Too noisy provocative niche young fresh black northern edgy loud fun commercial gay local old arty witty honest colourful weird mainstream controversial diverse sweet daring common southern sweary frivolous graphic modern sexy funny strange wild inclusive sad challenging light kinky critical creative stuffy brainy independent straight original dirty underground clever touchy quirky serious intense urban rural familiar silly digital shocking sporty boring chilled insensitive global eccentric offbeat bold popular violent broad vulgar academic brave avant-garde tame woke embarrassing dramatic cult complex foreign different **True**

Channel Four

Channel Four

Channel Four Television Corporation
Report and Financial Statements 2019

Channel Four Television Corporation Report and Financial Statements 2019

Incorporating the Statement of Media Content Policy

Presented to Parliament pursuant to Paragraph 13(1) of Schedule 3 to the Broadcasting Act 1990 annualreport.channel4.com

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Contents

Addendum September 2020

The results and commentary presented in this Annual Report reflect Channel 4's performance in 2019. Since the report was written, the United Kingdom has been struck by the Covid-19 pandemic, which has created huge disruption to most aspects of everyday life and generated understandable widespread anxiety.

At Channel 4 – a free-to-air, public service broadcaster, freely available to all of the UK – we recognised that we had an important role to play in keeping everyone up to date with the latest news and information and providing insight, education, entertainment and support to help navigate through the crisis.

With millions working from home or housebound, we continue to do what we do best: to represent, to challenge, to continuously innovate and entertain; providing those common touch points and talking points of shared experience that can help bring us together during these difficult times.

Our goal is to bring the best of British and world talent to your screens and to play our part as, together, we face up to and overcome the challenges ahead.

Alex Mahon
Chief Executive

Charles Gurassa
Non-Executive Chair

Too this, too that, to
Too true. We are Ch
We take risks*. We o
We create TV, film a
that challenges and
We champion diver
indies, new talent a
And to deliver this,
act commercially. It

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annel 4.
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nd digital content
provokes.
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nd young people.
we think and
’s all in our remit.

*When there isn’t someone complaining
about one of our shows, we should be worried.

This report is a look back at our performance over the last calendar year but, given the speed, scale and impact of Covid-19, it appropriately gives the latest update as to the implications of the pandemic and the responses that were taken by Channel 4 to the challenges presented.

Against the grain

Chair's Statement

Charles Gurassa

The Covid-19 pandemic emerged suddenly, at the start of 2020, and has had an immediate and profound effect on many aspects of everyday life. Throughout this national crisis, Channel 4 has provided up to date news, relevant information and entertainment for 'lock down' Britain that has attracted large and growing audiences and helped support and sustain many through these difficult times. As a public service broadcaster, we have worked hard to ensure that the public were well informed and that we reached out to all sectors of the community.

Channel 4's activities are entirely funded from its own commercial activities and like many organisations was impacted by the very rapid downturn in the economy. To ensure that we continued to bring our viewers the best in television, we swiftly put in place a series of mitigating measures that have enabled us to operate seamlessly and sustainably through the lockdown and beyond. Our creative team has responded magnificently to the challenge and, despite reduced budgets and very strict limitations on production, has devised and delivered new formats and contemporary documentaries that have captured the imagination of viewers across the nation.

We have the ability to reach a wide range of UK audiences, and in particular young and diverse viewers, at scale, with stories and people that are instantly recognisable from their own lives.

A radical and

2019

2019 was a year of transition and transformation for Channel 4 as our strategy to deliver 4 All the UK came to fruition. We opened three new offices across the UK: our National HQ in Leeds and two Creative Hubs in Bristol and Glasgow where we have welcomed some brilliant new people to complement our existing teams.

This enhanced Nations and Regions focus and presence is reinvigorating the organisation, enabling us to attract new creative talent, bringing with them fresh ideas and different perspectives. In turn, these are making Channel 4 ever more relevant and in-tune with audiences across the country.

At a time of increasing global competition and changing viewer behaviour, Channel 4 occupies a unique place in the UK's media landscape, telling the stories of the many faces of modern Britain and helping a whole new generation of creative talent and media entrepreneurs to find a platform for their work.

This is, fundamentally, at the heart of why Channel 4 exists; to be the distinctive, challenging, creative British voice that provokes, informs, challenges and entertains as well as a significant engine for growth for the UK's creative industries.

Digital and creative success

As audiences – and, in particular, younger audiences – increasingly gravitate to digital online consumption of media, Channel 4 has successfully continued its drive to offer its own and selected partners' content through its streaming platform, as well as working in partnership with other digital content providers.

This resulted in a record year for All 4, our online streaming and catch-up service, which delivered in 2019 its best-ever week, month, quarter and year for viewing and achieved record digital revenues, an increase year on year of 18% to £163 million.

2019 was a strong year creatively, as observed by *The Times*, which called Channel 4 "Britain's edgiest terrestrial TV channel".

In line with our creative strategy, we have become the home for many of the best of the new wave of British comedy actors and writers. Where others have retreated from this genre, we continue to invest and experiment with new shows this year including *Home, Year of the Rabbit, The Lateish Show with Mo Gilligan*, and *Lee and Dean*, as well as returning classics like *Derry Girls, Stath Lets Flats* and the final series of the brilliant *Catastrophe*.

Channel 4's Drama slate performed strongly in a very competitive market, with impressive award-winning dramas such as Shane Meadows' *The Virtues*, Jack Thorne's *The Accident* and James Graham's *Brexit: The Uncivil War* – these all told uniquely contemporary British stories that resonated strongly with our viewers.

Hard-hitting documentaries such as *Leaving Neverland* – which became the highest-rating documentary for 16-34-year-olds on British TV since the BBC's Blue Planet in 2017 (and won a BAFTA in 2020) – as well as the brilliant and also BAFTA award winning *For Sama*, an epic, moving and intimate documentary filmed over five years during the siege of Aleppo, made for essential viewing during 2019 and underlined Channel 4's willingness to take on challenging and difficult stories.

Film4, our business that supports much of the best new British movie talent both in front and behind the camera, enjoyed another good year in 2019. Yorgos Lanthimos's *The Favourite* capped a successful awards season for Film4, with Olivia Colman winning Best Actress at the 2019 Academy Awards – the 35th Oscar in Film4's 37-year history and marking the third time in four years that a Film4-backed film has produced a winner in the Best Actress category.

Our remit

We continued to maintain our distinctive reputation when compared with other broadcasters and increased our overall lead in a number of important areas, including making audiences think about things in new and different ways, and catering for audiences that other channels don't cater for. You can find out more about these metrics and the way we measure our actual and relative performance on delivering our public service remit on page 82.

As Ofcom's review of Channel 4's performance over the last five years, published earlier this year, noted: "Each year, Channel 4 continued to show a broad range of high-quality programmes, with audiences consistently rating it more highly than other PSB services in taking creative risks, as well as in tackling issues that other broadcasters would not, and enabling alternative voices to be heard."

Channel 4 has a specific and unique obligation to reach young and diverse audiences and, while we have made good progress, there remains more to be done in this area.

Younger audiences' viewing habits for media content are transforming rapidly, and we know that we need to change with them. We are investing heavily in new, younger audience focused content and formats and ensuring that these are available at the times they want and on the platforms they use.

To deliver this, Channel 4 has expanded the ways audiences can access our shows. In addition to our All 4 streaming and catchup platform, in 2019 Channel 4 launched its own ad-free subscription service, All 4+ and entered into a partnership alongside the BBC and ITV with BritBox to distribute Channel 4 box-sets and films through a 'Best of British' subscription service.

Our significant investments in the Nations and Regions, our evolution towards becoming a more digital business, our refreshed content strategy and our resonance on young people are ensuring that Channel 4 remains a radical and innovative force in UK broadcasting.

At its heart, Channel 4 works with the best people in our vibrant creative industries to deliver brilliant, insightful, challenging, entertaining programmes that Britain loves to watch.

Financial performance

Channel 4 recognised a deficit before tax of £26 million in 2019. The year was planned to be in deficit, in order to fund the necessary investment to open the new National HQ in Leeds and the new Creative Hubs in Glasgow and Bristol while maintaining the high levels of spend (£660 million) in programming, as well as funding the next phase of our digital transformation. 2020 pre-Covid-19 was planned to be another year of net investment but, in response to the pandemic, some of this activity has been deferred to 2021. Our aim remains to return to an operating surplus in 2021.

The economic environment was tougher than anticipated, with the TV advertising market contracting by 3% in 2019 as a result of economic slowdown and the continuing uncertainty about Brexit. Yet, despite the decline in linear revenues, total revenues increased by £10 million to £985 million in 2019, due mainly to digital revenue growth of +18% and the acquisition and consolidation of the Box Plus Network, which we acquired in 2018. In addition, we managed our costs carefully to offset the unanticipated declines in TV advertising revenue and our investment in the Nations and Regions, content and digital transformation was protected.

Cash reserves at year-end were £137 million in 2019, slightly ahead of our plan and £43 million lower than in 2018, with outflows in the year driven by investment in the strategic initiatives outlined above, pension deficit funding and one-off spend associated with the '4 All the UK' programme. Channel 4 continues to maintain a strong balance sheet. Year-on-year movement shows assets reduced by £54 million, as a result of the operating deficit and our pension liability, to net assets of £385 million, providing a robust financial platform for planned and future investment.

The results and commentary presented in this Annual Report reflect Channel 4's performance in 2019. Since the report was written, the Covid-19 pandemic has struck the United Kingdom, with the initial outbreak creating huge disruption to most aspects of everyday life, and its effects continuing to be felt in ongoing government restrictions and the resulting economic downturn.

At Channel 4, we saw unprecedented declines in advertising revenue in the immediate wake of the virus, with our linear revenues down nearly 50% year-on year in April and May. In response to this, Channel 4's Executive team moved swiftly to reduce our costs and, working collaboratively with our production partners, introduced innovative ways to continue to produce programmes for our audiences, helping to attract investment back into the market.

We announced a package of financial measures in April including a £150m reduction in our content budget and a further £95 million cost savings identified across the rest of the organisation. All Board members volunteered pay cuts of 20% and the 2020 bonus scheme for Executive Directors was suspended. We also further bolstered our immediate liquidity by drawing down our £75 million commercial revolving credit facility.

While the advertising market has shown some signs of recovery as lockdown restrictions have eased, with the full extent of recession in the UK still unclear we are maintaining a prudent approach, with contingency plans remaining in place if recovery is slower than anticipated.

Our people have been remarkable in adversity and that Channel 4 continues to work seamlessly in a lock down environment is testament to their ingenuity and perseverance. We are also acutely aware of the difficulties this crisis has generated for the broader creative sector and we will seek to support the sector as best we can in the circumstances.

A vital role

Channel 4's ability to weather this unprecedented crisis strongly demonstrates the flexibility and resilience of our business model. This is a highly creative, entrepreneurial social enterprise owned by the public – but at no cost to the taxpayer. At its heart, Channel 4 works with the best people in our vibrant creative industries to deliver brilliant, insightful, challenging, entertaining programmes that Britain loves to watch.

Against the background of a global pandemic, mega-global media companies entering the UK market, fragmenting audiences and ever-increasing disinformation, Channel 4 continues to play an important role as a distinctive, trustworthy and authentic British voice.

We have the ability to reach a wide range of UK audiences, and in particular young and diverse viewers, at scale with stories and people that are instantly recognisable from their own lives. We continue to seek out and provide commissioning opportunities for the best producers, big and small, across the land and, for new talent, we offer a potential ladder to success and stardom.

I would like to thank all my colleagues at Channel 4 for their hard work in 2019 and especially during the 2020 pandemic. It is their continuing commitment and dedication that makes Channel 4 such a special place. I would like also to thank Simon Bax, who retired from the Board in 2019, for his contribution both as a Board Member and as Chair of the Audit Committee, and to welcome Andrew Miller as a new Non-Executive Board Member and Chair of the Audit Committee.

A big thank you to the people of Leeds, Bristol and Glasgow for making Channel 4 feel so welcome. We could not have wished for a warmer reception and look forward to working together with you to encourage and support the development and growth of the creative industries in your regions.

At Channel 4 – a free-to-air, public service broadcaster, freely available to all the UK – we recognise we have an important role to play in keeping everyone up to date with the latest news and information and providing insight, education, entertainment and support to help navigate through the crisis.

As Britain begins to recover from the height of the pandemic crisis and adapts to this new world, we will continue to do what we do best: to amuse, to surprise, to comfort, to stimulate and to provoke, to provide those common touch points and talking points of shared experience that can help bring us together during challenging times.

Charles Gurassa
Non-Executive Chair
September 2020

innovative
force

While this report focuses on Channel 4's delivery and performance in 2019, it is impossible to ignore the global events that occurred in 2020. Earlier this year, the United Kingdom was impacted suddenly and widely by the Covid-19 pandemic, which has caused massive social and economic disruption here and around the world.

Alex

Chief Executive's Statement


Mahon

Channel 4's unique model came to life during the crisis and we have proven its resilience. Channel 4 has always offered something different and distinctive. We connect with a younger and more diverse audience than other public service broadcasters.

During these extremely uncertain and challenging times, public service broadcasters such as Channel 4 played – and continue to play – a vitally important role in holding the nation together.

From the very start of the crisis early in 2020, we worked extremely quickly and flexibly to ensure that we were able to react to the pandemic. This agility was recognised and appreciated by our audiences, especially by young people: Channel 4 recorded its best 16-34-year-old share in March in seven years (8.1%) and its best share for young people in April since 2015 (7.9%).

We are proud to have delivered important public health messaging at the height of the crisis. By changing the digital on-screen graphic on all of our channels, we helped to amplify the Government's 'Stay Home, Save Lives' campaign and particularly helped to reach young and hard-to-reach audiences with these important messages.

Thanks to our fantastic production partners and talent, we moved swiftly to launch our 'Lockdown Academy', which featured titles from much-loved presenters including Jamie Oliver, Kirstie Allsopp, Grayson Perry, and Richard and Judy during the UK-wide lockdown. These programmes reached more than 20 million people or around one-third of the UK.

Our 20 fast-turnaround documentaries about Covid-19 reached 19.8 million people across the UK, including over one in five of all 16-34 year-olds in the UK. And *Channel 4 News* doubled its reach of 16-34 year-olds during the lockdown, increasing by a greater proportion than ITV, Channel 5 and even BBC One News. According to the latest Ofcom research, Channel 4 is the most trusted national TV source for news and information about the Covid-19 crisis.

As a result of our reaction to the crisis, All 4 achieved its highest number of quarterly views ever across Q1 in 2020, as well as its biggest ever month, week and day of viewing in March 2020. In the first half of 2020, Channel 4's total TV viewing share increased by 2% to 5.43%, while share amongst 16-34s increased by a huge +8% to 7.79%, as viewers turned to trusted PSB content during the crisis.

I am really pleased that we have emerged out of the height of the crisis stronger than ever and continue to reach record audiences in our typically irreverent way. By nurturing talent and working with production partners from across the UK, Channel 4 will continue to play a major role in the global success of Britain's phenomenal creative industries.

We are building new brands and boosting our investment in order to reach younger audiences with content that they won't get anywhere else.

£985m

total revenues in 2019
– an increase of £10 million
year on year

Working across the UK

Turning to last year, amidst the economic and political uncertainty of Brexit and a rapidly evolving media landscape, Channel 4 delivered the biggest structural change in its history in 2019 – and, throughout 2020, we have continued to lay the foundations for a transformation that will see Channel 4 continue to thrive well into the future.

During 2019, we moved at remarkable pace to deliver on our ambitious 4 All the UK plan, opening a new National HQ in Leeds and Creative Hubs in Bristol and Glasgow less than 12 months after announcing the location of our new bases.

Roles from across the business, including key creative decision-makers, are now located in our new offices across the country, and we have opened up opportunities for people who have never worked in the media before. It has also meant that a number of long-serving colleagues left Channel 4 with the transfer of work out of London in 2019, and I would like to thank them for their outstanding contribution over many years.

Our move has also enabled us to forge new partnerships with cities and work more effectively with the producers that make our programmes across the UK. Alongside additional investment outside of London, a central part of our 4 All the UK plan is to improve representation of the UK on-screen. We will soon start to see creative dividends from having commissioners embedded in communities across the UK, with even more distinctive content that truly reflects Britain.

Indeed, we have already launched our new flagship programme, *Steph's Packed Lunch*, in 2020, broadcasting live from Leeds every weekday, and we are also working towards *Channel 4 News* being regularly co-anchored from a new studio in Leeds.

Maximising time with 4

We are building new brands and boosting our investment to reach young audiences with content that they won't get anywhere else. This includes establishing our new 4Studio unit in Leeds, which is tasked with creating and commissioning short-form popular content to reach young audiences on social platforms, launching a new social strand aimed at teenagers, and boosting our investment in our existing streaming platform All 4.

2019 was a strong year for All 4, and this helped to offset a small decline in our TV viewing share, which decreased by 0.3 percentage points to 9.9%, as viewers consume more content through streaming. All 4's reach to viewers increased by 10%, total views were up by 9%, and 80% of 16-34-year-olds in the UK are now registered on the platform (up from 70% in 2018). In addition, for the first time, one of our shows performed better on All 4 than on linear television. Streaming of series two of *The End of the F***ing World* accounted for 55% of viewing and the series has become Channel 4's biggest instantly available box-set.

Our strategy to maximise young people's time with 4 extends to our linear performance. Channel 4's portfolio 16-34-year-old viewing share declined slightly, by 0.2 percentage points, to 15.7% in 2019. But, crucially, the main channel held its share of 16-34-year-olds (7.5%) and, in the evenings in peak time (7-11pm), it increased its share of 16-34-year-olds by 2% and its share of 16-24-year-olds by 3%. We were the only commercial public service broadcaster to record growth among these groups. On the main channel during 2019, Share of Commercial Impacts grew by 1.2% for 16-34-year-olds (and by 0.1% for ABC1 viewers) – this is the first time we have grown these two groups together in four years.

Channel 4 had 24 of the top 30 highest-profiling titles for 16-34-year-olds in peak-time on British television in 2019 – and 20 of the top-profiling titles for 16-24-year-olds in peak-time. The top three highest-profiling titles were *The Circle, The Great British School Swap* and *Inbetweeners: Fwends Reunited*.

Meanwhile, we continued to make notable progress in delivering for diverse audiences, with an increase in BAME viewing on Channel 4 during peak-time of 9% and 3% across all hours, taking Channel 4's BAME profile to 8% on the main channel, our highest-ever level. Across the portfolio, our viewing share among BAME audiences was 9.2% (2018: 9.5%).

> The need for a public service broadcaster such as Channel 4 has never been stronger. As the world changes, it is more important than ever that Channel 4 keeps acting as a disrupter and a beacon for change in content, while also adapting quickly.

Our ongoing process of creative evolution also started to bear fruit on screen in 2019. Across the Channel, 2019 was a year of creative success and we are seeing the results of Ian Katz and his team's creative strategy, with our programmes consistently creating noise and stimulating debate.

2019 highlights included the powerful documentary *For Sama*, which won dozens of awards – including the Prix l'OEil d'Or for Best Documentary at the 2019 Cannes Film Festival and, more recently, Best Documentary at the 2020 BAFTAs. *Hollyoaks* recorded its best year ever for 16-34-year-old share on E4, which is remarkable for an almost 25-year-old soap. And other key programmes performed very strongly, such as *Derry Girls, Rick and Morty* and, importantly, *Channel 4 News* – young people accounted for 10% of its audience in 2019.

These shows complemented a very strong year for returning series, where our work on creative evolution meant that 29 of our returning titles grew their performance year-on-year in 2019. Creative risk-taking has proved successful, with the return of *The Circle*, which was up by 32% for volume and up by 43% for share of viewers compared to series one. Meanwhile, *SAS: Who Dares Wins* brought its biggest-ever audience and *Escape to the Chateau* enjoyed its biggest series ever.

Channel 4 News' award-winning journalism recorded notable growth of +22% during its weekday slot in 2019. Channel 4 News also continues to be the most highly-regarded TV news provider in terms of regular viewers' perceptions of its independence from the influence of big businesses and government.

In film, we started the year with eight awards at the BAFTAs, including seven for *The Favourite*, which was followed by an Academy Award for Olivia Colman as Best Actress. Our Film4 slate performed solidly over the year, from Stephen Merchant's *Fighting With My Family*, to *Wild Rose*, starring the excellent Jessie Buckley, to Asif Kapadia's *Diego Maradona* and others. Armando Iannucci's *The Personal History of David Copperfield*, released internationally at the end of 2019, has also performed very well.

We have also focused on bringing through a new generation of talent on screen, with a core roster of talent that feels fresher, more diverse – and more representative of the UK as a whole.

Investing in the future

In addition to an increasing competition for viewers, it was a challenging year commercially, due to Brexit and broader market uncertainty. Channel 4's 2019 financial results were robust in a challenging market and we have a solid financial platform for future growth and commercial self-sufficiency.

Overall, our revenues increased by £10 million in 2019 to £985 million buoyed by another year of strong digital revenue growth (+18% to £163 million) and the incremental revenue generated by the full acquisition of Box in late 2018. This was a great achievement, more than offsetting the decline in our traditional linear advertising revenues where we experienced market decline of 3%.

2019 was a year of transformational change and investment and as a result, Channel 4 recorded a deficit of £26 million, in line with our expectations. This reflects £10 million of spend in successfully delivering the first phase of the 4 All the UK programme and increased investment in our wider digital transformation, whilst maintaining creative momentum with content spend broadly flat year on year at £660 million (2018: £662 million).

Channel 4 has prudently managed its finances over successive years and is well equipped to navigate normal cyclical pressures on the advertising market. But the unprecedented impact of the Covid-19 pandemic on the worldwide and UK economy has had a severe effect on the demand for advertising in the UK, with Channel 4's TV revenues falling nearly 50% year-on-year across April and May 2020.

This presented huge challenges for broadcasters and the creative industries and, in April 2020, we took swift action and put in place immediate financial measures to enable us to navigate through the crisis and protect Channel 4's ongoing ability to serve its audience and invest in the UK creative industries. These included a £150 million reduction to our 2020 content budget and identifying a further £95 million savings across the organisation. We also drew down our £75 million revolving credit facility to help ensure appropriate liquidity.

We are now seeing initial signs of recovery, with the advertising market clearly improving, which has allowed us to begin to release some of the savings into our content budget. Though it remains challenging to predict the evolution of this crisis, and we have further contingency plans in place for a range of downside scenarios in the event that the negative impact is deeper for longer than we are expecting, I am pleased that Channel 4's unique model has enabled us to adapt quickly when required, and I am very proud of both the resilience of our business and the impact we have continued to have throughout this pandemic.

A vital public service

In these extremely uncertain and challenging times, public service broadcasters such as Channel 4 play a vitally important role in holding the nation together.

We are here to inform the audience with trusted news and current affairs, to help them stay in touch with what's going on around them and, just as importantly, to entertain and make them feel connected with the rest of the world when they are isolated at home.

As the world changes, it is more important than ever that Channel 4 keeps acting as a disrupter and a beacon for change in content, whilst also adapting quickly to meet the challenges of the future.

Channel 4 has achieved so much in its relatively short history. While we have been faced with unprecedented challenges this year, our intention is to come out stronger. We are reinventing ourselves for a new generation and ensuring that we become more innovative, more creative and more relevant than ever before. This is a challenge we relish.

Alex Mahon
Chief Executive
September 2020

2019 at a glance

Rick and Morty

DELIVERING DIGITAL TRANSFORMATION

£163m record digital revenue (+18%)

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

995m programme views on-demand (+9%)

the highest-ever level, offsetting changes in our linear audience share

22.2m registered users on All 4 (+13%)

attracting more regular viewers to our streaming platform

54% of views on All 4 are from 16-34-year-olds

All 4 is the youngest-profiling public service broadcaster streaming service in the UK; with a 16-34 profile akin to Amazon Prime and Netflix

The Lateish Show with Mo Gilligan

FINANCIAL INVESTMENT IN THE FUTURE

£985m corporation revenue (+£10m on 2018)

led by strong digital revenue growth and investment in Box, offsetting challenging linear ad market conditions

£26m pre-tax deficit (-£31m on 2018)

as Channel 4 invests in its strategic business transformation, we budgeted a deficit in 2019 to allow for significant spend in our 4 All the UK programme, while increasing investment in digital growth and maintaining content spend

£137m cash reserves* (-£43m on 2018)

reduced due to Channel 4's investment in digital growth, key strategic initiatives and our 4 All the UK programme

* Cash reserves reflect the sum of the Group's cash and cash equivalents and other financial assets at the balance sheet date.

