must demonstrate compliance with its licence obligations. Our delivery against these targets is set out on pages 109 and 112 to 115.

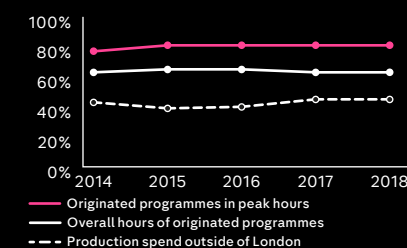
2018 performance

In 2018 we met or exceeded all of our licence requirements. Key quotas achieved are shown below. During 2018, the main channel achieved 63% of overall hours of originated programmes (target: 56%) and 81% in peak hours (target: 70%). As shown on pages 114 and 115, we also achieved 45% of programme production spend outside London (target: 35%) and 8% of programme production spend outside England (target: 3%).

Exceeded ▲

Ofcom requirements

Ofcom requirements



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 pages 133 to 136 and 231).

Importance

Portfolio audience share is a broad measure and an easily understood indicator of performance and shows our viewer impact.

2018 performance

In 2018, the main channel held share at 5.9% (2017: 5.9%) for the fifth year in a row. Portfolio audience share reduced to 10.2% (2017: 10.5%) as our digital channels were impacted by viewing challenges in a World Cup year and the continued viewer migration to digital platforms, particularly amongst younger viewers.

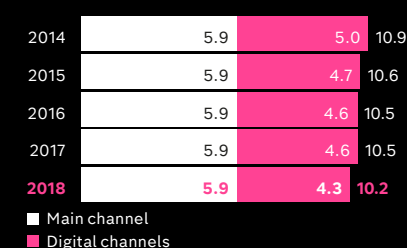
5.9% ▶

Main channel share

10.2% ▼

Portfolio audience share

Portfolio audience share (%)



VoD views

Definition

A VoD view occurs when a clip or full-length programme is accessed on an on-demand platform.

Importance

VoD views measure the success in attracting online viewing to our All 4 digital platform in a highly competitive digital market with ever increasing spend from global giants.

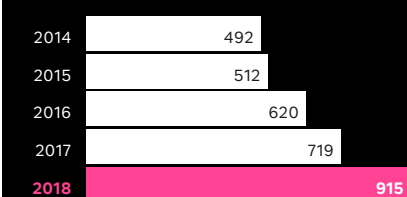
2018 performance

Against the backdrop of TV viewing share, our VoD platform, All 4, expanded our digital reach with VoD views increasing by 26% to 915 million views in 2018 (2017: 727 million views).

915m ▲

VoD views

VoD views



People and corporate social responsibility

People

Channel 4 people continue to feel highly engaged. Our 2018 staff survey showed that 81% of staff are engaged, which is three percentage points higher than the global benchmark for media and creative organisations. In particular, staff understand the remit (94%) and are proud to work for Channel 4 (93%).

The staff survey also revealed areas where employees have concerns: for example, our ability to manage underperformance and recognise and reward the right people. These are, therefore, areas that will be a key focus of the People strategy for next year.

Our key talent development initiative in 2018 was RISE, our women’s development programme. This had its roots in a pilot programme we launched in 2018 for our female commissioners, which focused on strengths, confidence and career decisions. Based on positive feedback from participants, and a need to address our gender pay gap, we decided to scale up that programme to cover over 200 women across three separate cohorts. The participants in the RISE programme were nominated by their line managers and participated in coaching-style workshops that focused on understanding strengths, facing fears, building allies, and making bold moves. Participant feedback noted that the programme was ‘life-changing’, ‘inspiring’ and ‘energising’.

Our internal staff networks continue to play an important role in raising awareness of difference and fostering an inclusive culture. Our networks welcome the support and input of any and all staff.

- 4Mind, our mental health network, hosted talks from guest speakers such as author Johann Hari and professional athlete Jack Green; sessions on nutrition, juggling and mindfulness; and an extremely popular visit from some local therapy dogs.
- 4Women hosted a variety of talks on subjects ranging from sex education for parents to speaking with confidence and gravitas. 4Women also played a crucial role in consulting with the HR team on the RISE women’s development programme.
- 4Pride raised awareness of LGBT history month and trans awareness week and hosted film screenings, social events, and panel discussions. 4Pride also launched trans awareness training for the senior leadership team, and for the first time Channel 4 now has a set of dedicated internal trans allies.
- 4Purple held ‘lunch and learn’ sessions featuring internal colleagues and external experts talking on subjects such as dyslexia and visual impairments. 4Purple also helped organise #PurpleLightUp events to support International Day of Persons with Disabilities.
- The Collective held a week of activities to celebrate Black History Month and these included talks from June Sarpong, Vamp social marketing agency, and Reverend Rose Hudson-Wilkin. There were also a variety of social events and staff film screenings.

Diversity profile

At the end of 2018 our employees identified with the following key diversity groups:

	December 2018	December 2017	2020 target (staff)
Disabled	11%	11%	6%
BAME	19%	18%	20%
LGBT	7%	6%	6%
Female	56%	57%	50% equal split

In 2015, when Channel 4 launched its 360° Diversity Charter, our ambition was for employee diversity to reach the national average. In some categories of diversity there are different estimates, sometimes significant, of the national average (particularly around disability and LGBT); in these areas we have made our own assessment of the national average to aim for, allowing for how this might develop over time.

We are very pleased to have achieved our 2018 diversity targets for all protected characteristics, for both Channel 4 leaders and staff.

Employee breakdown and gender balance

The average number of employees for the year, on a full-time equivalent basis, was 851 in 2018 (2017: 858). The average number of people employed by the Corporation for each group of employees was as follows:

2018	Male no.	Female no.
Executive team	6	3
Senior managers	19	15
Employees	364	444
Total employees	389	462
Non-Executive Members	7	3
Total including Non-Executive Members	396	465

Attracting diverse talent

Throughout the year we look for ways to ensure that we continue to attract a diverse pool of candidates to apply for our roles.

We monitor activity each month by asking all candidates to share their diversity data with us if they wish to do so. We partner with Evenbreak and VERCIDA to enable our roles to be openly advertised on their sites, and as a ‘Disability Confident Leader’ we offer a guaranteed interview to all candidates with a disability who meet the essential criteria for a role.

In 2018, Channel 4 received 8,947 applications and employed 170 new people as follows:

	Applications	Employed
Disabled	6%	9%
BAME	31%	28%
LGBT	12%	11%
Female	59%	62%

In 2018, Channel 4 and MyKindaFuture, a company that specialises in helping students explore their career options post-education, were back on the road for the fourth consecutive year looking for talent. This time, we promoted the Channel 4 Apprenticeship Scheme, the Production Training Scheme, and Work Experience opportunities at the channel. For the first time, the Pop Ups delivered two employability sessions, aimed at a younger audience recognised as being the furthest away from employment in their cities.

We hosted six Pop Up events – two of which focused on apprenticeships at Channel 4 in Wolverhampton and Swansea, two focused on production in Liverpool and Dundee, and the final two Pop Ups focused on work experience and apprenticeships at Channel 4 and took place in Sunderland and Nottingham. A total of 683 individuals attended these events.

People and corporate social responsibility (continued)

4Talent hosted a total of 65 work experience candidates across three separate cohorts in 2018. This included the first work experience day in the Manchester office to give an insight into 4Sales, and we hosted 11 Harrop Fold students to participate in the opportunity. We also completed our first TV/employment-focused work experience opportunity, which was aimed at those who were unsure about what career path they wanted to take in TV and so was geared at providing them with wider knowledge and understanding of the industry.

We aim to encourage diversity across all our outreach programmes and the diversity profile was as follows:

Diversity	Pop Ups (683)	Work experience (65)
Disabled	13%	16%
BAME	19%	43%
LGBT	19%	15%
Social mobility	55%	32%

Investing in people

We have continued to focus on supporting line managers, with workshops on setting goals and objectives, having vital conversations, and addressing unconscious bias in hiring. Over 100 of our line managers attended one of these sessions during 2018.

All other staff continue to be able to access a range of development opportunities, such as: coaching and mentoring; workshops on resilience, productivity and mindfulness; and personality profiles that help them understand their strengths and emotional intelligence.

Accountability for corporate conduct

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

Corporate and social responsibility

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

Environmental sustainability

We 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.

Environmental and charitable campaigns continued to run internally through 2018 with the aim of raising awareness and promoting good practice.

As part of our 5+ year strategy to upgrade and replace existing plant and controls with more efficient equipment, we have installed more efficient domestic hot water boilers and reduced pump flow rates to suit demand, as well as completing a major eight-month Building Management System (BMS) replacement project which now provides us with more control over the plant timings and overall building optimisation. Recommissioning in line with the new BMS has allowed us greater control of the chillers and the gas boilers, providing more efficient heating and cooling throughout our London Horseferry Road building, aligned with the current occupancy hours of staff.

2018 plant upgrades have already begun to reduce our carbon footprint and help us further realise greater reductions in electrical and gas consumption across the portfolio.

For 2018 we set ourselves a target reduction of a further 5% from 2017 and overall we managed to reduce our energy consumption by 9.6% over the course of the year.

Carbon footprint

We continue to report on our Carbon Reduction Commitment (‘CRC’) and have already registered for the Environmental Savings Opportunity Scheme (Part 2) in early 2019 to ensure continued statutory compliance.

Our greenhouse gas emissions for 2018 are set out in the table below.

	2018	2017
Total carbon footprint (tonnes of CO ₂)	4,239	4,691
Total carbon footprint per £m revenue	4.3	4.9

Waste

We produced a total of 129 tonnes of waste from January to December 2018 (2017: 108 tonnes). Overall, we achieved a recycling rate of 66.8% (2017: 59%) with the remaining 42.9 tonnes of waste (33%) that could not be recycled being converted to produce energy (2017: 41%). This means that in 2018 only 0.03 tonnes of waste (0.02% overall) from Channel 4 went to landfill.

	2018	2017
Total waste (tonnes)	129	108
– Used to produce energy	33%	41%
– Waste to landfill (tonnes)	0.03	0.025

Water

We have continued to monitor our water consumption in 2018 and have achieved a 4.2% decrease in water usage compared to 2017.

This is in part due to our closely monitored water hygiene regime at Channel 4 which includes regular water outlet flushing. 2019 will see further commitment to ensuring water usage is kept to a minimum and we will also continue to invest in technology and upgrades to our plant to be as efficient as possible.

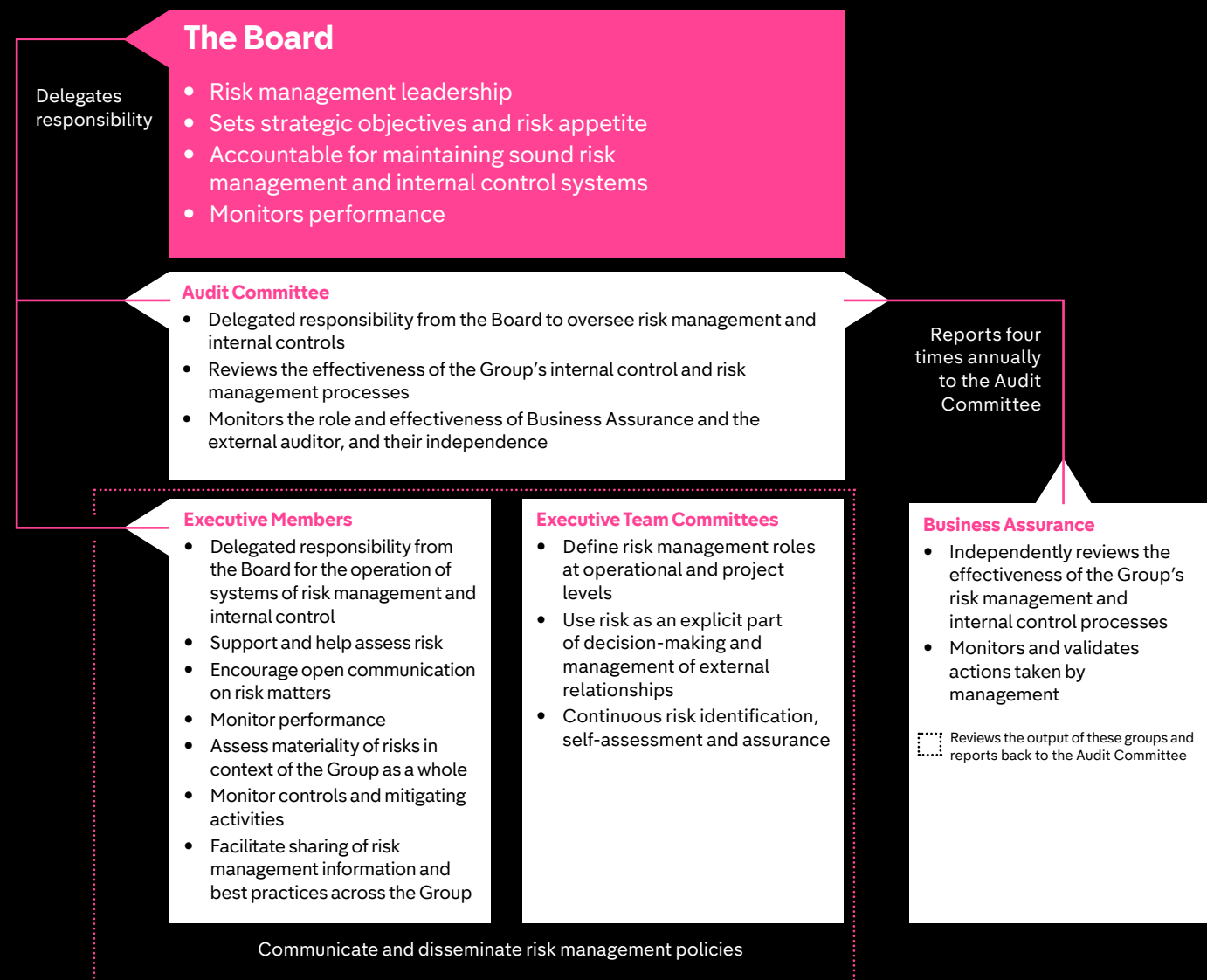
Risk management

How we manage risk

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

As with any organisation, Channel 4 faces risks and uncertainties daily, which we need to assess and manage with confidence. To deliver on our remit, Channel 4 has a high appetite for creative risk taking, which could potentially give rise to litigious content. However, we have a low risk appetite for operational risks, supported by a governance framework that includes policies, procedures, clear roles and responsibilities and monitoring.

During 2018 we commenced a review of our risk management process, which included a detailed refresh of our principal risks and their potential causes and consequences. We also implemented new criteria for assessing risk likelihood (over a three-year time horizon) and impact, considering the potential financial, operational and reputational consequences if key risks were to materialise.



Risk management (continued)

Risks and uncertainties

Risk and potential impact	Link to strategic priorities	Mitigating actions	Risk movement
Strategic risks			
1. Our business model Our unique business model, as a publisher-broadcaster funded by advertising, is vulnerable to structural changes in both viewing habits and the advertising market. Our ability to grow alternative revenue sources is constrained by our lack of rights ownership to the content we broadcast, and our limited access to capital. There is a circular dependency between investment in high quality content, maintaining and growing viewer engagement, and generating advertising sales revenue. There is a risk that viewer engagement declines or grows more slowly than the market, particularly amongst youth audiences, which are core to our commercial proposition. Furthermore, there is a risk of a structural decline in the advertising market arising from enhanced competition from other forms of advertising (e.g. online) and adverse regulatory change (e.g. proposed advertising restrictions on HFSS foods).	Supercharged Youth Inclusive Culture Accelerating Digital	Strategic initiatives in place to: <ul style="list-style-type: none"> Invest in youth-skewing content on Channel 4 and E4 Create a new 'Digital Creative Unit' to produce a pipeline of youth-skewing, digitally-native content aligned to Channel 4 brand values Invest in the All 4 platform to enhance the user-experience (both in terms of content proposition and technical capabilities) Build a digital culture/mindset; supported by the appointment of a Chief Product Officer Strengthen cross-platform measurement of viewer engagement Scale-up non-advertising revenue streams; e.g. SVoD, Commercial Growth Fund 	▲
2. Economic downturn An economic downturn, including ongoing Brexit uncertainty or a 'no deal' Brexit, could result in a cyclical negative impact on TV advertising sales. This could result in deflationary pressure on our commissioning spend.	N/A	<ul style="list-style-type: none"> Cash reserves and revolving credit facility in place to protect against cyclical economic impacts Cash and investment commitments closely managed to ensure a flexible cost base 	▲
3. Insufficient investment in technology There is a risk that we are unable to keep pace with the technology investment required to provide digital services that satisfy consumer expectations, resulting in a loss of viewers to the digital giants and vertically integrated service providers. Our ability to make the large-scale technology investments required to compete in the digital space is limited by our business model, requiring effective prioritisation of spend.	Accelerating Digital	<ul style="list-style-type: none"> Investment and capital allocation framework ensures the strategic importance of investment in technology is appropriately recognised Executives ensure alignment between strategy and technology spend 	▶
4. Inability to attract, motivate and retain talent Competition for talent is high, from traditional broadcasters, digital giants and new entrants. At the same time, our 4 All The UK strategy creates both opportunities and risks in terms of talent acquisition and retention. More specifically, there is a risk that experienced staff are unwilling to relocate, resulting in a loss of knowledge, or that we are unable to recruit people with the required skills into 'transferred' roles.	Inclusive Culture	<ul style="list-style-type: none"> Competitive reward packages in place, including a performance-based variable pay scheme and retention payments where necessary Head of Inclusion and Diversity appointed to drive a strategic focus on inclusivity and representation Succession planning and talent development plans in place 	▶
Operational risks			
5. Cyber-attack or data breach The cyber security risk facing all businesses is increasing. At Channel 4, a significant cyber-attack could result in business disruption due to loss of systems. There is a risk of regulatory penalties including fines and other potentially costly enforcement actions, especially in the event of a personal data breach. A significant cyber-attack or data breach may also result in reputational damage, including a breach of trust from stakeholders including DCMS, viewers and/or employee trust.	N/A	<ul style="list-style-type: none"> Established Information Security function staffed by internal experts and supported by third-party specialists Cyber security governance framework in place, including policies, data management and security standards and monitoring procedures to prevent and detect threats Monitoring of cyber risk intelligence 	▲
6. Physical security or health and safety incident A significant physical security or health and safety incident could occur, including the risk of an act of terrorism, resulting in injury or loss of life of employees or suppliers and/or visitors. This could result in business interruption, significant remediation costs and reputational damage.	N/A	<ul style="list-style-type: none"> Health and safety policies and procedures in place, including risk assessments for high-risk deployments and insurance cover reviewed annually Ongoing security reviews conducted, and monitoring of security intelligence Business continuity and crisis management plans and procedures in place, with a refresh planned for 2019 	▶

Risk management
(continued)

Risk and potential impact	Link to strategic priorities	Mitigating actions	Risk movement
7. Breach of Ofcom standards or other regulations There is a risk that a failure of regulatory compliance results in reputational damage, loss of viewer trust, legal action or fines/penalties. This includes the risk that we breach Ofcom standards, or other regulatory breaches such as non-compliance with the General Data Protection Act.	N/A	<ul style="list-style-type: none">Established legal and compliance framework in place, including policies, procedures, training and monitoringGDPR-trained Data Champions embedded within each team providing in-depth knowledge of requirements‘Referral up’ process in place to manage decisions in relation to editorial standards	
8. Impact of exiting the European Union In addition to the potential macro-economic impacts of the UK’s decision to leave the EU (see risk 2), there may be negative impacts on Channel 4’s business operations, depending on the outcome of negotiations. We may need to change the jurisdiction through which we broadcast to the Republic of Ireland, which may in turn generate new compliance considerations. There is a risk that we lose talent should non-UK EU nationals choose to leave the UK, and a wider risk to the UK creative sector as a whole because of changes to the free movement of people. There may be regulatory implications for EU Co-Productions, funding programmes, tax relief and the transfer of data across borders.	N/A	<ul style="list-style-type: none">Cross-functional Brexit steering committee in place monitoring developments and to ensure specific operational risks are identified and mitigating plans are in placeStatus regularly reviewed by management and the BoardIn the event of a no deal Brexit, Channel 4 will broadcast its linear channels to Ireland under the Luxembourg jurisdiction; this is in line with the requirements of the Audiovisual Media Services (AVMS) Directive	
9. Significant disruption to broadcast The technology chain supporting broadcast operations is complex, involving multiple third parties and systems. A sustained disruption to broadcast could result in a loss of advertising sales revenue, damage to our reputation and/or an impact on our ability to achieve our remit.	N/A	<ul style="list-style-type: none">Mature governance framework in place, including continuous monitoring and incident escalation protocolsBusiness continuity and IT disaster recovery plans in place, including a backup broadcast location	
10. 4 All the UK project delivery 4 All the UK is a significant project comprised of multiple workstreams and a key dependency on the delivery of our digital and inclusivity strategic pillars. As with any project of this scale, there is a risk that it does not deliver against its objectives. This includes the risk of cost overruns, challenges in delivering against the new Nations and Regions commissioning targets within a relatively short timeframe, and a risk that we don’t embed effective multi-site ways of working. There is a risk of resource gaps (see risk 4) and of unionisation slowing down the transformation process. Given public interest in the establishment of our regional office and hubs, there could be a negative impact on our reputation if project objectives are not met.	Accelerating Digital Inclusive Culture	<ul style="list-style-type: none">Cross-functional steering committee and project team in place, supported by robust project planning, financial management and stakeholder communicationsRegular status reviews by senior management and the Board	 NEW

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

Strategic and financial outlook
and Viability Statement

Strategic and financial outlook for 2019

Our financial strategy is focused on balancing the requirements of Channel 4’s unique public service remit against the need to remain commercially sustainable into the foreseeable future, and the need for financial resilience to withstand a significant economic downturn or a combination of significant risks materialising. Our balance sheet supports our long-term viability and ability to manage against future shocks as well as our ability to invest further and strengthen our remit delivery and underlying sustainability.

Our 2019 Budget incorporates incremental investment in the key pillars of our Corporate strategy; youth, digital and culture as outlined on pages 13 to 37. Commercially, our plans are to optimise advertising revenues from our core business, stem declines in audience share and drive digital and incremental revenue growth and further youth engagement.

The outlook for 2019 and beyond remains uncertain in the current economic and political climate. In 2019 we also embark on our 4 All The UK programme to deepen our roots in the Nations and Regions and our budget includes some one-off and ongoing costs in respect of this.

To mitigate this, our 2019 Budget includes flexible contingency plans to respond to positive or negative market movements and we have a greater focus than ever before on financial control and cash commitments.

We continue to hold strong cash reserves in relation to overall net assets. We also increased our overall financial flexibility in 2018 by arranging a £75 million revolving credit facility to increase the total available liquidity at any point during the year.

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.

Viability Statement

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code (the ‘Code’), the Members have assessed the prospects of the Group over the three-year period to December 2021. This period was selected as this is the normal planning horizon in our strategic planning process.

The Members review the three-year strategy and financial plan annually, taking account of the Board’s agreed risk appetite, the Corporation strategy, and the remit as mandated by legislation and the Ofcom broadcast licence awarded in January 2015. The plan makes certain assumptions, including TV advertising market growth and our share of that market, and is stress-tested annually for adverse market impacts and other principal risks to assess their impact on long-term revenues, profitability and cashflows. These principal risks include the possibility of an economic downturn arising from Brexit uncertainty, viewer engagement declines, particularly among youth audiences, structural declines in the TV advertising market, regulatory changes adversely impacting TV advertising revenue and our ability to make the large-scale technology investments required to compete in the digital space.