This Way Up

MAKING AN ECONOMIC IMPACT

£660m total content spend (2018: £662m)

enabling us to maintain our creative momentum as we transform our business

£492m spend on originated content (2018: £489m)

the third-highest level in Channel 4's history

£189m spend on productions in Nations and Regions (2018: £186m)

a joint-record level in Channel 4's history

43 new suppliers worked with in 2019 (+26%)

274 producers worked with in total (equal with 2018), including 166 independent producers (+8%)

Hollyoaks

MUST-WATCH TELEVISION

9.9% viewing share across the TV channel portfolio (-3%)

a small decline as young people move to stream more content on-demand

7.5% main channel viewing share among 16-34-year-olds (flat)

the only commercial public service broadcaster to maintain share among young people across the day – and we grew 16-34-year-old share by +2% in peak-time, the highest level since 2015

7.9% main channel BAME profile (+9%)

our highest BAME profile ever

75.8% of all TV viewers reached every month across Channel 4's TV channels (-4%)

the third-biggest UK broadcaster in terms of audience reach, behind only the BBC and ITV

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 that 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 create this content and the positive impacts that our content delivers.

We are

Creators

TV. Film. Digital.

Challengers

Voicing alternative views.
Experimenting and taking risks.
Provoking genuine debate and change.
Championing culture.
Telling today's full story.

Champions

Youth.
Diversity.
Social mobility.
Talent.
Creativity.

Commercial

Our commercial activity fully funds our unique creative output.

Derry Girls

Before anything else, we're creators. Every day we invest in TV, film and digital content that's distinctive, imaginative, pioneering and provocative. When it comes to creativity, there's no such thing as too much. That's what makes us different from the rest.

No such thing as too creative

Creators

Investing and innovating in the British creative sectors

“

Britain’s edgiest terrestrial

INVESTMENT IN TV

Channel 4 has been at the heart of the national conversation for almost 40 years. Our unique model – commercially-funded but publicly-owned – means that we are able to offer independent and distinctive, universal content reflecting the interests of different communities across the UK. Every day, our commissions across high-quality television, film and digital content deliver to our remit.

TV channel.

The Times

To make this content, we work with the best creative talent drawn from all across the UK. This model allows us to fulfil a core part of our mission, to strengthen the independent production sector, by supporting a wide range of creative enterprises.

In 2019, we maintained our overall level of investment in content across our services. Our total spend was £660 million across our services – level in percentage terms with 2018 and higher than in any year prior to 2016. Content investment on the main channel was £530 million (2018: £548 million). This was down by 3% year-on-year, as £16 million was moved to our digital TV channels, increasing their budget by 15% to £120 million.

This steady level of investment enabled us to deliver on our content strategy, maintaining Channel 4's distinctiveness by commissioning shows that promote risk-taking and innovation, champion unheard voices and tackle challenging territories.

This was exemplified by a host of ground-breaking factual titles that delivered both in terms of viewing performance and critical acclaim during the year, particularly among young people. These included *Leaving Neverland* (4.2 million total viewers, including a share of 37.4% of 16-34-year-olds, which was 324% above the slot average – which is the average share in the slot over the past year), *Jade: The Reality Star Who Changed Britain* (2.0 million total viewers, including a share of 14.6% of young people, up 79% against the slot) and *The British Tribe Next Door* (2.1 million viewers, including 16-34-year-old share of 17.8%, up 35% against the slot).

Our creative risk-taking in recent years was proven with a swathe of returning programmes that performed strongly throughout the year: as many as 29 shows saw year-on-year growth in 2019, including *The Circle* (1.2 million viewers, with its viewing share up by 43% on the previous series), *SAS: Who Dares Wins* (its biggest-ever audience of 3.2 million, with share up 36% on the last series), *Gogglebox* (3.7 million viewers, with share up 9% on the last series, reaching its highest level since 2015), and *Escape to the Chateau* (2.9 million viewers, with this series' share rising by 17%). *Channel 4 News'* award-winning journalism also saw notable growth in viewing share of 22% year-on-year during its weekday 7pm slot, and achieved some 1.4 billion minutes of online video views across all social platforms (see page 57).

The Accident

High-quality British drama

Offering a unique take on British storytelling, our high-profile dramas attract large audiences and received critical acclaim across the slate.

Our biggest drama success of 2019 was *The Accident*, the final instalment of award-winning writer Jack Thorne's trilogy of Channel 4 films that, in his words, "peeked behind the curtains of this country" (following *National Treasure* in 2016 and *Kiri* in 2018). *The Accident* told the story of a devastating catastrophe and its aftermath on a local Welsh village. Each episode was watched on average by 3.6 million people (a 16.5% viewing share), and the whole series (including repeats) reached a total of 8.1 million people, equivalent to 13.4% of the UK population. This was our third-biggest new programme of the year in the 9pm slot and our most-viewed drama since *Kiri* in January 2018.

Acclaimed filmmaker Shane Meadows – who has a long-standing relationship with Channel 4 and Film4 – returned to Channel 4 with *The Virtues*, a powerful, bold drama that tackled themes of repressed memory, revenge and the hope of redemption. Co-written by Jack Thorne and starring the BAFTA-nominated Stephen Graham, the four-part series attracted an average audience of 1.7 million viewers (7.8% share) and received widespread critical praise. Lucy Mangan, *The Guardian's* TV critic, labelled the drama "a harrowing triumph".

Amongst an eclectic slate, other dramas that stood out during the year included *Brexit: The Uncivil War*. Meanwhile, season two of *The End of the F***ing World* was a huge hit with its young target audience. It became Channel 4's biggest instantly-available box-set ever and our first title ever to attract more viewers on All 4 than on linear TV, with 55% of total viewing via streaming platforms. On TV, the series drew a 14.7% share of 16-34-year-olds (46% above slot average), with much of this growth driven by 16-24-year-olds (up 163% on slot average). With 37% of the drama's audience aged between 16 and 34, *The End of the F***ing World* became Channel 4's youngest-skewing drama in four years and the youngest-skewing drama across all terrestrial channels in 2019.

The End of the F***ing World

The British Tribe Next Door

2.1m

The British Tribe Next Door averaged 2.1 million viewers

Programme innovation

Channel 4's remit encourages us to push creative boundaries, take risks and experiment in our programming in ways that other broadcasters do not.

We are constantly experimenting with new programmes and formats, seeking break-out hits with broad appeal. On the main channel, in the evening period when most people are watching (between 6pm and midnight), Channel 4 showed 160 new and one-off programmes in 2019 – more than BBC One (148 programmes), BBC Two (156) and ITV (91).

Factual Entertainment formats were a key focus for developing new ideas this year. *Sink or Swim* followed the journey of a cast of celebrities who couldn't swim who – through training and support – sought to swim across the English Channel. In aid of Stand Up To Cancer, the four-part series attracted an average of 2.0 million viewers and a 9.9% share of all individuals, including a substantial 17.9% share of 16-34-year-olds.

The British Tribe Next Door was a four-part series that followed *Gogglebox* star Scarlett Moffatt and her family as they spent four weeks with the Himba tribe in a remote Namibian tribal village – while living in an exact replica of their County Durham home. The biggest new Factual Entertainment series of the year for Channel 4, the series averaged 2.1 million viewers (a 9.9% share), and performed strongly with 16-34-year-olds (35% uplift in share).

To celebrate the 50th anniversary of the Apollo 11 mission, we announced the innovative *Moon Landing Live*, a multi-platform commission incorporating two major documentaries, several short films and online content.

The aim of the project was to immerse viewers in the remarkable six days, bookended by the dramatic launch and the moon landing. It included a Twitter takeover during the corresponding six days this year, in which mission updates were tweeted out as live at the same time of day as the historic event. Additionally, five three-minute films were shown after *Channel 4 News* during the week with updates on the mission from that day. Few other media or technology companies have sufficient presence across linear and online platforms to be able to run such a project, and only Channel 4 had the foresight to mark these remarkable events in such an innovative manner. Across the week, *Moon Landing Live* reached 5.2 million viewers (8.6% of the TV population). In terms of impact, 78% of viewers claimed they learned something new from the season.

Feel-good TV at its

A new generation of returning brands

We continue to invest in new programmes that are set to become the next generation of channel-defining brands.

In a world where audiences are flooded with choice, our strategy has been to 'dial up the difference' and seek new formats and programmes that no one else would make. We launched a host of innovative and distinctive programmes during the year, many of which have already been recommissioned for additional – and sometimes extended – seasons in 2020, and which we hope will become fixtures of the Channel 4 schedule in the years ahead.

New series *Snackmasters* saw maître d' Fred Sirieix challenge Michelin-starred chefs to work out the secret recipes behind Britain's best-loved snacks – such as the Kit Kat, the Burger King Whopper and Pickled Onion Monster Munch – and try to recreate them from scratch.

Snackmasters was one of Channel 4's top original series launches of 2019, debuting with an audience of 2.1 million and almost doubling the share of 25-34-year-olds from 12.7% to 21.9% (and a 22.1% share of 16-34-year-olds overall). It has already been recommissioned for a second series in 2020.

60 Days on the Streets was a three-part series in which ex-soldier and adventurer Ed Stafford spent 60 winter days and nights on the streets of London, Manchester and Glasgow, documenting his first-hand experience of Britain's growing homelessness crisis.

With no money, food or shelter, Stafford self-shot his time living alongside the homeless to capture the reality of their day-to-day existence. This challenging series attracted an audience of two million viewers (8.7% share). Following its success, the series was renewed for another three-part documentary, *60 Days with the Gypsies*, in which Stafford will immerse himself into Romani Gypsy and Irish Travelling culture for 60 days.

Acclaimed by *The Times'* Caitlin Moran as "the TV show of the decade" and by *The Guardian* as "feel-good TV at its fluffiest", *The Dog House* was a new eight-part documentary filmed at Wood Green, The Animals Charity, in Cambridgeshire, which takes in hundreds of discarded, disowned or neglected dogs every year. The staff are committed to matching their homeless dogs with hopeful owners and the series followed the team as it tries to find the perfect match for both human and dog.

The Dog House launched in September 2019 and attracted an average audience of 1.4 million viewers per episode (a 7.4% share). It was Channel 4's second-highest-rating new series launch at 8pm among 16-34-year-olds. It will return in 2020 with an extended 18-episode run.

Snackmasters

fluffiest

The Dog House


Hollyoaks


Catch-22

The Great British Bake Off

All 4

As audiences – young people in particular – increasingly turn to streaming services for content, All 4 has continued to evolve to meet this demand. Our goal is to provide content wherever and whenever our audiences want to watch it.

2019 was another ‘best of’ year for our digital streaming platform All 4, with our best-ever individual day, week, month, quarter and year for viewing of our content.

Overall, we achieved record levels of on-demand viewing on our apps and platforms, which increased by 9% to reach a record 995 million views by year-end. This growth was driven primarily by connected TVs and streaming devices that plug into TVs, which saw app viewing growth of more than 20%.

With regard to our content, catch-up programming was All 4’s strongest growth area, thanks both to strong single titles such as *Leaving Neverland*, which became All 4’s most-viewed catch-up episode ever, as well as popular returning brands such as *Celebs Go Dating, The Great British Bake Off, Gogglebox* and *Derry Girls*.

All 4’s catalogue also includes a wide range of archive titles as well as new programming. A raft of successful acquisitions including *Catch-22, 90210, 30 Rock* and *ER* contributed to our streaming growth in 2019. We also created a dedicated Film4 section on All 4 for the first time.

Hollyoaks was once again the biggest title of the year on All 4, followed by *Celebs Go Dating, The Inbetweeners, Made in Chelsea*, and *Friday Night Dinner*. Our reality format *The Circle* continued to draw significant viewing figures – over half of the total volume of viewing by 16-34-year-olds to the series was after the live transmission via All 4, +1 and recorded viewing.

Walter Presents, our curated channel dedicated to quality foreign-language programming, also continued to see steady growth, with video views up 4% to 32.5 million. The service now includes more than 100 titles from nearly 20 countries and its library features around 950 hours of curated content, including the hugely popular Dutch drama *The Adulterer,* and *Deutschland 86,* the much-anticipated sequel to *Deutschland 83*.

We also launched a beta test version of All 4+, an optional paid-for service offering the public the choice of viewing our commissioned content without ad breaks. We also made significant technical improvements to the product this year, including fully-rebuilt iOS and Android apps.

“In a quiet, low-key, very British way, All 4 is becoming the best streaming service we have.

The Guardian

Reaching audiences on social media

Channel 4, E4 and All 4 delivered another substantial year of growth in social media.

We are consistently ranked amongst the top six worldwide content providers for reaching UK audiences on social media (for video views of 30 seconds or more on Facebook and YouTube), as measured by social monitoring platform Tubular Labs. This success is crucially important in showing that Channel 4 is able to engage audiences for longer and in other places than its competitors.

Developing new ways of reaching young people is a core part of our strategy, and social media's potential for reaching those audiences is clear. The Digital Creative Unit, based in our National HQ in Leeds, has started publishing made-for-digital commissions, including a new comedy talent strand (Sparks) and a revamped content strand (*True Stories*, produced for Channel 4 by Barcroft Studios) for Facebook, YouTube and Snapchat.

While the number of views amongst the UK media market (defined as all UK-based creators in the media and entertainment space) generally decreased by 20% year-on-year, the Channel 4 social media portfolio grew by 4% in 2019, making it our biggest-ever year across social platforms (excluding the *Channel 4 News* brand, which itself performed strongly, see page 57).

We grew on every platform (Facebook, YouTube, Instagram, Snapchat, Twitter) but were particularly strong on Twitter (up 51%) and Instagram (up 31%), and video views on our *Hollyoaks* Facebook page were up 58% in 2019.

Facebook users spent 11.3 billion minutes with Channel 4, with growth in the minutes-viewed metric across our three biggest pages (the Channel 4 page increased by 13.2%, E4 was up 0.5% and All 4 grew by 4.7%).

We are the only UK public service broadcaster to have launched shows on Snapchat, which has particularly strong reach with young people. 90% of Snapchat users are 13-24-years-old and 43% of UK 13-34-year-olds have an active Snapchat account. In 2019, our Snap shows attracted 35 million unique viewers worldwide.

Our youth-focused channel E4 also remained the largest UK broadcaster brand on social in terms of video views in 2019, delivering almost five billion views across all platforms – double the size of its next biggest competitor, *BBC News*. This helps us to reach young audiences, with 72% of its audience aged under 35.

IPC Swimming Championships

Youth outreach

Opening up opportunities to groups that are under-represented in the media industry and the wider jobs market plays a vital role in helping us deliver against our public remit.

Channel 4 runs a number of industry-leading schemes tailored to early outreach. In particular, for the fifth consecutive year, Channel 4 ran a national youth outreach programme of skills workshops and challenges in cities across the UK in 2019.

The programme, rebranded as New Material (formerly known as Channel 4 Pop Ups), enables us to deepen our links to a variety of communities across the UK. Its aim is to supercharge young talent who have taken their first steps within their communities, to encourage collaboration, share skills and promote opportunities and organisations looking for young talent within their local area, while also giving them access to the experience of Channel 4 staff.

2019's New Material events were held in Birmingham, Bristol, Londonderry, Glasgow, Leeds and Nottingham and we worked with partners that work specifically with young people from lower socio-economic backgrounds. The events were attended by more than 600 young people in total. Of these, 41% were BAME and 61% were female.

Our Work Experience Scheme provides training and hands-on experience of working in a team at Channel 4. This attracted 3,626 applications in 2019 and we offered 57 placements across the year. Of these, 36% were from socially-mobile backgrounds, 46% were BAME, 71% were female and 16% had disabilities.

Meanwhile, our Apprenticeship Scheme remains a cornerstone of our talent strategy. Channel 4 Apprentices spend between one and two years attached to a department in a Channel 4 office working on a range of challenging projects that count towards their Level 3 or 4 qualifications. In 2019, we welcomed 12 young Apprentices, out of a pool of 2,899 applicants.

We also funded 16 young people through our Paras Production Training Scheme, a 12-month salaried training programme to recruit and support disabled people who want to start a career in television. The 16 trainees have been placed into production companies across the UK (including Birmingham, Glasgow, Leeds, London and Manchester) in either Researcher, Production Coordinator, Social Media or Graphic Design roles.

3,626

applications received for our Work Experience Scheme

Since starting as an apprentice in Agency Sales, my knowledge has widened and my confidence has flourished. I've been able to build a strong rapport with people in the industry. There have been endless opportunities to network and get involved in further training development.

No two days are the same in the sales team. The best moment is when your work gets acknowledged by your managers. It's an amazing feeling when you see an email sent to the floor congratulating you on your hard work!

I'm super-excited about my future as I now have a clear vision of what I want to do. Thank you to Channel 4 for supporting people from all backgrounds to kick off their careers in a competitive industry. Channel 4 has made this possible for me and many others.

Sharon Chapendama
Agency Sales Apprentice, Manchester

4 All the UK

Channel 4 has always had a unique place in British broadcasting. Commercially-funded but with a public service remit, we were set up to disrupt and shake up the TV industry by giving a voice to the under-represented and grow the independent production sector across the UK.

In 2018, we decided to supercharge our ability to deliver against the remit through our 4 All the UK strategy. This major new and significant plan aims to change the geography of the UK's world-leading production sector, responding to broader political concerns about the excessive concentration of the UK's economic activity in the South-East of England. By increasing investment in content from the Nations and Regions, as well as directly creating 300 Channel 4 jobs outside of London, we are able to also indirectly act as the catalyst for many more production-related jobs around the country.

We have moved quickly to deliver on this ambitious plan. In 2019, we opened the doors to two new Creative Hubs in Bristol and Glasgow and established a new National HQ in Leeds.

Our new bases are home to production and corporate roles from right across the business, including key Commissioners in Drama, Comedy, Factual and Current Affairs, plus finance, product, marketing and many more. And they have already begun to make a tangible impact, with production companies and industry bodies setting up or opening local branches close to the new Channel 4 locations. In expenditure terms, we achieved our joint-highest-ever level of investment in the Nations and Regions, with 46% of investment in first-run originated programming on the main channel from out-of-London suppliers (2018: 45%), and a joint-record £189 million on programmes from production companies based outside of London (2018: £186 million).

These developments will quickly unlock opportunities in the media for new, diverse talent across the UK, and we are supporting them with skills and training through a new Channel 4 Academy, to be launched in 2020.

Alongside TV production, we have also invested significantly in digital, establishing a new Digital Creative Unit in Leeds that will create and commission short-form content, lead on social media marketing and act as a northern-based incubator for the digital skills of the future.

4 All the UK will translate on screen into brand new shows from the Nations and Regions with a regional flavour. For example, from late 2020, *Channel 4 News* will regularly co-anchor from Leeds and our new flagship daytime programme, *The Steph Show*, will broadcast every weekday live from Leeds.

These changes – the biggest restructure of Channel 4 since it was established – will ensure that we produce distinctive, original content that reflects Britain back at itself and help to spread opportunities in the creative industries across the whole of the UK.

Drag SOS

Junior Bake Off

Kathy Burke's All Woman

Building skills across the UK

Identifying young and emerging talent across TV, film and digital media is a vital part of our role as creators.

Channel 4 is 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 diverse television and film sectors. Diversity itself helps to foster innovation, by bringing together people with different perspectives and mindsets, and avoiding the 'groupthink' that can occur when everyone comes from the same background. This strengthens our appeal to younger audiences, and sets us apart from global streamers that invest mostly in established talent.

In 2019, Channel 4's schedules reflected our renewed focus on finding and developing fresh talent, with a range of popular new shows by up-and-coming presenters. These included on-screen diverse talent such as Tez Ilyas in the late-night satirical programme *The Tez O'Clock Show*, Livia Simoka in her three-part documentary *Extreme Tribe: The Last Pygmies*, the award-winning comedian Mo Gilligan in *The Lateish Show with Mo Gilligan*, Liam Charles as a judge on *Junior Bake Off* and Aisling Bea who wrote and stars in the comedy-drama *This Way Up*.

We run a number of industry-leading off-screen talent and skill development initiatives tailored to early outreach. Channel 4 works closely with production partners, such as our Production Trainee Scheme for entry-level talent (see page 30). We also collaborate with cultural and educational institutions, such as the Dispatches Investigative Journalism Training Scheme, our partnership with De Montfort University for its MA degree in Investigative Journalism, and the Channel 4 Playwright Scheme, which offers five bursaries to emerging writers. Supporting social mobility and encouraging new entrants into the wider media industries across the UK is crucial to our role as Britain's youngest public service broadcaster. In addition, we also support a range of genre-based schemes that help us to identify and provide a platform for future talent, such as Comedy Blaps (Comedy), First Cuts (Documentaries), Random Acts (Arts) and 4Screenwriting (Drama).

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

I've taken a different route to get here, I've taken risks, and I've believed in my ability – and those have been the marks of my success.

It's a big deal. But nerves keep me sharp.

Mo Gilligan

Film4

Film4

Productions continues to back authored films from new and established directors across a range of budgets, with a mission to champion creative excellence and support British films and filmmakers.

The year began with the UK release of *The Favourite*. Film4's third collaboration with director Yorgos Lanthimos. This female-skewed drama set in the court of Queen Anne grossed £16 million at the UK box office and $95 million worldwide. A healthy awards run in 2019 saw the film lead the BAFTAs, winning seven of its 12 nominations, and jointly lead the Oscar nominations with ten, equalling *Slumdog Millionaire* in 2008 as Film4's most nominated film ever. For her portrayal of Queen Anne, Olivia Colman was crowned Best Actress at the Golden Globes, BAFTAs and Oscars, marking the third time in the last four years that a Film4-backed film has produced the Best Actress Oscar and BAFTA winner – a remarkable achievement for the film arm of a British public service broadcaster.

2019 was the second consecutive year that Film4-backed titles have won both Outstanding British Film (*The Favourite*) and Outstanding Debut at the BAFTAs (for *Beast's* director Michael Pearce and producer Lauren Dark).

Cold War from Polish-British director Paweł Pawlikowski also enjoyed significant awards attention early in 2019, securing four BAFTA and three Oscar nominations, a rare instance of a non-English language film receiving recognition in the main awards categories.

Other Film4-backed titles released in cinemas in 2019 included *Fighting With My Family*, from writer-director Stephen Merchant (and inspired by a 2012 Channel 4 documentary), Jessie Buckley-starrer *Wild Rose* (directed by Tom Harper), the third in Asif Kapadia's trilogy of box office smash documentaries *Diego Maradona*, Chris Morris's *Four Lions* follow-up *The Day Shall Come* and Toby MacDonald's directorial debut *Old Boys*.

Eight Film4 titles were selected to premiere at the Toronto Film Festival in September, and most will release theatrically in the early months of 2020. These included slice-of-life teen drama Rocks from Sarah Gavron, fashion satire *Greed* from Michael Winterbottom, Coky Giedroyc's adaptation of Caitlin Moran's bestseller *How to Build a Girl*, two debut features – Rose Glass's *Saint Maud* and Nick Rowland's *Calm With Horses* – and Armando Iannucci's adaptation of Dickens' classic *The Personal History of David Copperfield* starring Dev Patel, which was also selected in the prestigious opening night gala slot of the BFI London Film Festival.

The Film4 productions that were greenlit in 2019 (for release in 2020 and beyond) encapsulate the commissioning range of Film4's strategy, encompassing Edgar Wright's *Last Night in Soho*, made as a co-production with Working Title and Focus Features; the Sheffield-set and -shot *Everybody's Talking About Jamie*, which marks the directorial debut of the creative team behind the hit stage show of the same name; true-life Welsh racehorse drama *Dream Horse*; acclaimed playwright Florian Zeller's debut film *The Father; Louis Wain*, the solo directorial debut of Will Sharpe, who previously created Channel 4's *Flowers*; and debut features *Passing*, from acclaimed actress Rebecca Hall, and Prano Bailey Bond's *Censor*.

Film4, the cinema production arm of Channel 4, is now a pint-sized Oscars powerhouse.

The Guardian

Produc-tions


The Favourite


Wild Rose


The Personal History of David Copperfield

The End of the F***ing World

More than any other UK public service broadcaster, Channel 4 resonates powerfully with young and diverse audiences, reflecting their lives and interests, entertaining them and, in the process, helping them to navigate through the complexities of modern life.

Never too young to change the world

Champions

Resonance with young and under-served audiences

YOUTH

The future of Britain and Channel 4

Young people are, more than ever, at the heart of everything Channel 4 does: our talent, our content and how we distribute it.

The Circle

The Great British School Swap

Celebrity Hunted

As young viewers move increasingly towards on-demand platforms as their primary means of finding content, we must work harder to ensure that we continue to engage with them – by building new brands, investing in content that appeals to them and making it available where they want to watch it. Successful implementation of this strategy allows us to strengthen our connection with young audiences and superserve their needs.

In 2019, this resulted in disproportionately strong viewing figures amongst this target group: we grew our share of 16-34-year-olds in peak-time hours by 2%, and maintained our share of young audiences across all hours – the only commercial public service broadcaster to do so. This year also saw the best single day for young viewers on Channel 4 since 2006, with a share of 23.8% of 16-34-year-olds, thanks to the launch of the latest season of *The Great British Bake Off* and the first episode of *Sink or Swim*.