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

- reviewed the Group’s strategic objectives and other key performance metrics; considered revenue, cost and cashflow forecasts and liquidity and financing requirements for the next three years, as well as its current financial position and cash reserves;
- considered each of the principal risks and uncertainties set out on page 165 to 166 and how they are managed;
- through the Audit Committee, assessed the Group’s risk management framework and considered reports summarising Business Assurance work during the year;
- discussed the sensitivity of the Group’s three-year plan to a combination of severe but plausible risks materialising;
- specifically considered the potential financial impact of Brexit by reviewing the Group’s three-year plan under a wide range of TV advertising market scenarios; and
- reviewed performance updates in the normal course of business that underpin the long-term strategy.

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

By Order of the Board

Charles Gurassa
Chair
3 April 2019

The Channel 4 Board

Executive



Alex Mahon
Chief Executive

Responsibilities and skills:

Alex became the first female CEO of a major UK broadcaster when she joined Channel 4 in October 2017.

Alex was CEO of global producers Shine Group, where she oversaw the build-and-buy strategy of building up 27 production labels over 12 international territories and was responsible for all content strategy, including the launch of global scripted divisions and the roll-out of formats internationally.

Appointment to the Board:

30 October 2017

Term completion:

N/A

Committee membership:

Attends Remuneration and Audit Committee meetings but is not a member

Current external appointments:

Deputy Chairman, **Foundry**

Previous roles:

Executive

CEO, **Foundry**

CEO, **Shine Group**

COO, **Talkback Thames**

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

Non-executive

Senior Independent Director, **Ocado plc**

Chair, **RTS Programme Awards**

Appeal Chair, **Scar Free Foundation**

Chair, **Bandstand**

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



Jonathan Allan
Chief Commercial Officer

Responsibilities and skills:

Prior to joining Channel 4, Jonathan worked at major London media agency OMD UK, joining in 1995 and progressing to Managing Director in January 2007.

In this role, he defined the agency's future direction and broadened its offer, expanding digital capability as well as launching marketing services, data planning and creative functions.

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

Appointment to the Board:

13 September 2011

Term completion:

N/A

Committee membership:

None

Current external appointments:

Board Member, **Thinkbox**

Director, **The Box Plus Network Ltd**

Previous roles:

Executive

Managing Director, **OMD UK**

Deputy Managing Director, **OMD UK**

TV Director, **OMD UK**



Ian Katz
Director of Programmes

Responsibilities and skills:

Ian has overall responsibility for the creative output of Channel 4's portfolio of channels and our on-demand viewing service, All 4. He is an experienced creative leader with an award-winning track record in both broadcast and newspaper journalism. He was editor of *BBC Newsnight* from 2013 to 2017, a period which saw the show collect awards for exposing the Kids Company scandal and investigating the Grenfell fire. Previously Ian worked in a wide range of roles at the Guardian, including editing the G2 section, foreign reporting, and launching the paper's website. Between 2010 and 2014 he was Deputy Editor and Head of News at the Guardian, overseeing the paper's coverage of the WikiLeaks data dumps and phone-hacking.

Appointment to the Board:

8 January 2018

Term completion:

N/A

Committee membership:

None

Previous roles:

Executive

Editor, **BBC Newsnight**

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



Dan Brooke
Chief Marketing & Communications Officer (former)

Responsibilities and skills:

Before stepping down from the Board in December 2018, Dan headed up Marketing, Press and Publicity, 4Creative and Corporate Relations. He was also the Board champion for diversity and inclusion. Under Dan's leadership Channel 4 was widely recognised for the success of this work across these areas, including the Marketing Society's Brand of the Year and Best Diverse Company at the National Diversity Awards in 2016, Campaign's Advertiser of the Year in 2015 and Creative Review's Agency of the Year in 2012. In earlier roles at Channel 4 he was responsible for the development and award-winning launches of E4, Film4 and More4. In 2001, he was elected Young Marketer of the Year by the Marketing Society for his role in the launch of E4 and in 2017 was awarded a Royal Television Society Fellowship for his contribution to the British television industry.

Appointment to the Board:

1 February 2012

Term completion:

11 December 2018

Committee membership:

None

Current external appointments:

Director, **Creative Diversity Network Ltd**

Government Media Sector Champion for Disability Employment

Government Media Sector Champion for Accessibility

International Paralympic Committee Global Brand Advisory Group

One Young World 2019 Advisory Board

Previous roles:

Executive

Managing Director, **Rare Day**

Managing Director, **Discovery Networks UK**

Managing Director of Digital Channels, **Channel 4**

Non-executive

Trustee, **Mass Extinction Memorial Observatory**

Trustee, **Camden Arts Centre**

Trustee, **Britdoc documentary foundation**

Trustee, **Headlong Theatre**

The Channel 4 Board (continued)

Non-Executive



Charles Gurassa
Chair

Responsibilities and skills:

Charles has over 35 years' experience in management and senior Board roles in industries that have seen radical transformation, including travel, tourism, telecommunications and media.

He has also been Chairman and Non-Executive Director of significant commercial and social enterprises in many different sectors, from heritage and housing to environment and culture.

Appointment to the Board:

28 January 2016

Term completion:

27 January 2022

Committee membership:

Ethics Committee

No formal membership but attends Audit and Remuneration Committee meetings

Current external appointments:

Deputy Chairman, **EasyJet plc**

Senior Independent Director, **Merlin Entertainments plc**

Trustee, **English Heritage**

Trustee, **Migration Museum**

Chairman, **Great Railway Journeys**

Previous roles:

Executive

Executive Chairman, **TUI Northern Europe**

Director, **TUI AG**

Chief Executive, **Thomson Travel Group plc**

Director, **Passenger & Cargo business, British Airways**

Non-executive

Chairman, **Genesis Housing Association, Virgin Mobile, LOVEFILM, Phones4U, MACH, Tragus, Parthenon Entertainments, NetNames, Alamo/National Rent a Car**

Deputy Chairman, **The National Trust**

Non-Executive Director, **Whitbread plc**

Trustee, **Whizz-Kidz**

Member, **Development Board of the University of York**



Lord Chris Holmes MBE
Deputy Chair

Responsibilities and skills:

Lord Holmes is Britain's most successful Paralympic swimmer, winning nine gold medals, including an unrivalled six at a single Games. He has a keen interest in technology and innovation and has been a Member of the Select Committees on AI and Digital Skills, author of a report on DLT for public good and Co-Chair of various Tech All Party Groups. He is a prominent campaigner on diversity and inclusion, on which he has acted as an adviser to the Civil Service.

Appointment to the Board:

5 December 2016

Term completion:

4 December 2019

Committee membership:

Remuneration Committee

Current external appointments:

Director and sole shareholder, **CHconserve Ltd**

Director and sole shareholder, **CHdeserve Ltd**

Deputy Chair Fintech, **House of Lords**

Member of group focusing on 4th Industrial Revolution, **House of Lords**

Member of **Lords Select Committee on Intergenerational Fairness and Provision**

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

Chancellor, **BPP University**

Consultant, **Ignite Consulting Ltd**

Diversity Adviser, **Civil Service**

Previous roles:

Executive

Lawyer, **Ashurst**

Non-executive

Non-Executive Director at the **Equality and Human Rights Commission**

Non-Executive Director, **UK Sport**

Member, **Select Committees on Digital Skills and Social Mobility, House of Lords**

Director, **Paralympic Integration at LOCOG**



Simon Bax
Non-Executive

Responsibilities and skills:

Simon brings considerable experience in the media, technology and entertainment industries, first in a financial capacity, as a qualified chartered accountant and former CFO, and then as a CEO and latterly as a Chair and non-executive director. Simon has worked in the UK and US, both in large corporations as well as two start-ups. This has included roles as CFO at Twentieth Century Fox and Pixar Animation, and as founder and CEO of Encompass Digital Media, a technology service provider to the broadcast industry.

Appointment to the Board:

5 December 2016

Term completion:

4 December 2019

Committee membership:

Audit Committee (Chair)

Current external appointments:

Chair, **Archant**

Non-Executive Director, **Inmarsat plc**

Non-Executive Director, **Staithe Holdings Limited**

Previous roles:

Executive

Founder and CEO, **Encompass Digital Media, Inc**

EVP and CFO, **Pixar Animation**

CFO, **Fox Filmed Entertainment**

CFO, **Chiat/Day, Inc**

Partner, **Stoy Hayward & Company**

Non-executive

Non-Executive Director of:

British Bobsleigh and Skeleton Association

SVG Capital plc

Fresh Ventures (Holdings) Ltd

Jamie Oliver Licensing Ltd

Pulsant Ltd

CMI Holdings BV

Chair, **WiSpire**



Althea Efunshile CBE
Non-Executive

Responsibilities and skills:

Althea is committed to the delivery of Channel 4's public service remit. She has a passion for equality and diversity, and for contributing to Channel 4's efforts to strengthen the diversity of its audiences, programming and internal organisation. She has a particular interest in the challenge of maintaining and increasing a young audience share for Channel 4, in an increasingly digital age, and across a breadth of platforms.

Althea brings expertise in: the strategic leadership of large, complex organisations; senior public sector management; arts administration; working with and for children and young people; and government relations.

Appointment to the Board:

January 2018

Term completion:

December 2021

Committee membership:

Audit Committee

Current external appointments:

Chair, **Ballet Black**

Non-Executive Director, **Goldsmiths College (University of London)**

Non-Executive Director, **University College London NHS Foundation Trust**

Previous roles:

Executive

Deputy Chief Executive, **Arts Council**

Director level Senior Civil Servant, **Department for Education**

Executive Director for Education and Culture, **London Borough of Lewisham**

The Channel 4 Board
(continued)

Non-Executive



Paul Geddes
Non-Executive

Responsibilities and skills:

Paul is the CEO of Direct Line Group, the FTSE 100 insurance group, and home of the Direct Line, Churchill, Privilege and Green Flag brands. Paul has built brands using the power of TV advertising throughout his 26-year career.

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

Paul's experience of running mass-market, multi-site and increasingly digital consumer businesses in competitive and fast-changing markets is a valuable addition to the Channel 4 Board.

Appointment to the Board:

5 December 2016

Term completion:

4 December 2019

Committee membership:

Audit Committee

Current external appointments:

CEO of **Direct Line Insurance Group plc**

Director, **Churchill Insurance Company Ltd**

Director, **DL Insurance Services Ltd**

Director, **UK Insurance Ltd**

Non-Executive Director, **Association of British Insurers**

Previous roles:

Executive

CEO, **RBS Group mainland UK retail banking**

Other senior roles in multi-channel retailing and marketing at companies including **Kingfisher**, **GUS** and **Procter & Gamble**

Non-executive

Director, **Direct Line Group Ltd**

Director, **Direct Line Insurance Ltd**

Director, **Indemnity Insurance Ltd**

Director, **The National Insurance & Guarantee Corporate Ltd**

Director, **Protection Life Company Ltd**



Uzma Hasan
Non-Executive

Responsibilities and skills:

Uzma is a multi-award-winning film producer and industry consultant with a global track record in the development, production and exploitation of feature films. She has pivoted from international executive to start-up owner and has worked across four continents with studios and independents.

She joined the Channel 4 Board with a particular focus on embracing the challenges and opportunities brought by FAANG disruptors. She brings a deep commitment to the creative industries and the ways in which cultural output can positively shape our society. She credits Channel 4-backed *My Beautiful Laundrette* as instrumental in her decision to become a filmmaker.

Appointment to the Board:

January 2018

Term completion:

December 2020

Committee membership:

None

Current external appointments:

Producer and Co-Founder, **Little House Productions**. Her latest feature film, *FirstBorn*, sold worldwide to Netflix; she is currently developing BAFTA-nominee Ritesh Batra's next film for Amazon Studios as well as the adaptation of Gautam Malkani's cult novel *Londonstani* for the BFI

Selection Committee, **British Independent Film Awards**

Non-Executive Director, **Babber Films & Chisel Films**

Trustee, **Birds Eye View**

Previous roles:

Executive

Executive Producer, **Dharam Sankat Mein** and **Flying Paper**

Producer, **The Infidel** and **FirstBorn**

Associate Producer, **Tormented**

Film Financing Consultant, **Doha Film Institute**

Head of Development, **Slingshot Studios**



Fru Hazlitt
Non-Executive

Responsibilities and skills:

Fru has spent over 25 years in the media, entertainment and technology sectors with a commercial background and extensive general management experience.

She has served as a Director of Boards – both as an Executive and as a Non-Executive Director – across a wide variety of high-profile consumer businesses.

Appointment to the Board:

January 2018

Term completion:

December 2020

Committee membership:

Remuneration Committee

Current external appointments:

Independent Director, **Merlin Entertainments**

Founder CEO, **La Piazza Group Italia**

Deputy Chair of the Board, **Downe House School**

Chair, **Downe House Foundation**

Trustee, **Merlin's Magic Wand**

Previous roles:

Executive

Managing Director of Commercial, Online and Interactive, **ITV**

Managing Director, **GCap Media**

Chief Executive, **Virgin Radio**

Managing Director, **Yahoo UK**

Non-executive

Director, **Betfair**



Tom Hooper
Non-Executive

Responsibilities and skills:

Tom brings to the Channel 4 Board three areas of relevant responsibilities and skills. First, as an Oscar-winning film and television drama director he can help Channel 4 keep creativity and innovation central to its mission as a public service broadcaster. Second, his wide experience of working in the Nations and Regions of the UK has relevance for Channel 4's plans to move parts of its operation out of London. He directed *Byker Grove* in Newcastle, *Cold Feet* in Manchester, *The Damned United* in Leeds, and is directing and executive producing Philip Pullman's *His Dark Materials* in Cardiff. Third, as a Governor of the BFI and a member of the London Coordinating Committee of the Directors' Guild of America, he has developed a strong and responsible understanding of the existential issues facing the future of the cinema and public service broadcasting today – in the age of internet streaming.

Appointment to the Board:

January 2018

Term completion:

December 2021

Committee membership:

None

Current external appointments:

Governor, **British Film Institute** (since 2011)

Previous roles:

Executive

Director of *The King's Speech*, *The Danish Girl* and *Les Misérables*. Tom won the best director Oscar for *The King's Speech*. His last three films have won a total of eight Oscars. His television work has received a number of industry awards and nominations – including Emmys and Golden Globes for *Elizabeth I* and *Longford*, both of which he directed for Channel 4.

The Channel 4 Board
(continued)

Non-Executive



Roly Keating
Non-Executive

Responsibilities and skills:

Roly brings extensive experience of public service broadcasting from his work in programme-making, editorial and senior executive roles at the BBC. His current role at the British Library provides additional perspective from another cultural organisation within the DCMS group.

Appointment to the Board:

5 December 2016

Term completion:

4 December 2019

Committee membership:

Ethics Committee

Current external appointments:

Chief Executive, **The British Library**

Chair, **Knowledge Quarter London Ltd**

Chair, **Conference of European National Librarians**

Trustee, **The British Library Trust**

Trustee, **American Trust for the British Library**

Trustee, **The Gilson Trust**

Trustee, **Friends of the National Libraries**

Trustee, **Clore Leadership Programme**

Trustee, **The Busby Trust**

Director, **Marine Cottages Residents Ltd**

Previous roles:

Executive

Director of Archive Content, **BBC**

Controller, **BBC Two and BBC Four**

Controller, **Arts Commissioning, BBC**

Head of Programming, **UKTV**

Non-executive

Trustee, **Turner Contemporary**

Board Member, **Barbican Centre**



Stewart Purvis CBE
Non-Executive

Responsibilities and skills:

Stewart has specialisms in TV journalism (as former CEO of ITN), regulation of broadcast content (as a former Ofcom Partner), and government relations (as a former adviser to DCMS).

Appointment to the Board:

1 September 2013

Term completion:

31 August 2019

Committee membership:

Remuneration Committee (Chair)

Current external appointments:

Vice-President, **Royal Television Society**

Board Member, **Brentford Supporters Trust (Bees United)**

Previous roles:

Executive

Chief Executive and Editor-in-Chief, **ITN**

President, **EuroNews**, Lyon

Editor of *Channel 4 News*, **ITN**

Partner, Content and Standards, **Ofcom**

Professor of Television Journalism, **City University London**

Non-executive

Chair, **UK Government media literacy group**

Advisor to **House of Lords Select Committee on Communications on the governance of the BBC**

Independent Chair of multi-party negotiations to progress digital radio in the UK (**DCMS**)

Member, **DCMS Advisory Committee on BBC Charter**

Visiting Professor of Broadcast Media, **Oxford University**

Trustee, **SSVC** (registered charity)

Report of the Members

Introduction

In accordance with the Companies Act 2006, the Corporate Governance Report on pages 174 to 178 and the information contained in the Strategic Report on pages 156 to 167 form part of this Report of the Members and are incorporated by reference. The Members have decided to comply with the provisions of the Companies Act 2006 to the extent that these are relevant to Channel 4 and its status as a statutory corporation.

The Members present their report and the audited financial statements for the year ended 31 December 2018. Details of the Executive and Non-Executive Members are disclosed on pages 168 to 171.

The Chair and Chief Executive present their statements on pages 4 to 7 and 8 to 12 respectively. A review of the Group, outlining its business model, development and performance during the financial year, together with its position at 31 December 2018 and financial outlook is provided in the Strategic Report on pages 156 to 167. The Strategic Report also outlines the principal risks and uncertainties facing Channel 4.

The Group’s financial statements are set out on pages 198 to 225 and Channel 4’s financial statements are set out on pages 226 to 231.

Legal status

Channel Four Television Corporation (‘Channel 4’) is a statutory corporation, without shareholders, established under the terms of the Broadcasting Act 1990.

Regulatory environment

Under the regulatory model, Channel 4 receives access to the digital spectrum and prominence on the digital terrestrial television platform. In return, Channel 4 must fulfil its public service remit obligations as set out in the 1990 and 1996 Broadcasting Acts and as amended by the Communications Act 2003, the Digital Economy Act 2010 and the ten-year licence issued by Ofcom, which came into effect in January 2015. We are prohibited by legislation from producing programmes to be broadcast on the main Channel 4 service and there is a statutory limit of £200 million on the amount of debt we can raise.

Disclosure of information to the auditor

Each of the persons who is a Member at the date of approval of this Annual Report confirms that:

- so far as the Member is aware, there is no relevant audit information of which the Group’s auditor is unaware; and
- the Member has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group’s auditor is aware of that information.

Auditor

Deloitte LLP has been appointed as auditor to Channel 4 with the approval of the Secretary of State for Digital, Culture, Media and Sport.

Going concern

The Group’s business activities, the factors likely to affect its future development and performance, the financial position of the Group, its cashflows and Viability Statement are set out in the Strategic Report. 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.

The Group has sufficient financial resources and, based on normal business planning and control procedures and additional consideration given to the risks to the business posed by Brexit, the Members believe that the Group is well placed to manage its business risks. The Members have a reasonable expectation that the Group will continue in operational existence for the foreseeable future, and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Members’ interests

Channel 4 fully embraces the principles of good corporate governance and, to this end, makes full disclosure of all Members’ interests. During 2018, Members, in addition to their salaries, benefits and/or fees as disclosed on page 185, were interested in the following transactions negotiated at arm’s length on normal commercial terms with the Group:

Dan Brooke is a Director of Creative Diversity Network Limited. Channel 4 paid £82,800 to Creative Diversity Network Limited in 2018.

Stewart Purvis is Vice President of the Royal Television Society. During 2018, Channel 4 paid £29,341 to the Royal Television Society.

Althea Efunshile is a Director of Goldsmiths College (University of London). During 2018, Channel 4 paid £750 to Goldsmiths College.

Uzma Hasan is a member of the Selection Committee of the British Independent Film Awards. During 2018, Channel 4 paid £19,800 to the British Independent Film Awards.

Tom Hooper is a Governor at the British Film Institute. During 2018, Channel 4 paid £26,569 to and received £1,426 from the British Film Institute.

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.

Employment policy for people with disabilities

Channel 4 is committed to recruiting, developing and retaining employees with disabilities. We have built on initiatives over recent years in 2018 by acting as a ‘Disability Confident Leader’ as part of a government scheme and offering a guaranteed interview to all candidates with a disability who meet the essential criteria for a role. Our initiatives in these areas are detailed further on page 162.

Providing information to employees

Employees are provided with information on matters of concern to them via presentations by the Executive team in regular all-staff meetings and by email communication when appropriate.

Report of the Members (continued)

There is also an employee representative committee of individuals across the Corporation who represent all staff and consult with senior management on matters that affect staff.

Responsibility statement of the Members in respect of the annual financial statements

The Members are responsible for preparing the Annual Report and the Group’s and the Corporation’s financial statements in accordance with applicable law and regulations. The Corporation is required by its governing legislation (the Broadcasting Act 1990) to keep proper accounts and proper records in relation to the accounts, and to prepare financial statements in respect of each financial year. Under that law, the Members have elected to prepare the financial statements of the Group in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the EU and the requirements of Chapter 4 of Part 15 of the Companies Act 2006, and elected to prepare the financial statements of the Corporation in accordance with the Financial Reporting Standard (FRS) 101 ‘Reduced Disclosure Framework’.

The Members accept responsibility for approving the financial statements only after they are satisfied that, when taken as a whole, they are fair, balanced and understandable, and provide the information necessary to assess the Corporation’s performance, business model and strategy. In preparing the parent company financial statements, the Members:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard (IAS) 1 requires that Members:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- make an assessment of the Group’s ability to continue as a going concern.

The Members have accepted responsibility for keeping proper accounting records that are sufficient to show and explain the Group’s and the Corporation’s transactions and to disclose with reasonable accuracy at any time the financial position of the Group and the Corporation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Members have voluntarily decided to prepare a Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, made under the Companies Act 2006, as if those requirements were to apply to the Group and the Corporation.

The Members are responsible for ensuring compliance with the requirements of Schedule 9 of the Communications Act 2003, as set out on page 177. Following the Digital Economy Act 2010, revised arrangements, approved by Ofcom, were implemented from 15 September 2016.

The Members are responsible for the maintenance and integrity of the corporate and financial information included on the Corporation’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the Group and the Corporation and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, and the Corporation and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Corporation’s performance, business model and strategy in accordance with the UK Corporate Governance Code.

By Order of the Board

Charles Gurassa
Chair
3 April 2019

Corporate governance

The Board is committed to high standards of corporate governance. The Members 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 2016, and the disclosure and transparency provisions of the Listing Rules of the Financial Conduct Authority. Channel 4's status as a statutory corporation without shareholders means those provisions concerning shareholders' interests are not directly applicable.

The Board considers that, throughout the year, it was compliant with the relevant provisions of the UK Corporate Governance Code. The code can be accessed at www.frc.org.uk. The Board have reviewed the updated UK Corporate Governance Code, published in June 2018 and effective from 2019, and will ensure our 2019 Annual Report and corporate governance framework demonstrate compliance with the revised provisions, where applicable.

The Board

Channel Four Television Corporation is controlled through its Board of Members. The Board's main role is to discharge Channel 4's statutory functions and ensure the fulfilment of the public service remit in accordance with all applicable laws and regulations.

The Board meets at least nine times a year and has a schedule of matters reserved for its approval as noted in the table below. In addition, as part of its overall responsibility to ensure the fulfilment of Channel 4's statutory duties and functions, the Board continues to focus on ensuring the successful delivery of Channel 4's remit and other public service responsibilities. Content output and plans for future investment of the content budget are regularly discussed as part of the overall Board agenda, as are regular updates on audience reactions to Channel 4's content. The Board also approves Channel 4's proposed Statement of Media Content Policy (incorporating the Statement of Programme Policy and Review) prior to publication.

Board sub-committees

The Board has an established Audit Committee, Remuneration Committee and Ethics Committee to assist with the discharge of its functions and has delegated each certain responsibilities, as set out below.

Board nominations

Given its constitution and specific statutory provisions regarding the appointment of Members, Channel 4 does not have a formal Nominations Committee. Instead, there are formal nominations procedures which are described below. However, in 2017, the Chairman set up a temporary Nominations Sub-Committee of the Board to oversee the process of appointing a new Chief Executive following David Abraham's decision to step down. This committee was disbanded in 2018.

The following formal nomination procedures are in place:

- Non-Executive Members are appointed for fixed terms by Ofcom following consultation with Channel 4's Chair and the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Chair is appointed by Ofcom for a fixed term with the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Deputy Chair is appointed by Ofcom
- The Chief Executive is appointed by the Board
- Other Executive Members are appointed to the Board after nomination by the Chief Executive and the Chair acting jointly

We work with Ofcom to ensure that each Board appointment brings to the Board the skills and experience that are required to meet Channel 4's needs and contribute to its long-term success.

The division of responsibilities between the Chair of the Board and the Chief Executive is clearly defined as described on the following page.

Corporate governance (continued)

The role of the Chair

The Chair is responsible for:

- Leading the Board in setting the values and standards of Channel 4
- Maintaining a relationship of trust with and between the Executive and Non-Executive Members
- Leadership of the Board, ensuring its effectiveness on all aspects of its role, including the setting of the agenda
- Ensuring that all Members receive accurate, timely and clear information
- Ensuring that all Members continually update their skills and the knowledge and familiarity with Channel 4 required to fulfil their role both on the Board and on committees
- Facilitating the effective contribution of Non-Executive Members and ensuring constructive relations between Executive and Non-Executive Members
- Undertaking an annual evaluation of Board and committee performance

Charles Gurassa was appointed Chair for an initial three-year term from 28 January 2016 and, during 2018, was reappointed for a further three-year term to 27 January 2022.

The role of the Chief Executive

The role of the Chief Executive is to run the business of Channel 4 under the delegated authority from the Board, to implement the policies and strategy agreed by the Board, and to communicate with Ofcom and other key stakeholders.

During 2018, Alex Mahon continued as Chief Executive.

Deputy Chair and Senior Independent Member

Lord Chris Holmes was appointed Deputy Chair and Senior Independent Member on 11 June 2018. Following the conclusion of MT Rainey's term as Deputy Chair and Senior Independent Member on 31 December 2017, the roles were vacant until Lord Chris Holmes' appointment.

Members and Members' independence

The 2018 Board Members and their skills, experience and responsibilities are set out on pages 168 to 171.

The Non-Executive Members constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The Non-Executive Members are of sufficient calibre and number that their views carry significant weight in the Board's decision-making. The Members are given access to independent professional advice at the Group's expense when the Members deem it is necessary in order for them to carry out their responsibilities.

Details of the current Chair's professional commitments are included in his biography. These do not adversely affect his role with Channel 4.

The Board considers all its Non-Executive Members to be independent in character and judgement. At the time of this report, no Non-Executive Member:

- Has been an employee of the Group within the past five years

- Has, or has had within the past three years, a material business relationship with the Group (although attention is drawn to the related party transactions on page 172)
- 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, with the exception of Charles Gurassa and Fru Hazlitt who are both on the board of Merlin Entertainments plc
- 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 Executive Committees and the powers delegated to those committees, the Group's corporate governance practices and procedures including the powers reserved to the Group's most senior executives, and the latest financial information about the Group. This is supplemented by meetings with members of the senior management team. On appointment, all members are advised that they have access to advice and the services of the Chief of Staff. Throughout their period in office the Members are continually updated on the Group's business and environment and other changes affecting the Group and the industry it operates in as a whole, by written briefings and meetings with senior executives.

A formal Board effectiveness review that uses a detailed questionnaire to allow Board Members to express both qualitative and quantitative views on Board performance is undertaken annually. In 2018, the Board Secretary conducted a review of the Board and of the Audit and Remuneration Committees using the tools and approach designed in 2017 by an independent reviewer, Independent Audit. Findings and analysis were presented to the Board by the Board Secretary and discussed at the February 2018 Board meeting. Committees also held their own discussions on the findings. Overall, the Board and Committees were found to be performing well. Proposals for actions to ensure continuous improvement of the Board and Committees were tabled and agreed. Areas for focus that were identified included reserving time to discuss long-term strategy in the context of a changing market landscape, and increasing opportunity for Non-Executive Members to be engaged with the business and its culture.

Board information

Regular reports and papers are circulated to the Members before Board and committee meetings. These papers are supplemented by information specifically requested by the Members from time to time. A monthly performance pack is prepared by the Chief Operating Officer 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 Chief of Staff'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 Deputy Controller of Corporate Legal is responsible for advising the Board through the Chair on all governance matters.

Corporate governance
(continued)

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)	Ethics Committee meetings attended (invited)
Charles Gurassa	13 (13)	3 (4) ¹	5 (6) ¹	–
Lord Chris Holmes	12 (13)	–	6 (6)	–
Simon Bax	13 (13)	4 (4)	–	–
Althea Efunshile	11 (13)	3 (4)	–	–
Paul Geddes	12 (13)	3 (4)	–	–
Uzma Hasan	13 (13)	–	–	–
Fru Hazlitt	12 (13)	–	–	–
Tom Hooper	9 (13)	–	–	–
Roly Keating	12 (13)	–	–	–
Stewart Purvis	13 (13)	–	6 (6)	–
Alex Mahon	12 (12)	4 (4) ¹	5 (5) ¹	–
Jonathan Allan	11 (11)	–	–	–
Ian Katz	11 (11)	–	–	–
Dan Brooke	10 (10)	–	–	–

1 The Chair and the Chief Executive attended Audit Committee and Remuneration Committee meetings but were not members of those committees.

The Board meets at least nine times a year; four extraordinary sessions were also held in 2018. The Non-Executives meet without management twice a year, and meet with just the Chief Executive present once a year.

The Ethics Committee did not meet in 2018.

Board diversity

As shown on pages 70 to 77, diversity is at the heart of Channel 4 and this is equally important at the most senior levels of the organisation as at entry-level positions. At March 2019, the Channel 4 Board comprised three Executive Members and ten Non-Executive Members. As stated on page 174, Non-Executive Members are appointed by Ofcom, and Executive Members by the Chief Executive and the Chair.

At 31 December 2018, one of the three Executive Members was a woman (December 2017: one of four). At 31 December 2018, the Board comprised four women and nine men, with the four women making up 31% of the Board membership (December 2017: 29%).

At 31 December 2018, the Board comprised two Members who were from BAME backgrounds (December 2017: two).

Internal control

In accordance with good corporate governance practice, the Board:

- Is responsible for maintaining sound risk management and internal control systems, ensuring they are effective in identifying key risks and reporting on the adequacy of actions to respond to and manage those risks
- Seeks regular assurance and receives regular reports that enable it to satisfy itself that the system is functioning effectively

- Is responsible for the Group’s process for the preparation of the consolidated accounts

The Board is not responsible for the internal control environment or corporate governance for any of the Group’s joint ventures or associates.

Control environment

Clear management responsibilities are established for the Executive Members. The Corporation has a Code of Conduct and a suite of policies and procedures which encompass ethical behaviour, conduct and internal controls.

The Audit Committee satisfies itself that internal controls are operating throughout the year based on a programme of internal audit reviews, which are reported to the Committee at their quarterly meetings.

All expenditure is authorised in line with a delegated authorities framework. An electronic invoice authorisation system is used to further enhance the control environment. Authorisation and payment duties are strictly segregated, and bank signatory limits are clearly defined by bank mandate.

Risk management

In addition to its requirements under Schedule 9 of the Communications Act 2003 set out below, the Board and management have a clear responsibility for the identification of risks facing the Group and for putting in place procedures to monitor and mitigate such risks. Channel 4 has a high appetite for creative risk-taking, giving rise to potentially litigious content. The Group has a low appetite for operational risks. The Board and Executive team operate a risk management framework for identifying, evaluating and managing (rather than eliminating) significant risks faced by Channel 4. Material controls, including financial, operational and compliance controls, are monitored and reviewed by senior management, Business Assurance and the Audit Committee. Remedial plans are put in place where internal reviews identify control weaknesses or opportunities for improvement. Serious control weakness (if any) are reported to the Board and appropriate actions taken. This framework has been developed in accordance with relevant good practice guidance on internal controls and risk management. 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 165 to 166.

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.

Corporate governance
(continued)

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 Ofcom licence, which exists to ensure that difficult or fine-cut decisions on editorial and compliance issues are properly considered by the most appropriately experienced and senior editorial executives and programme lawyers within Channel 4.

Reporting to the Board

Information is provided to the Members in advance of each Board or Committee meeting. The information provided over the course of the year includes strategic plans, detailed annual budgets, reforecasts and key projects and initiatives as well as monthly performance packs. Amongst other things, the monthly performance packs monitor progress against the agreed objectives for the year, and compare actual performance metrics, income and expenditure to date with budget and prior year. Explanations are provided for significant variances to facilitate discussion and review at the Board meetings.

The Members also receive information in between Board meetings as appropriate, including weekly risk and viewing updates. The Board Secretary is responsible for the provision of information to the Members.

Pension plan

There were six Trustees of the Channel Four Television Staff Pension Plan at 31 December 2018. The Trustees, who meet several times each year, also met the Plan’s investment managers: Legal & General Assurance (Pensions Management) Limited, Veritas Asset Management LLP, BMO Global Asset Management, GMO UK Limited, JP Morgan Asset Management, Ruffer LLP, IFM Investors and Just Retirement Limited during the year.

During the year, the Trustees were as follows:

Channel 4 Executives	
Glyn Isherwood ¹	Group Finance Director
Martin Baker	Director of Commercial Affairs
Keith Underwood ²	Chief Operating Officer
Channel 4 Non-Executive Trustees	
Lord Chris Holmes MBE ³	Non-Executive Member
Member-nominated Trustees	
Neil Pepin	Deputy Head of Legal & Compliance
Rebecca O'Connor	Senior Production Finance Manager
Dinesh Visavadia, Independent Trustee Services Limited	Independent Corporate Trustee

1 Resigned as a Trustee on 30 March 2018
2 Appointed as a Trustee on 31 March 2018
3 Appointed as a Trustee on 10 September 2018

Further details of the Channel Four Television Staff Pension Plan are provided in note 18 to the financial statements.

Memorandum of Understanding

During 2018, Channel 4 entered into a Memorandum of Understanding (MoU) with the Department for Digital, Culture, Media & Sport (DCMS). This clarified the requirements for Channel 4 to provide information to DCMS and to secure DCMS approval in certain limited cases outside the normal course of Channel 4’s business.

Requirements of Schedule 9 of the Communications Act 2003 (the ‘Act’)

The Act requires Channel 4 to submit proposals to Ofcom detailing the arrangements under which it proposes to secure, so far as reasonably practicable, that all significant risks to the primary function are identified, evaluated and properly managed. These proposals are referred to as ‘the Arrangements’.

In addition, the Arrangements must include proposals which Channel 4 considers appropriate for securing the transparency objectives as set out in the Act, namely:

- an appropriate financial and organisational separation between the activities of Channel 4 that relate to the carrying out of their primary functions and their other activities; and
- an appropriate degree of transparency in financial and other reporting where resources are shared between separated activities or where there is some other financial or practical connection between otherwise separated activities.

The Act sets out the matters to which the submitted Arrangements may relate. These include the procedures and other practices to be followed by Channel 4 in the case of the initiation and management of new ventures, the exercise of particular powers, the assessment of risks, the imposition of charges and the keeping of records.

The Act requires Channel 4 to put in place regular checks to confirm that Channel 4 is complying with the Arrangements. The Arrangements proposed by Channel 4 must contain provision for compliance, with the Arrangements to be checked regularly by a person (other than Channel 4’s auditor) appointed in accordance with that provision. Revised Arrangements came into force on 15 September 2016 .

Channel 4 appointed BDO LLP to review compliance with the Arrangements. Copies of the Arrangements are available from the Board Secretary.

Corporate governance (continued)

Independent Reporting Accountant's report to Channel Four Television Corporation ('the Corporation') and the Office of Communications ('Ofcom')

We have performed a review of the Corporation's compliance during the year ended 31 December 2018 with the arrangements agreed by the Corporation and the Office of Communications ('Ofcom') in 2016 under Section 2 of Schedule 9 of the Communications Act 2003.

This report is made solely to Channel Four Television Corporation and Ofcom in accordance with our letter of engagement dated 21 March 2019 and in order to (a) allow the Corporation to meet its obligations under the Licence and Schedule 9 of the Communications Act 2003 to procure such reports and (b) to facilitate the carrying out by Ofcom of its regulatory functions. Our work has been undertaken so that we might state to the Corporation and Ofcom those matters we are required to state to them in a reporting accountant's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and Ofcom (in accordance with our Regulator's Contract with Ofcom dated 21 March 2019), for our work, for this report, or for the opinions we have formed.

Respective responsibilities of Channel Four Television Corporation and reporting accountants

The Corporation has agreed arrangements with Ofcom to secure the following objectives (the 'Objectives') as set out in Schedule 9 of the Communications Act 2003:

- So far as reasonably practicable, secure that all significant risks that their other activities will have an adverse effect on the carrying out, during the relevant licence period, of their primary functions are:
 - a) identified;
 - b) evaluated; and
 - c) properly managed.
- The transparency objectives of securing:
 - a) An appropriate financial and organisational separation between the activities of the Corporation that relate to the carrying out of their primary functions and their other activities; and
 - b) An appropriate degree of transparency in financial and other reporting where resources are shared between separate activities or where there is some other financial or practical connection between otherwise separated activities.

The arrangements between the Corporation and Ofcom are available from https://www.ofcom.org.uk/_data/assets/pdf_file/0031/88519/Channel-4-Schedule-9-Arrangements.pdf. The responsibility of the Corporation in terms of Schedule 9 of the Communications Act 2003 is to act in accordance with these arrangements throughout the review period.

Our responsibility is to check whether the Corporation has complied with these arrangements during the year ended 31 December 2018 and report to you our independent conclusion as to whether they have done so.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control. We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

Basis of opinion

We carried out our work in accordance with International Standard on Assurance Engagements 3000 'Assurance Engagements'. Our work consisted of:

- Confirming our understanding of the Corporation and the internal procedures and controls in place made to comply with the arrangements made under Schedule 9 of the Communications Act 2003 through enquiry of senior management and other appropriate personnel; and
- Testing the operation of the relevant internal procedures and controls and examining of the financial records relating to the above.

Our work was carried out based on the internal procedures and controls in place to comply with the arrangements during the year ended 31 December 2018. 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 2018.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Channel Four Television Corporation and Ofcom, for any purpose or in any context. Any party other than Channel Four Television Corporation and Ofcom who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Channel Four Television Corporation and Ofcom for our work, for this report, or for the conclusions we have reached.

BDO LLP

Chartered Accountants
London
3 April 2019

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered number OC305127)

Audit Committee Report

Chair's introduction

During the year, the Committee has continued to monitor our key audit risks and judgements, while also reviewing wider business risks arising in the Corporation's activities to ensure risks are identified and managed appropriately and that robust mitigating controls are in place. This is as important as ever given the range and scale of risks facing the Corporation as disclosed in the Strategic Report on pages 165 to 166.

Other considerations of the Committee in 2018 have included assessing the impact of new accounting standards in respect of revenue recognition and leases and the accounting treatment and assumptions in relation to the acquisition of The Box Plus Network Limited on 31 December 2018.

Composition

During 2018 the Audit Committee comprised Simon Bax (Chair), Paul Geddes and Althea Efunshile. All the members of the Committee are Independent Non-Executive Members. As disclosed on page 169 Simon Bax is a qualified accountant and has held roles as CFO at Twentieth Century Fox and Pixar Animations and brings recent and relevant financial experience to the Committee. Further details of the Members of the Audit Committee can be found on pages 168 to 171.

The Committee met four times during 2018. Details of attendance at Audit Committee meetings by the Members of the Committee are disclosed in the Corporate Governance Report on page 176.

At the Committee Chair's invitation, the Chair of the Board, the Chief Executive, the Chief Operating Officer, the Financial Controller, the Head of Business Assurance, the Chief of Staff and the external audit partner (among others) attended Committee meetings. The external audit partner and Head of Business Assurance have direct access to the Chair of the Audit Committee.

Role of the Audit Committee

The Committee monitors the effectiveness of the Group's financial reporting, systems of internal control and risk management and the integrity of the Group's external and internal audit processes.

Responsibilities

As noted in the Corporate Governance Report on page 174, the Board has discharged certain responsibilities to the Audit Committee:

- To monitor the integrity of the financial statements of Channel 4 and any formal announcements relating to Channel 4's financial performance and reviewing significant financial reporting judgements contained in them
- To review the Corporation's internal financial controls and internal control and risk management systems
- To monitor the Corporation's whistleblowing procedures, ensuring that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, and with suitable follow-up action
- To review the findings of Business Assurance reviews and to monitor and review the effectiveness of Channel 4's Business Assurance function
- To make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- To develop and implement policy on the engagement of the external auditor to supply non-audit services including the pre-approval of such services, taking into account ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters where it considers that action or improvement is needed and making recommendations on steps to be taken
- To update the Board about the Audit Committee's activities and ensure the Board is aware of matters that may have a significant financial impact on Channel 4

Audit Committee Report
(continued)

Activities

The Committee discharged its key responsibilities in 2018 and 2019 to date as set out below.

January 2018 meeting

- Considered the disclosure of the Corporation’s key audit risks and Viability Statement in the 2017 Annual Report and approved the preparation of the financial statements on a going concern basis
- Confirmed the key audit risks for 2018 with the external auditor
- Discussed the impact of IFRS 15 ‘Revenue from Contracts with Customers’ on the Corporation’s revenue recognition policies from 2018 onwards
- Reviewed and approved the Business Assurance plan for 2018

March 2018 meeting

- Reviewed the 2017 financial statements and other sections of the Annual Report including the Statement of Media Content Policy and discussed whether these were fair, balanced and understandable
- Reviewed the Corporation’s accounting policies in respect of the key audit risks, significant accounting and reporting issues and a detailed financial report in respect of 2017 and discussed matters arising with the external auditor
- Reviewed the findings of the independent reporting accountants concerning compliance with the arrangements under Schedule 9 of the Communications Act 2003 in relation to 2017

June 2018 meeting

- Considered progress and risk updates on key Technology projects
- Reviewed the Group’s payment terms and working capital management
- Approved Channel 4’s annual treasury policy, updated to reflect the revolving credit facility entered into in 2018
- Considered and approved updates to the delegated authorities matrix for expenditure approval

September 2018 meeting

- Reviewed the Corporation’s accounting policies in respect of the key audit risks, significant accounting and reporting issues and a detailed financial report in respect of the half year to 30 June 2018
- Considered the key audit risks to be disclosed in the 2018 Annual Report
- Discussed the audit plan for 2018 with the external auditor
- Considered the impact of IFRS 9 ‘Financial Instruments’ on the Commercial Growth Fund from 2018 and the impact of IFRS 16 Leases on the Corporation’s financial statements from 2019
- Approved management’s proposal to remove the operating segments structure and report Channel 4’s results in aggregate and without segments in the 2018 Annual Report
- Considered the tax affairs and arrangements of the Corporation ahead of the annual Senior Accounting Officer certification to HMRC, including a review of VAT processes in preparation for Making Tax Digital, and approved the Corporation’s updated tax strategy

January 2019 meeting

- Confirmed with the external auditor the key audit risks to be disclosed in the 2018 Annual Report and discussed the external auditor’s progress to date on the audit for the year ended 31 December 2018
- Considered the accounting treatment in respect of the acquisition of The Box Plus Network Limited (‘Box’) on 31 December 2018
- Considered the Viability Statement in the 2018 Annual Report, particularly in light of Brexit uncertainty, and assessed the appropriateness of the going concern basis for preparation of the 2018 financial statements
- Reviewed the principal risks and uncertainties facing the Corporation and the mitigating actions in place. Reviewed and approved changes to our risk management process, including criteria implemented to assess risk likelihood and impact.
- Reviewed and approved the Business Assurance plan for 2019

March 2019 meeting

- Reviewed the 2018 financial statements and other sections of the Annual Report including the Statement of Media Content Policy and discussed whether these were fair, balanced and understandable to stakeholders
- Reviewed the Corporation’s accounting policies in respect of the key audit risks, significant accounting and reporting issues and a detailed financial report in respect of 2018 and discussed these with the external auditor
- Considered the report of the external auditors on their key findings for the 2018 audit
- Reviewed the findings of the independent reporting accountants concerning compliance with the arrangements under Schedule 9 of the Communications Act 2003 in relation to 2018

Key audit risks

After discussions with both management and the external auditor, the Audit Committee determined that the key risks in relation to misstatement of the Corporation’s financial statements were as follows:

- Revenue recognition
- Acquisition accounting for Box

These issues were discussed while the audit strategy was being reviewed and at the conclusion of the audit of these financial statements.

Revenue recognition

Advertising revenue is recognised on transmission of the advertisement while sponsorship revenue is recognised on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign. Although revenue is processed through automated transactional processes and the general accounting policy is not complex, there are occasions where judgement is required around the timing and value of revenue.

Certain advertising revenues are recognised from barter and other similar contractual arrangements and revenues are measured with reference to the fair value of the goods or services received. Judgement is required in assessing the fair value of the goods or services received.

Audit Committee Report
(continued)

Total revenue for 2018 was £975 million as detailed in note 1 to the financial statements. The revenue recognition accounting policies of the Corporation are disclosed on page 203. The accounting treatment for new or unusual revenue contracts is reviewed and presented by management to the Audit Committee.

The Committee reviews the accounting treatment for any material revenue streams where significant judgement is applied. Management also provided papers explaining the accounting treatment to the auditor during the 2018 financial audit. The Committee has reviewed the results of management’s judgements in respect of revenue recognition at the balance sheet date, and is satisfied that the procedures performed and the assumptions made were robust.

On the basis of its audit work, the auditor considered that the value of revenue recognised was appropriate in the context of the materiality of the financial statements as a whole.

The Audit Committee has also considered the impact and disclosure requirements of IFRS 15 ‘Revenue from Contracts with Customers’ which became effective from 1 January 2018, and is satisfied that the Corporation’s revenue recognition policies are in line with the new standard and the disclosure within this Annual Report is appropriate.

Acquisition accounting for Box

On 31 December 2018, the Group acquired the remaining 50% of Box. This resulted in the remeasurement and disposal of the existing joint venture investment based on its fair value, and the subsequent acquisition of 100% of Box. The assets and liabilities of Box were consolidated as part of the Group as at 31 December 2018 in line with IFRS 3 ‘Business Combinations’. The transaction resulted in a fair value loss on the remeasurement of the joint venture, and a gain on bargain purchase in respect of the full acquisition, both recognised on the face of the income statement for the year ended 31 December 2018 on page 198.

Management instructed an external valuation specialist to provide an estimate of the fair value of these items as at the acquisition date based on forecast future cashflows provided by management. A significant portion of the fair value attributed to the investment is in relation to intangible assets not previously recorded in Box’s financial statements (predominantly network distribution rights). An audit risk arises as the valuation of these items is judgemental and driven by assumptions made by management, with observable inputs to assess the fair value of these intangibles not readily available.