Moreover, in peak-time hours, Channel 4 was responsible for 24 of the top 30 highest-profiling programmes on TV for 16-34-year-olds, and 20 of the top 30 highest-profiling titles amongst the even-harder-to-reach 16-24-year-old age group.

With a 42% profile of 16-34-year-olds, *The Inbetweeners: Fwends Reunited* was Channel 4's youngest-skewing title of the year, followed closely by season two of *The Circle* (which had a 41% profile of 16-34-year-olds – 20 percentage points up on the slot average) and *The Great British School Swap*.

vorthy

Throughout the year, as we made strong progress in the delivery of our youth strategy, a number of shows broke new records for young people watching Channel 4 on our TV channels and via streaming.

Top young programmes and new records

Two major Channel 4 commissions performed extraordinarily well. The second series of *The End of the F***ing World* became All 4's most binge-watched box-set ever, as well as the youngest-skewing drama since *This is England '90* in 2015.

And *Leaving Neverland*, the two-part documentary directed and produced by British filmmaker Dan Reed, about two men who recount their experiences of being sexually abused by Michael Jackson, achieved a 16-34-year-old share of 37.4%, making it the top youth documentary across all TV channels in the UK in two years.

binge — wo

→ Meanwhile, *Rick and Morty* achieved a share of 20.7% amongst 16-34-year-olds, making it the biggest US animation for this group on any channel in 2019 and E4's biggest show of the year for young people.

In Entertainment, *The Great British Bake Off* was another showstopper this year, attracting a huge share of 60.1% of 16-34-year-olds, making it the second-biggest series of the year for young people across all TV channels.

Rick and Morty

The Great British Bake Off

Gogglesprogs

Older children in 2019

A key aspect of our remit is to appeal to older children (specifically 10-14-year-olds) and young adults.

This year, we continued to commission a stable of original, high-quality programmes with popular mainstream appeal that reflect their lives and interests and help them to better understand the world around them.

A good example of this was *Junior Bake Off*. The 15-episode series – hosted by Harry Hill with judges Prue Leith and baking ace Liam Charles – was tasked with finding Britain's best junior baker aged between nine and 15. It averaged a 27.1% share of 10-14-year-olds in its weekday 5pm slot. Across all dayparts, it ranked as Channel 4's third-biggest programme in 2019 for share of older children (after *The Great British Bake Off* and *The Tiger Who Came to Tea*). It was also Channel 4's biggest daytime series (pre-6pm) in terms of the volume of 10-14-year-olds for a decade (going back to 2010), while this year it ranked as the biggest daytime programme across all the main PSB channels for this group.

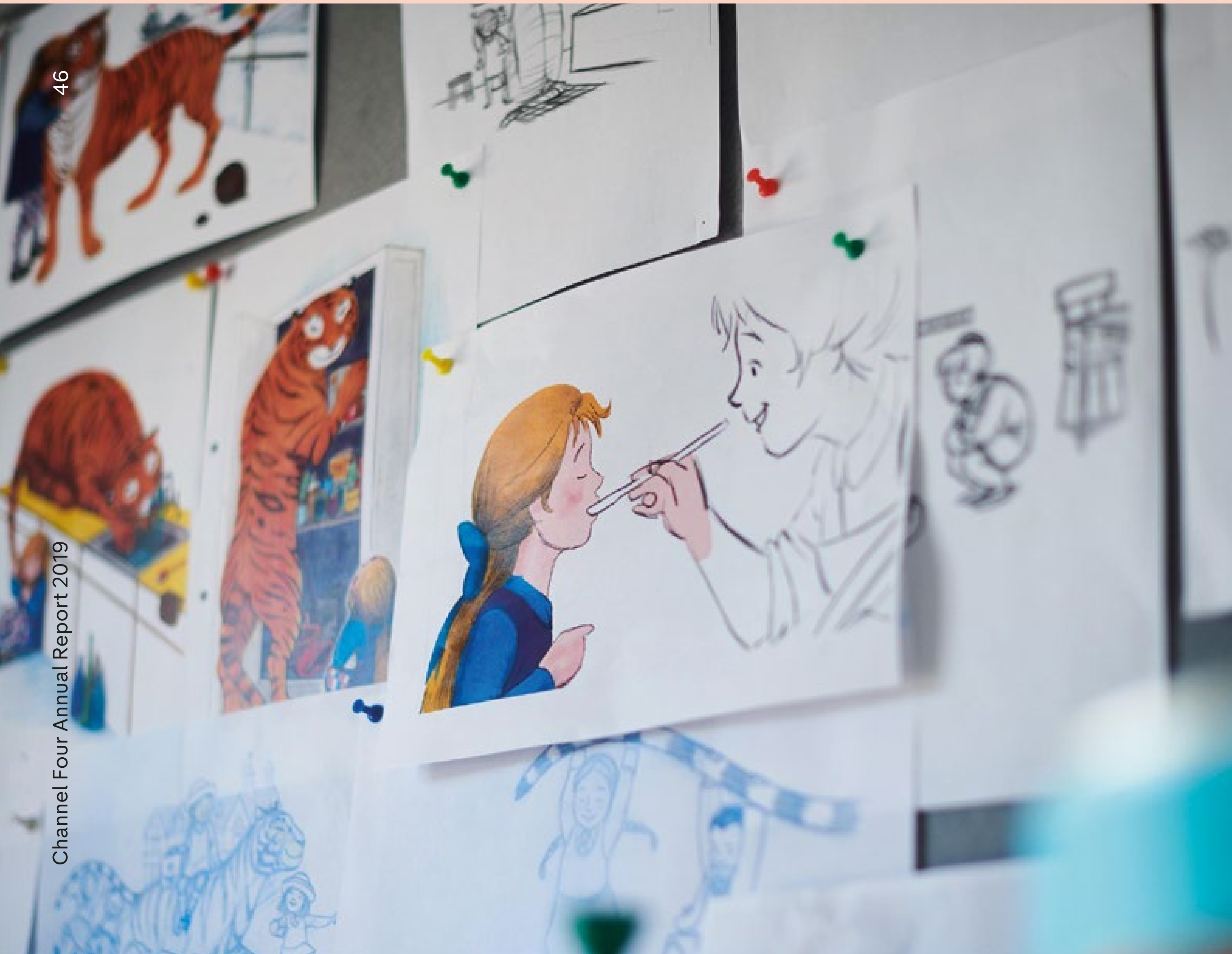
Also targeted at older children, *The Great British School Swap* was a radical experiment exploring racial segregation in Britain, in which pupils from schools in very different areas swap places. This three-part series attracted a share of 20.6% of 10-14-year-olds.

Other Channel 4 programmes made for all audiences but with strong appeal to children this year included *SAS: Who Dares Wins*, *Gogglebox* and *Hunted*.

Another successful show was the four-part series *Sink or Swim for Stand Up To Cancer.* A line-up of celebrities including Olympic gold medallist Linford Christie, *The Last Leg's* Alex Brooker and *Hollyoaks* actress Rachel Adedeji were pushed to their limits – in the process, attempting to erase the stigma of being a non-swimmer. It achieved a 20.6% share of 10-14-year-olds.

Sink or Swim

The Tiger Who



Came To Tea

The end of 2019 was capped with a special Christmas treat – a hand-drawn animated adaptation of the much-loved classic children's book *The Tiger Who Came To Tea* by Judith Kerr.

The story of Sophie and her extraordinary, stripy tea-timed guest has enchanted generations of children and has become a timeless classic. Channel 4 commissioned Lupus Films – makers of the acclaimed *We're Going on a Bear Hunt* and *The Snowman* and *The Snowdog* – to make the new 30-minute animation as a fitting celebration of the book's 50th anniversary in 2018. It features a stellar cast of voices including David Walliams, Tamsin Greig, David Oyelowo and Benedict Cumberbatch.

A rare example of hand-drawn British animation, the film took 18 months and a crew of 80 artists to produce the 36,000 hand-coloured frames of animation, armed only with a set of coloured pencils and an estimated 23,444 cups of tea.

A huge hit, it was Channel 4's highest-rating programme over the Christmas period, averaging 5.1 million viewers and 21% share of the total TV audience. The film particularly appealed to younger viewers, attracting a 34% share of 10-14-year-olds and becoming the biggest Channel 4 programme of the year for 4-9-year-olds, with almost one million viewers from this age group.

Ruth Fielding: Producer, Lupus Films, makers of The Tiger Who Came To Tea

Q: Your films are known for their distinct hand-drawn look that seamlessly brings a picture book to life – how do you remain both so true to a book and breathe new energy into it?

A: We pride ourselves on our relationships with illustrators and authors. We get to know why and how they created their successful book and try to recreate those techniques, and the essence of the book and their story, in the medium of animation. We have to feel passionate about the work that we do and hope that is then borne out on screen.

Q: Lupus Films is unique. Why did you want to create a hand-drawn animation studio, and what are the ingredients that go into a new Lupus film?

A: We feel that 2D hand-drawn animation can have a particular effect on television and cinema audiences if the stories you are telling are emotional. We believe the emotion from the animator drawing a character is translated directly onto screen and into the hearts and minds of the audience.

The films we like to make touch and affect our audiences and, that way, we hope they will stay with people, have a long shelf life and stand repeat viewing. The books we choose to adapt tend to be classics that have achieved book sales in the millions. They tend to be a sensible starting place from which to build a good business model.

Q: What was the biggest difficulty to bring *The Tiger Who Came To Tea* to screen?

A: For me, as the producer, the biggest challenge was keeping everyone happy without compromising creative ambition and bringing the film in on time and on budget.

The use of white space is also technically ambitious in this film. Trying not to overfill the frame – in order to keep the resemblance of the book illustrations; but creating a scene which is engaging enough for a young viewer – is quite a feat in itself.

DIVERSITY

Focus on the under-served

Channel 4 has a long and proud history of inclusion and diversity. Our commitment to diversity stems from our remit as a public service broadcaster to focus on the under-served and appeal to a culturally-diverse society. We want Channel 4 to authentically reflect and represent the country.

The Big Narstie Show

By producing iconic moments that change the way that Britain thinks about diversity – from the first pre-watershed lesbian kiss on *Brookside* and the first black sitcom, *Desmond's*, in the 1980s and early 90s, through pioneering content in the late 90s and 2000s such as *Queer as Folk*, and on more recently to our ground-breaking coverage of the Paralympic Games over the last decade – we have brought previously neglected experiences and perspectives into the mainstream, doing things that no broadcaster in the world had done before.

2019 was a strong year for inclusion and diversity at Channel 4. Across all genres, we presented a modern, diverse Britain on screen. Highlights in each genre included positive and accurate representations of all facets of diversity, from disability to gender, sexuality to ethnicity and more. These include:

- **Documentaries:** *The Great British School Swap*, *First Dates*
- **Drama:** *The Accident*, *Ackley Bridge*, *Hollyoaks*, *I Am...*
- **News and Current Affairs:** *Unreported World*, *Dispatches*, *Supershoppers*
- **Specialist Factual:** *100 Vaginas*, *Random Acts*, *The Curry House Kid*, *The Secret Life of 5-Year-Olds*
- **Entertainment:** *Sink or Swim for Stand Up To Cancer*, *The Last Leg*, *The Big Narstie Show*, *The Lateish Show With Mo Gilligan*, *The Tez O'Clock Show*
- **Sport:** *World Para Swimming Championships 2019*
- **Factual Entertainment:** *The Circle*, *Gogglebox*, *The Undateables*
- **Comedy:** *Home*, *Derry Girls*, *This Way Up*
- **Features and Formats:** *The Great British Bake Off*, *The Restaurant That Makes Mistakes*.

84% of our programmes met our Commissioning Diversity Guidelines, which set genre-specific diversity targets on- and off-screen.

We achieved 100% subtitles across all linear channels, 6% signing on Channel 4 and E4 and over 40% audio description across all linear programmes for the first time (with E4 at 75% of audio described programmes). We also introduced several signed box-sets on All 4, including for *The Inbetweeners* and *Derry Girls*, leading the way in our provision of access services.

Our programmes also appealed to diverse audiences. Across 2019, we increased our BAME profile on the main channel to 8% — our highest level ever. Our BAME share also grew by 3% on the main channel, to a total BAME viewing share of 5.1%, while our BAME portfolio viewing share was 9.2% (2018: 9.5%). Some of our top-rating programmes with BAME audiences included *The Great British Bake Off* (32% BAME share), *Leaving Neverland: Michael Jackson & Me* (22%), *The Great British School Swap* (16%) and *Three Identical Strangers* (17%).

We also championed diversity in between our programmes through our £1 million Diversity in Advertising Award. This year, we invited agencies to create campaigns that tackled the lack of representation and stereotyping of the LGBT+ community. Starbucks and Iris won the prize, with their ad airing in February 2020.

This Way Up

Warrior Women with Lupita Nyong'o

Black History Month

Channel 4 marked Black History Month in October with a dedicated season of docu-series and films on its linear TV channels and online.

The main channel showcased three recent Oscar-winning films: Jordan Peele's *Get Out*, which delivered the biggest audience of the season, coming-of-age drama *Moonlight,* and *Fences,* starring Denzel Washington and Viola Davis. Taken together, the titles shown on the linear channels reached 6.0 million viewers (10% of the TV population), delivering strong BAME representation on screen during the month.

Complementing this, All 4 gave prominence to a curated Black History Month collection that included most of the titles shown on linear TV, alongside some new content (such as *Warrior Women with Lupita Nyong'o*) and programmes from the Channel 4 archive that revolved around the black British experience (including *Chewing Gum*, which recorded a four-fold increase in viewing during the month, *Desmond's* and *The Black Lesbian Handbook*). A highlight of the collection was a series of six exclusive films from gal-dem, an online platform committed to telling the stories of women and non-binary people of colour.

Viewers of the season praised the range of programmes and films available in the All 4 collection and said they appreciated seeing new, emerging talent. They felt this type of content is exactly what they'd expect from Channel 4. Indeed, 92% of those who watched at least one programme within the season agreed that "Channel 4 makes distinctive and different programmes" and is seen to "tackle issues other channels wouldn't".

Channel 4's Black History Month season also attested to the broadcaster's reputation as a champion of diversity and a platform for unheard voices, with two-thirds of viewers agreeing that "Channel 4 reflects the diversity of the UK within its programming" and that Channel 4 is the leading broadcaster for "giving a voice to the under-represented".

IPC Swimming Championships

Michaela Coel

Faces of E4

A key focus of Channel 4's on-screen Inclusion and Diversity strategy is to shift focus to authentic portrayal and representation, in order to allow audiences to recognise themselves on screen.

As part of this, in July 2019, Channel 4's Creative Diversity team launched a new on-screen talent initiative, Faces of E4, to find candidates who would go on to become the new, young and diverse on-screen stars of E4 – whether presenters, actors or comedians. E4 has a well-established heritage as a launchpad for talent, kicking off the careers of well-known names including Russell Brand, Jameela Jamil, Jimmy Carr, Michaela Coel, Daniel Kaluuya and Kaya Scodelario.

This nationwide talent search is being led by production company Fully Focused, which has been charged to find new talent from a range of backgrounds across the country, who come without significant mainstream or terrestrial broadcast experience. It kicked off the process by organising a number of pop-up events in Liverpool, Birmingham and London in the autumn of 2019. The search remains ongoing and will then move into the next phase (in 2020 and beyond) in which selected new talent will be given training to help with their development, as well as exposure on E4, which could see them involved across digital content, social media, in-vision continuity or starring in new shows.

Faces of E4 complements a separate scheme, also funded through Channel 4's Creative Diversity team, called Faces of Factual, in which four companies were tasked to identify and develop new diverse regional talent and ideas in 2019. The results of this search are already providing dividends, with new talent already being used in programmes that have been commissioned for 2020.

New inclusion strategy

In October 2019, Chief Executive Alex Mahon launched a new Inclusion and Diversity strategy, with a vision to build on Channel 4's heritage as a trailblazer in diversity.

Four years after launching our ground-breaking 360° Diversity Charter, this new Inclusion and Diversity strategy is aligned to the organisation's corporate strategy and is fully focused on inclusion, social mobility and authentic portrayal. The strategy has three key components:

- **An inclusive workforce:** to instil a culture where the power of the diverse workforce is celebrated, and people recognise that diversity of thought generates richer ideas.
- **On-screen:** to shift focus to authentic portrayal and representation, allowing audiences to recognise themselves on screen.
- **Leading the industry:** to be a driving force and pioneer in the industry on inclusion and diversity.

Our ambition is to be a beacon for the UK industry of what an inclusive, diverse and creative culture can look like, and to give Channel 4 a creative and competitive edge.

Channel 4's commitment to diversity was recognised through a number of awards and accolades in 2019. At the 2019 Mind Media Awards, Shane Meadows' powerful four-part drama *The Virtues* won 'Best Drama' and, for its commitment to mental health reporting, *Channel 4 News* won 'Best News and Current Affairs'. Off-screen, Channel 4 was named as a 'Top 10 Outstanding Employer' at the Ethnicity Awards 2019, and ranked in 35th place on Stonewall's 2020 list of the top 100 inclusive employers for LGBT+ staff – the first time in its history that the organisation has been included in this list – while Stonewall also recognised Channel 4 as a top trans employer.

The Virtues

Too cool

Derry Girls

Voices from across the UK

Our investment in programming made in the Nations and Regions isn't just about the economic impact – it is also integral to ensuring that we reflect a wide range of voices, experiences and stories drawn from across the UK. We believe that, more than ever, viewers want to see their local areas portrayed on TV, and that doing so contrasts with the international settings of most programmes offered on the biggest streaming services. As such, this is not just the right thing to do, but it also makes commercial sense, delivering higher levels of viewing across the UK.

As evidence of this, *Derry Girls* returned for a second season in 2019 – with its vibrantly-portrayed local setting – and became Channel 4's second-most-watched series in Northern Ireland ever, only behind the comedy's first series.

Jack Thorne's drama *The Accident*, filmed in Wales and telling the story of how a catastrophe impacts a local Welsh community, was Channel 4's biggest drama launch in Wales since *Humans* in 2015. Emphasising the appetite for programming based in regions near to them, the series averaged a 13.9% share among viewers living in Wales – almost three times the slot average of 5.3%.

It is no coincidence that many of our most popular returning series also reflect British diversity; this is an important criterion for our commissioning teams and production partners. *The Great British Bake Off* showcased bakers from across the country, including from Chester, Durham, Halifax, Leeds, Leicester, Somerset and Tenby. And each episode of *Gogglebox* features families drawn from a range of locations across the UK, including Bristol, Caerphilly, Leeds and the Wirral.

These shows feel distinctively British and help Channel 4 to stand out and attract audiences. This is shown in our viewing figures, with shows like *Gogglebox* and *Celebrity Gogglebox* recording a higher share of viewing in every region of the UK (against its slot average).

—for school

Too challenging to ignore

Challengers

Adventures in Futureland

With a range of uniquely Channel 4 programmes, we challenge and engage mass audiences to think differently. Through this, we create better social cohesion across the UK.

Fatima Manji

Channel 4 News

NEWS/ALTERNATIVE VIEWS

Channel 4 makes a vital contribution to the national debate by providing a platform for alternative voices.

In a rapidly changing world, Channel 4 stands out from other public service broadcasters and global streamers by saying something impactful about Britain, provoking debate and telling unheard stories from across the country in a common, trusted space.

At its most impactful, Channel 4 content exposes the truth and acts as a powerful catalyst for change. Our ambition is to reflect Britain back at itself, to challenge easy assumptions and to offer something unique and distinctive to the country.

Channel 4 News

At the heart of our news provision is our flagship *Channel 4 News*, the only hour-long news programme in peak-time on the main PSB channels.

This extended running time enables us to tell stories from multiple angles and in more depth. *Channel 4 News* stands out from other mainstream news broadcasters by combining rigorous, thorough analysis with a lively, accessible presenting style.

In a world of online disinformation, the provision of independent and authoritative news by public service broadcasters is more important than ever. In 2019, *Channel 4 News* continued to be seen as the most highly-regarded news provider in terms of its independence from the influence of big business and government, leading the other main UK broadcasters by clear margins (read more analysis on page 105).

As the United Kingdom moved closer to exiting the European Union, Brexit was the dominant topic throughout the year. The climate emergency attracted a significant amount of coverage – cited by David Attenborough as "leading the way" – as did the ongoing war in Syria, and US politics.

For many voters, the climate crisis was a key issue in December's General Election, and *Channel 4 News* hosted the world's first-ever party leaders' climate debate, which took over the 7-8pm news hour on 28 November. The programme averaged 884,000 viewers (a 5% share), with a remarkable 7.9% share of 16-34-year-olds – the biggest viewing share amongst young audiences for Channel 4's weekday evening news since 2011.

The debate became the fourth-most-talked-about event in the election (according to Lord Ashcroft Polls) and raised the debate about the climate emergency across the country. The hashtag '#ClimateDebate' trended worldwide and generated 243,000 tweets and was watched by over three million viewers in total (including clips, live video and the programme itself). It was also Channel 4's second-highest talked-about programme of the year overall. It demonstrated that young audiences can be reached with in-depth and authoritative coverage of important issues if they are presented in an engaging manner.

On average, 7.8 million viewers watched *Channel 4 News* each month in 2019, an increase of 6% year-on-year. Moreover, our main weekday evening programme grew its viewing share significantly, rising by 22% year-on-year to 3.7% of viewing – its highest level since 2010. *Channel 4 News'* increase in reach was all the more notable given that the other public service broadcasters all suffered declines in the monthly reach of their national news programmes.

BAME audiences also grew in 2019, by one percentage point, to 16% of *Channel 4 News'* total viewing – the joint-highest figure achieved over the last decade. Amongst the main PSB channels' news programmes, *Channel 4 News* is the only one whose viewing by BAME audiences exceeds this group's representation in the UK population (estimated to be around 13-14%) – the other PSBs' news programmes had shares of BAME viewing in the range of 6%-11%.

The news programme also appeals to young adults, with 16-34-year-olds making up 10% of viewers. This is level with Channel 5 and higher than the other PSBs' national news programmes. As *Channel 4 News* increased its digital and social media coverage (see next page), to reach young people where they want to consume news, 16-34-year-old viewing share decreased on the main channel by two percentage points year-on-year.

Channel 4 News reinforced its reputation as the leading flagship news programme, winning 33 prizes, including an International Emmy for News, a Peabody Award, a BAFTA, as well as a record seven RTS Journalism Awards.

In addition, the *Channel 4 News* co-produced documentary film *For Sama* (see page 60) won more than 60 awards, including the Prix Change to Prix L'Œil d'Or for Best Documentary at the 2019 Cannes Film Festival and Best Documentary at the 2020 BAFTAs.

7.8m

viewers watched *Channel 4 News* each month in 2019 (+6%)

+22%

viewing share growth in 2019 to *Channel 4 News'* main weekday evening programme, to 3.7% of viewing, the highest level since 2010

7.9%

viewing share of 16-34-year-olds for *Channel 4 News'* climate debate – Channel 4's biggest weekday evening news share since 2011

Krishnan Guru-Murthy

We have worked hard to build a big digital audience, especially amongst younger people, while not compromising on any of *Channel 4 News'* core principles or values.

Cathy Newman

Leading digital news

As audiences – young ones in particular – spent ever more time using digital and social media, *Channel 4 News* continued to expand its digital presence in 2019, helping it to engage with these audiences.

In total, some 1.4 billion minutes of *Channel 4 News* videos were watched across all social platforms in 2019.

Channel 4 News video views grew by 65%, to 187 million, on YouTube; and by 64%, to 185 million, on Twitter. The total number of YouTube subscribers grew to more than one million.

There were even greater increases amongst 16-34-year-old viewers in the UK on YouTube. Video views increased by a huge 72% to more than 25 million. And the number of minutes of video viewed in 2019 was almost double the corresponding figure for 2018.

Of the most-watched *Channel 4 News* videos on YouTube, two-thirds were about politics or Brexit. This reflects the massive interest among young people for high-quality news on platforms where they access information. Dwell time was also substantial: UK audiences watched seven minutes of *Channel 4 News* content on average, a large figure for video in social media.

Channel 4 News also expanded its brand on other social platforms. At the end of 2019, *Channel 4 News* launched *Rated*, an Instagram Stories explainer series made in the mobile-friendly vertical video format. And it was commissioned to make *Uncovered*, a weekly news programme – also in vertical video – for Facebook Watch, making it one of the earliest suppliers of content to this platform.

Ben De Pear

Q&A with Ben De Pear, Editor, Channel 4 News

Q: Why does reporting news in depth still matter?
A: In an era of disinformation and disruption, our programme is a unique hybrid of serious in-depth daily news, revelatory investigations and quality short-form filmmaking – and has never been more in demand or more vital to public life.

The programme pushes hard to be really engaging as we try to get to the truth, but has the benefit of Ofcom-required impartiality and accuracy, which means we are trusted, as well as being a good watch.

Last year, our TV figures were up significantly, proving that in a time of crisis people still feel they need to come to us.