The Committee reviewed this transaction, including the proposed accounting treatment of the fair value loss on the existing investment, the gain on bargain purchase of the full business and the fair value of the network distribution rights arising on acquisition. The Committee also considered key management assumptions and the complexity associated with the investment valuation and is satisfied that the accounting treatment applied is appropriate.

On the basis of its audit work, the auditor considered that the value of intangible assets recognised and the gain on bargain purchase was appropriate in the context of the materiality of the financial statements as a whole.

Other risks

The external auditor confirmed that amortisation of programme and film rights has been removed as a significant risk in 2018, having previously been treated as such in 2017.

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 auditor reported to the Committee any misstatements that it found in the course of their work. No material misstatements remain unadjusted.

After reviewing the presentations and reports from management and consulting where necessary with the auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect to the amounts reported and the disclosures. The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Fair, balanced and understandable

The Audit Committee has satisfied itself that the Annual Report and financial statements, when considered as a whole, are fair, balanced and understandable and provide the information necessary for stakeholders to assess the Corporation’s performance, business model and strategy.

External audit

Audit tender

As disclosed in the 2017 Annual Report, during 2017, Deloitte LLP was appointed as external auditor for the audit of the financial statements for the year ending 31 December 2017. Kate Houldsworth began her tenure as audit partner in 2017. The Audit Committee does not expect to carry out an audit tender process in the short term, and anticipates that Deloitte LLP will continue as auditor for the foreseeable future.

The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professional scepticism.

Auditor independence

Channel 4 will not use its external auditor to provide other services unless it is efficient and effective to do so and authorised by the Chair of the Audit Committee. The Committee has also taken action to ensure the objectivity and independence of the external auditor is maintained. To discharge this responsibility, the Committee has:

- approved the proposed audit fee and scope of the audit;
- reviewed all non-audit fees payable to the Group’s external auditor; and
- reviewed Deloitte LLP’s annual statement to the Audit Committee to confirm its independence within the meaning of regulatory and professional requirements.

A summary of the fees earned by Deloitte LLP in respect of all services provided in 2018 to the Corporation is shown in note 3 to the financial statements. Other services provided by Deloitte LLP during 2018 relate to certain permitted advisory services which the Committee considered to be appropriate.

Audit Committee Report (continued)

Audit effectiveness

The Committee has reviewed the external audit process and has satisfied itself that it is effective by reviewing:

- the external auditor’s plan for the audit of the Group’s accounts, including the key audit risks identified above;
- the external auditor’s reports on the Group’s draft financial statements for the year ended 31 December 2018;
- the conduct of the audit through enquiries with management;
- the robustness and perceptiveness of the external auditor in their handling of key accounting and audit judgements identified and in responding to questions in one-on-one meetings; and
- the effectiveness of management in preparing and carrying out the audit and providing the external auditor with timely information.

Business Assurance

The Corporation has a Business Assurance function and the Head of Business Assurance reports jointly to the Chief Operating Officer and the Chair of the Audit Committee.

During 2018, the Corporation recruited a new Head of Business Assurance. 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. As noted on page 180, key areas of work included cloud computing, cashflow and post-investment reviews.

The Head of Business Assurance is responsible for coordinating the risk management framework for the Group and for taking a risk-based approach when setting out the Business Assurance plan for the year. To provide a wide range of expertise across a number of specialist areas, the Head of Business Assurance supplements resources by bringing in specialist expertise from PwC. Whistleblowing procedures are led by the Head of Business Assurance and reported to the Audit Committee.

By Order of the Board

Simon Bax

Chair of the Audit Committee
3 April 2019

Members' Remuneration Report

Chair's introduction

During the year, the Committee has focused on managing remuneration decisions in the context of uncertainty surrounding Brexit and balancing this with fair reward decisions for staff in a year of significant change while we implement our 4 All The UK programme in 2019.

In addition, a significant activity of the Committee was gender and BAME pay gap reporting, ensuring a level of transparency and assurance around the disclosure, understanding key drivers and consideration of future actions.

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 2018. It discloses the remuneration policy and remuneration details for the Executive and Non-Executive Members of the Corporation. It has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. Channel 4's status as a statutory corporation without shareholders means these provisions are not all directly applicable, but the Members have decided to comply voluntarily with the provisions to the extent that they are relevant to Channel 4, in line with the Board's commitment to high standards of corporate governance.

The report is set out in three sections: the statement by the Chair of the Remuneration Committee, the annual report on remuneration, and the policy report. The annual report on remuneration provides details on remuneration relating to 2018 and other information required by the Regulations.

The Companies Act 2006 requires the auditor to report on certain parts of the Members' Remuneration Report and to state whether, in its opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in the Auditor's Report. The statement by the Chair of the Remuneration Committee and the policy report are not subject to audit.

The Remuneration Committee oversees all aspects of pay for the Executive Members and staff of Channel 4, reviewing proposals for the overall annual pay awards and variable pay schemes applicable to all staff, and the details of remuneration packages for the Executive team. The Committee's recommendations and decisions in 2018 reflect its remuneration policy, which is designed to enable Channel 4 to attract, motivate and retain high-calibre staff by offering both fixed and variable pay to reward commercial and creative success, while being sensitive to Channel 4's position as a public service broadcaster.

Where Executive Members or senior management are involved in advising or supporting the Remuneration Committee, care is taken to recognise and avoid conflicts of interest. No Executive Members attend meetings of the Remuneration Committee at times when any aspect of his or her individual remuneration, benefits or terms of employment are being discussed.

Composition of the Remuneration Committee

During 2018, the Remuneration Committee comprised Stewart Purvis (Chair), Lord Chris Holmes and Fru Hazlitt. All the members of the Committee are Independent Non-Executive members. The Chair of the Board, the Chief Executive, the Chief Human Resources Officer, the Chief Operating Officer and the Chief of Staff attend meetings as appropriate.

Members’ Remuneration Report
(continued)

Responsibilities of the Remuneration Committee
The Committee’s principal responsibilities are:

- to recommend to the Board the level of any average annual salary increases and variable pay awards and the structure of remuneration;
- to recommend to the Board the structure of the annual Corporate Variable Pay and Advertising Sales Schemes and to review progress against the targets set for the schemes;
- to review any other aspect of HR strategy or performance as appropriate; and
- to review any other significant change in Channel 4’s remuneration arrangements and policies.

The Chair of the Remuneration Committee reports to the Board on the Remuneration Committee’s discussions and recommendations, and brings to the Board’s attention any matters of an unusual or sensitive nature.

Activities of the Remuneration Committee
The Committee’s work in 2018 and 2019 to date included making an award recommendation to the Board for the Corporate Variable Pay Scheme in respect of 2018 and reviewing the structure and appropriateness of the Corporate Variable Pay and Advertising Sales Schemes for 2019:

- The variable pay award for 2018 and the details of the Corporate Variable Pay Scheme are detailed on pages 186 to 187.
- The Remuneration Committee agreed that the Corporate Variable Pay Scheme for 2019 will continue to be focused on creative achievement and financial sustainability. The Committee continue to develop the structure of the scheme and reviewed the corporate objectives for 2019 to ensure performance achievement was appropriately linked to scheme rewards
- The Remuneration Committee reviewed and adjusted the Advertising Sales Scheme for 2018 and 2019 to ensure staff participating in it were appropriately incentivised

In January 2018, the Committee agreed that an average pay award of 2.5% would be made to all staff effective 1 April 2018.

In July 2018, the Committee updated and approved the Remuneration Committee Terms of Reference to reflect the revised UK Corporate Governance Code.

In August 2018, the Committee reviewed and approved all HR and staff policies in the context of the 4 All The UK programme including relocation and pay principles.

In January 2019, after careful consideration and review, the Committee agreed that a pay award at an average of 2% would be made to all staff effective 1 April 2019.

Throughout 2018, the Committee agreed adjustments to existing Executive remuneration in light of increased responsibilities and agreed remuneration for new Executive posts.

Gender and BAME Pay Report 2018
In March 2018, Channel 4 published its first Gender Pay Report. Driven by our commitment to inclusion and diversity, we have also chosen to be transparent about our BAME pay gap and bonus gap, and expanded the scope of our report to include the publication of BAME data in 2018.

The ‘Channel 4 Gender and BAME Pay Report 2018’ was published in October 2018 and revealed a mean gender pay gap of 22.6% as at March 2018 (March 2017: 28.6%). The gap continues to be driven by two key factors. Firstly, there are significantly more women than men in the lowest paid quartiles and, secondly, the majority of employees in the highest-paid quartile are male. The reduction in our latest gender pay gap is the consequence of a concerted focus to increase the proportion of senior women in the organisation. Channel 4 is targeting a 50:50 gender balance in the top 100 earners by 2023.

The report also revealed a mean BAME pay gap of 19.1%. Just as with our gender pay gap, there are two factors that drive the BAME pay gap: a lower representation at senior levels and a higher representation at junior levels. By 2020, Channel 4’s target is for the leadership group to be comprised of 20% BAME employees.

The Remuneration Committee appointed PricewaterhouseCoopers LLP to provide assurance over the Corporation’s gender pay methodology and disclosures in its ‘Channel 4 Gender and BAME Pay Report 2018’.

Members’ Remuneration Report
(continued)

Remuneration Report
The following provisions on this page are subject to audit
The remuneration of the Executive Members for the years ending 31 December 2018 and 2017 is made up as follows:

£000	Salary	Taxable benefits	Variable pay	Pension	Total for 2018	Salary	Taxable benefits	Variable pay	Pension	Total for 2017
Alex Mahon ¹	564	3	256	113	936	96	11	–	19	126
Jonathan Allan	418	1	202	33	654	375	1	118	30	524
Dan Brooke ²	301	1	55	47	404	313	1	100	50	464
Ian Katz ³	350	1	125	30	506	–	–	–	–	–
David Abraham ⁴	–	–	–	–	–	471	1	195	118	785
Jay Hunt ⁵	–	–	–	–	–	375	1	160	56	592
Total	1,633	6	638	223	2,500	1,630	15	573	273	2,491

1 Appointed on 30 October 2017
2 Ceased to be a Member on 11 December 2018
3 Appointed on 8 January 2018
4 Ceased to be a Member on 30 October 2017
5 Ceased to be a Member on 30 September 2017

The figures in the table above represent the gross amounts received by Executive Members in 2018 and 2017, after taking account of salary increases during the year where applicable.

In 2018 and 2017, all of the Executive Members received pension benefits in the form of cash payments.

In 2018 and 2017, Jonathan Allan’s variable pay is split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme.

Taxable benefits includes private medical insurance for all Executive Members. Alex Mahon’s taxable benefits in 2017 also included one-off legal costs in relation to her appointment paid on her behalf by the Corporation.

Where Executive Members have been released to serve as Non-Executive Members elsewhere, they do not retain any fee in relation to this.

The remuneration of the Non-Executive Members for the years ending 31 December 2018 and 2017 is as follows:

£000	2018 salary and fees	2017 salary and fees
Charles Gurassa	95	95
Lord Chris Holmes	26	22
Stewart Purvis	22	22
Simon Bax	22	22
Althea Efunshile (term commenced on 1 January 2018)	22	–
Paul Geddes	22	22
Uzma Hasan (term commenced on 1 January 2018)	22	–
Fru Hazlitt (term commenced on 1 January 2018)	22	–
Tom Hooper (term commenced on 1 January 2018)	22	–
Roly Keating	22	22
Paul Potts (term concluded on 31 December 2017)	–	22
MT Rainey (term concluded on 31 December 2017)	–	30
Josie Rourke (term concluded on 31 December 2017)	–	22
Total	297	279

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.

Members’ Remuneration Report
(continued)

Variable pay

During the year, the Committee met to monitor performance as part of its oversight of variable pay across the business. The Committee met again in January 2019 to agree on a recommendation to the Board on variable pay once results for the year were available.

Corporate Variable Pay Scheme outline

The Corporation’s business model and strategy are set out in the Strategic Report on page 158. The 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

Progression against diversity objectives is also a key performance measure of the scheme. Achievement of at least the budgeted surplus or deficit before tax for the year and Ofcom licence requirements is a condition for any element of the scheme to pay out to staff. There may be circumstances where additional strategic or content investments are made or accounting adjustments arising from one-off events occur in the year which means the budgeted surplus or deficit before tax is adjusted for the purpose of the Corporate Variable Pay Scheme award, as agreed by the Board. Where this is the case, the surplus or deficit before tax is measured against the adjusted budget so that the financial impact of such items can be taken into account.

Most staff and the Executive team participate in the Corporate Variable Pay Scheme, where the amounts provided can be up to 10% of total gross salary for staff, 20% for Heads of Department and between 30% and 50% for the Executive team. These percentages represent the maximum average amount that can be provided across each employee category. Actual awards for each staff member will vary from the average 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 reviews business performance using a monthly performance dashboard and report which tracks performance across a range of qualitative and quantitative metrics. Where relevant, performance versus competitors against the same metrics is also a key part of the Committee’s deliberations. The Committee also monitors progress against the corporate objectives set for the year and considers a report written by the Chief Executive in conjunction with others in the Executive team, describing how the Corporation has performed in relation to creativity, commercial sustainability and diversity.

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 at the discretion of the Committee.

After due consideration of performance during the year, the Remuneration Committee makes a judgement on the overall performance for the year and proposes an amount, based on what they consider the average payout across the Corporation should be for the year. The Committee produces a narrative assessment of its evaluation which is then presented to the Board, which has the final approval of any payout. The Committee will review the Corporate Variable Pay Scheme each year to ensure it remains appropriate.

Variable pay decision for 2018

The Committee noted that the first gateway to the scheme, meeting the licence requirements, had been met. The other gateway of achieving the budgeted surplus before tax was adjusted as agreed by the Board to take into account exceptional accounting adjustments in respect of the acquisition of The Box Plus Network Limited.

The Committee undertook a detailed review of all the information available to it, including the CEO and Executive team’s 2018 end of year report, the Corporation’s performance across a wide range of performance metrics and the progress and achievement of the corporate objectives set for the year. An extract of the performance metrics considered by the Remuneration Committee is set out on pages 232 to 234 and includes programme quality, creative achievements, linear and digital viewing performance, commercial impact performance in key demographics and financial and ad sales performance. The creative achievements and financial results are also outlined in detail throughout this Annual Report.

The Committee determined that 2018 had been another successful year of remit delivery. The Corporation maintained its strong lead over other broadcasters compared to 2017 across a range of Statement of Media Content Policy (‘SMCP’) metrics (pages 106 to 141).

From a creative perspective, there had been major television awards (pages 144 to 151) and a year of resounding film success with several high-profile award wins, including *Three Billboards Outside Ebbing, Missouri* winning two Academy Awards, four Golden Globes and five BAFTAs in 2018. Channel 4 also won more awards than any other broadcaster at the 2018 Edinburgh TV awards including Best Entertainment (*Gogglebox*) and Best Comedy (*Derry Girls*). *The Great British Bake Off* continued to attract some of the largest audiences in Channel 4’s history while *Kiri* became Channel 4’s biggest drama series to date. Significant strides were also made in Channel 4’s plan to champion and develop new and diverse talent. The Committee recognises that in the pursuit of creative innovation not all endeavours will be successful; however, overall, 2018 had been another strong year of creative performance.

Members’ Remuneration Report
(continued)

Channel 4’s digital platform, All 4, achieved viewing growth of 26% in 2018 and over 20 million registered viewers by the end of 2018. The All 4 product has been further refined throughout the year with new platform launches, new product features, new original content and significantly improved accessibility.

The Committee also determined there had been positive commercial performance in an extremely challenging advertising market which declined in 2018. Overall revenue growth was driven by digital revenues which grew by 11% and film revenues, buoyed by the success of *Three Billboards Outside Ebbing, Missouri*. The Commercial Growth Fund also progressed with four further investments in 2018.

Overall, 2018 performance has to be set in the context of challenging TV ad market conditions relating to Brexit, continued decline in total TV viewing, significant competitive pressures, with the 2018 FIFA World Cup strengthening competitors, adverse EPG changes and a reduction in the total content budget. Despite this, the Channel 4 Sales House sustained TV ad market share in a difficult trading environment and main channel viewing share was also flat at 5.9%. However, portfolio viewing share and our performance in the 16-34-year-old and ABC1 SOCI demographics declined as our digital channels were impacted by these competitive pressures.

During the year Channel 4 developed and delivered its 4 All the UK plan, securing government and sector support and selecting locations for the National HQ and Creative Hubs. Significant work has already been undertaken ahead of our implementation programme in 2019.

After a careful and detailed consideration, following an exceptional year of creative and commercial performance taking into account the challenging market conditions, the Committee recommended to pay out an average award of 90% of the maximum opportunity under the Corporate Variable Pay Scheme in 2018. Actual awards for staff would vary from the average to reflect individual performance with the on-target payout set at 85% to give management flexibility to recognise exceptional performance and award higher percentages to certain individuals, whilst ensuring the overall average was 90%.

Advertising Sales Scheme

Staff working within advertising sales have a separate Advertising Sales Scheme, linked to advertising revenue and paid bi-annually based on performance. They are not eligible for the Corporate Variable Pay Scheme, with the exception of Executive Member Jonathan Allan whose variable pay comprises a split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme.

The following provisions on this page marked with * are subject to audit

Variable pay awards to Executive Members*

The Committee made the following awards to Executive Members in respect of 2018 performance:

- Alex Mahon was awarded an amount of 45% of year-end salary under the Corporate Variable Pay Scheme
- Jonathan Allan was awarded an amount of 36% of the portion of his year-end salary which is subject to the Corporate Variable Pay Scheme. He also received £125,340 through the Advertising Sales Scheme
- Dan Brooke was awarded an amount of 17% of year-end salary under the Corporate Variable Pay Scheme
- Ian Katz was awarded an amount of 36% of year-end salary under the Corporate Variable Pay Scheme which was pro-rated from his appointment on 8 January 2018

Taxable benefits*

Executive Members are eligible for a range of taxable benefits, which can include a pension allowance and membership of a private medical insurance scheme (which is provided to all staff). With the exception of one-off legal costs paid by the Corporation on behalf of Alex Mahon in respect of her appointment in 2017, no expenses claimed by Executive Members were chargeable to UK income tax as they were incurred wholly for the purposes of the business of the Corporation.

Pension*

The Corporation has two pension schemes: a defined contribution scheme open to all staff, and a defined benefit scheme which is closed to new entrants and closed to future accrual from 31 December 2015. Further details relating to the defined benefit plan are provided in note 18 to the financial statements.

All of the Executive Members received cash payments in lieu of pension benefits in 2018.

Non-Executive Members are not eligible for membership of either pension scheme.

CEO remuneration table

The table below shows the percentage change in remuneration of the CEO and the Corporation’s employees as a whole between the years 2017 and 2018:

	CEO	All staff ¹
Salary and fees	+3.5%	+2%
Variable pay ²	+31%	+44%
Total	+19%	+5%

1 All staff includes the CEO but excludes the costs of a small number of on-screen talent who are remunerated via Channel 4’s payroll. This is consistent with the information in note 4 to the financial statements.
2 Alex Mahon was not eligible for an award under the Corporate Variable Pay scheme in 2017. For the purpose of this table, her variable pay award in 2018 has been compared to the award for Channel 4’s previous CEO, David Abraham, in 2017 which was pro-rated to his last day in office.

The Group is not presenting a table on CEO pay in comparison to Total Shareholder Return as it is a statutory corporation without shareholders and the requirements are therefore not applicable.

Members’ Remuneration Report
(continued)

Payment for loss of office*

No payments were made for loss of office in 2018 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*

Dan Brooke continued to receive salary, taxable benefits and payments in lieu of pension benefits between 11 December 2018 and 31 December 2018 as part of his notice period. He also received a variable pay award based on the achievement of performance in 2018. The amount of salary and variable pay disclosed in the single figure table on page 185 relates to his period of service as a Member to 11 December 2018.

David Abraham continued to receive salary, taxable benefits and payments in lieu of pension benefits between 30 October 2017 and the end of his notice period on 31 December 2017. The amount of salary and variable pay disclosed in the single figure table on page 185 relates to his period of service as a Member to 30 October 2017. In 2018, he received a variable pay award based on the achievement of performance in 2017.

Jay Hunt continued to receive salary, taxable benefits and payments in lieu of pension benefits between 30 September 2017 and the end of her notice period on 14 January 2018. The amount of salary and variable pay disclosed in the single figure table on page 185 relates to her period of service as a Member to 30 September 2017. In 2018, she received a variable pay award based on the achievement of performance in 2017.

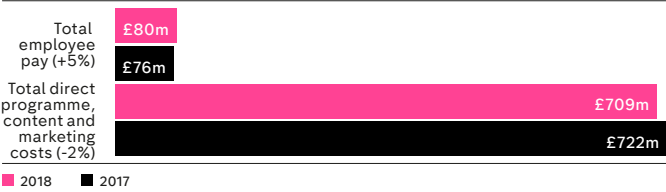
No other payments were made to past Members in 2018.

Members’ service contracts

Members’ service contracts are kept available for inspection at the Corporation’s Head Office, 124 Horseferry Road, London SW1P 2TX.

Relative importance of spend on pay

The graph below shows the actual expenditure of the Group and the change between the current and previous years.



The Members have chosen the change in total 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. Employee pay was approximately 11% (2017: 11%) of on-screen expenditure.

Total employee pay is detailed in note 4 to the financial statements.

By Order of the Board

Stewart Purvis

Chair of the Remuneration Committee
3 April 2019

Members’ Remuneration Report
(continued)

Remuneration policy for 2019

The remuneration of Executive Members is determined by the Remuneration Committee, the membership and terms of reference of which are detailed on pages 183 to 184. In framing its remuneration policy, the Committee has given full consideration to the best practice provisions of the UK Corporate Governance Code. There have been no significant changes to the remuneration policy for 2019.

Future policy table

The following table sets out the key components of the remuneration package for Executive Members:

Component	How this supports the strategic aims of the Group	How this operates	Maximum amount payable	Performance measures
Salary	Offering competitive remuneration packages helps the Corporation attract, motivate and retain a high-calibre Executive team.	Salaries are paid monthly. The Remuneration Committee discusses the performance of each Member with the Chair of the Board and with the Chief Executive for other Executive Members.	Annual salaries for the year to 31 December 2019 are approved as follows: <ul style="list-style-type: none">– Alex Mahon – increase from £569,250 to £580,635 with effect from 1 April 2019– Ian Katz – increase from £355,000 to £362,100 with effect from 1 April 2019– Jonathan Allan – increase from £425,000 to £433,500 with effect from 1 April 2019 Salaries are usually reviewed annually in the first quarter of the year.	None.
Taxable benefits		The Corporation offers a range of benefits to all staff including private medical insurance. Other benefits, such as life assurance, are available through a flexible benefits scheme.	The value of private medical insurance in 2019 is expected to range from £1,057 to £2,642 for Executive Members.	None.
Pensions		The Corporation currently offers a defined contribution pension scheme for new staff. Certain Executive Members also receive cash payments in lieu of pension benefits.	The maximum amount contributed by the Corporation under the defined contribution scheme is 13% of pensionable salary. All of the Executive Members receive cash payments in lieu of pension benefits and are not members of the defined contribution scheme.	None.
Variable pay		All of the Executive team participate in the Corporate Variable Pay Scheme. Payout is determined annually by the Remuneration Committee shortly after the financial year end based on performance and paid in March following the year end. Jonathan Allan also participates in the Advertising Sales Scheme. His variable pay is split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme.	The Corporate Variable Pay Scheme will pay between 50% and 40% of total gross salary for the Executive Members. The Advertising Sales Scheme is linked to advertising revenue and paid bi-annually throughout the year based on performance.	The Remuneration Committee agreed that the Corporate Variable Pay Scheme and the Advertising Sales Scheme for 2019 will remain largely unchanged from 2018. Details of the schemes are set out on pages 186 to 187.