Q: How do you ensure that *Channel 4 News* resonates with younger and harder-to-reach viewers?
A: We have worked hard over the last few years to build a big digital audience, especially amongst younger people, whilst not compromising on any of the show's core principles or values. We have successfully maximised our content on key social media platforms where younger audiences consume news, initially on Facebook – where we established ourselves as the most-watched news show in Europe at the time – and now on YouTube.

Q: Which story has had the most impact this year?
A: Brexit was the major story of the year and we were very proud of our coverage, spearheaded by Political Editor Gary Gibbon and our Westminster team, but our undercover investigation into Cambridge Analytica garnered a remarkable number of awards and its impact continues to reverberate around the world today.

We are very proud of the critically-acclaimed *For Sama*, a film which started with a single news report by our newsroom and was produced by *Channel 4 News* and ITN Productions and broadcast on Channel 4, and which won over 60 awards, including the Film BAFTA and an Oscar nomination. We feel greatly privileged to have worked with Waad and so many other Syrians during this horrific period in their history, and believe that the films that we have made with them have at least spread awareness of the ongoing humanitarian crisis.

Winner of the Prix L'Œil d'Or for Best Documentary at the 2019 Cannes Film Festival, Grand Jury prize for Best Documentary and the Audience Award at SXSW, Best Documentary at the 2020 BAFTAs and nominated for an Academy Award, *For Sama* has been a huge and highly-acclaimed hit in Britain and internationally.

For

“

This is not just a film for me, it's my life, my greatest loss, my greatest happiness. It is everything I struggled for and dreamt of, my duty to the city I belong to and a message to my daughter Sama.

When the Syrian uprising began in Aleppo in 2011, Waad al-Kateab taught herself to film and captured some of the most memorable images of the conflict. She initially started documenting the horrors of Aleppo for a *Channel 4 News* series, *Inside Aleppo*, in January 2016, while living in a makeshift hospital run by her husband. Her short news films became a worldwide sensation, revealing the relentless horror of the events in Aleppo. The films won more than 20 awards, including the International Emmy for News in 2017.

In December 2016, al-Kateab and her family fled Aleppo with over 500 hours of footage. Together with Emmy-award winning director Edward Watts, they produced the remarkable film *For Sama*, an intimate and epic journey into the female experience of war.

A love letter from a young mother to her daughter, the film tells the story of al-Kateab's life through five years of the uprising in Aleppo, Syria, as she falls in love, gets married and gives birth to Sama – all while cataclysmic conflict rises around her.

Al-Kateab's camera captures incredible stories of loss, laughter and survival as she wrestles with an impossible choice: whether or not to flee the city to protect her daughter's life, when leaving means abandoning the struggle for freedom for which she has already sacrificed so much.

Since leaving Syria, funded by Channel 4, al-Kateab has started training as a producer for *Channel 4 News*. It is highly unusual for feature-length documentaries to emerge from the news divisions of any broadcaster, and *Channel 4 News* is incredibly proud to have supported both this film and al-Kateab herself over the last five years.

Sama

For Sama

Covering Current Affairs

In 2019, our long-running investigative strand, Dispatches, continued to air almost entirely in a peak-time 8pm slot, allowing the series to reach large audiences.

Across 27 episodes, this year's domestic and international investigations covered important topics including Brexit, poverty, the knife crisis and the healthcare system.

The most-watched episode, attracting 1.7 million viewers (an 8.0% viewing share), was *The Secrets of Amazon*. Presenter Sophie Morgan brought attention to the working conditions in Amazon's UK fulfilment centres and investigated products carried by the company, often sold by third parties, which may not meet safety standards.

Growing Up Poor – Britain's Breadline Kids – the second-most-watched programme in the series, with 1.3 million viewers (a 7.4% share) – shed light on the more than four million children growing up in poverty by telling the stories of three families that do not have enough money for life's essentials. On social media, two *Growing Up Poor* video posts on Facebook attracted 15 million views and the biggest *Channel 4 News* videos ever for engagement.

And, prior to BBC Two's *Newsnight* covering the story, Channel 4 investigated the extraordinary friendship between Prince Andrew and multimillionaire Jeffrey Epstein in *The Prince & The Paedophile,* asking why a member of the British royal family maintained ties with a convicted sex offender. 1.2 million viewers watched the programme, giving it an 8.1% share.

Alongside *Dispatches*, reporters from our multi-award-winning foreign affairs series *Unreported World* uncovered stories that are typically ignored by the world's media. Ten authored films explored wide-ranging international stories, including Krishnan Guru-Murthy's investigation of mafia drug-dealers in southern Italy, Seyi Rhodes' exploration of why Brazil is becoming one of the most dangerous places in the world to be LGBT, and Marcel Theroux's account of the children who have fallen foul of Pakistan's strict blasphemy laws.

Taking Britain's pulse

During uncertain times, Channel 4 has the ability to engage mass audiences in the big issues that affect British people in ways that other broadcasters and global content providers cannot, or choose not, to do.

At a time when television is becoming ever more global and content is often designed to appeal to (and therefore not offend the sensibilities of) audiences around the world, we offer something different and distinctly British. Our distinctive editorial taste and innovative programming allows us to tackle big issues in new ways, helping to reflect the nation back at itself.

A prime example of this was *Brexit: The Uncivil War,* written by the acclaimed playwright James Graham. Starring Benedict Cumberbatch and Rory Kinnear, the drama provided a profoundly timely, witty and compelling behind-the-scenes exploration of one of the biggest political earthquakes of recent times: the campaign running up to the EU referendum in 2016. The programme attracted two million viewers and a 9.8% share.

Meanwhile, *The Great British School Swap* was a radical experiment that explored racial segregation in Britain. Across three episodes, the series followed a group of teenagers aged 13 and 14 from a predominantly white school as they entered an inner-city, multicultural Birmingham school, exploring the misconceptions held by both groups of children.

Covering issues ranging from offensive language to what it means to be British, the series reached 3.4 million viewers and performed particularly well among its key target audiences. It had a 20.2% share of 14-19-year-olds (a huge 122% above the slot average), and a 16.1% share of BAME viewers, more than tripling the slot average for this group.

The programme also had a tangible impact: seven in ten viewers claimed that it made them think about how society can do more to encourage cultural and racial integration and, importantly, one-quarter of parents said they had discussed the issues raised in the programme with their children.

It was also seen to be a distinctively Channel 4 programme, with close to half of viewers agreeing that "you wouldn't find programmes that tackle social issues in the UK like this on a platform such as Netflix or Amazon".

Another strong example of a programme reflecting Britain back at itself was *Crime and Punishment,* a six-part documentary series filmed over two years that set out to explore all aspects of the UK criminal justice system.

The filmmakers received unprecedented access, a first for any TV documentary, giving viewers a uniquely privileged viewpoint to explore how the criminal justice system grapples with crime and seeks to deliver justice for victims, the accused and society more generally. Attracting an average of 1.1 million viewers (a 4.7% share), the programme received widespread critical acclaim for its unvarnished approach.

Unreported World

Dispatches: Growing Up Poor – Britain's Breadline Kids

Brexit: The Uncivil War

The Restaurant That Makes Mistakes

The Restaurant

In a daring five-week social experiment, *The Restaurant That Makes Mistakes* observed whether a fully-functioning restaurant in Bristol could be staffed by 14 people living with various forms of dementia.

This ambitious project attempted to start a wider national conversation about how the public sees people who live and work with dementia.

After spending one month learning the tricks of the trade, the newly-trained staff were put to work in one of the toughest, most high-pressure working environments, serving a host of celebrity diners, members of the public and food critics.

Offering an underlying tone of optimism, the series resonated powerfully with audiences. Just over 80% of viewers claimed it helped them gain a better understanding of the challenges people with a mental disability can face, while three-quarters said it made them “think differently about dementia or mental disability”. 78% of viewers agreed that the series “provided a view of disability they’d never seen before on TV”.

57%

of viewers were inspired to see what volunteering schemes are available for those with dementia or another disability

That Makes Mistakes

Talked-about documentaries

At our best, our shows drive the national conversation, helping to make us the UK's most distinctive broadcaster.

A prime example of this in 2019 was *60 Days on the Streets,* a three-part series in which ex-soldier and adventurer Ed Stafford spent 60 winter days and nights on the streets of London, Manchester and Glasgow, documenting his first-hand experience of Britain's growing homeless crisis. With no money, food or shelter, Stafford self-shot his time living alongside the homeless to capture the reality of their day-to-day existence. This challenging series attracted an audience of two million viewers, equivalent to an 8.7% audience share, an impressive 32% above the slot average.

The taboo-breaking *100 Vaginas* saw documentary artist Laura Dodsworth photograph and interview women about how their vagina has shaped their lives. Viewers and critics appreciated the thoughtful approach taken to the subject, with *The Independent* praising it for its honesty and calling it a "powerful and essential documentary". With an audience of 1.4 million viewers and a 9.1% audience share, this was Channel 4's biggest documentary of the year in the 10pm slot.

Channel 4's cultural scope is not narrowly confined to the borders of our country, and we also support British filmmakers when they explore subjects with global appeal. The standout documentary of the year was *Leaving Neverland,* directed by award-winning director Dan Reed. This unflinching and meticulous two-part film, originally commissioned by Channel 4, showed how American singer Michael Jackson groomed and abused two young boys over a number of years.

"

It's not a radical thing, to have a vagina, but Channel 4's documentary *100 Vaginas* does feel quite revolutionary.

The Independent

60 Days on the Streets

powerful and —

100 Vaginas

essential

Leaving Neverland launched with 4.2 million viewers on the main channel, skewing strongly with young people (its 37% share of 16-34-year-olds was up a huge 324% on the slot average). It went on to become Channel 4's most-watched new documentary series of 2019 for all individuals, reaching 8.5 million people (including repeats), and becoming the best-performing documentary for 16-34-year-olds across all UK television channels since the BBC's *Blue Planet II* in 2017. It was also the second-most-watched programme of the year on Channel 4 for young people across all genres, behind only *The Great British Bake Off*.

Leaving Neverland made headlines around the world for weeks, forcing viewers and cultural commentators to re-evaluate Jackson's legacy – vividly illustrating the kind of bold risk-taking and impact that few other broadcasters can match. The programme also won a host of major international awards, including an Emmy for Outstanding Documentary.

Leaving Neverland

Inspiring the nation through sport

It was a strong year for sport on Channel 4 across a range of competitions, with coverage spanning Para sport, rugby (International Rugby Union and the Heineken Champion's Cup rugby), cricket and Formula 1.

Our ground-breaking coverage of Para sport has been changing attitudes to disability in sport for almost a decade (ever since the London 2012 Paralympic Games), and this year – as part of our coverage – we continued to help discover a new generation of disabled talent in front of and behind the camera. In September, Channel 4 broadcast the World Para Swimming Championships from the London Aquatics Centre, as Ellie Simmonds and the ParalympicsGB team competed for places ahead of the 2020 Tokyo Paralympic Games. All 162 of the finals over the week were shown through our extensive live coverage on More4 and the Channel 4 Para Sport website.

In July, Channel 4 brought the ICC Cricket World Cup Final – England vs New Zealand – to free-to-air television for the first time in 14 years, thanks to a ground-breaking partnership with Sky to share live coverage. In an action-packed day for sports fans, the final aired on the same day as Channel 4's live coverage of the British Grand Prix – also the only live free-to-air Grand Prix to be shown on British television in 2019.

This combination of two major sporting events – which aired simultaneously on Channel 4 and More4 – resulted in Channel 4's best all-day TV audience since 2012, in terms of the number of viewers. Channel 4 attracted a peak audience of 5.3 million during the cricket, while overall 4.4 million viewers tuned in to watch Lewis Hamilton win a record-breaking sixth British Grand Prix on Channel 4. In total, 12.8 million people tuned in to watch either some of the cricket or the British Grand Prix coverage across Channel 4 or More4. Channel 4 also recorded its best-ever day for live online streaming on All 4.

Warrior Women with Lupita Nyong'o

My Grandparents' War

New takes on history

Throughout the year, Channel 4 offered a range of programmes focused on the overlooked and the misunderstood, re-examining British history through a modern lens. By taking fresh, alternative approaches to history, we can provide new insights and tell new stories from Britain's past.

In *My Grandparents' War,* some of Britain's most high-profile actors – including Kristin Scott Thomas and Helena Bonham Carter – retraced their grandparents' footsteps some 80 years after the start of World War II.

Through these journeys, the programmes explored unanswered questions about the scars that war left on their grandparents and looked at how those six years of conflict changed their families' lives and Britain forever. The programme averaged 1.4 million viewers and attracted a 5.6% share of all individuals.

The Massacre That Shook The Empire, meanwhile, examined one of the darkest days in British and Indian history. Coinciding with the centenary commemoration of the Amritsar Massacre in India, writer and journalist Sathnam Sanghera explored the events that took place on 13 April 1919, when a British army general ordered troops to gun down a crowd of men, women and children who were peacefully gathered in a park in Amritsar, and the implications of the massacre on the way Britain thinks about the Empire and Britishness.

This Specialist Factual commission, which attracted a 10.7% share of BAME viewers, more than double the slot average – was both a personal journey for Sanghera, as a British Sikh Punjabi, and the unearthing of a relatively poorly-known event that became a pivotal turning point in British colonial rule.

A rather more uplifting story emerged when Oscar-winning actress, writer and producer Lupita Nyong'o went in search of a remarkable but little-known female army. In an epic and revealing journey, the hour-long Specialist Factual commission *Warrior Women with Lupita Nyong'o* saw her travel across Benin in West Africa to uncover and tell the story of the remarkable 'Agoji'. Almost 400,000 viewers tuned in to find out about these warrior women who, in armies up to 4,000-strong, fought African and European powers from the 17th to the 19th centuries in the Kingdom of Dahomey (modern-day Benin).

Hollyoaks

Helping young people navigate complex issues

Channel 4 plays an important role in offering educational content within its programming for young people, challenging them and exploring issues that matter to them in entertaining and engaging ways.

Our flagship soap for young people, *Hollyoaks* – which has aired on Channel 4 since 1995 – continues to be the youngest-skewing soap on British television: 55% of its audience (across Channel 4 and E4) are aged 34 and under, more than double the other leading soaps' comparative figures of 22% for *Eastenders* (BBC), 15% for *Coronation Street* and 12% for *Emmerdale* (both ITV).

Hollyoaks performed strongly in 2019, particularly on E4, where audience share and volume both rose at a time when TV viewing amongst young audiences is in decline. *Hollyoaks'* E4 broadcasts attracted their highest-ever share of 16-34-year-olds, with a 21.5% share of this audience (20% up year-on-year), while the volume of 16-34-year-olds rose by 2%. Across all audiences, viewing share on E4 was up 6% year-on-year, and the volume of viewers was up by 1%.

Integrated within 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 2019, powerful storylines included far right extremism and radicalism, substance abuse, mental health and sexual abuse.

Our successful drama series, *Ackley Bridge,* set in and around a school designed to unite the divided white and Asian communities of a small Yorkshire mill town, also returned for a second run of eight episodes.

The 2019 series, which explored issues such as poverty and teen sexuality, averaged 1.1 million viewers (5.8% share) and was Channel 4's biggest non-*Bake Off* show of the year at 8pm for both 16-24-year-olds and 14-19-year-olds in terms of viewing share. It was also praised by critics for its "frank, funny account of life in a multicultural society" (*The Guardian*).

Channel 4's commitment to this series was rewarded, as it grew in popularity among young viewers – its 14-19-year-old audience share was up by 5% versus the previous series.

The Great British School Swap was a radical experiment that explored racial segregation in Britain, designed to introduce secondary school pupils to different cultures and ways of life. The series saw students from two very different schools swap places in order to challenge the misconceptions they hold about other communities.

The series reached 3.4 million viewers, including a 20.2% share of 14-19-year-olds – an impressive 122% above the slot average – and had a tangible impact. Seven in ten viewers claimed that it made them think about how society can do more to encourage cultural and racial integration and, importantly, one-quarter of parents said they had discussed the issues raised in the programme with their children.

Outside of our programmes, we have also taken steps to educate and encourage children to eat healthily. In 2019, Channel 4 joined ITV's Vegpower initiative – the campaign to inspire children to eat more vegetables – offering significant airtime, alongside Sky to promote the campaign.

Channel 4 is the engine room of the UK's thriving creative industries. Uniquely amongst the public service broadcasters, Channel 4 is a publisher-broadcaster, meaning that we commission all of our programmes for our portfolio of TV channels externally.

Too good to miss

Commercial

Delivering public value through a commercial model

Our unique model sees us invest hundreds of millions of pounds into the UK creative landscape and work with hundreds of independent production companies across the country.

In this way, Channel 4 helps to build IP-rich businesses with global reach, and we're proud to play a disproportionately influential role in the UK's creative economies – not only by helping to bring creative ideas to life, but also by supporting small and medium-sized enterprises ('SMEs') across the country. Channel 4 is creating an economic and cultural legacy that will last long into the future.

£189m

invested in programmes from Nations and Regions, an increase of £3 million

SUPPORTING CREATIVE BUSINESSES

Since our launch in 1982, Channel 4 has consistently commissioned from a huge range of independent production companies across the UK. In the last year, we have started to put in place the most significant change we have ever made to our commissioning model, providing a new level of support to help build a sustainable production sector outside of London through our '4 All the UK' plan. This is described in more detail on page 31.

We worked with 274 companies across TV, film and digital in 2019, of which 43 were new suppliers – a significant increase from 34 new suppliers in 2018. This reflects our ambition to support a thriving, growing and more diverse UK independent production sector and to build a sustainable network of creative clusters across the UK. In total, we invested £492 million in originated content from British producers — an increase of £3 million year-on-year and the third-highest level in Channel 4's history.

We operate under a model whereby the independent producers that we work with retain the secondary rights to the programmes that they create (i.e. rights to own and distribute their programmes beyond Channel 4's first-run window). This gives our investment an important multiplier effect, whereby our production partners can go on to monetise content in secondary markets (in the UK and overseas), generating additional revenue streams and helping them to grow viable businesses.

We invested £189 million in programmes from the Nations and Regions in 2019. This is an increase of £3 million year-on-year and returns to Channel 4's peak level of spend set in 2017. Nations and Regions indies continued to deliver successful programmes throughout the year, including our biggest single commission, *Hollyoaks* (made by Liverpool's Lime Pictures), plus *The Circle* (Manchester's Studio Lambert), *Kirstie and Phil's Love It or List It* (Glasgow's Raise the Roof Productions) and *A New Life in the Sun* (Leeds' True North Productions).

Some of our most popular and acclaimed new commissions this year came from indies in the Nations and Regions, including *The Virtues* (Sheffield's Warp Films) and *Year of the Rabbit* (Glasgow's Objective Fiction).

During the year, Channel 4 reached a new Terms of Trade deal with Pact, the trade association that represents the commercial interests of UK indies. The landmark agreement – which saw Channel 4 gain additional first-window rights for use on All 4 in return for allowing producers to retain all net receipts from international exploitation — was widely welcomed across the industry. In particular, it is an example of a broadcaster working constructively with the sector to find an innovative way of delivering the rights that are required to enable Channel 4 to drive forward its digital strategy, whilst also ensuring that indies retain an appropriate and valuable package of secondary rights for them to exploit.

We have an ambition for Channel 4 to be widely recognised as the best creative partner for suppliers. We launched a Commissioning induction training programme for new and existing Commissioning hires and will continue to deliver training to help improve the ways that we work with production partners to ensure the smoothest relationships between Commissioners and independent partners.

Year of the Rabbit

The Accident

Growth funds

The £20 million Indie Growth Fund has a remit to generate commercial returns for Channel 4 by investing in and helping to grow early-stage production companies across the UK.

All profits from the fund's ventures are invested back into the delivery of Channel 4's public service remit. The Indie Growth Fund is now five years old and the existing portfolio continues to perform well.

To date, the Indie Growth Fund has invested in 17 companies, with six exits so far and 11 companies remaining in the fund by the end of 2019. Over the course of 2019, the fund invested in four new companies: Glasgow-based indie Two Rivers Media, Leeds-based factual indie True Vision Yorkshire, Bristol-based factual indie Five Mile Films and Eagle Eye Drama, an indie focused on producing English-language drama series inspired by hit foreign language shows. The fund also successfully exited of its share in Barcroft, which was sold to Future plc during the year.

Future investment by the Indie Growth Fund will continue to be geared towards fast-growing independent production companies in the Nations and Regions, as well as digital and diverse businesses across the whole of the UK. The Indie Growth Fund has now moved to Channel 4's National HQ in Leeds.

Alongside the Indie Growth Fund, 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 19 equity investments and had a balance sheet value of £20 million at 31 December 2019 (2018: £16 million).

In 2019, Commercial Growth Fund investments included: Meatless Farm, a plant-based meat alternative producer; SportPursuit, a specialist flash sales site for sports and outdoor enthusiasts selling technical and athleisure products; TravelLocal, an online travel platform connecting holidaymakers with selected local tour operators across the globe; and Drover, a car subscription marketplace. Three follow-on investments were completed with existing portfolio companies: Eve Sleep, Hussle (formerly PayAsUGym) and GetAgent. The Commercial Growth Fund also divested its stake in Pinterest, a social media website. The increase in the fund's value was offset by its divestment of Pinterest and fair value losses that relate to some of the fund's investments.

Dynamic TV

Commercial innovation and partnerships are critical to Channel 4's long-term success. From ground-breaking advertising breaks to pioneering commercial collaborations, innovation runs through the entire Channel 4 business. A strong example of this is Dynamic TV.

At the start of 2019, in a first for the UK and European advertising markets, Channel 4 launched Dynamic TV. This is a brand-new innovation in spot advertising that enables potentially thousands of data-driven creative variations of an advert to be served across big screen devices, such as smart TVs, for the first time, as well as on mobile and desktop video-on-demand platforms.

Developed alongside Channel 4's video technology partner Innovid, Dynamic TV allows advertising partners to leverage first-party data from Channel 4's more than 22 million registered viewers to deliver bespoke ads based on location, weather, time of day, date and demographics (without any data being shared by Channel 4 with others). For example, one of our launch partners, Boots, launched a targeted ad that showed users where their nearest Boots store was located.

By personalising TV adverts, we are able to bring more relevancy to viewers and create a better experience than traditional commercial breaks. Dynamic TV supports previous innovations launched by Channel 4, such as Contextual Moments, launched in 2018. This was the world's first AI-driven TV advertising technology, enabling Channel 4 to place a brand's adverts next to the relevant scenes in a linear TV show.

Celebrity Gogglebox

Formula 1

Cricket World Cup

Industry partnerships

Channel 4 collaborates with commercial partners to offer the best content and technology for the British public.

With UK broadcasters increasingly feeling the effects of competition from video-on-demand services offered by much bigger US-based media and tech companies, there is a growing rationale for companies who saw each other primarily as commercial rivals to find new ways to collaborate.

A prime example of a successful implementation of this is Channel 4's industry-leading partnership with Sky. In September, Channel 4 and Sky announced a new, broader, strategic partnership that spans content, technology and innovation – benefiting both British consumers and the broader industry.

As part of the partnership deal – and following a successful season in 2019 – Formula 1 highlights and live coverage of the British Grand Prix will continue to be broadcast on Channel 4 as part of the wider, multi-year content deal – ensuring that Formula 1 remains available on free-to-air television.

In addition, Sky and Now TV customers are also able to enjoy more upfront box-sets from Channel 4, which provides the ability to binge-watch all episodes of selected Channel 4 series before they are broadcast, along with extended access to our Walter Presents series of foreign-language dramas.

And as part of the commercial partnership, Channel 4 also signed up to use Sky's AdSmart technology for the first time, which will enable us to deliver fully-targeted, addressable spot adverts across our portfolio of linear channels to viewers in Sky and Virgin Media households.

This partnership is a fantastic example of how broadcasters can work together to extend the reach of their content and innovate for the benefit of both viewers and advertisers. It builds on the growing list of collaborations between Sky and Channel 4 which, earlier in the summer, saw the two broadcasters share the final of the ICC Cricket World Cup, enabling the entire nation to celebrate a once-in-a-generation moment of England winning the World Cup on home soil (see page 68).

The opportunity to collaborate as public service broadcasters on BritBox extends our track record of partnership and will ensure there is a compelling single destination for the very best high-quality, home-grown content.

The Inbetweeners

The End of the F***ing World

BritBox

During 2019, Channel 4 struck a multi-year deal with BritBox, the new streaming service created by the BBC and ITV.

Our partnership with BritBox will add around 1,000 hours of recent and archive Channel 4 box-sets across Comedy, Drama and non-scripted programmes, plus a selection of British films from Film4.

The opportunity to collaborate with other public service broadcasters on BritBox extends our track record of partnership with other broadcasters and ensures that there is a compelling single destination for the best high-quality, home-grown content from the PSBs on a service defined by their shared public service brand values.

BritBox brought All 4 to the service in spring 2020, with new series being available 31 days following transmission of the last episode on Channel 4. Film4 will follow later in 2020.

Creative Forward Look

In common with every broadcaster, the 2020 that we planned and commissioned for was not the 2020 that we found ourselves in.

The Tokyo 2020 Paralympic Games was meant to be the centrepiece of Channel 4's year. The great international climate conference, scheduled for November 2020 in Glasgow, meanwhile, was going to be the focus of a slate of programmes tackling the climate emergency from different angles. We thought we were commissioning shows for a nation emerging from the paralysis of the Brexit crisis – and ready to re-engage with new topics which had been crowded out of the national conversation.

scale, noise and fun

As a commercial broadcaster, it's vital that Channel 4 delivers audiences of scale as well as creative impact and we have commissioned a wide range of broad shows across all genres.

Ian Katz

But, in a few short weeks, a virus changed everything. Quite apart from having a direct impact on almost every aspect of our lives and becoming – for a while – the single topic of overwhelming interest on the planet, the Covid-19 crisis cut a swathe through both TV production and the revenues of commercial broadcasters such as Channel 4.

It posed all commercial broadcasters with a twin headache: to replace hundreds of hours of lost production while, at the same time, making substantial savings. In short, doing much more with much less.

Yet, at the same time, the Covid-19 crisis has presented public service broadcasters with a historic challenge and opportunity to step up and help people navigate through these extraordinary times.

The need for high-quality, trusted journalism is never greater than at times of national crisis. Since the beginning of the crisis, we have regularly extended *Channel 4 News* and commissioned quick-turnaround current affairs and factual programmes to help keep our audiences well-informed and hold decision-makers to account.

As well as keeping audiences informed, we have tried to capture and, hopefully, lift the mood of the nation, connecting people and helping them get through months of uncertainty and isolation with a combination of useful advice, activities, cheering diversion and plain fun.

Working closely with our independent production partners to create resourceful and creative ideas, our strategy has been to give people a structure to their day and help them use their time stuck at home constructively. Under the banner of a 'Stay at Home Academy', our first slate of commissions responding to the crisis helped viewers negotiate the challenges of isolation and being stuck at home with family.

We also commissioned a range of new shows to help families keep active and happy throughout the day – from Grayson Perry leading the nation in a giant art project (*Grayson's Art Club*), giving viewers ideas for maintaining a healthy sex life during the lockdown (*Sex Tips for Lockdown*), Kirstie Allsopp sharing her home crafting ideas (*Kirstie: Keep Crafting and Carry On*), and of course Jamie Oliver helping the nation to cook from their store cupboard essentials (*Jamie: Keep Cooking and Carry On*).

A key moment of the year thus far was the launch of our new daily live show, *The Steph Show*. Steph McGovern presented the show from inside her own home in Yorkshire, at the start of the pandemic, to provide a "power hour of positivity" for viewers in an initial six-week run. The show has now returned, re-launching in September as *Steph's Packed Lunch* from a new studio in the heart of Leeds.

This hasn't been about serving up 'eat your peas' television. Our slate for 2020 has been designed to make the Great British public think and laugh in equal measure, as we navigate through the crisis of a generation.

The crisis has not made us shy away from broadcasting programmes about other important, contemporary issues. Throughout 2020, we have and are tackling other important topics. During the summer, in response to the killing of George Floyd in the US, we commissioned *Take Your Knee Off My Neck*, a series of powerful and original films by black film-makers exploring race in contemporary Britain, as well as *The Talk*, a poignant, funny and emotional film which explored how BAME parents prepare their children to face racism. And, building on 2019's celebration of Black History Month, in 2020 we have commissioned a number of additional films to celebrate the month, including *Black, British and Funny*, *Black Hair* and *Black Love*.

From adult illiteracy to racism in schools; the disappearance of pubic hair to the loneliness of older people; the climate crisis to the rise of Vladimir Putin – our approach is reflected in our three creative priorities: noise, scale and fun.

Noise

Despite the disruption created by the Covid-19 crisis, our 2020 creative slate has been peppered with shows that have something sharp to say about modern Britain.

Throughout the year, we have commissioned programmes that are designed to be as entertaining as they are thought-provoking. For example, *The Write Offs* tackled Britain's staggeringly low adult literacy rates and exposed a yawning gap in British education. Presented by Sandi Toksvig, the empowering and uplifting two-part series offers a group of eight adults – aged from 22 to 66 years old – a life-changing opportunity to overcome the one thing that has always held them back.

Another bold new series, *The School That Tried To End Racism*, followed a British school's ground-breaking programme to combat prejudice by taking the controversial step of racially segregating 11-12-year-old pupils, and encouraging them to talk freely about their attitudes to race.

At the start of the year, timed to coincide with Veganuary, we broadcast a family of provocative programmes designed to stimulate debate about the way our food is produced. *Meat the Family* was a quintessential noisy Channel 4 show, challenging viewers to think about our attitude to eating meat. This was supported by hard-hitting authored documentary *Apocalypse Cow: How Meat Killed the Planet* from environmental campaigner George Monbiot, and the documentary *How to Steal Pigs and Influence People*, which followed a unique community of vegan influencers.

In any given year, Channel 4 always aims to air programmes that we can confidently say no other broadcaster would broadcast and *Adult Material* is a prime example. From award-winning writer Lucy Kirkwood, the new darkly comic drama series delves inside the modern porn industry from the perspective of a mum-of-three (played by Hayley Squires) who has been working in it her entire adult life.

The slate also has also included a number of revelatory documentaries that have got the nation talking. Nineteen years after Stuart Lubbock was found dead at Michael Barrymore's home, *Barrymore: The Body in the Pool* forensically explored the full story behind one of Britain's most high-profile unexplained deaths, re-engaging the public with a shocking failure of the justice system, and leading to the reopening of the police investigation of the case.

And we have also been getting up close with the male anatomy, in a penetrating new arts documentary, *Me and My Penis*, in which British artist and fine art photographer Ajamu took an uncompromising look at 21st century masculinity in all of its forms.

We have a slate that many will love, some will hate, but none will be able to ignore.

Scale

As a commercial broadcaster, it's vital that Channel 4 delivers audiences of scale as well as creative impact and we have commissioned a wide range of broad shows, across all genres, with scale at their heart, and designed to perform strongly across both linear and via streaming.

Our 2020 slate in the scripted area is both highly distinctive and compelling. We kicked off the year with *Deadwater Fell*, a dark crime thriller starring David Tennant and Cush Jumbo, described as "Broadchurch but more irresistible" by *The Guardian*. *Baghdad Central*, a brand new six-part crime thriller from BAFTA-nominated writer Stephen Butchard, was set in the aftermath of the fall of Saddam Hussein in 2003 and highly unusual in presenting a Middle Eastern story through the eyes of Middle Eastern characters.

A raft of stand-out new titles that we developed in 2019 – including Snackmasters and *Joe Lycett's Got Your Back* – also returned in 2020, as well as established hits such as *The Great British Bake Off*, 24 Hours in A&E and Gogglebox. These have sat alongside programmes such as *Celebrity SAS: Who Dares Wins*, *Celebrity Gogglebox* and other successful Channel 4 brands that we will be extending further.

From the searing four-part documentary tracing the disappearance of Peter Falconio, to showing the inner workings of one of Britain's biggest public landlords in *Council House Britain*, which takes an intimate look at the lives of thousands of tenants, and *The Bridge*, our new gripping entertainment event full of unforgettable twists this autumn, programmes with scale have been at the heart of our programming.

Fun

Building on our success in scripted comedy in the past few years – with titles such as *Derry Girls*, *Friday Night Dinner* and many more – we have continued to put fun at the heart of Channel 4 throughout 2020.

We have been scaling up new talent that we successfully launched in 2019, such as Jayde Adams, Mo Gilligan and others, plus have launched more scripted comedy talents, such as Mae Martin in her semi-autobiographical sitcom *Feel Good*. The 2020 slate has also featured a number of returning comedy titles, such as *Friday Night Dinner* and the unmissable parody sitcom *The Windsors*.

Fun does not only extend to scripted – it is threaded through all of our genres, from documentaries like *Best Western*, a comedic fly-on-the-wall documentary about one of Britain's oldest and largest hotel groups, to *Five Guys a Week*, which offers the ultimate test of romance, compatibility and stamina by providing one singleton with five trial live-in boyfriends for a week – all at the same time. The inimitable Greg Davies is also returning to the channel in the form of *Taskmaster*, with Alex Horn. And, as a special festive animated treat this Christmas, we will also have Quentin Blake's *The Clown* on Channel 4.

And we have also been introducing new warm, entertaining factual formats, such as the riotous new crafting series *Keith Lemon's Fantastical Factory of Curious Craft*.

And much more

We will also continue to serve Channel 4 content to viewers in more diverse ways, from more box-sets on All 4 to exclusive commissioned documentaries and comedy content across our social channels. This is at the heart of our strategy to put our content where our audiences want to watch it.

In uncertain and challenging times, public service broadcasters like Channel 4 play a vital role in holding the nation together. Reflecting the full impact of the Covid-19 pandemic and helping our viewers through has been one of the biggest challenges public service broadcasters have ever faced – but we believe it is vital to keep serving our audiences with shows that help them both understand and withstand today's world.

We are hugely appreciative of the imagination and resilience of our colleagues in the production sector in helping us to find ways to tell these stories despite the huge challenges they have faced themselves. We believe that we can support them best by continuing to commission shows and develop brilliant new ones for the future.

Ian Katz
Director of Programmes

Investing

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

Innovation through content

In 2019, Channel 4 maintained its overall content investment across its services, with total spend on originated and acquired content of £660 million, level with the 2018 figure in percentage terms. The total was marginally down, by £2 million, in absolute terms, but still higher than in any year prior to 2016. Expenditure on Channel 4's own commissions rose by £3 million to £492 million, the third-highest level in Channel 4's history. £437 million of this was spent on the main channel; this was down by 2% year-on-year as more budget was allocated to the digital channels, whose original content spend rose by 31% to £51 million.

Channel 4 broadcast 7.9 hours of first-run originations every day on average across the TV portfolio in 2019, 6.8 of which were on the main channel. The total was slightly down (by 1%) year-on-year. Hours on the main channel fell by 5% while those on the digital channels rose by 36%, reflecting the rebalancing of the original content budget described above. During peak viewing time (6-10.30pm), first-run originated programmes accounted for 74% of hours on the main channel – one percentage point up on 2018 and the joint-highest figure since this metric was first reported in 2008. Including repeats, 84% of peak-time hours were taken up with originations, the highest figure since 2008.

Across the TV portfolio, there were few significant year-on-year variations (of more than £10 million or 10%) in investment at the genre level. The biggest change was a reallocation from Sport (with less F1 coverage this year and no summer or winter *Paralympic Games*) to other areas, in particular youth-skewing originations on E4 and longer runs for successful series. As a result, spend on Sport was down by 33% to £31 million, while the volume of first-run originations dropped by 152 hours. The main beneficiary of this change was Factual programming, the sole genre to experience a significant increase in its budget, with spend up by 6%/£14 million to £236 million and volume up 57 hours. Other significant decreases in spend were in Education programming (down by 33% to £11 million) and Older Children (down by 20% to £6 million). In volume terms, the other notable change this year was a 43-hour increase in Entertainment, a 9% rise. More information on genres and programmes are included within the relevant narratives.

in innovation

Innovation through diversity

Channel 4 is the only PSB that outsources all of its productions, and in 2019 it increased its total investment in first-run originations from external suppliers across its TV portfolio. Spend on the TV portfolio was £483 million, up 1% year-on-year (a £5 million rise). Reflecting the rebalancing of budgets described above, the main channel's investment fell by 2% to £432 million, while spend on the digital channels was up by 31% to £51 million. Channel 4 worked with 274 creative partners across its commissions in TV, film and digital media this year, the same as in 2018. Of these suppliers, 43 were new to Channel 4, a 26% rise, reflecting our commitment to diversify the supply base this year after declines in 2018, along with the launch of the new Digital Creative Unit ('DCU').

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 2019, 54% of hours of first-run originated programmes on the main channel came from suppliers based outside London. While this is five percentage points down on 2018's record level, this remains a strong performance well in excess of our target quota. In expenditure terms, Channel 4 achieved its joint-highest-ever level of investment outside London, with 46% of investment in first-run originated programming on the main channel from out-of-London suppliers (one point up year-on-year). Across the TV portfolio, Channel 4 spent a joint-record £189 million on programmes from production companies based outside London, 1.5% up on last year's figure. £35 million of this total came from companies based in the Nations, a 6% rise.

Turning to on-screen diversity, Channel 4 showed 266 hours of originated programmes on the main channel whose subject matter covered issues relating to religion, multiculturalism, disability and sexuality. This total rose slightly, by 2%, in 2019; excluding years boosted by coverage of Summer *Paralympic Games* (i.e. 2012 and 2016), it is the highest level reached on this metric since 2011. Following last year's live coverage of the PyeongChang 2018 Winter *Paralympic Games* – which comprised a large volume of first-run programming outside of peak-time – the volume of first-run originations fell back this year by 18% to 146 hours (still above 2017's level), while first-run originations in peak-time rose by 28% to 80 hours. Programme examples are provided on page 93.

Programming with an international theme adds another element of diversity to the schedules. There were 65 hours of first-run non-news programmes covering international topics on the main channel and in the cross-channel *True Stories* documentary strand in 2019, 10% up year-on-year. The TV portfolio continued to showcase foreign-language TV shows from Channel 4's Walter Presents service: the opening episodes of 13 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 8.9 million people in 2019. While down by 1.5 million year-on-year, this was compensated by a 4% increase in views to Walter Presents content on All 4, to 32.5 million. Meanwhile, the Film4 channel continued to offer a diverse and international slate: 32% of its output came from outside the US, with British films accounting for 15% of total output.

Innovation through content

£660m

spent on content across all services

Equal

with last year

£650m

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

Equal

with last year

Investment in all content

In 2019, Channel 4 maintained its overall level of investment in content across its services, with some redistribution of funds from the main channel to digital channels. Total spend across the network was £660 million, level with the 2018 figure in percentage terms. While this was marginally down, by £2 million, in absolute terms, the content budget remains higher than in any year prior to 2016.

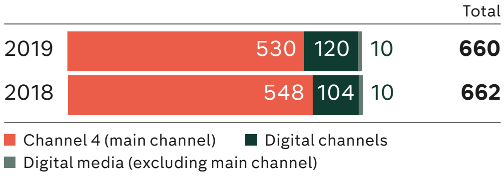
The main channel – which attracts the biggest audiences in the portfolio – continued to account for the bulk of the investment: its budget was £530 million this year, 80% of the total. This was down by 3% year-on-year, as £16 million was reallocated to the digital TV channels, whose budget rose by 15% to £120 million. The remaining £10 million was spent on digital media (level with the 2018 amount), which comprises Channel 4's websites, cross-platform content and investment in All 4 content, including foreign-language TV service Walter Presents. Overall, digital services (the digital TV channels and digital media) accounted for 20% of Channel 4's total content investment in 2019, up from 17% in 2018.

Focusing on the TV portfolio – the main channel and digital TV channels – total spend of £650 million in 2019 was level year-on-year in percentage terms (and £2 million down in absolute terms on the 2018 figure). At the genre level, there were only a few significant year-on-year variations in investment, defined as being movements of more than £10 million or 10%. The biggest driver of change was a reallocation from Sport – whose F1 coverage this year mainly comprised highlights, with only one live race (10 live races in 2018) – to other areas, in particular youth-skewing original programmes on E4 (e.g. *Shipwrecked*) and longer runs for successful series such as *SAS: Who Dares Wins*.

Factual programming was the biggest beneficiary, and this was the sole genre to experience a significant increase in its budget, with spend on Factual up by £14 million (a 6% rise). The biggest reduction in spend was in Sport, down by £15 million (a 33% decline), for the reason given above, as well there being no summer or winter *Paralympic Games* this year.

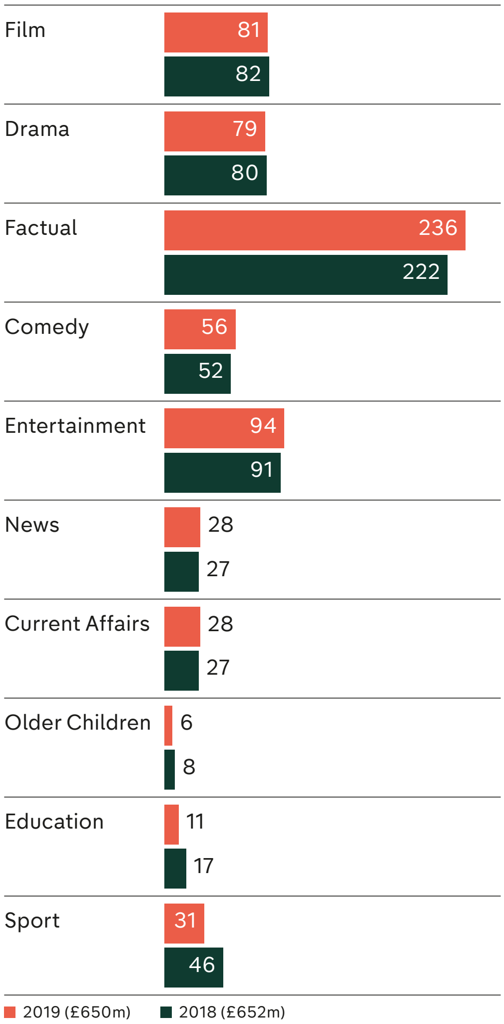
Spend on Education programming also fell by 33%, equivalent to £6 million, while the budget for Older Children fell by 20% (a £2 million drop) as series such as *Kiss Me First* and *Old People's Home...* did not return this year.

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



Source: Channel 4.

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



Source: Channel 4.

Innovation through content

74%

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

Up 1pt

on last year

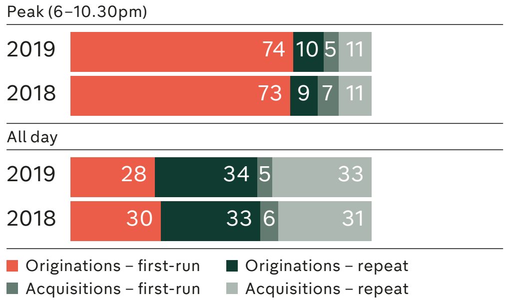
Output mix on Channel 4

Channel 4 typically premieres its original programmes on the main channel during peak-time hours (defined by Ofcom as 6-10.30pm), where they can reach the largest audiences. The share of originations in peak-time on the main channel reached record levels in 2019: 74% of peak-time hours were made up of first-run originated programming – one percentage point up on the 2018 figure and the joint-highest figure since this metric was first reported in 2008. With repeats of original programming accounting for another 10% of hours (also up one point year-on-year), total originations comprised 84% of peak-time output – their highest figure since 2008 and well ahead of Ofcom's 70% licence requirement.

Daytime schedules offer a more balanced spread of originations and acquisitions, and originations represented 62% of output on the main channel across the day in 2019 – one point down on the 2018 figure but again well above the relevant Ofcom quota (of 56%).

There were small year-on-year variations in this metric: in peak-time, there was a shift from acquisitions to originations of two percentage points, and a one-point rise in the share of repeats (with a corresponding drop in first-run programming). Across the whole day acquisitions were up by one point, while repeats rose by three points.

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



Source: Channel 4.

£492m

spent on originated content across all services

Up 1%

on last year

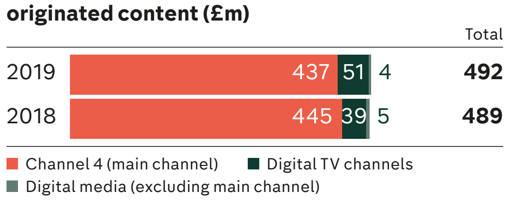
Investment in originated content

Channel 4 delivers its public remit primarily through the original content that it commissions and invests in. In 2019, total expenditure on originated content (first-run transmissions and repeats) across its TV channels and online services grew to £492 million. This is an increase of £3 million (1% up) year-on-year and the third-highest level in Channel 4's history.

The main channel attracts the biggest audiences and correspondingly accounts for the large majority of Channel 4's originated content budget: at £437 million, this was 89% of the total in 2019. £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 programme genres e.g. Factual or Sport, where Channel 4 also delivers important public service content). Beyond the main channel, £51 million was spent on original content for the digital channels and £4 million on digital media content (including websites and cross-platform content), as part of our wider strategy to increase our appeal to young people.

Across the services, the digital TV channels received a boost in spend this year: original content investment was up by £12 million year-on-year, equivalent to a 31% rise. As part of this rebalancing of the overall budget, there were small declines in investment on the core channel, which fell by £8 million (a 2% drop) and in digital media (£1 million down).

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



Source: Channel 4.

Innovation through content

7.9hrs

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

Down 1%

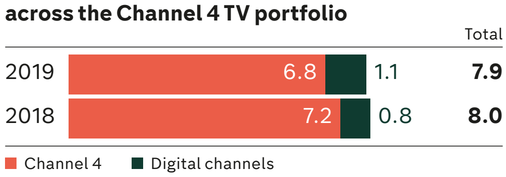
on last year

Originated output across Channel 4 TV portfolio

In 2019, Channel 4 broadcast an average of 7.9 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 6.8 of these daily hours (86% of the total). There were a further 1.1 hours on the digital channels, the joint-highest level since 2008.

The volume of first-run originations across the TV portfolio fell slightly, by 1% year-on-year. Hours on the main channel fell by 5% while those on the digital channels rose by 36%, reflecting the rebalancing of the original content budget from the main channel to the digital channels, in line with our wider strategy to supercharge our appeal to young people (see '**Investment in originated content**' on page 85).

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



Source: Channel 4.

2,862

hours of first-run originations across the portfolio

Down 1%

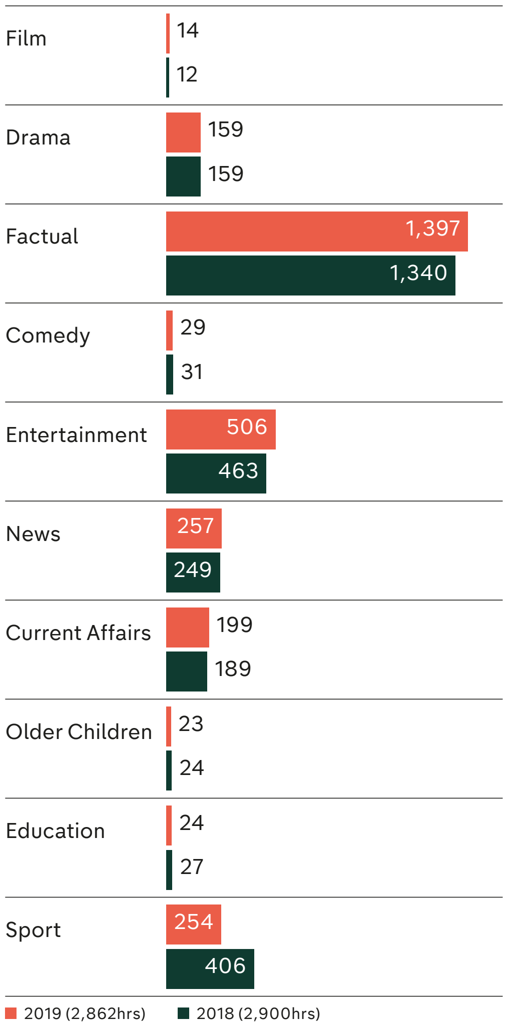
on last year

Volume of first-run originations by genre

Channel 4 broadcast 2,862 hours of first-run originated programming across its TV portfolio (main channel and digital channels) in 2019, marginally down (by 1%, or 38 hours) on the 2018 level. The two biggest genres – Factual and Entertainment – together accounted for 66% of total first-run originated hours. The volume of first-run originations in Factual rose by 57 hours this year (a 4% increase), as it was the main beneficiary of the hours freed up by Sport (see 'Investment in all content' on page 84). Entertainment was also up, by 43 hours (a 9% increase), thanks in part to a focus on Friday nights at 11pm as a space for innovation and new talent with shows such as *The Lateish Show With Mo Gilligan*.

In the rest of the schedule, only three other genres experienced significant year-on-year changes in the volume of first-run originations, which we define as being in excess of 10% or 50 hours. Film (i.e. those with investment from Film4 Productions) was up by 14% to 14 hours, a two-hour increase; this year's titles included the network premiere of Film4 Production's *T2 Trainspotting*. The volume of Sport fell by 152 hours, a 37% decline, and there was a 12% decline in the volume of Education programmes (a drop of three hours), both for the reasons described in Investment in all content on page 84.

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



Source: Channel 4.