Members’ Remuneration Report
(continued)

None of the components of remuneration contain any provisions for recovery of sums paid.

There are no other differences between the Corporation’s policy on the remuneration of Directors and the policy on the remuneration of other employees.

The following table sets out the key components of the remuneration package for Non-Executive Members:

Component	Purpose	Operation
Fees	The Non-Executive Members constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the Board’s deliberations.	Fees are set by Ofcom, paid monthly and reviewed periodically.
		Annual fees for the year to 31 December 2019 are expected to be:
		Chair – £95,000 Deputy Chair – £29,940 Other Non-Executive Members – £22,177

Non-Executive Members are appointed by Ofcom and service contracts are subject to fixed terms of a maximum of three years. Fees for Non-Executive Members do not contain any provisions for recovery of sums paid. No other components of remuneration are available for Non-Executive Members.

Non-Executive Members are entitled to reimbursement of travel and accommodation expenses incurred in connection with attending Board and other meetings in relation to fulfilling their duties.

Remuneration policy framework

The Corporation looks to attract, retain and motivate the best people in the market. To be able to do this, it looks to offer a fair and competitive rewards package. The Committee will seek to align the remuneration package offered to new Executive Members with the policy, which will involve determining remuneration appropriate and necessary to recruit and retain the individual. A summary of the policy is set out below:

Fixed remuneration	Base salary is benchmarked against the external market and broadly aligned to market median.
Variable remuneration	Awards under the Corporate Variable Pay Scheme are limited to between 50% and 40% of base salary for the Chief Executive and other Executive Members.
Benefits	Executive Members are provided with private medical insurance, life assurance, Group income protection and health screening. All other benefits are provided on a voluntary basis.
	The Corporation has a standard pension contribution scale but will consider paying a cash alternative depending on individual circumstances.
	The Corporation will pay legal fees incurred by any new Executive Member in respect of their appointment.
Internal promotions	In the event that an internal candidate was promoted to the Board, legacy terms and conditions would normally be honoured, including pension entitlements.

The Committee monitors the effectiveness of Executive Member remuneration and has regard to the impact and compatibility with remuneration policies in the wider workforce. During the year the Committee is provided with information regarding pay in the wider workforce which gives additional context for the Committee to make informed decisions. The Committee determines the overall approach for salary and variable pay for the overall workforce and similar principles are applied when considering Executive Member arrangements.

Members’ Remuneration Report
(continued)

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.

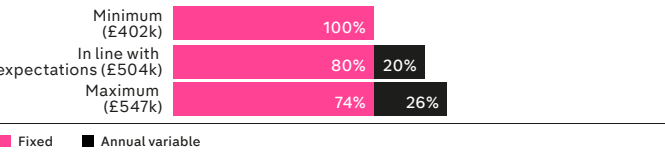
Illustration of application of remuneration policy

The graphs below represent the variations in the remuneration at different levels of performance for the 2019 remuneration policy for the Executive Members:

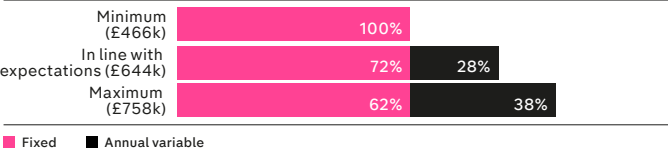
Chief Executive Officer



Director of Programmes



Chief Commercial Officer



The variable element of total remuneration in relation to ‘in line with expectations’ reflects the average award under the Corporate Variable Pay Scheme over the last ten years.

Audited information

The Members’ Remuneration Report (pages 183 to 191), where indicated, has been audited by the Corporation’s auditor in accordance with Schedule 8 of the Companies Act 2006 as if those requirements were to apply to the Corporation.

Independent auditor’s report

to the Members of Channel Four Television Corporation (the “Corporation”)

Report on the audit of the financial statements

Opinion

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 2018 and of the Group’s surplus for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Corporation financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 “Reduced Disclosure Framework”; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 (as if it were to apply to the Corporation) and, as regards the group financial statements, Article 4 of the IAS Regulation as if that Act and Article applied to the Corporation.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Corporation balance sheets;
- the consolidated and Corporation statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Corporation financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework”.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC’s Ethical Standard were not provided to the group or the Corporation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none">– recognition of non-cash revenue– accounting for the acquisition of The Box Plus Network Limited (“Box”)
	Within this report, any new key audit matters are identified with ▲ and any key audit matters which are the same as the prior year identified with ►.
	In 2018 we have included a new key audit matter as a result of the acquisition in the year of The Box Plus Network Limited. We have not included a key audit matter in respect of the amortisation of programming content which was included in 2017 since key judgements were taken in previous years.
Materiality	The materiality that we used for the group financial statements was £9.6 million which was determined on the basis of revenue.
Scoping	We audited the Group as a single component, covering 100% of net assets, revenue and profit before tax.

Independent auditor’s report

(continued)

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the members’ statement on page 172 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and their identification of any material uncertainties to the Group’s and Corporation’s ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the Group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors’ assessment of the group’s ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors’ plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement which the members have made as if the Corporation was required to apply Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Principal risks and viability statement

Based solely on reading the members’ statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the members’ assessment of the Group’s and the Corporation’s ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 165 to 166 that describe the principal risks and explain how they are being managed or mitigated;
- the members’ confirmation on page 167 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors’ explanation on page 167 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.


We are also required to report whether the members’ statement relating to the prospects of the Group which they have chosen to make as if the Corporation was required to by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of Box ▲




Key audit matter description	On 31 December 2018, the Corporation acquired the 50% of shares in Box that were previously owned by a third party. As a result, the assets and liabilities of Box will be included in the Group’s consolidated financial statements. Further, the transaction should follow the acquisition accounting required by IFRS 3 Business Combinations.
	Management is required to treat the acquisition as if the originally held investment were fully disposed of, with the implied proceeds contributing to the consideration for the acquisition. Judgement is required to determine the appropriateness of the discounted cash flows used in determining the fair value of the investment previously held.
	Significant judgement is also required in identifying and fair valuing any acquired intangible assets and the resulting determination of the amount of goodwill to be recognised.
	As a result of these judgements there is a risk, including due to fraud, that the accounting is not in accordance with IFRS 3 and that the fair values used are inappropriate.

The transaction resulted in a loss on disposal of the Corporation’s previous shareholding of £9m and a gain on bargain purchase following the acquisition of £5m. The Corporation’s policy in relation to this is included in the group accounting policies on pages 202 to 206 and the transaction is described in detail in note 20 to the financial statements. The matter is included as a significant matter for the Audit Committee at page 180.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.


We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Independent auditor’s report
(continued)



	How the scope of our audit responded to the key audit matter	<p>We evaluated the design and implementation of controls over the acquisition accounting and fair valuation exercise for acquired intangible assets and gained an understanding of management’s proposed accounting treatment.</p> <p>We assessed the competence of management’s independent valuation specialists and assessed the scope of their work and report. We discussed the valuation methodologies used by them and engaged our own valuation specialists to assess the appropriateness of these and to challenge the assumptions used in the calculations.</p> <p>We obtained management’s cash flow forecasts that were used in the calculations, agreed these to board-approved budgets, and challenged assumptions used in these forecasts, including through assessing management’s historical forecasting accuracy. We carried out procedures to determine the calculations’ sensitivities to these assumptions.</p> <p>We tested the mathematical accuracy of the calculations used in this accounting and reviewed the proposed disclosures in the financial statements to determine compliance with accounting standards.</p> <p>We considered whether management had followed the requirements in IFRS 3 Business Combinations to reassess whether they had correctly identified all of the assets acquired and liabilities assumed before recognising a gain on bargain purchase.</p>
	Key observations	<p>We consider the transaction has been accounted for in line with IFRS 3 Business Combinations and that the valuation techniques and assumptions used are reasonable.</p>
		
	Recognition of non-cash revenue ▶	
	Key audit matter description	<p>The Corporation earns a significant portion of its revenues from TV advertising, for which most contracts are standard and the recognition of such revenue is system-driven. There is a sub-set of contracts which have complex terms, including those which include barter arrangements in relation to the transfer of non-cash consideration in exchange for the advertising airtime provided. This typically includes consideration such as programming or equity investments.</p> <p>As a result of the nature of these contracts, there is significant judgement involved in determining the valuation of non-cash items. We therefore identified a key audit matter relating to the risk of inaccurate revenue recognition for these contracts, whether due to error or fraud.</p> <p>The amount of revenue which is not settled in cash was £47 million (2017: £50 million). The Corporation’s policy in relation to this is included in the group accounting policies on page 203. Refer to page 180 where this is included as a significant matter in the Audit Committee report.</p>
	How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the process by which revenue is recognised, including straightforward system-driven revenue, and the non-cash revenue to which our key audit matter relates. As part of this process, we evaluated the design and implementation of relevant key controls.</p> <p>We reviewed a statistical sample of contracts to identify any unusual contractual terms to determine whether these were accounted for appropriately.</p> <p>We selected a sample of non-standard revenue contracts, focusing on those which in our judgement had a higher probability of error, and assessed whether accounting treatment for these contracts was in line with their terms and relevant accounting standards.</p> <p>For non-cash driven revenue, we obtained and critically assessed evidence to support the fair value of the non-cash consideration received. For programming received in these barter contracts in return for advertising, we agreed consideration received to contracts. For equity investments received in barter deals, we agreed consideration received to latest funding round information, observable market evidence such as share price, or future cash flow forecasts.</p>
	Key observations	<p>We consider the accounting policies applied to be in accordance with IFRS 15 Revenue from Contracts with Customers. We are satisfied the valuation of non-cash consideration was appropriate and in line with fair value.</p>



Recognition of non-cash revenue ▶

	Key audit matter description	<p>The Corporation earns a significant portion of its revenues from TV advertising, for which most contracts are standard and the recognition of such revenue is system-driven. There is a sub-set of contracts which have complex terms, including those which include barter arrangements in relation to the transfer of non-cash consideration in exchange for the advertising airtime provided. This typically includes consideration such as programming or equity investments.</p> <p>As a result of the nature of these contracts, there is significant judgement involved in determining the valuation of non-cash items. We therefore identified a key audit matter relating to the risk of inaccurate revenue recognition for these contracts, whether due to error or fraud.</p> <p>The amount of revenue which is not settled in cash was £47 million (2017: £50 million). The Corporation’s policy in relation to this is included in the group accounting policies on page 203. Refer to page 180 where this is included as a significant matter in the Audit Committee report.</p>
	How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the process by which revenue is recognised, including straightforward system-driven revenue, and the non-cash revenue to which our key audit matter relates. As part of this process, we evaluated the design and implementation of relevant key controls.</p> <p>We reviewed a statistical sample of contracts to identify any unusual contractual terms to determine whether these were accounted for appropriately.</p> <p>We selected a sample of non-standard revenue contracts, focusing on those which in our judgement had a higher probability of error, and assessed whether accounting treatment for these contracts was in line with their terms and relevant accounting standards.</p> <p>For non-cash driven revenue, we obtained and critically assessed evidence to support the fair value of the non-cash consideration received. For programming received in these barter contracts in return for advertising, we agreed consideration received to contracts. For equity investments received in barter deals, we agreed consideration received to latest funding round information, observable market evidence such as share price, or future cash flow forecasts.</p>
	Key observations	<p>We consider the accounting policies applied to be in accordance with IFRS 15 Revenue from Contracts with Customers. We are satisfied the valuation of non-cash consideration was appropriate and in line with fair value.</p>



	How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of the process by which revenue is recognised, including straightforward system-driven revenue, and the non-cash revenue to which our key audit matter relates. As part of this process, we evaluated the design and implementation of relevant key controls.</p> <p>We reviewed a statistical sample of contracts to identify any unusual contractual terms to determine whether these were accounted for appropriately.</p> <p>We selected a sample of non-standard revenue contracts, focusing on those which in our judgement had a higher probability of error, and assessed whether accounting treatment for these contracts was in line with their terms and relevant accounting standards.</p> <p>For non-cash driven revenue, we obtained and critically assessed evidence to support the fair value of the non-cash consideration received. For programming received in these barter contracts in return for advertising, we agreed consideration received to contracts. For equity investments received in barter deals, we agreed consideration received to latest funding round information, observable market evidence such as share price, or future cash flow forecasts.</p>
	Key observations	<p>We consider the accounting policies applied to be in accordance with IFRS 15 Revenue from Contracts with Customers. We are satisfied the valuation of non-cash consideration was appropriate and in line with fair value.</p>
		



Independent auditor’s report
(continued)

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group and corporation only financial statements
Materiality	£9.6 million (2017: £7 million)
Basis for determining materiality	We determined materiality using a benchmark of 1.0% of revenue (2017: 0.7% to be in line with previous years in our first year as auditor).
Rationale for the benchmark applied	We consider the use of a benchmark of revenue, rather than profit, to be appropriate since the Corporation’s aim is to achieve a long-term breakeven position.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £480,000 (2017: £300,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit
The Group maintains a single aggregated set of accounting records for all of its operations and we therefore audited the entire Group as a single component. For the audit of the Corporation management deconsolidated the Group financial information in order for us to identify the relevant Corporation-only balances and transactions.

Other information
The members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

We have nothing to report in respect of these matters.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the members that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group’s position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- *Members’ statement of compliance with the UK Corporate Governance Code* – the parts of the members’ statement which they have chosen to make as if the Corporation was required to under the Listing Rules relating to the Corporation’s compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of directors
As explained more fully in the members’ responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Group’s and the Corporation’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group or the Corporation or to cease operations, or have no realistic alternative but to do so.

Independent auditor’s report
(continued)

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, internal audit and the audit committee, including obtaining and reviewing supporting documentation, concerning the Group’s policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax, valuations, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the acquisition of Box and the recognition of non-cash revenue key audit matters as described above; and
- obtaining an understanding of the legal and regulatory framework that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the Companies Act 2006 (as if it were to apply to the Corporation), Broadcasting Act 1990, Communications Act 2003, pensions legislation, tax legislation, and media law. In addition, compliance with the Ofcom Broadcasting Code, Ofcom on-demand rules, Advertising Standards Agency guidelines were fundamental to the Group’s ability to continue as a going concern.

Audit response to risks identified

As a result of performing the above, we identified the acquisition of Box and recognition of non-cash revenue as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor’s report
(continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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 chosen to prepare as if the Corporation were required by the Companies Act 2006.

In our opinion the parts of the Members’ Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 2006, as if that were to apply to the Corporation.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the members’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the members’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Corporation and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members’ report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the terms of our engagement we are required to report to you if, in our opinion:

We have nothing to report in respect of these matters.

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

Members’ remuneration

Under the terms of our engagement we are also required to report if in our opinion certain disclosures of members’ remuneration have not been made or the part of the members’ remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

We were appointed with the approval of the Secretary of State for Digital, Culture, Media and Sport on 10 August 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the years ending 31 December 2017 to 31 December 2018.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

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. Our audit work has been undertaken so that we might state to the Corporation’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Corporation’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate J Houldsworth FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor
London, UK
3 April 2019

Consolidated income statement

for the year ended 31 December

	Note	2018 £m	2017 £m
Revenue	1	975	960
Cost of transmission and sales	2	(951)	(951)
Gross surplus		24	9
Other operating expenditure	3	(28)	(34)
Other operating income	3	12	–
Operating surplus/(deficit)		8	(25)
Net finance expense	5	–	(1)
Gain on sale of investments	7, 8	1	8
Share of profit of investments accounted for using the equity method, net of income tax and amortisation	7	–	1
Fair value loss on joint venture	7, 20	(9)	–
Gain on bargain purchase	20	5	–
Surplus/(deficit) before tax		5	(17)
Income tax (expense)/credit	6	(2)	2
Surplus/(deficit) for the year		3	(15)

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2018 £m	2017 £m
Surplus/(deficit) for the year		3	(15)
Net remeasurement surplus/(deficit) on pension scheme	18	3	(25)
Revaluation of freehold land and buildings	9	(4)	1
Deferred tax on pension scheme	11	–	4
(Loss)/gain on revaluation of investments	8	(9)	4
Other comprehensive cost for the year		(10)	(16)
Total comprehensive cost for the year		(7)	(31)

None of the items in other comprehensive income will be reclassified to the income statement.

Consolidated statement of changes in equity

for the year ended 31 December

	Retained earnings			Total equity
	Other retained earnings £m	Content reserve £m	Revaluation reserve £m	£m
At 1 January 2017	385	35	57	477
Deficit for the year	(15)	–	–	(15)
Other comprehensive (cost)/income	(17)	–	1	(16)
Total comprehensive (cost)/income for the year	(32)	–	1	(31)
Reserve transfer	15	(15)	–	–
At 31 December 2017	368	20	58	446
At 1 January 2018	368	20	58	446
Surplus for the year	3	–	–	3
Other comprehensive cost	(6)	–	(4)	(10)
Total comprehensive cost for the year	(3)	–	(4)	(7)
At 31 December 2018	365	20	54	439

We established a content reserve in 2014 to ensure surpluses generated are reinvested 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. There has been no movement on this reserve during 2018 (2017: drawdown of £15m).

Consolidated balance sheet

as at 31 December

	Note	2018 £m	2017 £m
Assets			
Investments accounted for using the equity method	7	10	30
Other investments	8	16	21
Property, plant and equipment	9	103	106
Intangible assets	10	36	9
Deferred tax assets	11	17	19
Total non-current assets		182	185
Programme and film rights	12	285	255
Trade and other receivables	13	167	169
Other financial assets	14	48	75
Cash and cash equivalents	14	132	115
Total current assets		632	614
Total assets		814	799
Liabilities			
Employee benefits – pensions	18	(56)	(67)
Deferred tax liabilities	11	(5)	–
Total non-current liabilities		(61)	(67)
Trade and other payables	15	(313)	(282)
Provisions	16	(1)	(4)
Total current liabilities		(314)	(286)
Total liabilities		(375)	(353)
Net assets		439	446
Revaluation reserve		54	58
Retained earnings:			
Content reserve		20	20
Other retained earnings		365	368
Total equity		439	446

The financial statements on pages 198 to 225 were approved by the Members of the Board on 3 April 2019 and were signed on its behalf by:

Charles Gurassa
Chair

Alex Mahon
Chief Executive

Consolidated cashflow statement

for the year ended 31 December

	Note	2018 £m	2017 £m
Cashflow from operating activities			
Surplus/(deficit) for the year		3	(15)
<i>Adjustments for:</i>			
Income tax expense/(credit)	6	2	(2)
Depreciation	9	5	6
Amortisation of intangibles	10	–	2
Impairment of intangibles	10	8	–
Net financial expense	5	–	1
Gain on sale of investments	7, 8	(1)	(8)
Impairment losses on investments	7, 8	–	2
Share of profit from investments accounted for using the equity method, net of income tax and amortisation	7	–	(1)
Fair value loss on joint venture	7, 20	9	–
Gain on bargain purchase	20	(5)	–
		21	(15)
(Increase)/decrease in programme and film rights	12	(30)	24
Decrease in trade and other receivables	13	2	1
Increase/(decrease) in trade and other payables	15	31	(24)
(Decrease)/increase in provisions, excluding unwinding of discounts	16	(3)	3
		21	(11)
Defined benefit pension contributions	18	(11)	(11)
Net cashflow from operating activities		10	(22)
Cashflow from investing activities			
Acquisition of investments	7, 8	(6)	(9)
Acquisition of subsidiary (net of cash acquired)	20	(5)	–
Proceeds on sale of investments	7, 8	2	11
Purchase of property, plant and equipment	9	(6)	(1)
Additions to internally developed software	10	(7)	(4)
Interest received and effects of foreign exchange rates	5	2	–
Decrease in other financial assets ¹	14	27	8
Net cashflow from investing activities		7	5
Net increase/(decrease) in cash and cash equivalents		17	(17)
Cash and cash equivalents at 1 January		115	132
Cash and cash equivalents at 31 December		132	115

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 2018 comprise Channel 4 and its subsidiaries (together referred to as the ‘Group’) and the Group’s investments accounted for using the equity method. Channel 4’s Company financial statements present information relating to Channel 4 as a separate entity and not about its Group.

The financial statements were authorised for issue by the Members on 3 April 2019. The registered office of Channel 4 is 124 Horseferry Road, London SW1P 2TX.

Basis of preparation

The financial statements of the Group have been prepared and approved by the Members in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS’). The Corporation’s individual financial statements have been prepared under the Financial Reporting Standard 101 ‘Reduced Disclosure Framework’.

The financial statements as a whole have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport with the approval of HM Treasury, and are principally prepared under the historical cost convention (except that freehold properties, derivatives and certain financial instruments are stated at fair value). In line with IFRS 13, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements are presented in pounds Sterling, rounded to the nearest million.

Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the Group to use estimates 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, the relative uncertainty means actual results may ultimately differ from those estimates.

The preparation of financial statements also requires management to make critical judgements in the application of accounting policies.

Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this represents a critical accounting estimate. Estimates and underlying assumptions are reviewed on an ongoing basis and based on historical experience and other factors including expectation of future events.

The critical accounting judgements made by management in the application of IFRS that have a significant risk of material adjustment on the financial statements are summarised as follows:

- The following aspects of our programme and film rights policy require judgement:
 - The transmission profile over which to amortise programme and film rights
 - Assessment of programme value with reference to the quality of programme that has ultimately been delivered and its expected viewing performance

- Assessment of the future revenues from distribution when evaluating the carrying value of film rights held for exploitation
- Acquisition accounting for The Box Plus Network Limited (‘Box’) – on 31 December 2018, Channel 4 acquired the remaining 50% shareholding in Box. This results in the remeasurement and disposal of the existing 50% investment (previously accounted for as a joint venture), with the assets and liabilities of Box then consolidated as part of the Group as at 31 December 2018 in line with IFRS 3 ‘Business Combinations’. A significant portion of the fair value attributed to the investment is allocated to intangible assets not previously recorded in Box’s financial statements (including network distribution rights and the Box brand), and the valuation of these items is judgemental, particularly given that observable inputs to assess the fair value of these intangibles are not available. The transaction also results in a gain on bargain purchase, recognised in the income statement. Management have instructed external valuation specialists to provide an estimate of the fair value of these items as at the acquisition date based on forecast future cashflows provided by management. Sensitivity analysis performed supports management’s view that a change in the key assumptions used would not create a significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year, and therefore the fair value attributed to the investment is not considered a key source of estimation uncertainty.

Alternative performance measures

In reporting financial information, the Group presents its underlying operating surplus as an alternative performance measure (not defined under IFRS) in the Strategic Report to provide stakeholders with additional useful information on the underlying performance of the business. In determining adjusting items, management and the Board considers the size, nature and/or incidence of gains and losses arising outside the ordinary course of business. Judgement is exercised in identifying these items. In 2018 these items were £12 million of other operating income relating to a gain on the disposal of certain distribution rights, and an £8 million reduction in the carrying value of certain technology assets.

The Group also presents Cash reserves as an alternative performance measure which reflects the sum of the Group’s cash and cash equivalents and other financial assets at the balance sheet date. This has been done to provide stakeholders with more useful information relating to the cash resources available to the Group.

Going concern

The annual financial statements have been prepared on a going concern basis where the Members have a reasonable expectation that the Group will continue in operational existence, as set out in the Report of the Members.

Basis of consolidation

A subsidiary is an entity that is controlled by the Group. Control exists when the Group has exposure, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee by directing the relevant activities of the investee (i.e. the activities that significantly affect the investee’s returns). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Group accounting policies (continued)

Investments in associates and joint ventures are accounted for using the equity method.

Associates are those entities over which the Group has significant influence. Where the Group holds 20% or more of the voting power (directly or through subsidiaries) of an investee, it will be presumed the Group has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, it will be presumed the Group does not have significant influence unless such influence can be clearly demonstrated. Significant influence exists when the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Joint arrangements are those entities over whose activities the Group has joint control. Joint control is established by a contractual agreement whereby the decisions about the relevant activities (i.e. the activities that significantly affect the investee’s returns) of the entity require the unanimous consent of the two or more parties sharing joint control of the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under equity accounting, the consolidated financial statements include the Group’s share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases or until the associate or joint venture is classified as held for sale.

When the Group’s share of losses exceeds its interest in an associate or joint venture, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

Intra-Group balances and any unrealised gains and losses or income and expense arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group’s interest in the equity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies

A summary of the Group and Channel 4 significant accounting policies that are material in the context of the 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 2018:
- IFRS 9 ‘Financial Instruments’
 - IFRS 15 ‘Revenue from Contracts with Customers’

Neither of these standards has had a material impact on the consolidated financial statements of the Group.

- The following new standards became effective for the first time from 1 January 2019:
- IFRS 16 ‘Leases’
 - IFRIC 23 ‘Uncertainty over Income Tax Treatments’

In assessing the impact of IFRS 16, management has performed a review of the Group’s existing contracts to ensure these are correctly classified as leases in line with the new standard, and assessed the impact of applying the changes in lessee accounting required to its current contracts. Based on the work performed to date, Management has concluded that the application of IFRS 16 is highly unlikely to have a material impact on the financial statements when it is adopted in 2019. The detailed assessment will be completed in 2019. There are no other standards that will become effective during 2019 that are expected to have a significant effect on the consolidated financial statements of the Group.

Revenue recognition

Revenues are stated net of value added tax and are recognised when a contract with a customer has been identified and as each of the Group’s performance obligations are fulfilled. Contract assets and liabilities are recognised on the balance sheet as accrued and deferred income respectively. Each of the Group’s significant revenues are recognised as described below:

Advertising (TV/digital) and sponsorship revenues
Revenues are stated net of advertising agency commissions and rebates.

Television and digital advertising revenue are recognised on transmission of the advertisement. Revenue from sponsorship of the Group’s programmes and films is recognised on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign, reflecting the satisfaction of the Group’s performance obligations.

Commission revenue earned from advertising representation for third parties is recognised on transmission of the related advertisements in line with contractual arrangements. Following the adoption of IFRS 15 ‘Revenues from Contracts with Customers’ the Group reviewed its treatment of this revenue stream, concluding that it does not control the specified goods or services in these transactions before they are transferred to the customer, and therefore acts as an agent for these parties. The gross advertising sales of these arrangements are not recognised in revenue, but the commission earned by the Group in its capacity as agent is.

Revenues are recognised from barter and other similar contractual arrangements involving advertising when the services exchanged are dissimilar. Revenues are measured with reference to the fair value of the goods or services received. Judgement is required in assessing the fair value of the goods or services received.

- Other revenues**
Revenues earned from syndicating content to third-party online platforms are typically generated from some or all of the following contractual arrangements:
- Licence fee income – revenue is recognised on a straight-line basis over the contract term as performance obligations are met
 - Pence-per-view or revenue share – revenues are calculated based on the number of content views and are recognised when the amounts can be reliably measured

Revenues generated from the exploitation of programme rights are recognised when the rights are transferred to the customer, reflecting the fact that the Group’s performance obligations have been fulfilled.

Group accounting policies
(continued)

Revenues generated from the exploitation of developed film rights (for example, from theatrical box office releases) are recognised when revenues can be reliably measured.

Segment reporting

IFRS 8 ‘Operating Segments’ requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision-maker to evaluate performance and allocate resources.

Following a review in 2018 after the appointment of the new Chief Executive Officer, the Group has determined that the Board of Members continues to be its chief operating decision-maker, and the financial statements will be presented in aggregate as a single operating segment consistent with how the Board evaluates performance and allocates resources.

Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary 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

Investments in associates and joint ventures are recognised using the equity method, where the investment is recorded at cost and adjusted thereafter to include the Group’s share of profit or loss and other comprehensive income and dividends received.

Other investments

Other investments includes equity holdings without significant influence. Equity investments are normally carried at fair value in accordance with IFRS 13 ‘Fair Value Measurement’. Where an active market value is not available or when it is not possible to measure fair value, the investment is recorded at cost less provision for impairment. The Members believe that this valuation reflects a reasonable approximation of fair value. On adopting IFRS 9 ‘Financial Instruments’ during 2018 the Group has elected

to recognise any changes in the fair value of the Commercial Growth Fund investments through other comprehensive income, reflecting the fact that these investments are not part of the Group’s core activities.

Property, plant and equipment

Freehold land and buildings are stated at open market valuation (fair value) and are revalued at 31 December each year. Directions from the Secretary of State for Digital, Culture, Media and Sport require freehold land and buildings to be valued at current value. The Members believe that the fair open market value approximates the current value.

Any gain arising from a change in fair value is recognised directly in other comprehensive income, unless the gain reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. Any loss arising from a change in fair value is charged directly to other comprehensive income to the extent of any credit balance existing in the revaluation surplus of that asset. Otherwise, the loss is recognised in the income statement.

Fixtures, fittings and equipment are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost or valuation of the asset evenly, on a straight-line basis, over its estimated useful life. Useful lives are estimated taking into account the rate of technological change and the intensity of use of each asset. The annual rates used for this purpose are as follows:

Freehold buildings	2%
Computer hardware	25%–50%
Office equipment and fixtures and fittings	25%
Technical equipment	14%–25%

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or other changes in circumstances indicate that the carrying values may not be recoverable. Where an indicator of impairment exists, an estimate is made of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

Intangible assets

Expenditure on internally developed computer software applications is capitalised to the extent that the project is technically and commercially feasible, sufficient resources exist to complete the development and it is probable that the asset will generate future economic benefits. The expenditure capitalised includes the cost of software licences, direct staff costs and consultancy costs.

Amortisation of capitalised software development costs is charged to the income statement on a straight-line basis over the estimated useful lives of the assets from the date that they are available for use. For capitalised computer software, the estimated useful life is between two and five years.

Other intangible assets acquired by the Group, including network distribution rights, are stated at cost less accumulated amortisation and any provision for impairment. Network distribution rights are amortised over an estimated useful life of 16 years.

Group accounting policies
(continued)

Broadcast licences are amortised over a useful life of seven years. Where assets are considered to have finite lives, amortisation is charged to the income statement on a straight-line basis over their estimated useful life. Brand intangibles are deemed to have an indefinite useful life and are tested annually for impairment.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested annually for impairment.

A gain realised on bargain purchase arising on the acquisition of an entity represents the excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition over the cost of acquisition.

Any gain realised on bargain purchase is recognised in the income statement in the year that it arises.

Impairment

An impairment charge is recognised if the carrying value of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment charges are recognised in the income statement (with the exception of impairments which the Group has elected to recognise in other comprehensive income under IFRS 9 ‘Financial Instruments’).

The carrying values of the Group’s assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset’s recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is determined by discounting the future net 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 value in use calculation and amounts reported in the financial statements.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Reversal of impairments

An impairment charge in respect of freehold land and buildings is reversed in the event of a subsequent increase in fair value. Such a gain is recognised in other comprehensive income, unless the gain reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. An impairment charge in respect of goodwill is not reversed. In respect of other assets, an impairment charge is reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Programme and film rights

All programme and film rights are valued at the lower of the direct cost incurred up to the balance sheet date and value to the Group. Development expenditure is included in programme and film rights after charging any expenditure that is not expected to lead to a commissioned programme, or a ‘greenlit’ film, directly to the income statement.

Programme and acquired film rights

Direct cost

Direct cost is defined as payments made or due to programme suppliers.

Payments for programme and film rights made in advance of taking delivery and/or of the legal right to broadcast the programmes are recorded in programme and film rights, but are separately identified as in the course of production. Before being included in programme rights, the rights are disclosed as contractual commitments (see note 17).

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.

Rights are recorded on the balance sheet when the Group commits to financing a film.

Value to the Group

Developed film rights are exploited both through broadcast on Channel 4’s suite of channels and through distribution.

Broadcast film rights are assessed in the same way as programme and acquired film rights.

To the extent that developed film rights are expected to generate revenue, where Channel 4’s share of distribution revenues the film

Group accounting policies
(continued)

is anticipated to earn does not support the associated cost held within inventory, provision is made. The main assumptions employed to estimate future distribution revenues are minimum guaranteed contracted revenues and sales forecasts by territory.

Amortisation

Developed film rights expected to generate future revenues from distribution are held on the balance sheet and expensed to the income statement in the proportion that the revenue in the year bears to the estimated ultimate revenue, after provision for any anticipated shortfall. Management has rebutted the presumption under IAS 38 ‘Intangible Assets’ and concluded that a revenue-based amortisation profile is appropriate for developed film rights as the revenue and consumption of economic benefits embodied in the film rights are highly correlated and management does not consider there to be any methodology that is more appropriate.

Trade and other receivables

Trade and other receivables are reflected net of any expected credit loss. For trade and other receivables with a remaining life of less than one year, the Group applies the practical expedient under IFRS 9 ‘Financial Instruments’ to assume that there is no significant financing component, and the receivables are therefore measured at the transaction price. All other receivables are recognised at fair value, estimated as the present value of future cashflows discounted at the market rate of interest at the reporting date. The adoption of IFRS 9 has not had a material impact on the value of the Group’s trade and other receivables as it has no significant record of historical credit losses.

Other financial assets

Other financial assets comprise deposits of three or more months’ duration and other funds with time-restricted access, and are stated at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits of less than three months’ duration from the date of placement, including money market funds repayable on demand.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Derivative financial instruments

The Group transacts primarily in Sterling but also in Euros and US Dollars. Certain exposures to fluctuations in exchange rates are managed by transactions in the forward foreign exchange markets. These derivative financial instruments are stated at fair value based on quoted market rates. Changes in the fair value of these derivative financial instruments are recognised in the income statement. The Group does not hold or issue derivative financial instruments for trading purposes.

Channel 4 has not sought to apply hedge accounting treatment for any of its foreign exchange hedging activity in either of the years presented. As a result, changes in the fair value of hedging instruments have been recognised in the income statement as they have arisen.

Where Channel 4 has identified forward foreign exchange derivative instruments within certain contracts (embedded derivatives), these have been included in the balance sheet at fair value. Fair value of these derivatives is determined by reference to quoted market rates. The value of the derivatives is reviewed on an annual basis or when the relevant contract matures.

Leases

In the 2018 financial statements 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 even where payments are not made on such a basis.

The Group will adopt the lessee accounting model required under IFRS 16 ‘Leases’ from 1 January 2019.

Employee benefits – pensions

Defined benefit scheme

The Group maintains a defined benefit pension scheme. The net obligation under the scheme is calculated by estimating the future benefits that employees have earned in return for their service in the current and prior periods, discounting to determine a value at today’s prices, and deducting the fair value of scheme assets at bid price. The assumed discount rate for the liabilities is the current rate of return of high quality corporate bonds with similar maturity dates.

The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses that arise in calculating the Group’s obligation in respect of the plan are recognised directly in other comprehensive income within the statement of comprehensive income in the period in which they arise. The finance cost is recognised in the income statement.

Defined contribution scheme

Obligations under the Group’s defined contribution scheme are recognised as an expense in the income statement as incurred.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is significant, provisions are determined by discounting the expected future 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. Revenue

	2018 £m	2017 £m
TV advertising and sponsorship revenue	791	798
Digital revenue	138	124
Other commercial revenue	46	38
Total revenue	975	960

The Group adopted IFRS 15 ‘Revenue from Contracts with Customers’ on 1 January 2018, and has presented disclosures in these financial statements in line with the updated requirements contained in the standard.

Gross revenues from transactions with one individual external customer comprised more than 10% of the Group’s revenues in 2018, amounting to £111 million (2017: one external customer amounting to £142 million). The Group’s major customers are all media buying agencies.

Approximately 4% of the Group’s revenues (2017: 2%) are attributable to external customers outside the UK and these are therefore not separately presented.

The Group has material contracts with customers with a duration of more than one year, relating to sponsorship and distribution of channels and services. The aggregate amount of the transaction price for these contracts allocated to performance obligations which are still unfulfilled as at 31 December 2018 is £49 million. The Group expects to recognise £29 million of revenue relating to these performance obligations in 2019, with the remainder recognised on a straight line basis until 2023.

2. Cost of transmission and sales

	2018 £m	2017 £m
Programme and other content	673	686
Indirect programme costs	60	63
Transmitter and regulatory costs	98	97
Cost of sales	85	69
Cost of marketing	35	36
Total cost of transmission and sales	951	951

The Group’s cost of transmission and sales is reported here as one segment, in line with the changes made to the Group’s operating segment structure during 2018 as described in the ‘Group Accounting Policies’ section on page 203.

Programme and other content is comprised of investment into content across all services (the main channel, digital TV channels and digital media services) of £662 million (2017: £675 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.

3. Other operating income and expenditure

Other operating expenditure includes:

	2018 £m	2017 £m
Depreciation of property, plant and equipment (note 9)	5	6
Amortisation of intangible assets (note 10)	–	2
Restructuring costs	2	1
Increase in onerous lease provision (note 16)	–	2
Operating lease rentals	–	2
Other administrative expenses	21	21
Other operating expenditure	28	34

Other operating income of £12 million was recognised in 2018 (2017: £nil) relating to gains on disposal of certain distribution rights.

Notes to the consolidated financial statements (continued)

3. Other operating income and expenditure continued

Auditor's remuneration

Fees in respect of services provided by the auditor were:

	2018 £000	2017 £000
Audit of these financial statements	166	155
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	36	20
Audit-related assurance services	35	34
Other assurance services	–	25
Total audit and assurance	237	234
Total other services	46	169
Auditor remuneration	283	403

Other assurance services in 2017 relate to assurance provided by Deloitte LLP over the Corporation's gender pay methodology and reporting. Other services during 2018 and 2017 relate to certain permitted advisory services provided by Deloitte LLP.

4. Employee expenses and information

A detailed analysis of Members' remuneration, including salaries and variable pay, is provided in the Members' Remuneration Report.

The direct costs of all employees, including Members, appear below:

	2018 £m	2017 £m
Aggregate gross salaries	69	65
Employer's National Insurance contributions	7	7
Employer's defined contribution pension contributions	4	4
Total direct costs of employment	80	76

In addition to the above, in 2018 £2 million of costs were expensed to the income statement in respect of restructuring initiatives to increase operational efficiency within the Group (2017: £1 million).

The Executive Members are considered to be the key management of the Corporation. As disclosed in the Members' Remuneration Report on page 185, the total remuneration of the Executive and Non-Executive Members for the year ending 31 December 2018 is £2,797,000 (2017: £2,770,000).

The salary multiple of highest paid to median employee was as follows:

	2018 £000	2017 £000
Total remuneration of highest paid Executive Member ¹ (page 185)	936	907
Total remuneration of median employee	65	58
Multiple of highest paid to median employee	14.4	15.6

¹ Total remuneration of £907,000 in 2017 includes salary and benefits received by David Abraham from the end of his term as CEO to the end of his notice period and is therefore different from the remuneration disclosed in the table in the Remuneration Report on page 185.

Total remuneration is defined as base salary, variable pay, employer pension contribution and other benefits.

The average monthly number of employees, including Executive Members, was as follows:

	2018 Number	2017 Number
Commercial	260	255
Creative	256	263
Operational	309	318
4Talent	26	22
Total	851	858

The headcount calculation reflects the actual proportion of hours worked in a week for each individual employee. The employee information disclosed in this note excludes a small number of on-screen talent who are remunerated via Channel 4's payroll.

Notes to the consolidated financial statements (continued)

5. Net finance expense

Net finance expense recognised in the year comprised:

	2018 £m	2017 £m
Interest receivable on short-term deposits	1	1
Foreign exchange gain/(loss) on forward contracts and cash and cash equivalents	1	(1)
Net interest expense on pension scheme (note 18)	(2)	(1)
Net finance expense	–	(1)

6. Income tax expense

The taxation charge is based on the taxable profit for the year and comprises:

	2018 £m	2017 £m
Current tax:		
Current year	–	–
Deferred tax: origination and reversal of temporary differences (note 11)		
Current year	3	(2)
Prior year	(1)	–
Total income tax expense/(credit)	2	(2)

Corporation tax is charged at the standard UK rate of 19% for the year (2017: 19.25%).

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Corporation's future current tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

Reconciliation of income tax:

	2018 Rate	2018 £m	2017 Rate	2017 £m
Surplus before income tax		5		(17)
Income tax using the domestic corporation tax rate	19.0%	1	19.25%	(3)
Effects of:				
Non-deductible expenses		2		1
Non-taxable gains		(1)		(2)
Deferred tax not recognised		1		2
Other tax adjustments		(1)		–
Total income tax expense/(credit)		2		(2)

The income tax expense excludes the Group's share of income tax of investments accounted for using the equity method of £nil (2017: £nil) which has been included in the Group's share of post-acquisition profits, net of income tax (note 7).

Notes to the consolidated financial statements
(continued)

7. Investments accounted for using the equity method

The carrying value of the Group’s investments accounted for using the equity method is as follows:

	Box £m	Indie Growth Fund £m	Other £m	Total £m
Carrying value at 1 January 2017	21	11	–	32
Acquisitions	–	1	–	1
Share of post-acquisition profits, net of income tax	–	1	–	1
Disposals	–	(3)	–	(3)
Impairment loss	–	(1)	–	(1)
Total carrying value at 31 December 2017	21	9	–	30
Carrying value at 1 January 2018	21	9	–	30
Acquisitions	–	1	1	2
Share of post-acquisition profits/(losses), net of income tax	–	1	(1)	–
Disposals	(12)	(1)	–	(13)
Fair value loss	(9)	–	–	(9)
Total carrying value at 31 December 2018	–	10	–	10

The Box Plus Network Limited

The Group disposed of its existing 50% shareholding in The Box Plus Network Limited (‘Box’) on 31 December 2018 as part of a step acquisition of the full business under IFRS 3 ‘Business Combinations’. Note 20 provides details of the disposal and fair value loss for Box presented above, as well as of the subsequent acquisition and business combination.

The Indie Growth Fund

The Indie Growth Fund seeks to invest up to £20 million in a broad portfolio of television and digital companies. In 2018, Channel 4 invested £1 million (2017: £1 million) in the Indie Growth Fund. There were no further commitments for subsequent equity subscriptions in these companies at 31 December 2018. Channel 4 has committed a total of £12 million of the fund to date. The Indie Growth Fund set a new investment strategy in 2018, geared to fast-growing independent production companies in the nations and regions as well as digital and diverse businesses across the whole of the UK.

Channel 4 set out two key aims when launching the Indie Growth Fund. Firstly, to provide access to funding for a broad portfolio of small and medium-sized independent production companies based in the UK to help them grow and develop their business. Secondly, to put our capital to work in more remit-delivering ways and open Channel 4 up to sharing in the benefits of companies that go on to generate shareholder value in the medium term. Therefore, the Indie Growth Fund companies are held for investment purposes and it is not management’s intention to control these entities. The Indie Growth Fund companies have been classified as associates as Channel 4 generally has commitments to purchase more than 20% of the equity and voting rights in these entities. Where this is not the case, management is satisfied that significant influence exists over these entities due to Channel 4’s ability to influence, but not control, the financial and operating policies of these entities.

During 2018, Channel 4 sold its stake in Arrow International Media Limited recognising a total gain on disposal of £nil.

The Indie Growth Fund investments are assessed annually to identify any indicators of impairment, and if any are noted then a full impairment review is performed. Management have not identified any indicators of impairment at 31 December 2018. An impairment loss of £1 million was recognised in 2017 split between cost of sales and other operating expenditure.

Of the £662 million (2017: £675 million) total of programme rights recognised as expenses in 2018 (note 12), Channel 4 commissioned £18 million (2017: £25 million) of content from Indie Growth Fund companies. Channel 4 owed the Indie Growth Fund companies £nil in respect of these transactions at 31 December 2018 (2017: £nil).

Notes to the consolidated financial statements
(continued)

7. Investments accounted for using the equity method continued

The Indie Growth Fund is comprised of the following entities incorporated in the United Kingdom:

Company	Activity	Registered address	Proportion of equity owned at 31 December	
			2018	2017
Arrow International Media Limited	TV programme production activities	17-18 Margaret Street, London W1W 8RP	–	18.0%
Barcroft Studios Limited	TV programme production activities	Regina House, 124 Finchley Road, London NW3 5JS	15.0%	8.5%
Dial Square 86 Limited	TV programme production activities	Somerset House, Strand, London WC2R 1LA	4.7%	6.0%
Eleven Film Limited	TV programme production activities	25-26 Poland Street, London W1F 8QN	20.0%	20.0%
Lightbox Media Limited	TV programme production activities	Regina House, 124 Finchley Road, London NW3 5JS	22.0%	22.0%
Popkorn Media Limited	Dissolved during 2018	3 Field Court, London WC1R 5EF	–	25.0%
Spelthorne Community Television Limited	TV programme production activities	2nd Floor, 63-64 Margaret Street, London W1W 8SW	25.0%	21.1%
Voltage TV Productions Limited	TV programme production activities	5 Elstree Gate, Borehamwood, Herts WD6 1JD	15.0%	15.0%
Whisper Films Limited	Motion picture production activities	Unit B South Avenue Studios, 7 South Avenue, Richmond, Surrey TW9 3EL	25.0%	25.0%
Parable Ventures Limited	TV programme production activities	64 New Cavendish Street, London W1G 8TB	18.0%	11.0%
Firecrest Films Limited	TV programme production activities	Fairfield, 1048 Govan Road, Glasgow G51 4XS	25.0%	13.3%

The equity owned for each of the entities listed above relates to ordinary shareholdings.

Summary annual financial information of Indie Growth Fund investments

	Current assets £m	Non-current assets £m	Current liabilities £m	Long-term liabilities £m	Revenue £m	Profit/(loss) from continuing operations £m
2018	24	3	(11)	(1)	73	–
2017	21	2	(11)	(1)	65	–

Other

During 2018, Channel 4 acquired 25% of the shares and voting rights in European Broadcaster Exchange (EBX) Limited, a digital advertising sales venture with other European broadcasters. European Broadcaster Exchange (EBX) Limited is incorporated in the United Kingdom.

Company	Activity	Registered address	Proportion of equity owned at 31 December	
			2018	2017
European Broadcaster Exchange (EBX) Limited	Television programming and broadcasting activities	6th Floor 65 Gresham Street, London EC2V 7NQ United Kingdom	25%	–

Notes to the consolidated financial statements (continued)

8. Other investments

The Commercial Growth Fund

	Total £m
Carrying value at 1 January 2017	10
Acquisitions	8
Fair value gain	4
Impairment loss	(1)
Total carrying value at 31 December 2017	21
Carrying value at 1 January 2018	21
Acquisitions	9
Fair value loss	(5)
Impairment loss	(4)
Disposals	(5)
Total carrying value at 31 December 2018	16

During 2015, Channel 4 launched the Commercial Growth Fund, a fund with the aim of attracting new advertisers to TV and stimulating existing sectors. The Commercial Growth Fund exchanges advertising airtime in return for equity shareholdings or convertible loan instruments. During 2018, the Corporation invested a further £9 million (2017: £8 million) in the Commercial Growth Fund.