Innovation through content

Meeting Channel 4's licence obligations

Average hours per week		Compliance Minimum	**2019**
News	In peak-time (6–10.30pm)	4	**4**
Current Affairs	Overall	4	**6**
	In peak-time (6–10.30pm)	2	**4**
Hours per year	Schools	1	**35**
Percentage			
Origination production	Overall	56	**62**
	In peak-time (6–10.30pm)	70	**83**
Independent production		25	**44**
European independent production		10	**27**
European origin		50	**70**
Subtitling for the deaf and hard of hearing		90	**100**
Audio description		10	**42**
Signing		5	**6**
Regional production		35	**46**
Regional hours		35	**54**
Production in the Nations		3	**8**
Nations hours		3	**11**

Innovation through diversity

£432m

investment in first-run external UK commissions on the main channel in 2019

Down 2%

on last year

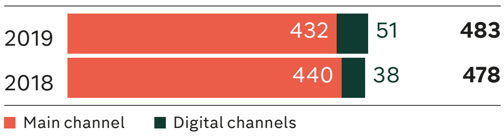
Broadcasters' investment in the production sector

Uniquely amongst the main public service broadcasters, Channel 4 has no in-house production base of any kind and sources 100% of its original programming from external suppliers. This is an intrinsic part of Channel 4's model, ensuring that its investment in content provides maximum benefit to the UK's independent production sector.

In 2019, Channel 4 increased its total investment in first-run originations from external suppliers across its TV portfolio. On the main channel, its spend on external suppliers was £432 million, 46% of which was spent on qualifying independent production companies. A further £51 million was spent on the digital TV channels, taking Channel 4's total investment in first-run originations from external suppliers across its TV portfolio to £483 million – up 1% on the 2018 figure (a £5 million rise). The main channel's investment fell by 2% year-on-year, while spend on the digital channels was up by 31%, reflecting the rebalancing of the overall original content budget between the main channel and digital channels (see '**Investment in originated content**' on page 85).

Note: Ofcom no longer publishes cross-industry data on the main public service broadcasters' spend on first-run external commissions. Up to the point when Ofcom last published this data, for 2016, comparative figures showed that Channel 4 consistently spent more on first-run external commissions than any of the other main public service broadcasters.

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



Source: Channel 4
2018-19 data not available for other PSB channels.

Output from suppliers based outside London:

54%

of first-run originated programme hours

Down 5pts

on last year

46%

of the value of first-run originations

Up 1pt

on last year

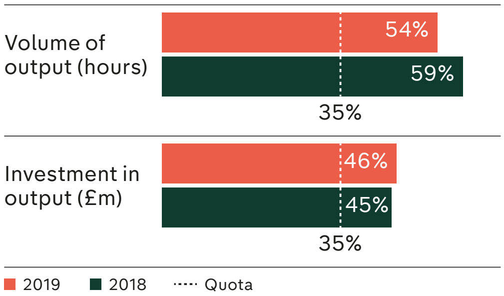
Investment in the Nations and Regions (main channel)

In 2019, Channel 4 sourced 54% of the hours of first-run originated programmes on its main channel from suppliers based in the Nations and Regions. While this is five percentage points down on the record level achieved last year (2018: 59%), it remains well within our quota target. The decrease in hours can be attributed to a reduction in Sports programming (2019 did not have summer or winter Paralympic Games and our F1 programming also reduced significantly by hours).

In spend terms, Channel 4 achieved its joint-highest-ever level of investment outside London. 46% of Channel 4's expenditure on first-run originated programming on the main channel was on programmes from suppliers in the Nations and Regions, one percentage point up year-on-year and a record level for this metric (jointly with 2013).

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

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



Source: Channel 4.

Innovation through diversity

274

companies working with Channel 4 portfolio across TV, film and digital media in 2019 of which 166 were independent TV production companies

Equal

with last year

Diversity of supply base

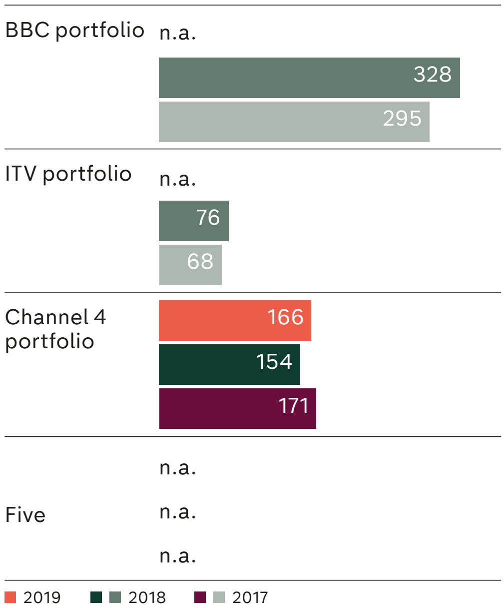
Channel 4 punches above its weight in terms of the extent of its relationships with independent TV production companies ('indies'). In 2018, the most recent year that comparative TV industry data is available, Channel 4 worked with 154 indies across its TV channels. Only the BBC – whose TV portfolio content budget (£1.7 billion in 2018-19, according to its Annual Plan) is more than double that of Channel 4 – worked with more (328 indies in total). Channel 4 worked with significantly more indies than ITV (76 companies), whose content budget is also much larger than Channel 4's.

Turning to Channel 4's most recent data, for 2019, a total of 274 companies supplied the TV, film and digital media content that it commissioned – the same number as in 2018. In TV, this included 166 indies (2018: 154 companies, the figure used for comparison with other broadcasters above). This is up 8% year-on-year, thanks in part to new commissions arising from E4's investment boost and a rise in the number of new and one-off programmes. A further 38 non-independent producers gave a total TV supply base of 204 companies (3% up on the 2018 figure of 198).

In other media, there were 21 online suppliers, down from 36 in 2018 – a 42% fall. This is the biggest year-on-year change across the various media in percentage terms, and is explained by the continuation of All 4's recent strategy from the 2018 report to focus on acquiring long-form third-party content, rather than commissioning original short-form content. Channel 4 also worked with 72 film companies, up from 68 the previous year (a 6% rise).

Across all types of content, 43 companies were new suppliers to Channel 4, 26% more than the 2018 figure of 34. This large increase reflects Channel 4's intensified commitment to create access for new suppliers to the industry this year after declines in 2018, along with the launch of the new Digital Creative Unit ('DCU'). Note that some suppliers worked across TV, film and online; removing the double-counting that arises from suppliers who worked across more than one media gives the total figure of 274 separate companies that Channel 4 worked with in 2019.

Number of independent TV production companies supplying the PSBs



Note: 2019 data not available for other PSB channels.
Source: Channel 4, Broadcast (other channels).

Innovation through diversity

Output from suppliers based in the Nations:

11%

of first-run originated programme hours

Up 1pt

on last year

8%

of the value of first-run originations

Equal

with last year

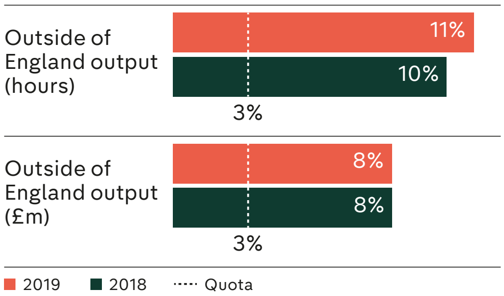
Investment in the Nations (main channel)

In 2019, Channel 4's commissions in the Nations accounted for 11% of total hours of first-run originated programming on the main channel. This figure is one percentage point up year-on-year, and just one point below 2017's record level of 12%. It also exceeds both the current 3% licence quota set by Ofcom and the increased 9% quota which comes into effect in 2020. Looking at the individual Nations, Scotland accounted for 6% of the total this year, Wales 4.5% and Northern Ireland 0.6%.

In terms of expenditure, the Nations represented 8% of the total budget for first-run originated programmes on the main channel (comprising 4.4% spent in Scotland, 2.4% in Wales and 1.1% in Northern Ireland). This is level with 2018's figure and again just one point below the 2017 record (of 9%). It exceeds Ofcom's current 3% licence quota and is just one percentage point short of 2020's increased 9% quota.

Commissions from the Nations provided 248 hours of first-run programming on the main channel in 2019, 4% up year-on-year. Within the individual Nations, the biggest change was an increase in investment from Scotland: the volume of programming was up by 19% to 134 hours (2018: 113 hours), while spend rose by 31% to £17.4 million in 2019 (2018: £13.3 million). New commissions included *Kirstie's Celebrity Craft Masters* and *Year of the Rabbit*. In Wales, the volume of commissions held steady year-on-year at 100 hours, but spend fell by 32% to £9.4 million (2018: £13.8 million).As last year, the slate included a major drama, *The Accident*. While some series (e.g. *One Born Every Minute*) did not return, there were more hours of the rugby *Heineken Champions Cup* as well as new series *Sun, Sea and Brides to Be*. In Northern Ireland, spend held steady at £4.3 million while the volume of commissions dropped by 44% to 14 hours (2018: 25 hours). *My Family Secrets Revealed* did not return this year, and was replaced by the .... *From Hell: Caught On Camera* strand as well as feature-length *Britain's Wildest Weather 2019*.

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



Source: Channel 4.

Innovation through diversity

£189m

spent on production companies based outside London

Up 1.5%

on last year

£35m

spent on production companies in the Nations

Up 6%

on last year

Spend by region across the Channel 4 TV portfolio

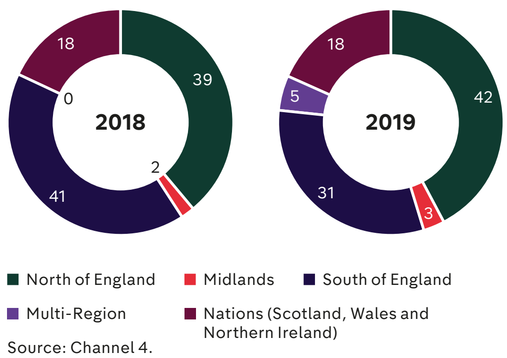
In 2019, Channel 4 spent a joint-record £189 million across its TV portfolio on content commissioned from production companies based in the Nations and the English Regions. This is an increase of 1.5% (equivalent to £3 million) on last year's figure and returns to the peak level set in 2017.

Expenditure on content from production companies in the Nations was £35 million this year, £2 million up year-on-year. In the individual Nations, the most marked year-on-year change was a 43% increase in investment in Scotland, equivalent to a rise of £6.2 million, to a total of £20.7 million. In Wales, investment fell by 30% (or £4.2 million) to £9.7 million. There was a marginal decline in investment in Northern Ireland of 3% (£0.1 million) to a total of £4.3 million. New programmes in the Nations this year included *Year of the Rabbit* (from Scotland), *The Accident* (Wales) and the second series of *Derry Girls* (Northern Ireland).

Turning to commissions from the English Regions, Channel 4's TV portfolio spend fell by 5% (an £8 million drop) to £144 million. Programmes made in the English Regions this year included *The Dog House* (South of England), *Snackmasters* (the Midlands), and *The Circle*, which relocated from London to Manchester to boost investment in the Regions (North of England). A further £10 million was spent on multi-region content in 2019. This is a significant increase, of £9 million, on 2018's figure of £1 million, due primarily to new drama *Traitors*.

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)



Source: Channel 4.

Different voices

65hrs

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

Up 10%

on last year

229hrs

of first-run foreign-language content across the portfolio

Up 13%

on last year

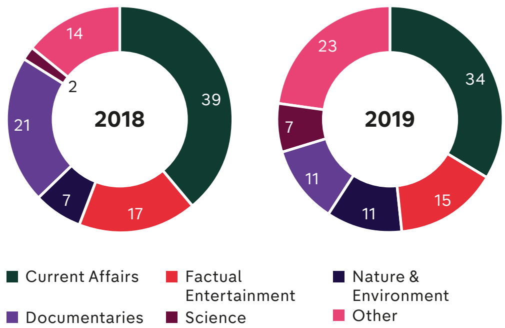
Range of international programming

Channel 4's coverage of international themes extends across the schedule, from weighty geopolitical issues to more light-hearted explorations of different countries. In 2019, excluding *Channel 4 News* there were 65 hours of first-run programmes 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 figure is 10% above last year's figure of 60 hours (five additional hours). The *True Stories* strand accounted for six hours both this year and in 2018.

Current Affairs was the biggest single genre in 2019 (as was the case last year), accounting for 34% of total first-run hours of non-news international programming (2018: 39%). Alongside the long-running *Unreported World* and *Dispatches* strands, highlights this year included the award-winning film *For Sama* (see p58) and *Leaving Neverland: Michael Jackson and Me*. The second-biggest genre was Factual Entertainment, with 15% of the total (2018: 17%). New series this year included *Smuggled*, in which eight British citizens attempted to smuggle themselves back into Britain without their passports. In joint-third place, with 11% of total hours, were Nature & Environment (up from 7%) and Documentaries (down from 21% in 2018); while Science was the fifth-biggest genre, with 7% of the total (2018: 2%). International programmes in these genres included, respectively, *Extreme Tribe: The Last Pygmies, Sex on Trial* and *Moon Landing*.

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 13 series were premiered on the main channel, with viewers being pointed to All 4 to watch the rest of the series. The most popular was Norwegian thriller *The River*, attracting 382,000 TV viewers to its opening episode. A further eight series were shown in their entirety on the main channel and More4, of which the most popular, returning German thriller *Deutschland 86*, averaged 274,000 viewers across ten episodes. Taken together, the Walter Presents-branded foreign-language dramas shown on the main channel and More4 reached 8.9 million people in 2019, equating to 14.7% of the population. While down by 1.5 million on last year's figure, this was compensated by a 4% increase in views to Walter Presents content on All 4, to 32.5 million. Overall, there were 229 hours of first-run foreign-language TV shows and films across the TV portfolio, 13% more than last year's level (26 additional hours), and the highest figure for this metric over the last five years. On the Film4 channel, 771 hours of films from outside the UK and US were shown in 2019 (this figure includes first-runs and repeats, and films shown both in the English language and in foreign languages). This is 3% down (25 hours) on the 2018 figure.

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



Source: Channel 4.

Different voices

146hrs

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

Down 18%

on last year

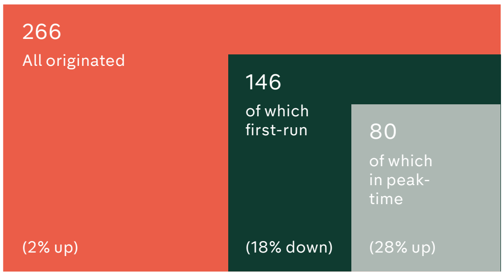
Diversity output on the main channel

As part of Channel 4's broad goal to reflect the diversity of the UK – which spans its entire output – it broadcasts programmes whose subject matter specifically covers diversity issues. In 2019, it showed 266 hours of originated programmes on the main channel whose subject matter covered issues relating to religion, multiculturalism, disability and sexuality. Of these originated hours, 146 were first-run programmes (the others being repeats), and 80 of the first-run hours related to programmes shown in peak-time (i.e. between 6pm and 10.30pm, following Ofcom's definition). Amongst this year's highlights, *Drag SOS* saw unlikely protégés embark upon a voyage of self-discovery as they transformed into bigger, better, drag-enhanced versions of themselves, while Rufus Jones' comedy *Home* looked at life through the eyes of a Syrian asylum-seeker. Other programmes included *The British Tribe Next Door* (multiculturalism), *Sink or Swim for Stand Up To Cancer* (disability) and *The Circle* (sexuality).

The total volume of originations rose slightly, by 2%, in 2019; excluding years boosted by coverage of Summer *Paralympic Games* (i.e. 2012 and 2016), this is the highest level reached on this metric since 2011. Following last year's live coverage of the PyeongChang 2018 Winter *Paralympic Games* – which comprised a large volume of first-run programming outside of peak-time – the volume of first-run originations fell back this year, by 18% (though still above the 2017 level), while first-run originations in peak-time rose by 28%.

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. This year, it developed further the new strategy that began to be rolled out in 2018, to centre around three areas: an inclusive workforce that celebrates diversity, shifting focus to on-screen portrayal and representation, and to be a driving force and pioneer in the industry on inclusion and diversity. Channel 4 also continues to improve access to opportunities to those with different backgrounds via its New Material events, Paras Production Training Scheme, Work Experience and Apprenticeship programmes. Read more about Channel 4's work on Diversity on page 48.

Total hours of programming covering diversity issues shown on the main channel (2019 with trends relative to 2018)



Source: Channel 4.

Film

32%
from outside the US

Up 1pt
on last year

15%
from the UK

Equal
with last year

Diversity of Film4 channel schedule

The Film4 channel differentiates itself from other mainstream film channels by showcasing a diverse and alternative range of films from around the world. This was reinforced in 2019, when the channel slightly increased its share of the schedule devoted to non-Hollywood-studio titles.

British films – including ones that were co-funded by Film4 Productions – accounted for 15.4% of total programming hours in the schedule, up from 14.6% in 2018. Other non-US films made up a further 16.1% of the schedule, down from 16.6% in 2018. Overall, a total of 31.5% of hours of output were devoted to films from countries other than the US, 0.3 points up year-on-year (2018: 31.2%). (Note that this figure includes films that were co-productions between the US and other countries; in 2019, 8.2% of output on the channel comprised US/non-US co-productions, 2.3 points more than in 2018.)

October saw the launch of a dedicated Film4 area on the All 4 platform, providing a clear and accessible showcase for films that have aired recently on the TV portfolio. It is carefully curated to highlight individual titles, including those from Film4 Productions, along with thematic sections – such as British films, World Cinema and FilmFear – which are supported by original interviews with key talent. This new space has increased our digital footprint and helped promote a diverse range of British and international films, in line with our remit.

The Film4 channel reflected the 50th anniversary of The Troubles in Northern Ireland with a line-up of films that complemented filmmaker Mark Cousins' documentary on the main channel. Each film was introduced by Cousins, who wrote and recorded special continuity intros for the occasion. The channel also marked Black History Month in October with a short season of films, including the network premiere of the powerful and previously unseen drama *Night Comes On* and the experimental documentary *Black Mother*, with further short films and additional programming on All 4.

News and Current Affairs

403

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

Up 7%

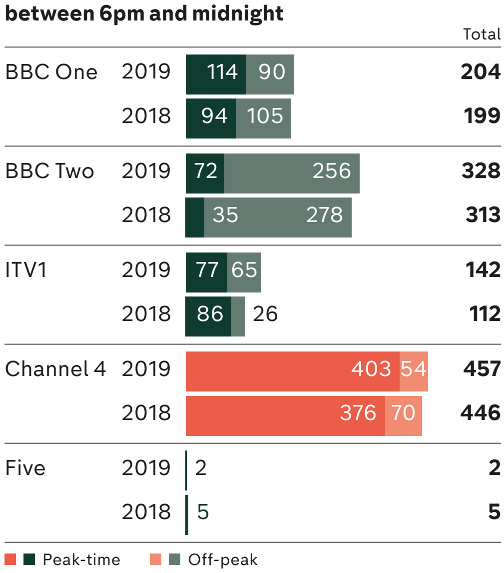
on last year

Commitment to long-form journalism
With many news suppliers prioritising '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 amidst 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 2019, Channel 4's main channel showed 403 'long-form' News and Current Affairs programmes in peak-time (between 6pm and 10.30pm, as defined by Ofcom). Not only is this substantially more than the corresponding combined total for the other main PSB channels (265 programmes between them), following a 7% increase year-on-year, it is also Channel 4's highest-ever figure on this metric since 2012 (the oldest year using the current methodology).

Channel 4 maintains a commanding lead over other channels even when the late evening period is also taken into account, thereby capturing News and Current Affairs programmes broadcast after peak-time (in particular, BBC Two's *Newsnight*, which usually begins at 10.30pm). Between 6.30pm and midnight, Channel 4 showed 457 long-form News and Current Affairs programmes on its main channel in 2019. This is 2% 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. Second-placed BBC Two broadcast 328 long-form News and Current Affairs programmes (only 72 of which were shown in peak-time), 129 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



Source: Channel 4, BARB (other channels).

Making

Channel 4 occupies a unique role as a mass-market TV channel that also appeals to under-served groups with its risk-taking, challenging content. 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 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. As Channel 4 typically leads these other main PSB channels by a significant margin, we look at annual variations in the main channel's leads over the other channels' average scores to provide additional rigour.

Channel 4 continued to lead the other broadcasters on each statement in 2019, often by large margins. The biggest leads were for 'taking risks with programmes that others wouldn't' (32 percentage points), 'tackling issues other channels wouldn't' (30 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 23 percentage points. This is down one point year-on-year, but still falls in the middle of the 20-27 point range achieved over the last decade.

Digital

As audiences increasingly consume TV programmes on-demand, Channel 4 is evolving to meet this demand and provide content wherever and whenever its audiences want to watch. Its dedicated All 4 app offers long-form programmes, live streaming and digital-first video content on PCs, smartphones, tablets, games consoles and connected TVs. In 2019, Channel 4 attracted record levels of on-demand viewing: 995 million programme views were initiated through All 4-branded platforms, 9% up year-on-year. The strongest area of growth (more than 20%) was on 'Big Screen' devices, i.e. connected TVs and streaming devices that plug into TVs. Catch-up programming was All 4's strongest growth area, thanks both to strong single titles and popular returning brands.

Channel 4's websites and apps attracted 699 million visits in 2019, level year-on-year in percentage terms (though marginally down, by three million, in absolute terms). Within this total, there were bigger changes at the platform level, as All 4 app visits migrated away from mobile platforms and towards 'Big Screen' platforms on which there is a higher propensity to view Channel 4's content (which is why on-demand video viewing rose despite the number of visits holding steady).

Television

Following five years in which the main channel's TV viewing share held steady – and in a year in which we increased our investment in developing All 4 as part of our wider digital strategy – our main channel's TV viewing share fell by 0.1 percentage points to 5.8% in 2019. This stability in recent years is impressive given the intensified competition in the linear TV space, and Channel 4's particular vulnerability to the migration of young viewers to video-on-demand (VoD) services. There were small changes in viewing to the digital channels: viewing to E4, More4 and Film4 fell by 0.1 percentage points each, partially offset by a 0.1 point increase in viewing to the Box/4Music channels following the addition of six Box music channels to the portfolio this year. Overall, the digital channels had a viewing share of 4.1%, 0.2 points down year-on-year.

Channel 4's TV portfolio was watched by 75.8% of all viewers every month on average in 2019, behind only the BBC and ITV. Viewer migration to other linear TV channels and VoD services meant that the main PSBs all suffered reductions in the reach of their traditional TV channels, ranging from 2.2 percentage points (for Channel 5) to as much as 3.1 points (ITV), with Channel 4's reach down by 2.9 points.

Channel 4's engagement with hard-to-reach audiences – in particular young adults and black and minority ethnic ('BAME') groups – continued to outperform other PSBs this year. TV portfolio viewing share amongst 16-34-year-olds was 15.7%, down slightly year-on-year (by 0.2 percentage points). Nonetheless, Channel 4 not only remained the only PSB to attract significantly greater viewing amongst this age group than across the general population, but also the differential – viewing amongst 16-to-34-year-olds was 59% higher than the corresponding all-audience share – was higher than at any time since this metric was first reported in 2012. Meanwhile, Channel 4's portfolio share amongst BAME audiences was 9.2% (0.3 points down year-on-year), meaning that this group represented a higher proportion of Channel 4's total audience than the corresponding proportion for the other PSBs.

Channel 4's News and Current Affairs output represents a vital part of its remit delivery. In 2019, *Channel 4 News* was watched by an average of 7.8 million people each month – 6% up year-on-year, making Channel 4 the only PSB to have grown its national news reach. *Channel 4 News* seeks new ways to promote its content on digital platforms, and this year video views rose by 65% to 187 million on YouTube, and by 64% to 185 million on Twitter. Across Facebook, YouTube, Twitter and Instagram, *Channel 4 News* had eight million followers/subscribers by the end of 2019.

Channel 4 outperforms the other PSBs in attracting young adults and BAME viewers to its news programmes. 16-to-34-year-olds accounted for 10% of the *Channel 4 News* audience in 2019, level with Channel 5 and above the corresponding viewing profiles for the national news programmes on the other main PSB channels, which ranged from 5% to 8%. Our weekday news also grew its share of 16-24-year-olds by a huge 29% year-on-year. *Channel 4 News'* appeal is even more marked for BAME audiences, representing 16% of total viewing this year, the joint-highest figure achieved over the last decade, and well ahead of the corresponding profiles, of 6%-11%, for the other PSB channels' news programmes. There were small year-on-year variations: the proportion of viewing to *Channel 4 News* accounted for by 16-to-34-year-olds fell by two percentage points, while the proportion of BAME viewers rose by one point.

Impartial and authoritative news is one of the most important elements of the UK's PSB system – more so now than ever in the era of 'fake news'. *Channel 4 News* continues to be the most highly regarded TV news provider in terms of regular viewers' perceptions of its independence from the government and from the influence of big businesses, by clear margins relative to the other broadcasters (the main PSBs and Sky). 82% of regular viewers to *Channel 4 News* regarded it as being independent from the government (nine percentage points more than the average for the other broadcasters' news programmes) and 76% agreed that it is independent from the influence of big businesses (seven points over the average for the other broadcasters).

To capture its distinctiveness in Current Affairs, Channel 4 tracks five reputational statements covering the subject matter and approach taken by the main PSB channels in this genre. In 2019, *Dispatches* had the highest average score across the five statements of all the PSBs' Current Affairs programmes and strands, while *Unreported World* was tied in second place (with BBC One's *Panorama*). *Dispatches* ranked first for "making me see something in a different light", and in second place for another three statements; while *Unreported World* was first for "showing stories about parts of the world you would rarely see on British TV" and "giving a voice to groups that aren't always heard in mainstream media". *Dispatches'* average score across the five statements rose by one percentage point year-on-year, while *Unreported World*'s score dropped by two points.

Audience feedback

Channel 4 draws on feedback from sources including its Viewer Enquiries Centre, social media traffic, bespoke audience research and registered online users. The 'Buzz' metric, derived from a daily sample of 3,000 people, 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 rose this year to 59%, the top three being the *ICC Men's Cricket World Cup Final*, the *Channel 4 News Climate Debate* and *Leaving Neverland: Michael Jackson and Me*.

an
impact

Different voices

21pt

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

Down 1pt

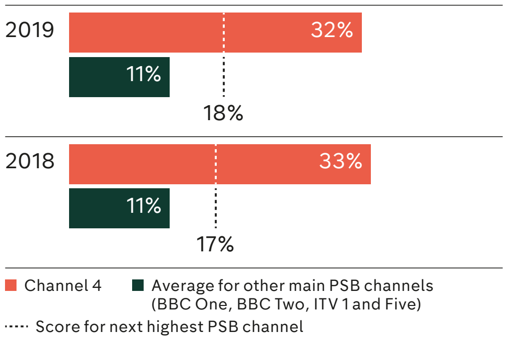
on last year

Channel reputations – shows different kinds of cultures and opinions

In 2019, Channel 4 maintained its reputation as being best – by a significant margin – for showing different kinds of cultures and opinions. The main channel was selected by 32% of all respondents, giving it a lead of 21 percentage points over the average for the other main PSB channels, and a 14-point lead over the next-highest-scoring channel, BBC One.

Channel 4's scores fell slightly this year. The proportion of people selecting Channel 4, and its lead over the average for the other main PSB channels, were each down by one percentage point relative to 2018, while its lead over the next highest-scoring channel fell by two points. Notwithstanding some small declines over the last five years, these scores have remained within a narrow range over this period.

Shows different kinds of cultures and opinions



Source: Ipsos MORI commissioned by Channel 4.

21pt

lead over average for other channels for challenging prejudice

Down 2pts

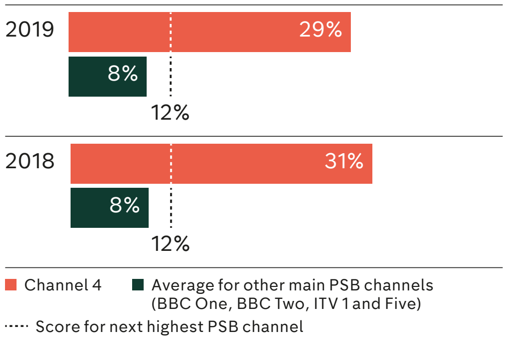
on last year

Channel reputations – challenges prejudice

29% of respondents chose Channel 4's main channel as the one they most associate with challenging prejudice in 2019. This translated to significant leads of 21 percentage points over the average score for the other main PSB channels, and of 17 points over the next-highest-scoring channel, BBC One.

All three of these 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. Reflecting the challenge of sustaining such massive leads over other channels over time, 2019's scores fell slightly below the range achieved over the previous five years.

Challenges prejudice



Source: Ipsos MORI commissioned by Channel 4.

Different voices

22pt

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

Down 2pts

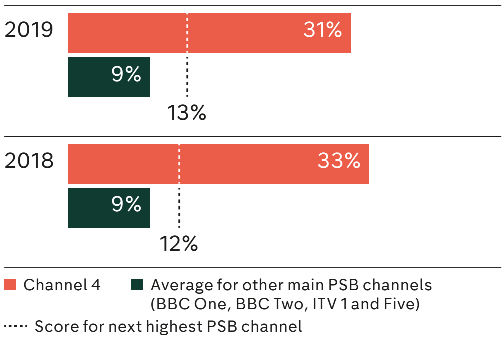
on last year

Channel reputations – shows the viewpoints of minority groups in society

Channel 4 has a longstanding reputation for giving a voice to diverse groups, including some that are under-represented on TV. In 2019, 31% of viewers selected Channel 4's main channel as being the best for showing the viewpoints of minority groups in society. Channel 4 enjoyed a substantial lead, of 22 percentage points, over the average for the other channels, and an 18-point lead over the next-highest-scoring channel, BBC One. Channel 4's scores decreased a little in 2019: the proportion of people selecting the main channel, and its lead over the average of the other PSB channels, both fell by two points, while its lead over the next-highest-scoring PSB channel fell by three points.

Channel 4 also outperforms the other PSBs by large margins as a platform for the viewpoints of individual minority groups. The main channel was selected by 28% of viewers as being best for showing the viewpoints of different ethnic groups in the UK, giving it a lead of 19 percentage points over the average for the other main PSB channels. 33% of viewers thought Channel 4 was best for showing the viewpoints of lesbian, gay, bisexual and transgender people, a massive 26 points above the average of the other PSB channels. And 26% of viewers thought Channel 4 was best for showing the viewpoints of disabled people, 18 points above the average of the other PSB channels. There were small annual declines in the proportion of people selecting Channel 4 for all three groups in 2019 (by between one and three points).

Shows the viewpoints of minority groups in society



Source: Ipsos MORI commissioned by Channel 4.

26pt

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

Equal

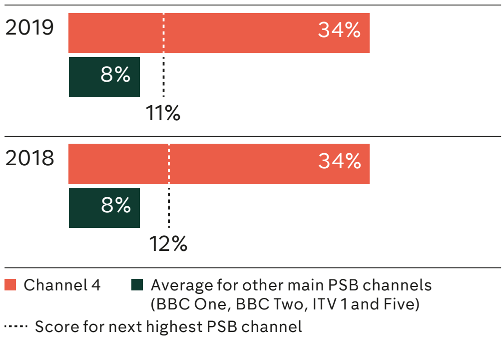
with last year

Channel reputations – home for alternative voices

Amidst growing concerns that digital and social media cause people to retreat into 'filter bubbles' that limit the range of viewpoints and perspectives that they encounter, Channel 4 maintained its vital contribution to plurality by providing a mainstream platform for alternative voices. In 2019, its main channel was selected by 34% of respondents 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-scoring channel, Channel 5 (of 23 points).

Channel 4's performance on this metric held steady in 2019. Its own score, and its lead over the average for the other main PSB channels, were level with the corresponding 2018 figures, while its lead over the next-highest-scoring channel increased by one percentage point.

Home for alternative voices



Source: Ipsos MORI commissioned by Channel 4.

Distinctive approaches

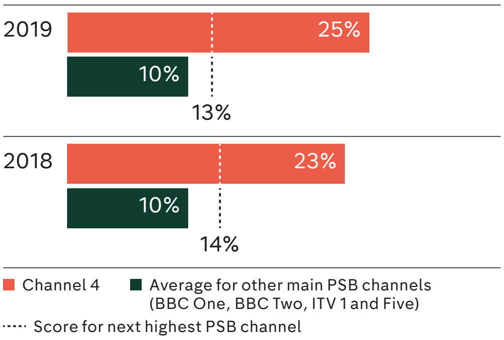
15pt
lead over average for other channels for making viewers think in new and different ways

Up 2pts
on last year

Channel reputations – makes me think about things in new and different ways
Channel 4 achieved its joint-highest-ever score in 2019 for making people think about things in new and different ways. 25% of respondents selected Channel 4's main channel on this metric, two percentage points more than in 2018, returning to the high point reached in 2017.

This resulted in a lead of 15 percentage points over the average for the other main PSB channels, two points higher than in 2018 and just one point below this score's highest-ever level (reached in 2017). Its lead over the next-highest-scoring channel, BBC One, was 12 points, three points more than in 2018, and again just one point below its highest-ever level (reached in 2016 and 2017).

Makes me think about things in new and different ways



Source: Ipsos MORI commissioned by Channel 4.

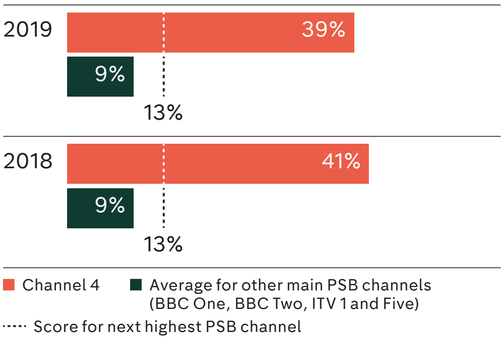
30pts
over average for other channels for tackles issues other channels wouldn't

Down 2pts
on last year

Channel reputations – tackles issues other channels wouldn't
39% of respondents selected Channel 4's main channel as being best for tackling issues that other channels wouldn't in 2019. This huge score is three times that achieved by the next-highest-scoring channel, Channel 5 (chosen by 13% of respondents), resulting in a lead of 26 percentage points for Channel 4. 9% of people chose the other main PSB channels on average, giving the main channel a 30-point lead over this average.

Channel 4's performance fell back a little in 2019, with 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 – dropping by two percentage points year-on-year. Nonetheless, this metric remains very strong: it is one of two reputational statements for which Channel 4's lead over the average for other channels is at least 30%.

Tackles issues other channels wouldn't



Source: Ipsos MORI commissioned by Channel 4.

Distinctive approaches

27pt

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

Equal

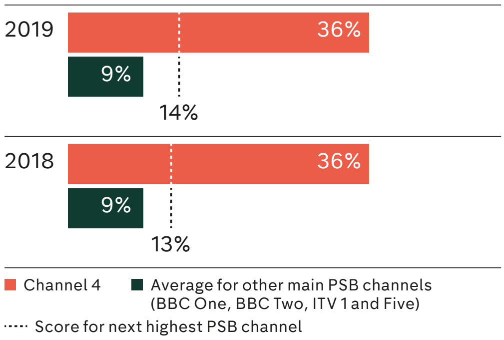
with last year

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

In 2019, 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 – one of the highest scores on the reputation statements. It gave Channel 4 a substantial lead, of 27 percentage points, over the average for the other main PSB channels, and a lead of 22 points over the next-highest-scoring channel, Channel 5.

There were minimal changes year-on-year. The proportion of people selecting the main channel, and its lead over the average for the other main PSB channels, were both the same as in 2018, while its lead over the next-highest-scoring channel fell by one percentage point.

Takes a different approach to subjects compared with other channels



Source: Ipsos MORI commissioned by Channel 4.

160

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

Up 11%

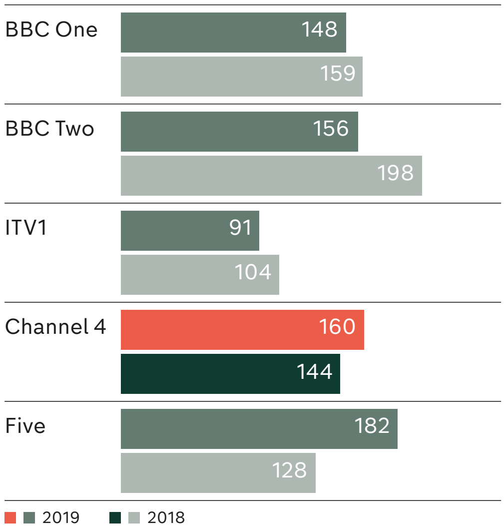
on last year

New and one-off programming

Channel 4's commitment to experimentation is demonstrated in part by the number of new and one-off programmes that it shows. This metric focuses on the number of such programmes in the evening schedules, when audiences are highest. In 2019, Channel 4 showed 160 new and one-off programmes on the main channel between 6pm and midnight, more than BBC One (148 programmes), BBC Two (156 programmes) and ITV (91 programmes). Of the main PSB channels, only Channel 5 showed more new and one-off programmes (182 programmes), becoming the highest-scoring PSB for the first time as it replaced *Big Brother* (which ended in 2018) with new titles.

After 2018's decline following the reduction in its overall content budget, the number of new and one-off programmes in the evening schedules on Channel 4 was back up this year, rising by 11% and overtaking the two BBC channels.

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



Source: Attentional commissioned by Channel 4.

Distinctive approaches

32pt

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

Down 1pt

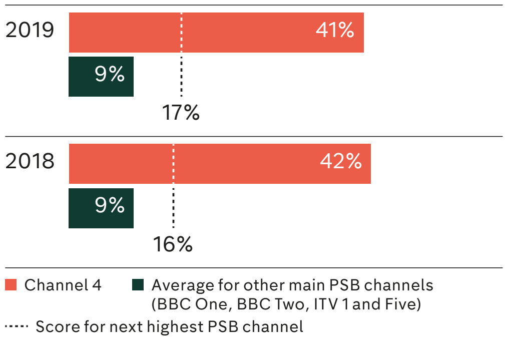
on last year

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

Risk-taking lies at the heart of Channel 4's public remit, and its success in delivering on this 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. A massive 41% of respondents selected Channel 4's main channel on this metric in 2019 – as in previous years, its highest score on any of the reputational statements. The gap between Channel 4's score and those of the other channels was also substantial: its lead over the average of the other main PSB channels was 32 percentage points, while it led the next-highest-scoring channel, Channel 5, by 24 points.

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

Takes risks with programmes that others wouldn't



Source: Ipsos MORI commissioned by Channel 4.

26pt

lead over average for other channels for being experimental

Equal

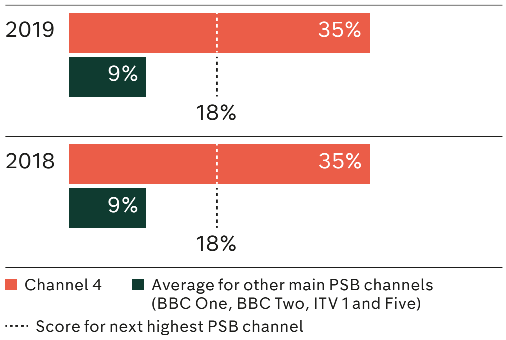
with last year

Channel reputations – is experimental

Channel 4's commitment to trying new things drives its role as Britain's creative greenhouse. 35% of respondents associated its main channel, more than any other channel, with being experimental in 2019 – making this one of the highest-scoring reputational statements. Its leads over the other channels were also substantial: 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-scoring channel, Channel 5, was 17 points.

There were no year-on-year changes in this metric: 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 were all level with their 2018 figures.

Is experimental



Source: Ipsos MORI commissioned by Channel 4.

Film

24pt

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

Down 2pts

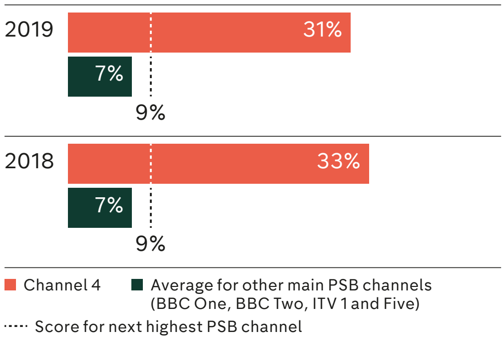
on last year

Channel reputations – is best for modern independent film

In 2019, 31% of respondents picked Channel 4's main channel over the other main PSB channels as being best for modern independent film. This gave it a substantial lead, of 24 percentage points, over the average for the other main PSB channels, and a 22-point lead over the next-highest-scoring channel, ITV. Amongst the top-rated films on Channel 4 this year, the premiere of Film4 production *T2 Trainspotting* in July attracted 743,000 viewers and a 5.9% audience share, while the award-winning feature documentary *For Sama* drew 445,000 viewers in October.

There were small year-on-year declines in this metric, with 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 (Channel 5 in 2018) all falling by two percentage points.

Is best for modern independent film



Source: Ipsos MORI commissioned by Channel 4.

Factual

18pt

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

Down 2pts

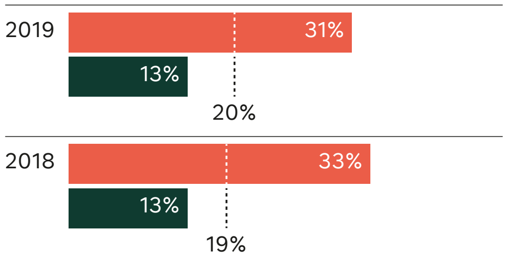
on last year

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 2019, 31% of respondents selected its main channel as being best for documentaries that present alternative views. Channel 4 enjoyed a significant lead over the average for the other main PSB channels, of 18 percentage points, while its lead over the next-highest-scoring channel, BBC One, was 11 points.

There were small year-on-year declines in this metric: the proportion of respondents selecting Channel 4 and its lead over the average for the other main PSB channels fell by two percentage points. Its lead over the next-highest-scoring channel fell by three percentage points.

Is best for documentaries that present alternative views



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.

72%

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

Up 1pt

on last year

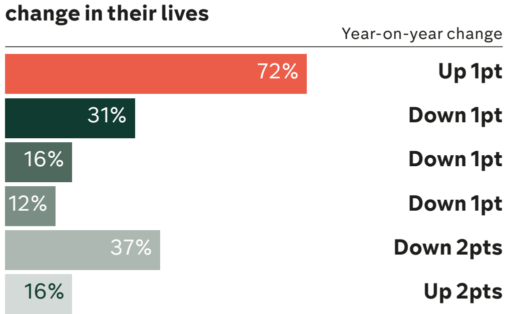
Inspiring change through Factual programming

Channel 4's Factual programming seeks to inspire people to make changes in their lives and encourages them to think about things in new and different ways. Some programmes lead to active engagement, e.g. by encouraging people to talk to others about their subject matter, to seek out further information or – at their most engaging – to actually try something new or different. These different ways of inspiring change are captured in five statements, responses to which allow us to assess how inspiring Channel 4's Factual programmes are each year.

In 2019, Channel 4's Factual slate (comprising around 50 programmes and series) registered its highest score on this metric in a decade, and its second-highest-ever score since this metric was first reported in 2009. 72% of viewers said that Channel 4's Factual programmes inspired them in one or more ways, just one percentage point below its 2009 peak of 73%. This represented a rise, of one percentage point, over 2018's figure.

The highest-scoring individual programme across the statements this year, with a score of 84% was *The Restaurant That Makes Mistakes*, which followed the UK's first ever restaurant staffed by people living with dementia. Top-scoring programmes on individual statements included *Leaving Neverland: Michael Jackson & Me* (56% of viewers talked about the programme to other people) and *Steph & Dom: Can Cannabis Save Our Son?* (49% of viewers thought about its subject in new and different ways).

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



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

Source: Ipsos MORI commissioned by Channel 4.

News and Current Affairs

82%

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

Down 2pts

on last year

Independence of TV News

With growing concerns about 'fake news' and the veracity of some news sources in digital and social media, the impartial and authoritative news services provided by the main UK broadcasters are more important than ever. *Channel 4 News* continues to be the most highly regarded news provider in terms of its perceived independence from the government and from the influence of big businesses, by clear margins relative to the other broadcasters.

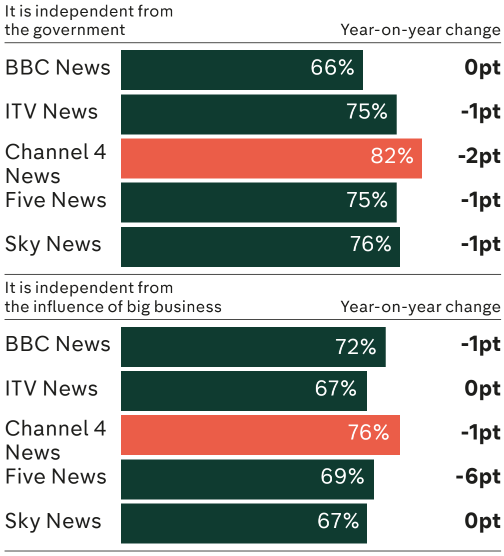
In 2019, 82% of regular viewers to *Channel 4 News* regarded it as being independent from the government. This is nine percentage points more than the average for the other main news programmes (those from the other public service broadcasters and *Sky News*) and six points above the corresponding figure for the next-highest-scoring news programme (*Sky News*).

Meanwhile, 76% of regular viewers to *Channel 4 News* agreed that it is independent from the influence of big businesses, seven percentage points more than the average for the other main news programmes and four points more than the next highest-scoring news programme (*BBC News*).

Relative to 2018 figures (which have been restated, see note below), there was a two-percentage-point drop in Channel 4's score for being independent from the government (2018: 84%). With some other broadcasters also experiencing small declines year-on-year, Channel 4's lead over the average for the other main news programmes and the next-highest-scoring news programme (also *Sky News* in 2018) both fell by one percentage point in 2019. Turning to independence from the influence of big businesses, Channel 4's score fell by one percentage point (2018: 77%). Its lead over the average for the other main news programmes held steady year-on-year, while its lead over the next-highest-scoring news programme (*5 News* in 2018) rose by three points.

Note: In the 2018 Annual Report, the source data provided to Channel 4 by Ipsos MORI for this metric overstated the figures for all news programmes. In this year's report, the year-on-year movements presented in the narrative and accompanying charts on this page are based on the accurate restated 2018 figures. Please refer to the online methodology document for further details, including the restated figures for 2018.

Percentage of regular viewers to TV news programmes in 2019 who agree with the following statements:



Source: Ipsos MORI commissioned by Channel 4.

News and Current Affairs

45%

average programme reputation statement for *Dispatches*

Up 1pt

on last year

42%

average programme reputation statement for *Unreported World*

Down 2pts

on last year

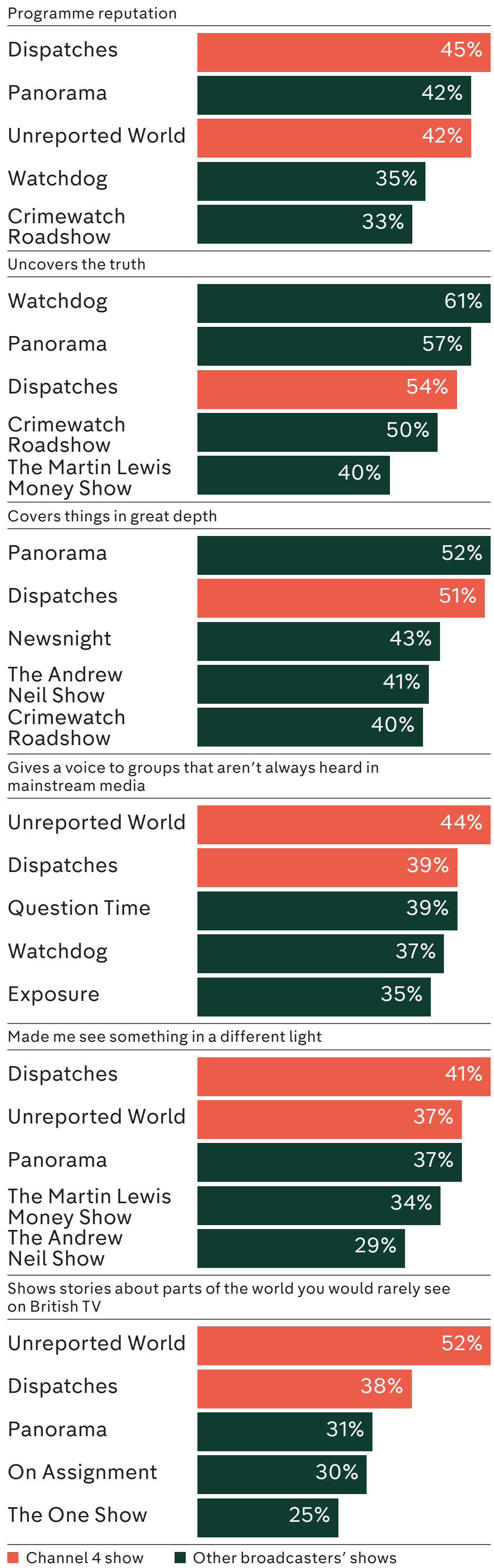
Programme reputation statements – Current Affairs

Channel 4's longstanding Current Affairs strands, *Dispatches* and *Unreported World*, differ from other public service broadcasters' Current Affairs programmes in terms of their approach and subject matter: 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 captured in five reputational statements that assess audience perceptions of Current Affairs programming on the main PSB channels, covering regular strands on these channels as well as one-offs. In 2019, *Dispatches* had a higher average score, of 45% across the five statements, than any other Current Affairs programme or strand shown by any of the PSBs, while *Unreported World* was tied in second place with BBC One's *Panorama*, both with average scores of 42%.