The Commercial Growth Fund investments are recorded at fair value. The Group elected to recognise any movement in the fair value of the Commercial Growth Fund investments through other comprehensive income from 1 January 2018 when it adopted IFRS 9 'Financial Instruments.' Fair value has been assessed against quoted prices in active markets where available or against other observable inputs. A loss of £9 million (2017: gain of £4 million) has been recognised in other comprehensive income in respect of fair value adjustments and impairment losses in 2018. In 2017 a loss of £1 million was recognised through the income statement relating to impairment losses on Commercial Growth Fund investments.

There were no other transactions with the Commercial Growth Fund companies in 2018 (2017: none).

Other investments

During 2017, Channel 4 sold its stake in MyBuilder Limited, a company held at £nil carrying value, and recognised a gain on disposal of £5 million. Channel 4's equity shareholding in MyBuilder Limited included an element acquired in exchange for providing advertising airtime. During 2018, Channel 4 recognised a further £1 million gain on the disposal of MyBuilder Limited relating to deferred consideration not previously recognised.

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment

	Freehold land and building £m	Fixtures, fittings and equipment £m	Assets under construction £m	Total £m
Cost or valuation				
At 1 January 2017	97	109	1	207
Additions	–	1	–	1
Transfers	1	–	(1)	–
Revaluation	(1)	–	–	(1)
Disposals	–	(2)	–	(2)
At 31 December 2017	97	108	–	205
At 1 January 2018	97	108	–	205
Additions	3	3	–	6
Acquisitions	–	2	–	2
Revaluation	(6)	–	–	(6)
Disposals	–	(61)	–	(61)
At 31 December 2018	94	52	–	146
Depreciation				
At 1 January 2017	–	97	–	97
Charge for the year	2	4	–	6
Revaluation	(2)	–	–	(2)
Disposals	–	(2)	–	(2)
At 31 December 2017	–	99	–	99
At 1 January 2018	–	99	–	99
Charge for the year	2	3	–	5
Acquisitions	–	2	–	2
Revaluation	(2)	–	–	(2)
Disposals	–	(61)	–	(61)
At 31 December 2018	–	43	–	43
Net book value				
At 1 January 2018	97	9	–	106
At 31 December 2018	94	9	–	103
At 1 January 2017	97	12	1	110
At 31 December 2017	97	9	–	106

The disposals made during 2018 relate to retirement of assets previously held at nil net book value and no longer in use by the Group.

There is no commitment to purchase property, plant and equipment at the balance sheet date (2017: £nil). There are no material assets held under finance leases at the balance sheet date (2017: none). No assets have been pledged for security (2017: none).

Valuation of freehold property

The freehold property at 124 Horseferry Road, London SW1P 2TX was valued at 31 December 2018 by independent valuers Allsop LLP, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. Allsop LLP have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant location. The property was valued on the basis of open market value, which the Members believe approximates to current value. In reaching their conclusions, the valuers have paid attention to comparable transactions which have taken place in recent months within the Victoria area of London.

The open market value for this property was £94 million (2017: £97 million). After depreciation charged on the open market value at 31 December 2018 (£2 million), a loss on revaluation of £4 million has been recognised in the statement of other comprehensive income (2017: gain of £1 million).

Notes to the consolidated financial statements (continued)

9. Property, plant and equipment continued

If freehold property had not been revalued it would have been included in the financial statements at the following amounts:

	2018 £m	2017 £m
Cost	63	62
Additions	3	1
Accumulated depreciation	(25)	(23)
Impairment	(6)	(6)
Net book value based on cost	35	34

10. Intangible assets

	Goodwill £m	Developed software £m	Broadcasting licence £m	Software under construction £m	Network distribution rights £m	Brands £m	Total £m
Cost							
At 1 January 2017	2	26	5	3	–	–	36
Additions	–	–	–	4	–	–	4
At 31 December 2017	2	26	5	7	–	–	40
At 1 January 2018	2	26	5	7	–	–	40
Additions	–	1	–	6	–	–	7
Acquisitions	–	–	–	–	27	1	28
Disposal	–	(1)	–	–	–	–	(1)
Impairment	–	–	–	(8)	–	–	(8)
At 31 December 2018	2	26	5	5	27	1	66
Amortisation							
At 1 January 2017	–	24	5	–	–	–	29
Amortisation for the year	–	2	–	–	–	–	2
At 31 December 2017	–	26	5	–	–	–	31
At 1 January 2018	–	26	5	–	–	–	31
Amortisation for the year	–	–	–	–	–	–	–
Disposal	–	(1)	–	–	–	–	(1)
At 31 December 2018	–	25	5	–	–	–	30
Carrying amount							
At 1 January 2018	2	–	–	7	–	–	9
At 31 December 2018	2	1	–	5	27	1	36
At 1 January 2017	2	2	–	3	–	–	7
At 31 December 2017	2	–	–	7	–	–	9

Goodwill represents goodwill arising on the acquisition of Global Series Network Limited ('GSN') on 30 July 2015. GSN holds the rights to the Walter Presents foreign language content transmitted across the Channel 4 portfolio.

Developed software represents amounts capitalised on internally developed computer software, principally in relation to the management of advertising and sponsorship revenues, and programme scheduling applications meeting the recognition criteria for internally generated intangible assets.

The network distribution rights and brands have arisen during 2018 on the acquisition of Box (see note 20).

Notes to the consolidated financial statements (continued)

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised at 17% (2017: 17%) reflecting the corporation tax rate substantially enacted as at 31 December 2018.

	Assets 2018 £m	Assets 2017 £m	Liabilities 2018 £m	Liabilities 2017 £m	Net 2018 £m	Net 2017 £m
Property, plant and equipment	3	2	–	–	3	2
Employee benefits	9	11	–	–	9	11
Trading losses	5	6	–	–	5	6
Channel 4 deferred tax assets	17	19	–	–	17	19
Temporary timing differences on acquired intangible assets	–	–	(5)	–	(5)	–
Group deferred tax assets/(liabilities)	17	19	(5)	–	12	19

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of:

	2018 £m	2017 £m
Carried forward capital losses	1	1
Carried forward trading losses	8	7
Tax assets	9	8

Unrecognised deferred tax assets include 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 against which the deductible temporary difference can be utilised (either now or in later accounting periods).

Movements in temporary differences during the year

The amount of deferred tax recognised in the income statement in respect of each type of temporary timing difference is as follows:

	Balance at 1 Jan 2018 £m	Recognised in income £m	Arising on acquisition £m	Recognised in other comprehensive income £m	Balance at 31 Dec 2018 £m
Property, plant and equipment	2	1	–	–	3
Employee benefits	11	(2)	–	–	9
Trading losses	6	(1)	–	–	5
Channel 4 deferred tax assets	19	(2)	–	–	17
Temporary timing differences on acquired intangible assets	–	–	(5)	–	(5)
Group deferred tax assets	19	(2)	(5)	–	12

	Balance at 1 Jan 2017 £m	Recognised in income £m	Arising on acquisition £m	Recognised in other comprehensive income £m	Balance at 31 Dec 2017 £m
Property, plant and equipment	2	–	–	–	2
Employee benefits	9	(2)	–	4	11
Trading losses	2	4	–	–	6
Group deferred tax assets	13	2	–	4	19

Notes to the consolidated financial statements (continued)

12. Programme and film rights

	2018 £m	2017 £m
Programmes and films completed but not transmitted	122	114
Acquired programme and film rights	65	64
Programmes and films in the course of production	98	77
Total programme and film rights	285	255

Certain programmes and film rights may not be utilised within one year but are expected to be consumed during the normal operating cycle and are therefore disclosed as current assets. The proportion of total programme and film rights not expected to be utilised within one year is 11% (2017: 17%).

Programmes and films in the course of production are disclosed within programme and film rights, rather than within prepayments, as management believes this most clearly reflects the total value of current assets relating to the production of content and that it is most useful to the readers of the financial statements to include the total value of current assets relating to the production and acquisitions of content in one line on the balance sheet.

Programme and film rights to the value of £662 million were recognised as expenses in the year across the main and digital television channels (2017: £675 million). Of this amount, obsolete programmes and developments written off totalled £29 million (2017: £28 million).

Programme and film rights include £32 million (2017: £39 million) in respect of developed film rights.

13. Trade and other receivables

	2018 £m	2017 £m
Trade receivables	133	138
Prepayments	18	19
Accrued income	16	12
Total trade and other receivables	167	169

There is no difference between the fair value and book value of trade and other receivables. Trade receivables are shown net of impairment charges amounting to £nil (2017: £nil) recognised in the current year in relation to outstanding balances from customers.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

(i) Trade receivables

Credit risk with respect to trade receivables is principally related to amounts due from advertising agencies and retailers. A risk strategy exists to protect these receivables including insurance for most customers. Exposure is monitored continually and reviewed on a weekly basis, and any issues are formally reported. Based on credit evaluation and discussions with insurers, customers may be required to provide security in order to trade with the Group.

The Group may establish an allowance for impairment that represents our expected credit loss in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures. Losses with regard to these receivables are historically low as advertising revenue is either protected by trade credit insurance or pre-paid prior to transmission. The Group's expected lifetime credit loss at 31 December 2018 was £nil.

(ii) Counterparty

See interest rate risk and exposure in note 14.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the balance sheet date in relation to trade receivables was £133 million for the Group (2017: £138 million), with £48 million of other financial assets (2017: £75 million), and cash and cash equivalents of £132 million (2017: £115 million). The exposure to credit risk all arises in the UK.

Trade receivables of £133 million for the Group (2017: £138 million) were aged under six months and were not yet due under standard credit terms at the balance sheet date. £121 million of the receivables were insured at the balance sheet date (2017: £131 million) and £133 million (2017: £138 million) has been subsequently collected by the Group since the balance sheet date.

Notes to the consolidated financial statements (continued)

14. Treasury

	2018 £m	2017 £m
Bank balances	39	42
Money market funds ¹	83	73
Money market deposits maturing in less than three months	10	–
Cash and cash equivalents	132	115
Money market deposits maturing after three months	40	–
Investment funds	6	75
Restricted cash	2	–
Other financial assets	48	75

¹ Amounts held in money market funds are repayable within seven days.

There is no difference between the fair value and book value of cash, cash equivalents and other financial assets.

Cashflow information

	2018 £m	2017 £m
Cash and cash equivalents at 1 January	115	132
Other financial assets at 1 January	75	83
Total cash and cash equivalents and other financial assets at 1 January	190	215
Net cashflow from operating activities	10	(22)
Net cashflow from investing activities	(20)	(3)
Total cashflow	(10)	(25)
Cash and cash equivalents at 31 December	132	115
Other financial assets at 31 December	48	75
Total cash and cash equivalents and other financial assets at 31 December	180	190

Interest rate risk and exposure

The Group invests surplus cash in fixed-rate money market deposits, high interest bank accounts and variable and constant net asset value money market funds. Funds are invested only with an agreed list of counterparties that carry a minimum of an A- credit rating or equivalent from Standard and Poor's, and Moody's credit rating services with government support, or with money market funds that have an AAA credit rating from either of these credit rating services.

It is estimated that if interest rates had been 0.5% points lower/higher throughout the year, with all other variables held constant, the Group's surplus before tax would have been £1 million lower/higher (2017: £1 million).

At the balance sheet date the Group had no debt and was not exposed to fluctuations in interest rates. In 2018 the Group has entered into a revolving credit facility ('RCF'). The RCF is for a five-year term until March 2023 and provides £75 million of additional liquidity. The facility is unsecured and is committed with a single tangible net worth covenant.

Notes to the consolidated financial statements (continued)

14. Treasury continued

The interest rate profile of the Group's cash and deposits at 31 December 2018 and 31 December 2017 is set out below:

	Effective interest rate 2018 %	Effective interest rate 2017 %	Total 2018 £m	Total 2017 £m
Interest-bearing deposits maturing in less than three months held in Sterling	0.7	0.2	127	105
Interest-bearing deposits maturing in less than three months held in foreign currencies	1.5	1.3	5	10
Total cash and cash equivalents	0.7	0.3	132	115
Money market deposits maturing after three months held in Sterling	1.0	–	40	–
Investment funds	0.4	0.6	6	75
Restricted cash	n/a	n/a	2	–
Other financial assets	0.9	0.6	48	75

Foreign currency risk and derivative financial instruments

The Group is exposed to currency risk on sales and purchases that are denominated in currencies other than Sterling. The currencies that give rise to this risk are US Dollars and Euros. The Group holds bank accounts in foreign currencies and uses forward exchange contracts and currency cash receipts to hedge its currency risk. Changes in the fair value of exchange contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the income statement. Both the change in the fair value of the forward contracts and the foreign exchange gains and losses relating to monetary items are recognised as part of net finance expense (note 5).

The Group does not have any material foreign subsidiaries and as a result is not exposed to foreign currency risk in this regard. The Group is exposed to currency movements on foreign cash holdings. Amounts held by currency are detailed above within the analysis of the Group's and Channel 4's cash and deposits.

At 31 December 2018, the total net value of forward contracts used as economic hedges of monetary liabilities was £nil (2017: £10 million). At 31 December 2018, these have been revalued with reference to forward exchange rates based on maturity. The change in fair value of £nil (2017: £nil) has been recognised in the income statement and the associated liability recorded on the balance sheet as at 31 December 2018. The forward contracts have been assessed as level 2 in the fair value hierarchy under IFRS 13 and assessed against observable market inputs. The settlement profile of the forward contracts at 31 December 2018 and 31 December 2017 is set out below:

	Maturity within 12 months of balance sheet date 2018 No.	Maturity within 12 months of balance sheet date 2017 No.	Maturity more than 12 months after balance sheet date 2018 No.	Maturity more than 12 months after balance sheet date 2017 No.	Total 2018 No.	Total 2017 No.
Forward contracts to purchase Euros	8	17	–	1	8	18
Forward contracts to purchase US Dollars	–	2	–	–	–	2
Total forward contracts with fixed maturity dates	8	19	–	1	8	20

It is estimated that if Sterling had strengthened/weakened by 10% at the balance sheet date against other currencies, with all other variables held constant, the Group's deficit before tax would have been £1 million lower/higher (2017: £2 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 the risks described above. The Group's policy is not to engage in speculative financial transactions. The Group does not seek to apply hedge accounting. The Group's treasury and funding activities are undertaken by a treasury function, whose work is overseen by a Treasury Risk Committee reporting in to the Chief Operating Officer. Its primary activities are to manage the Group's liquidity, funding requirements and financial risk, principally arising from movements in interest and foreign currency exchange rates within the parameters of the approved treasury policy.

Notes to the consolidated financial statements (continued)

15. Trade and other payables

	2018 £m	2017 £m
Trade payables	40	6
Taxation and social security	1	1
Other creditors	36	58
Accruals	200	164
Deferred income	20	23
VAT	16	30
Total trade and other payables	313	282

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 payable within six months or less at 31 December 2018 and 2017.

The Group endeavours to pay all invoices in accordance with contract terms and, unless agreed payment terms specify otherwise. The Group's standard payment terms are within 45 days of the date of the invoice, with the exception of certain programme and transmission costs with qualifying independent production companies who are on immediate payment terms. Any complaints about failure to pay on time should be addressed to the Chief Operating Officer, who will ensure that they are investigated and responded to appropriately.

The number of days taken to pay suppliers of services in 2018, as calculated using average payable balances, was eight (2017: five). This is significantly lower than the Group's standard payment terms due to the impact of the immediate payment terms described above.

Liquidity risk

Liquidity risk is the risk that the Group fails to meet its financial obligations as they fall due. The management of operational liquidity risk aims primarily to ensure that the Group always has a liquidity buffer that is able, in the short term, to absorb the net effects of transactions made and expected changes in liquidity both under normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. The cash balances held by the Group and, from March 2018, the £75 million revolving credit facility, are considered to be sufficient to support the Group's medium-term funding requirements.

16. Provisions

	Onerous lease/ dilapidations £m	Restructuring costs £m	Total £m
At 1 January 2017	1	–	1
Charged to the income statement	2	1	3
At 31 December 2017	3	1	4
At 1 January 2018	3	1	4
Utilised in the year	(3)	(1)	(4)
Charged to the income statement	–	1	1
At 31 December 2018	–	1	1

Provisions have been analysed as current and non-current as follows:

	2018 £m	2017 £m
Current	1	4
Non-current	–	–
Total	1	4

Onerous lease and dilapidations provision

In 2017, an agreement was reached to exit a property rental agreement ahead of its expiration in 2020. A provision was made representing the discounted net cashflows of the contractual commitments in respect of this. This provision was utilised in full during 2018.

Contingent liabilities

The Members are not aware of any legal or arbitration proceedings, pending or threatened, against any Member of the Group which gives rise to a significant contingent liability.

Notes to the consolidated financial statements
(continued)

17. Commitments

	Due within 1 year £m	Due within 2-5 years £m	Due after 5 years £m	Total £m
2018				
Programme commitments	377	308	6	691
Operating leases	–	–	–	–
Property, plant and equipment	–	–	–	–
Total	377	308	6	691
	Due within 1 year £m	Due within 2-5 years £m	Due after 5 years £m	Total £m
2017				
Programme commitments	438	408	16	862
Operating leases	1	–	–	1
Property, plant and equipment	–	–	–	–
Total	439	408	16	863

In addition to the above, the Group is party to the shareholder agreement for Digital 3 and 4 Limited. The Group is committed to meeting its share of contracted costs entered into by that company. The Group’s share of Digital 3 and 4 Limited’s committed payments was £23 million in 2018 (2017: £23 million) and is forecast to be £23 million in 2019. Digital 3 and 4 Limited has entered into long-term distribution contracts that expire in 2022 and 2034 and the Group is committed to funding its contractual share.

The Group 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 £24 million in 2018 (2017: £25 million) and are forecast to be £23 million in 2019. The digital terrestrial transmission contracts expire between 2019 and 2031. Committed payments for satellite transmission capacity costs were £15 million in 2018 (2017: £16 million) and are forecast to be £8 million in 2019. The satellite transmission contracts expire in 2024.

The Group has commitments for equity subscriptions for minority shareholdings in companies in the Indie Growth Fund due within one year as disclosed in note 7.

18. Employee benefits – pensions

During 2015, the Group operated a defined benefit pension scheme – the Channel 4 Television Staff Pension Plan (the ‘Plan’), providing benefits based on final salary for employees. The scheme closed to future accrual with effect from 31 December 2015 without material impact to the Group’s defined benefit obligation.

Nature of benefits, regulatory framework and governance

The Plan is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Trustees of the Plan are responsible for operating the Plan and have a statutory responsibility to act in accordance with the Plan’s Trust Deed and Rules, in the best interests of the beneficiaries of the Plan, and UK legislation (including Trust law). The employer has the power to set the contributions that are paid to the Plan, following advice from the scheme actuary. However, these must be agreed by the Trustees to the extent required by Part 3 of the Pensions Act 2004 (Scheme Funding).

Risks to which the Plan exposes the employer

The nature of the Plan exposes the employer to the risk of paying unanticipated additional contributions to the Plan in times of adverse experience. The most financially significant risks are likely to be:

- members living for longer than expected;
- higher than expected actual inflation and salary increase experience;
- lower than expected investment returns; and
- the risk that movements in the value of the Plan’s liabilities are not met by corresponding movements in the value of the Plan’s assets.

The sensitivity analysis disclosed on page 223 is intended to provide an indication of the impact on the value of the Plan’s liabilities of the risks highlighted.

Plan amendments, curtailments and settlements

There have not been any material curtailments or settlements during the year.

Notes to the consolidated financial statements
(continued)

18. Employee benefits – pensions continued

Investment strategy

The Trustees’ primary objectives are that the Plan should meet benefit payments as they fall due; and that the Plan’s funding position should remain at an appropriate level. The Trustees are aware that there are various measures of funding, and have given due weight to those considered most relevant to the Plan.

The Trustees, with the help of their advisers and in consultation with Channel 4, undertake a review of investment strategy from time to time. This includes consideration of the broad split between growth and matching assets, as well as asset class and asset manager arrangements.

The Trustees regularly seek advice from their investment adviser about the benchmark allocation and consider the impact of further opportunities to enhance the current investment strategy, taking into account market conditions and anticipated future cashflows.

The Trustees undertook a comprehensive strategy review in 2015. The result of the 2015 review was that the Plan should have a diversified mix of UK and global equities and bonds. It was also decided that a part of the Plan’s assets would be invested in a multi-asset portfolio with an absolute return focus, and that part of the Plan’s bond assets would be invested in a dynamic liability driven (‘LDI’) portfolio, so that the Plan’s assets better match its liabilities under movements in long-term interest rates and inflation assumptions.

The latest investment strategy discussions in 2017 and 2018 focused on alternative growth investments and liability matching solutions using insurance.

The Plan’s commitment to the IFM Global Infrastructure Fund was funded in October 2018; the commitment to the J.P. Morgan Infrastructure Investments Fund, which follows a similar strategy, had already been funded in October 2017. Together these allocations account for c. 10% of the Plan’s non-insurance assets.

In order to begin to tackle longevity risk (that is, the risk that members of the Plan live for longer than expected over time), the Trustees entered into a c. £45 million bulk annuity policy with Just Retirement in March 2018. This provides income to match the requirements of certain pensioner liabilities (providing protection against interest rates, inflation and longevity risks).

Amounts recognised in the consolidated balance sheet

	2018 £m	2017 £m
Present value of funded obligations	(461)	(506)
Fair value of Plan assets	405	439
Recognised liability for defined benefit obligations	(56)	(67)

Movements in the fair value of Plan assets recognised in the balance sheet:

	2018 £m	2017 £m
Fair value of scheme assets at 1 January	439	424
Interest income on Plan assets	10	12
Return on Plan assets (excluding amounts in interest income)	(29)	21
Employer contributions net of charges	11	11
Benefits paid	(26)	(29)
Fair value of scheme assets at 31 December	405	439

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:

	2018 £m	2017 £m
UK equity	–	9
Overseas and emerging markets equity	66	75
Total equity securities	66	84
Corporate bonds	53	60
Infrastructure	46	21
Total debt securities	99	81
Multi-asset absolute return	32	67
Liability driven investments	163	181
Total investment funds	195	248
Cash and cash equivalents	8	26
Annuity policy buy-in	37	–
Fair value of scheme assets at 31 December	405	439

The Plan assets do not include any directly or indirectly owned financial instruments issued by the Corporation.

All equities and bonds are held as part of investment portfolios which have quoted prices in active markets.

Movements in the present value of scheme liabilities for defined benefit obligations recognised in the balance sheet:

	2018 £m	2017 £m
Present value of scheme liabilities at 1 January	506	476
Interest expense on pension scheme liabilities	12	13
Remeasurement deficit on plan liabilities arising from changes in demographic assumptions	–	19
Remeasurement deficit on plan liabilities arising from changes in financial assumptions	(35)	22
Experience remeasurement	3	5
GMP equalisation	1	–
Benefits paid	(26)	(29)
Present value of scheme liabilities at 31 December	461	506

Expenses recognised in the income statement arose as follows:

	2018 £m	2017 £m
Net interest expense	2	1
Other administrative expenses	1	–
Net charge to income statement	3	1

Following a high court ruling during the year regarding the gender equalisation of guaranteed minimum pensions, the Group has recognised an additional liability arising in respect of this based on an estimated impact of 0.1% of total Plan liabilities, with the corresponding cost recognised in Other administrative expenses in the income statement in 2018.

The remeasurement deficit recognised in other comprehensive income arose as follows:

	2018 £m	2017 £m
Remeasurement gain/(deficit) on plan liabilities	32	(46)
Remeasurement (deficit)/gain on plan assets (excluding amounts in interest income)	(29)	21
Net remeasurement surplus/(deficit) on pension scheme	3	(25)

The cumulative amount of net remeasurement deficits/gains recognised in the statement of changes in equity since transition to IFRS is £111 million (2017: £114 million).

Notes to the consolidated financial statements (continued)

18. Employee benefits – pensions continued

Principal actuarial assumptions at the balance sheet date

	2018 %	2017 %
Discount rate	2.85	2.50
Rate of increase in salaries	2.70	2.70
Rate of increase in pensions	3.10	3.10
Inflation	3.20	3.20
	2018 years	2017 years
Life expectancy from 65 (now aged 45) – male	23.9	23.8
Life expectancy from 65 (now aged 45) – female	26.4	26.3
Life expectancy from 65 (now aged 65) – male	23.2	23.1
Life expectancy from 65 (now aged 65) – female	24.8	24.8

These assumptions were adopted in consultation with the independent actuary to the Channel Four Television Staff Pension Plan. If experience is different from these assumptions, or if the assumptions need to be amended in future, there will be a corresponding impact on the net pension scheme liability recorded on the Group balance sheet. The expected returns on Plan assets are set by reference to historical returns, current market indicators and the expected long-term asset allocation of the Plan.

Sensitivity analysis

The table below sets out the sensitivity of the scheme's pension liabilities to changes in actuarial assumptions at 31 December 2018:

	Revised present value of scheme liabilities £m
0.5% decrease in discount rate	511
1 year increase in life expectancy	479
0.5% increase in salary assumptions	465
0.5% increase in inflation (and inflation-linked) assumptions	503

The sensitivities disclosed are calculated using approximate methods taking into account the duration of the Plan's liabilities.

Funding arrangements

The Plan was closed to future accrual with effect from 31 December 2015. The Corporation's contributions to the scheme are determined by a qualified independent actuary (the 'Actuary to the Plan') on the basis of triennial valuation using the projected unit method. The most recent triennial valuation was carried out as at 31 December 2015. The results of the valuation at 31 December 2015 showed that the scheme's assets represented 74% of the benefits that had accrued to Members, reflecting a deficit of £115 million. The next triennial valuation will be carried out as at 31 December 2018.

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 £11 million per annum from January 2018 until August 2028.

The weighted average duration of the Plan's defined benefit obligation is approximately 21 years. The majority of the Plan's benefits are to be paid as annuities from retirement of a Member until their death.

In accordance with the fund rules, the Corporation can realise any surplus on the winding up of the scheme after all other benefits have been paid. As a result, no adjustment is required in respect of IFRIC 14 'IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.'

Notes to the consolidated financial statements
(continued)

19. Related party transactions

Members

Details of transactions in which Members have an interest are disclosed in the Report of the Members (page 172).

Details of Members’ remuneration are shown in the Members’ Remuneration Report (page 185).

Joint ventures and associates

Details of transactions between the Group and its joint ventures and associates as at 31 December 2018 are disclosed in note 7.

During 2018, Channel 4 did not receive a dividend (2017: did not receive a dividend) from Box. Channel 4 also sold £7 million (2017: £6 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.

Other

The Group also contributes to the funding of the following organisations, each of which is incorporated in the United Kingdom. The table below presents the Group’s ownership of the entities, or legal guarantee (indicated with *), and transactions with them during the year.

Name	Nature of business	Share class	Ownership interest	Services received		Funding and services provided	
				2018 £m	2017 £m	2018 £m	2017 £m
Broadcasters’ Audience Research Board Limited	Research	*	–	–	–	2	1
Clearcast Limited	Regulator	Ordinary, deferred	25.0%	–	–	1	1
Digital 3 and 4 Limited	Operator	‘A’ Ordinary	50.0%	2	2	23	23
DTV Services Limited	Marketing	Ordinary	20.0%	7	7	5	5
Digital UK	Marketing	*	–	–	–	2	1
Thinkbox Limited	Marketing	Ordinary	20.0%	1	1	2	2
YouView Limited	Platform	Voting, non-voting	14.3%	–	–	1	1

There are no trade receivable or trade payable balances with any of the related parties listed above at 31 December 2017 and 2018. No dividends were received in 2018 (2017: £nil) from any of the related parties listed above.

These related party disclosures are also applicable to the Channel 4 financial statements.

20. Business Combinations

The Box Plus Network Limited (‘Box’), incorporated and operating in the United Kingdom, broadcasts a number of music television channels on free-to-air and pay platforms.

Channel 4 acquired 500 ordinary shares of £1 representing 50% of the share capital of Box in 2007.

From the date of acquisition until 31 December 2018, Box was accounted for as a joint venture and equity accounting was applied in line with IAS 28.

On 31 December 2018, Channel 4 completed the acquisition from Bauer Media of the remaining 50% shareholding in Box, for a total consideration of £11 million, consisting of £10 million of cash plus £1 million of non-cash consideration. The remaining interest in Box was acquired to realise both revenue and cost synergies. In acquiring the remaining 50% of the business, the Group obtained control of Box and has therefore accounted for this as a business combination under IFRS 3 ‘Business Combinations’, from the date on which control was achieved.

In line with IFRS 3, the transaction is treated as a step acquisition and is recognised in the consolidated financial statements as:

– the remeasurement (to fair value) and subsequent disposal of the existing holding in Box

The estimated fair value of the existing joint venture holding in Box was calculated by estimating Channel 4’s share of the future expected cashflows (to 2023) for Box, using a post-tax discount rate of 11.5% and a terminal growth rate of 0%. This exercise estimated the fair value of the Group’s previous holding to be £12 million. This remeasurement leads to a fair value loss on the existing investment of £9 million (recognised in the income statement on the date of disposal) calculated as follows:

Notes to the consolidated financial statements
(continued)

20. Business Combinations continued

Remeasurement of existing investment

	2018 £m
Carrying value of investment	21
Fair value of investment	(12)
Fair value loss on joint venture	9

– the subsequent full acquisition of Box

Given that the business combination occurred on the last day of the accounting period, as at 31 December 2018 only the balance sheet position of Box is consolidated in the financial statements; the entity’s financial performance for the full year is accounted for under the equity method (reflecting circumstances throughout the period). From 31 December 2018 Box will be accounted for as a subsidiary of Channel 4 and fully consolidated in the Group financial statements.

Summary of assets and liabilities assumed

	2018 £m
Trade and other receivables	5
Cash and cash equivalents	5
Trade and other payables	(5)
Net assets assumed	5

The acquisition accounting for Box is based on the fair value of the business’s identifiable assets and liabilities acquired. The Group has identified intangible assets which were not previously recognised in Box’s financial statements, but which should be recognised as part of the business combination as Channel 4 has obtained control of them. These intangible assets (as disclosed in note 10) relate to network distribution rights reflecting Box’s rights to transmit its portfolio of channels across all major broadcast platforms in the UK, plus the Box brand. Management instructed external valuation specialists to assess the fair value of these items as at the acquisition date, based on discounted forecast future cashflows and key management assumptions.

The fair value of the identifiable net assets for the 100% interest in Box are estimated at £28 million, based on forecast future cashflows (to 2023) extended over a 20-year period using a terminal growth rate of 0%. A post-tax discount rate of 12.5% was applied for Box’s network distribution rights and 11.5% for the other material elements of the business.

Sensitivity analysis performed supports management’s view that a change in the key assumptions used would not create a significant risk of material adjustment to the fair value of Box’s identifiable net assets.

Based on the external assessment of the fair value of Box’s identifiable net assets, a gain on bargain purchase arises on the transaction, recognised in the income statement on the acquisition date and calculated as follows:

Gain on bargain purchase	£m
Fair value of identifiable net assets	28
Consideration paid	(11)
Fair value of previously held interest	(12)
Gain on bargain purchase	5

In line with IFRS 3, management have performed a review to ensure the identification of assets and liabilities is complete, and that measurements appropriately reflect consideration of all available information before the gain on bargain purchase was recognised in the income statement. The gain on bargain purchase reflects management’s assessment of the incremental cashflows that can be generated from realising further value from Box’s network distribution rights and synergy savings, and arises due to the fair value management have attributed to the network distribution rights exceeding the consideration paid.

Channel 4 balance sheet

as at 31 December

	Group note	Channel 4 note	2018 £m	2017 £m
Assets				
Property, plant and equipment	9		103	106
Intangible assets		2	6	7
Investments in subsidiaries and joint ventures		3	23	28
Deferred tax assets	11		17	19
Total non-current assets			149	160
Programme and film rights		4	280	250
Trade and other receivables		5	161	167
Other financial assets		6	48	75
Cash and cash equivalents		6	127	115
Total current assets			616	607
Total assets			765	767
Liabilities				
Employee benefits – pensions	18		(56)	(67)
Total non-current liabilities			(56)	(67)
Trade and other payables		7	(425)	(402)
Provisions	16		(1)	(4)
Total current liabilities			(426)	(406)
Total liabilities			(482)	(473)
Net assets			283	294
Revaluation reserve			54	58
Retained earnings:				
Content reserve			20	20
Other retained earnings			209	216
Total equity			283	294

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A deficit of £10 million has been recognised in relation to the Corporation in 2018.

The financial statements on pages 226 to 231 were approved by the Members of the Board on 3 April 2019 and were signed on its behalf by:

Charles Gurassa
Chair

Alex Mahon
Chief Executive

The notes on pages 229 to 231 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 2017	243	35	57	335
Deficit for the year	(21)	–	–	(21)
Net remeasurement deficit on pension scheme	(25)	–	–	(25)
Deferred tax on pension scheme	4	–	–	4
Revaluation of freehold land and buildings	–	–	1	1
Total comprehensive (cost)/income for the year	(42)	–	1	(41)
Reserve transfer	15	(15)	–	–
At 31 December 2017	216	20	58	294
At 1 January 2018	216	20	58	294
Deficit for the year	(10)	–	–	(10)
Net remeasurement surplus on pension scheme	3	–	–	3
Revaluation of freehold land and buildings	–	–	(4)	(4)
Total comprehensive cost for the year	(7)	–	(4)	(11)
At 31 December 2018	209	20	54	283

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 198 to 225. As permitted by Financial Reporting Standard 101, the Corporation has not presented its own cashflow statement and has not provided the disclosures required by IFRS 7 ‘Financial Instruments: Disclosures’.

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A deficit of £10 million (2017: £21 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 202 to 206, except as stated below.

In preparing these financial statements the Corporation has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include disclosure of related party transactions with other wholly owned members of the Group headed by the Corporation. Details of transactions between the Group and its related parties are disclosed in Group note 19 on page 224.

Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less provision for impairment.

Investments in associates and joint ventures

Investments in associates and joint ventures are carried at historical cost less provision for impairment.

Equity investments

Equity investments represent equity holdings without significant influence. Equity investments are normally carried at fair value. Where an active market value is not available, the Members believe that valuation at cost less provision for impairment is a reasonable approximation of fair value.

Trade and other receivables

Trade receivables are reflected net of any expected credit loss.

Critical accounting judgements and sources of estimation uncertainty

The critical accounting judgements made by management and the sources of estimation uncertainty in the application of IFRS that have a significant risk of material adjustment on the financial statements of the Corporation are considered to be certain advertising revenues recognised from barter and other similar contractual arrangements and programme and film rights amortisation, as disclosed for the Group on page 202.

Notes to the Channel 4 financial statements

1. Operating expenditure

Auditor’s remuneration

Fees in relation to the audit of the Corporation financial statements and additional fees paid to the auditor for the year ended 31 December 2018 are presented in note 3 to the consolidated financial statements on page 208.

Staff costs

All staff costs are borne by Channel 4 and are presented in note 4 to the consolidated financial statements on pages 208 and in the Members’ Remuneration Report on pages 183 to 191.

The average monthly number of employees of the Corporation is 844 (2017: 850).

The key management of the Corporation are considered to be the same as for the Group, as disclosed in Group note 4.

2. Intangible assets

	Developed software £m	Assets under construction £m	Total £m
Cost			
At 1 January 2017	26	3	29
Additions	–	4	4
At 31 December 2017	26	7	33
At 1 January 2018	26	7	33
Additions	1	6	7
Disposal	(1)	–	(1)
Impairment	–	(8)	(8)
At 31 December 2018	26	5	31
Amortisation			
At 1 January 2017	24	–	24
Amortisation for the year	2	–	2
At 31 December 2017	26	–	26
At 1 January 2018	26	–	26
Amortisation for the year	–	–	–
Disposal	(1)	–	(1)
At 31 December 2018	25	–	25
Carrying amount			
At 1 January 2018	–	7	7
At 31 December 2018	1	5	6
At 1 January 2017	2	3	5
At 31 December 2017	–	7	7

Notes to the Channel 4 financial statements (continued)

3. Investments

Subsidiary undertakings and joint ventures

The cost of investments at 31 December is:

	2018 £000	2017 £000
4 Ventures Limited	1	1
The Box Plus Network Limited	23,000	28,000

The previous investment in The Box Plus Network Limited was recorded on the Corporation's balance sheet as a joint venture at 31 December 2017 at historical cost of £28 million. On 31 December 2018, Channel 4 acquired the remaining 50% in Box and the increased shareholding is recorded as a subsidiary undertaking on the balance sheet as at this date. The carrying value of £23 million represents the consideration paid for the full acquisition plus the fair value of the previously held interest as disclosed in Group Note 20.

The subsidiary undertakings incorporated in the United Kingdom at 31 December 2018 are as follows:

Name	Nature of business	Issued ordinary £1 shares	Ownership interest
Registered office address is: 124 Horseferry Road, London SW1P 2TX			
4 Ventures Limited	Intermediate holding company and non-primary function activities	1,000	100%
Film Four Limited ¹	Film distribution	1,000	100%
Channel Four Investments Limited ¹	Indie Growth Fund	1	100%
The Box Plus Network Limited	Music TV channels	1,000	100%
Global Series Network Limited ¹	TV and film distribution	2,000	80%
Channel Four Television Company Limited	Non-trading	100	100%
Channel Four Racing Limited ¹	Non-trading	2	100%
E4.com Limited ¹	Non-trading	1,000	100%
E4 Television Limited ¹	Non-trading	1,000	100%
Film on Four Limited ¹	Non-trading	100	100%
Four Ventures Limited ¹	Non-trading	1,000	100%
Sport on Four Limited ¹	Non-trading	2	100%

Name	Nature of business	Issued 'A' ordinary shares of £1,000 each	Ownership interest
Registered office address is: 35 Soho Square 6th Floor, Soho Square, London W1D3QX			
GSN Holdings International Limited ¹	TV and film distribution	1,000	82.5%

¹ Indirect shareholding through 4 Ventures Limited.

Associated undertakings

For the Corporation's indirect shareholdings in the Indie Growth Fund through Channel Four Investments Limited and European Broadcast Exchange (EBX) Limited, refer to Group note 7.

For the Corporation's indirect shareholdings in the Commercial Growth Fund through 4 Ventures Limited, refer to Group note 8.

4. Programme and film rights

	2018 £m	2017 £m
Programmes and films completed but not transmitted	121	114
Acquired programme and film rights	61	59
Programmes and films in the course of production	98	77
Total programme and film rights	280	250

Certain programme and film rights may not be utilised within one year as disclosed in note 12 to the consolidated financial statements.

Notes to the Channel 4 financial statements (continued)

5. Trade and other receivables

	2018 £m	2017 £m
Trade receivables	132	136
Prepayments	17	19
Accrued income	12	12
Total trade and other receivables	161	167

6. Treasury

	2018 £m	2017 £m
Bank balances	34	42
Money market funds	83	73
Money market deposits maturing in less than three months	10	–
Cash and cash equivalents	127	115

Money market deposits maturing after three months	40	–
Investment funds	6	75
Restricted cash	2	–
Other financial assets	48	75

7. Trade and other payables

	2018 £m	2017 £m
Trade payables	39	6
Taxation and social security	1	1
Other creditors	37	54
Amounts due to subsidiaries	120	125
Accruals	193	163
Deferred income	20	23
VAT	15	30
Total trade and other payables	425	402

Historical metrics 2014–2018

	Page ref	2014	2015	2016	2017	2018
Creativity						
Commissioning success						
Originated content spend (£m)	109, 160	430	455	501	510	489
Engaging audiences						
Portfolio high peak-time viewing share (8-11pm)		12.5%	12.9%	12.5%	12.7%	12.6%
Portfolio viewing share ABC1s		10.9%	11.0%	10.8%	10.8%	10.4%
Portfolio viewing share 16-34-year-olds	135	17.0%	16.5%	16.2%	16.4%	15.9%
Channel 4 viewing share	134, 161	5.9%	5.9%	5.9%	5.9%	5.9%
Portfolio viewing share	134, 161	10.9%	10.6%	10.5%	10.5%	10.2%
Portfolio 15-minute reach	133	85.2%	83.8%	83.5%	81.4%	78.7%
Digital VoD views (m)	134, 161	492	512	620	727	915
Registered viewers (m) ¹	40, 60-61	11.3	13.1	14.9	16.6	19.6

1 Registered viewers are net of duplicate and active users within the last two years.

Sustainability						
Financial metrics						
Corporation revenue (£m)	198	938	979	995	960	975
Digital revenues (£m)	207	63	82	102	124	138
Content and marketing spend (£m)	207	651	685	750	722	708
Content and marketing spend and surplus/(deficit) as a percentage of revenue		69%	73%	75%	73%	73%
Year end cash reserves (£m)	200	222	252	215	190	180
Non-advertising, sponsorship and digital revenue (£m)		57	37	39	38	46
Pre-tax surplus/(deficit) (£m)	198	4	26	(15)	(17)	5

Ad sales measures						
Sales House SONAR	234	25.9%	26.4%	26.6%	26.1%	26.1%
TV advertising and sponsorship revenue (£m)	207	819	859	853	798	791
SOCI portfolio high peak-time (8-11pm)		19.1%	19.7%	19.1%	18.7%	17.9%
SOCI portfolio ABC1s		18.2%	18.5%	17.9%	17.5%	16.6%
SOCI portfolio 16-34-year-olds		23.3%	22.5%	21.5%	21.4%	20.8%
SOCI portfolio		16.6%	16.2%	15.6%	15.4%	14.7%

Historical metrics 2014–2018
(continued)

	2014	2015	2016	2017	2018
Performance versus competitors					
Portfolio viewing share					
Channel 4	10.9%	10.6%	10.5%	10.5%	10.2%
BBC	33.1%	32.8%	32.1%	31.6%	30.9%
ITV	22.0%	21.2%	21.3%	21.7%	23.2%
Channel 5	5.9%	6.0%	6.2%	6.5%	6.3%

Source: BARB all individuals.

Portfolio high peak-time viewing share 8-11pm					
Channel 4	12.5%	12.9%	12.5%	12.7%	12.6%
BBC	33.3%	33.0%	32.1%	31.3%	29.6%
ITV	24.0%	22.9%	23.5%	23.6%	25.2%
Channel 5	7.0%	7.1%	7.3%	7.5%	7.2%

Source: BARB all individuals.

SOCI portfolio					
Channel 4	16.6%	16.2%	15.6%	15.4%	14.7%
ITV	36.2%	34.9%	34.4%	34.5%	36.1%
Channel 5	9.5%	9.3%	9.2%	9.4%	8.9%
Sky	25.6%	24.7%	24.8%	25.5%	26.1%

Source: Mediaocean.

SOCI portfolio ABC1s					
Channel 4	18.2%	18.5%	17.9%	17.5%	16.6%
ITV	34.6%	33.7%	33.7%	34.0%	35.7%
Channel 5	8.7%	8.5%	8.6%	8.8%	8.8%
Sky	25.8%	24.0%	23.6%	24.0%	24.2%

Source: Mediaocean.

SOCI portfolio 16-34-year-olds					
Channel 4	23.3%	22.5%	21.5%	21.4%	20.8%
ITV	26.3%	26.2%	27.3%	28.8%	32.4%
Channel 5	7.7%	7.6%	8.4%	8.4%	8.0%
Sky	30.1%	26.4%	25.5%	24.8%	24.1%

Source: Mediaocean.

Historical record

	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m
Consolidated results										
Revenue	830	935	941	925	908	938	979	995	960	975
Operating surplus/(deficit)	4	49	41	(29)	(15)	4	24	(18)	(25)	8
Net financial income/(expense)	(2)	2	2	1	(1)	(1)	(1)	–	(1)	–
Gain on sale of investment	–	–	–	–	–	–	–	–	8	1
Share of profit/(loss) in joint venture	–	3	2	1	–	1	3	3	1	–
Fair value loss on joint venture	–	–	–	–	–	–	–	–	–	(9)
Gain on bargain purchase	–	–	–	–	–	–	–	–	–	5
Surplus/(deficit) before taxation	2	54	45	(27)	(16)	4	26	(15)	(17)	5
Taxation	(2)	(15)	(10)	–	1	(1)	–	(3)	2	(2)
Surplus/(deficit) for the year	–	39	35	(27)	(15)	3	26	(18)	(15)	3

All figures are shown in accordance with IFRS.

Advertising sales

	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m
Channel 4 Sales House	707	819	939	916	935	967	1,047	1,056	1,002	994
Other	2,179	2,490	2,442	2,430	2,616	2,770	2,922	2,908	2,830	2,820
Total broadcast	2,886	3,309	3,381	3,346	3,551	3,737	3,969	3,964	3,832	3,814
	%	%	%	%	%	%	%	%	%	%
Channel 4 Sales House share	24.5	24.8	27.8	27.4	26.3	25.9	26.4	26.6	26.1	26.1
Other share	75.5	75.2	72.2	72.6	73.7	74.1	73.6	73.4	73.9	73.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Audience share (portfolio)

	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %
BBC	32.6	32.9	32.9	33.6	32.4	33.1	32.8	32.1	31.6	30.9
ITV	23.1	22.9	23.1	22.4	23.1	22.0	21.2	21.3	21.7	23.2
Channel 4 excluding S4C	11.5	11.4	11.6	11.5	11.0	10.9	10.6	10.5	10.5	10.2
Channel 5	6.1	5.9	5.9	6.0	6.0	5.9	6.0	6.2	6.5	6.3
Other	26.7	26.9	26.5	26.5	27.5	28.1	29.4	29.9	29.7	29.4
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

Audience share

	2009 %	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	2018 %
BBC One	20.9	20.8	20.7	21.3	21.0	21.7	21.9	22.0	21.8	21.3
BBC Two	7.5	6.9	6.6	6.1	5.8	6.1	5.7	5.9	5.8	5.8
ITV and GMTV	17.9	17.0	16.6	15.7	16.2	15.6	15.0	15.4	15.5	16.9
Channel 4 excluding S4C	7.4	7.0	6.8	6.6	6.1	5.9	5.9	5.9	5.9	5.9
Channel 5	4.9	4.5	4.4	4.5	4.4	4.4	4.2	4.1	4.2	4.0
Other	41.4	43.8	44.9	45.8	46.5	46.3	47.3	46.7	46.8	46.1
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

Notes

Notes



Channel Four Television Corporation