Dispatches was the most consistent programme overall. It scored higher than any other Current Affairs programme or strand for "making me see something in a different light" (for which it was selected by 41% of respondents). It ranked in second place for another three statements – "covering things in great depth" (51% of respondents), "giving a voice to groups that aren't always heard in mainstream media" (39% of respondents) and "showing stories about parts of the world you would rarely see on British TV" (38% of respondents) – and in third place for "uncovering the truth" (54% of respondents). *Dispatches'* average score across the five reputational statements rose by one percentage point year-on-year, giving it its highest score since 2012.

Unreported World scored higher than any other Current Affairs programme or strand on two of the five statements, for: "showing stories about parts of the world you would rarely see on British TV" (selected by 52% of respondents) and "giving a voice to groups that aren't always heard in mainstream media" (44% of respondents). It ranked in second place for "making me see something in a different light" (37% of respondents). Its average score across the five reputational statements was two percentage points lower than in 2018.



Source: Ipsos MORI commissioned by Channel 4.

Engaging the audience

75.8%

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

Down 2.9pts

on last year

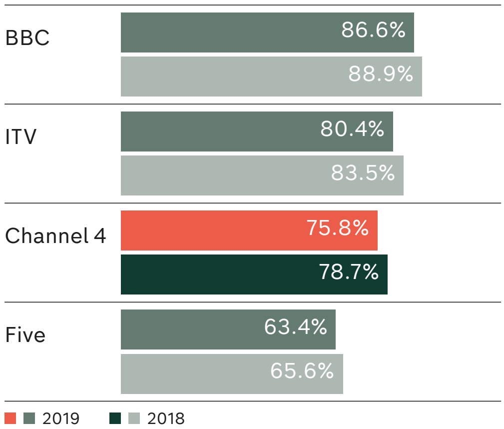
Audience reach

Channel 4 is the third-biggest UK broadcaster in terms of audience reach, behind only the BBC and ITV. In 2019, just over three-quarters (75.8%) of individuals in homes with a TV watched Channel 4's TV channels for at least 15 consecutive minutes each month on average. With TV viewing continuing to migrate to other linear TV channels and video-on-demand (VoD) services (including the broadcasters' own VoD services, which are not reported in this metric), the main PSBs all suffered reductions in the reach of their traditional TV channels in 2019 – as they did in 2017 and 2018 – with declines ranging from 2.2 percentage points (for Channel 5) up to 3.1 points (ITV). Channel 4's reach fell by 2.9 percentage points year-on-year.

Turning to the individual channels in Channel 4's TV portfolio, reach for the main channel was 68.3%, while the digital TV channels together reached 51.9% of viewers (2018: 55.8%). The main channel's reach fell by 2.8 percentage points year-on-year (slightly more than 2018's 2.7 point drop). In the previous two years (2017 and 2018), E4, More4 and Film4 each experienced annual declines in reach within the range of 1.5–3.0 percentage points. This was also the case in 2019 for E4 and Film4 (2.6 and 1.9 points down, respectively). However, More4's reach fell by 4.5 points this year – due in part to declining audiences for some US series such as *Outlander*, and the repositioning of More4's time-shifted (+1) channel on Sky's electronic programme guide to a less favourable position. Offsetting these changes, Box/4Music increased its reach by 1.3 percentage points, following the addition of six Box music channels in 2019.

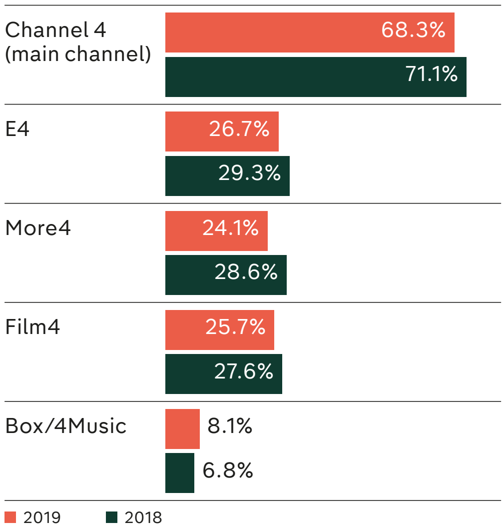
Note: After the acquisition by Channel 4 of The Box Plus Network on 31 December 2018, all six Box music channels are included as part of the Channel 4 digital TV portfolio in 2019. In 2018 and earlier years, the 'Box/4Music' segment included only the 4Music channel.

Average monthly reach of public service broadcasters' TV portfolios



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

Percentage reach of individual TV channels in Channel 4 portfolio



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

Engaging the audience

9.9%

viewing share across the TV channel portfolio

Down 3%

on last year

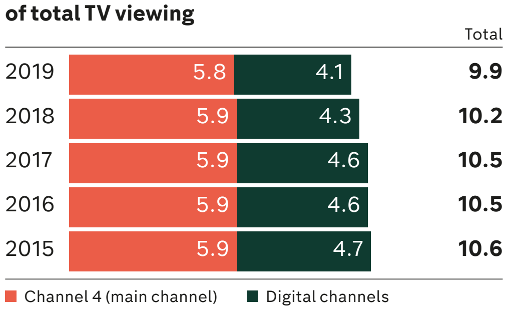
TV viewing share

Channel 4's total viewing share was 9.9% across its TV channel portfolio in 2019. There was a small year-on-year decline in viewing, of 0.3 percentage points (equivalent to a 3% fall).

Following five years in which it held steady, at 5.9%, the main channel's share fell by 0.1 percentage points to 5.8% of total TV viewing in 2019 (a 1% reduction). This performance – a decline of just 0.1 points over a five-year period – is impressive given the intensified competition in the linear TV space, and Channel 4's particular vulnerability to the migration of young viewers to video-on-demand services, including Channel 4's own service, All 4, whose viewer profile is much younger than that of Channel 4's TV channels. In 2019, the main channel held its share year-on-year amongst 16-to-34-year-olds (at 7.5%) and amongst ABC1 adults (at 6.2%), and its viewing share in the evenings (7–11pm) rose by 2% for all individuals. In addition, changes to Sky's EPG in 2018 also continued to negatively impact our +1 channels' share through to 1 May 2019.

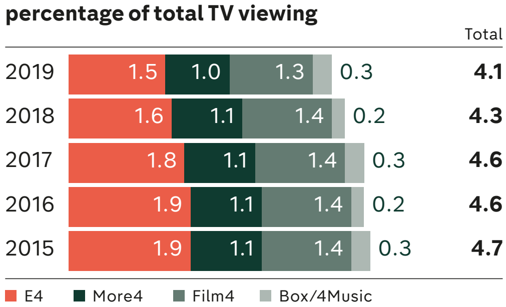
Competition for audiences also accounted for small changes in viewing to the digital channels in 2019. E4, More4 and Film4 experienced small declines, of 0.1 percentage points each, in their viewing. This was partially offset by a 0.1 point increase in viewing to the Box/4Music channels following the addition of six Box music channels to the portfolio in 2019 (see 'Audience reach' on page 107). Overall, the digital channels had a viewing share of 4.1% in 2019, 0.2 points down year-on-year.

Channel 4 portfolio share as a percentage of total TV viewing



Source: BARB.

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



Source: BARB.

995m

programme views initiated on demand

Up 9%

on last year

On-demand viewing

With audiences – especially younger demographics – consuming TV programmes ever more via on-demand services, it is vital that Channel 4's own services continue to evolve to meet this demand. In 2019, Channel 4 achieved record levels of on-demand viewing of its content: the number of programme views initiated through All 4-branded platforms – which include PCs, smartphones, tablets, games consoles and connected TVs – rose by 9% to reach 995 million.

As was the case in 2018, the strongest area of growth this year was on 'Big Screen' devices, i.e. connected TVs and streaming devices that plug into TVs, with viewing up by more than 20%. Within this group, individual platforms on which growth was especially high included Freeview Play and Samsung TVs.

On-demand viewing (million)

Source: Channel 4.

Engaging the audience

9.2%

portfolio viewing share amongst BAME audiences

Down 2%

on last year

5.1%

main channel viewing share amongst BAME audiences

Up 2%

on last year

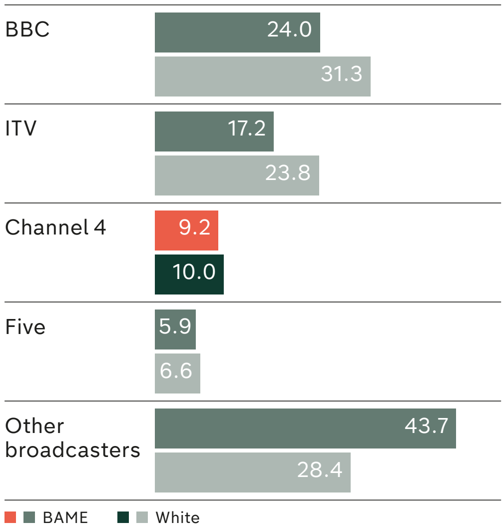
Share among hard-to-reach audiences – BAME

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 2019, Channel 4's TV portfolio enjoyed a 9.2% viewing share amongst BAME audiences. With a corresponding portfolio viewing share amongst white audiences of 10%, the resulting viewing share differential – between BAME and white audiences – was 8%. The BBC and ITV had much higher viewing share differentials between BAME and white viewers, of 23% and 28% respectively. At 11%, Channel 5's viewing share differential was closer to, but still higher than, Channel 4's. All this means that BAME audiences represent a higher proportion of Channel 4's total audience than they do the total audience of the other PSBs.

Channel 4's TV portfolio viewing share amongst BAME audiences fell by 0.3 percentage points year-on-year. In percentage terms, this was a 2% decline; smaller than the 3% decline amongst white audiences. Its 8% differential in 2019 was equal with last year's figure (actually falling slightly, when measured to one decimal place), and remains within the 4%–11% range achieved over the last decade. On the main channel, viewing share amongst BAME audiences was 5.1%, a year-on-year increase of 2%.

Public service broadcasters' portfolio viewing shares amongst white and BAME audiences as a percentage of total TV viewing by those audiences (2019)



Source: BARB.

15.7%

portfolio viewing share amongst 16-34-year-olds

Down 1%

on last year

8.0%

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

Equal

with last year

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

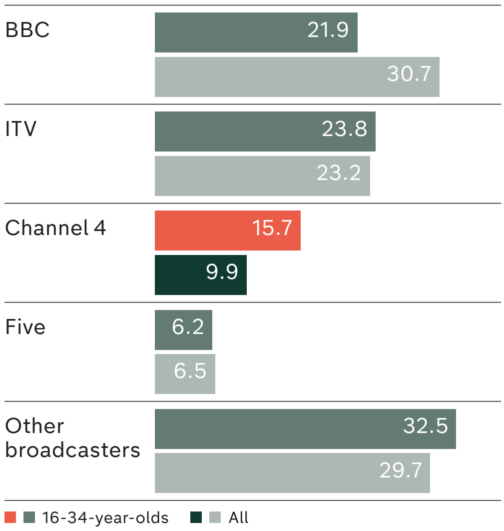
Channel 4's TV channels attract a disproportionately large share of viewing amongst hard-to-reach 16-34-year-olds.

Across its TV channel portfolio, Channel 4's viewing share amongst 16-34-year-olds was 15.7% in 2019. While this represented a small decrease, of 0.2 percentage points, relative to the 2018 share (a 1% fall), this is a smaller decline than that for all audiences to the Channel 4 portfolio (3% down).

Channel 4's viewing share amongst 16-34-year-olds was 59% higher than its corresponding all-audience share in 2019. This is three percentage points more than the corresponding differential in 2018 (which was 56%), and higher than at any time since this metric was first reported, in 2012 (in previous years, the differential has ranged from 46% to 56%).

Channel 4 is the only PSB to attract significantly greater viewing amongst this age group than across the general population: the BBC's 16–34 share was as much as 29% below its all-audience portfolio share, reflecting its relative appeal to older audiences. For ITV and Channel 5, the viewing share differentials between all audiences and those aged 16–34 were within the range ±5%. On the main channel, viewing share amongst 16-34-year-olds was 8%, equal with last year. However, during peak hours our share of 16-34-year-olds grew by 2%.

Public service broadcasters' portfolio viewing shares amongst 16-34-year-olds and all audiences as a percentage of total TV viewing by those audiences (2019)



Source: BARB.

Engaging the audience

4.7%

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

Down 1%

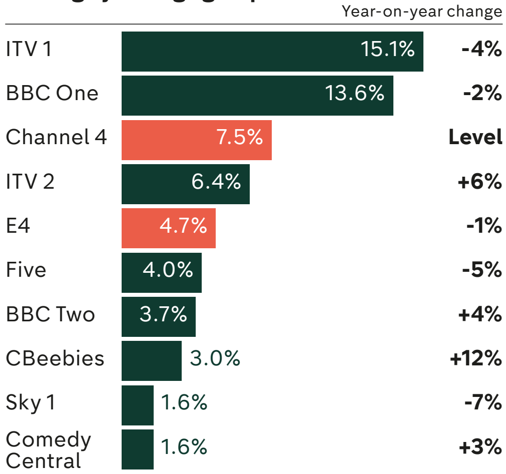
on last year

Most popular channel for young viewers

In 2019, E4 remained the second-most-watched digital TV channel in the UK for 16-34-year-olds (behind only ITV2), with a viewing share of 4.7%. This figure was slightly down, by 1%, on the corresponding 2018 share (which was 4.8%). E4 was also the fifth most popular TV channel overall for this audience, ahead of two of the main PSB channels, BBC Two and Channel 5. Key successes on E4 this year included originated programmes such as *Hollyoaks* – which enjoyed its best-ever year in terms of share amongst 16-34-year-olds (of 21.6%) – and *Celebs Go Dating* as well as the final season of US comedy *The Big Bang Theory*.

Channel 4's main channel enjoyed another disproportionately strong performance amongst 16–34-year-olds in 2019. Its viewing share amongst this age group held steady at 7.5% for the third consecutive year, making it 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.

10%

of viewing to *Channel 4 News* programmes on the main channel in 2019 accounted for by viewers aged 16–34

Down 2pts

on last year

16%

of viewing to *Channel 4 News* programmes on the main channel in 2019 accounted for by BAME viewers

Up 1pt

on last year

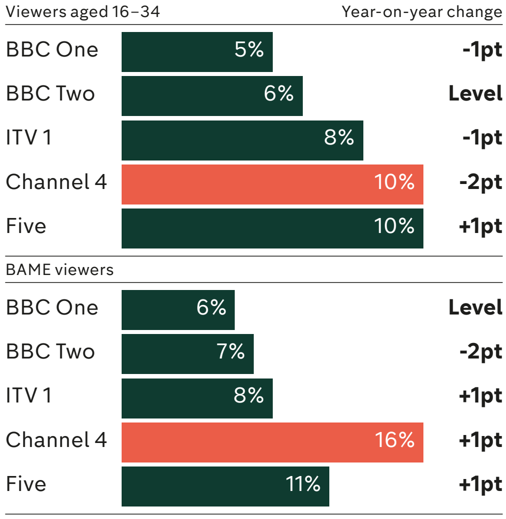
Viewing to national news

Channel 4 News has a particularly strong appeal to young and BAME audiences. 16-34-year-olds accounted for 10% of its audience in 2019, level with Channel 5 and above the corresponding profiles of viewing to the national news programmes on the other main PSB channels, which ranged from 8% (ITV) down to as little as 5% (BBC One).

While it continued to match or lead the other PSBs on this metric, *Channel 4 News'* profile of 16-34-year-olds fell by two percentage points year-on-year and is now at the lowest level over the last decade – reflecting the fact that young audiences are the fastest to migrate to digital and social media for their news consumption (see 'Reach of *Channel 4 News*' opposite, on page 111, for its growth on other platforms). That said, share of viewing to all *Channel 4 News* among 16-34-year-olds is up by 10% year on year (up 12% for the 7pm weekday news).

Channel 4 News' appeal is even more marked, and growing, for BAME audiences. They represented 16% of its total viewing in 2019. This is one percentage point up on 2018, and the joint-highest figure achieved over the last decade (level with 2016). Channel 4 is the only PSB whose news viewing by BAME audiences matches or even exceeds this group's representation in the UK population (estimated to be around 13%–14%): the other main PSB channels' news programmes had profiles of BAME viewing in the range 6%–11%.

Percentage of viewing to national news programmes on the main PSB channels in 2019 accounted for by 16-34-year-olds and BAME viewers



Source: BARB.

Engaging the audience

7.8m

people watched *Channel 4 News* each month

Up 6%

on last year

Reach of *Channel 4 News*

In 2019, an average of 7.8 million watched *Channel 4 News* for at least 15 consecutive minutes each month – a 6% increase year-on-year. Amongst BAME audiences, viewing was up by a substantial 22%. These figures cover the main weekday evening programme as well as daytime and weekend news bulletins on the main channel but exclude the programme's growing presence on digital and social media. These increases contrast with the other PSBs, whose corresponding levels of average monthly reach for national news all fell, by amounts ranging from 4% (BBC One and ITV) to 11% (Channel 5).

The main weekday evening programme also experienced significant increases in its viewing share in 2019, which rose by 22% year-on-year to 3.7% of viewing – its highest level since 2010.

These increases in *Channel 4 News'* reach and viewing share on the main channel are especially impressive given the high level of competition between 7pm and 8pm from the other PSBs (in particular, the soaps on BBC One and ITV and some sports programming on Channel 5 in 2019) and the increased reliance by many audiences on digital and social media as sources of news.

Channel 4 News constantly seeks to find new ways to promote its content on digital platforms. Its video views on YouTube rose by 65% in 2019 to 187 million, while video views on Twitter were up by 64% to 185 million. Across the main social platforms (Facebook, YouTube, Twitter and Instagram), *Channel 4 News* had eight million followers/subscribers by the end of 2019.

Engaging the audience

19pt

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

Up 2pts

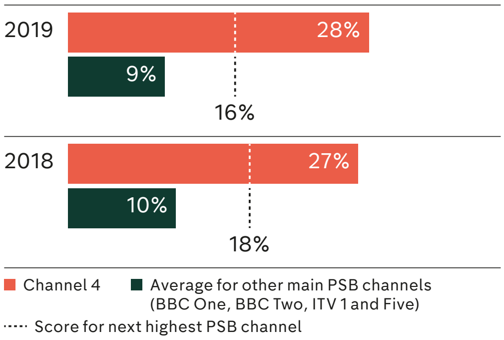
on last year

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

In 2019, Channel 4 reinforced its reputation for catering for audiences other channels don't cater for. 28% of respondents selected Channel 4's main channel over the other main PSB channels on this metric. This gave Channel 4 a 19-percentage-point lead over the average of the other main PSB channels, and a 12-point lead over the next-highest-scoring channel (Channel 5).

Channel 4's performance improved across all three of these scores year-on-year. The proportion of people selecting the main channel increased by one percentage point; its lead over the average of the other main PSB channels was up by two points, and its lead over the next-highest-scoring channel rose by three points.

Caters for audiences other channels don't cater for



Source: Ipsos MORI commissioned by Channel 4.

Engaging the audience

699m

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

Equal

with last year

Total visits to Channel 4's websites and apps

In 2019, Channel 4's websites and apps attracted a total of 699 million visits, level in percentage terms with the 2018 figure (though marginally down, by three million, in absolute terms). As was the case last year, the dedicated All 4 app – available on a wide range of smartphones, tablets and connected TVs – accounted for 76% of total visits, the remaining 24% being visits to Channel 4's websites (including mobile sites). In percentage terms, the numbers of app visits and website visits were also flat year-on-year.

While there were only marginal annual variations in these 2019 totals, at the platform level there were material changes, the most notable being a migration in All 4 app visits away from mobile platforms (6% decline in visits year-on-year) and towards 'Big Screen' platforms such as connected TVs (visits up 5%), on which there is a higher propensity to view Channel 4's content. This explains why, although visits were flat this year, video views were still up (see 'On-demand viewing' on page 108).

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

	Websites and mobile sites	Apps	Total
2019	165	534	**699**
2018	166	536	**702**

Source: Channel 4.

Engaging the audience

59%

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

Up 3pts

on last year

Producing talked-about TV

Channel 4's programmes can make an impact by engaging viewers, inspiring conversations and stimulating debate – both in the 'real' world and on social media. 'Buzz' scores are a research tool that assess 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 platforms such as Facebook and Twitter. In 2019, the average 'Buzz' score for the ten most talked-about programmes across Channel 4's TV portfolio was 59%, three percentage points above the corresponding 2018 figure (of 56%).

England's dramatic victory against New Zealand in the *ICC Men's Cricket World Cup Final* inspired Channel 4's most talked-about programme of the year. This was one of two Sports events in the top ten, the other being the *Best In Show* finale of Crufts, the largest dog event in the world.

Channel 4 made important contributions in the run-up to December's General Election. The much-discussed *Channel 4 News Climate Debate* – the first-ever leaders' debate on the climate crisis – had the second-highest 'Buzz' score of the year, while *Britain's Next PM: The Channel 4 Debate* was in fourth place. Also in Current Affairs but away from politics, *Battle of the Super Eaters: 3000 Calories a Minute* explored the recent phenomenon of competitive eating.

The highest-rating non-live programme of the year, in third place, was *Leaving Neverland*. This gripping two-part documentary told the stories of two young boys who suffered abuse by singer Michael Jackson, going on to make headlines and trigger debates around the world. By contrast, two other Documentaries in the top ten told uplifting stories: In *My Grandparents' War*, actor Kristin Scott Thomas discovered how her grandfather saved thousands of lives at Dunkirk while serving in the Royal Navy in World War II, while Oscar-winning film *Free Solo* followed climber Alex Honnold as he became the first person in the world to scale El Capitan without harness and ropes. Two Factual Entertainment programmes completed the top ten: this year's final of *The Great British Bake Off* and the second season of Channel 4's innovative reality show *The Circle*.

Top 10 most talked-about programmes across the Channel 4 portfolio (2019)

Programme	2019 Buzz (%)
ICC Cricket World Cup: The Final	**74%**
Channel 4 News Climate Debate	**67%**
Leaving Neverland: Michael Jackson and Me	**64%**
Live: Britain's Next PM – The C4 Debate	**58%**
The Great British Bake Off: The Final	**56%**
My Grandparents' War: Kristin Scott Thomas	**56%**
Free Solo	**55%**
Crufts 2019: Best in Show	**55%**
The Circle	**54%**
Battle of the Super Eaters: 3000 Calories a Minute	**54%**
Average Buzz Score for 2019 top 10 programmes	**59%**

Note: 2019 data not available for other PSB channels.
Source: Channel 4, Broadcast (other channels).

Engaging the audience

73%

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

Up 1pt

up 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 2019, network originations accounted for 73% of total viewing to the main channel, E4 and More4, one percentage point higher than 2018. This figure has now grown for each of the last six years and is ten percentage points higher than in 2013. This year's figure also sets a new record, with network originations representing a higher proportion of Channel 4's viewing than at any time since 2008, when this metric was first reported – showing the value to viewers of the programmes that Channel 4 commissions.

Turning to the volume of programming in the schedules, network originations represented 61% of all hours across the schedules of the main channel, E4 and More4 in 2019. This figure is three percentage points less than in 2018 (when they accounted for 64% of output).

A comparison of viewing and output figures shows that network originations are responsible for a disproportionately high share of Channel 4's overall viewing, outperforming acquired programmes: in 2019, they generated a higher share of viewing (73%) than their corresponding share of the volume of programming (61%). Network originations' impact grew this year, with their share of viewing up despite a reduction in the volume of programming.

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

Thank you

This list includes all our suppliers of originated television programmes that transmitted across the portfolio, plus film and digital companies that received project funding from us in 2019. We also provided development funding to a range of other companies. While every effort has been made to identify and name all of the relevant companies for this list, we apologise if there are any accidental omissions.

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

011 Productions
12 Yard Productions
72 Films
Acme Films
Alcove Entertainment
Alleycats Films
Amazing Productions
AMOS Pictures
Apocalypso Pictures
Archer's Mark
Arrow International Media
Assassin Films
Atomized Entertainment/
Studios
Avalon
Avanti Media
Baby Cow Productions
Back That
Barcroft
Barefaced TV
BBC Studios
Bee's Wing
Betty TV
Big Mountain Productions
Big Talk Productions
Bingo Productions
Blakeway
Blast! Films
Blink Entertainment t/a Blink
Films
Blue Ant International
Bluebird Film Productions
Blueprint Pictures
Blumhouse Productions
Boom Cymru TV
Boomerang
Boundless (part of
FremantleMedia UK)
Brave New Media
Britespark Films
Brook Lapping
Brown Bob Productions
Buccaneer Media
Burning Bright Productions
Buzztrack TV
Bwark Productions
Caravan Cinema
Channel X
Clerkenwell Films
Cloud Eight Films
Cowboy Films
CPL Productions
Crackit Productions
Crook Productions
Cuba Pictures
Curious Films
Curve Media
Daisybeck Studios
David Modell
Daybreak Pictures
Delaval Film
Deltatre Media
DJ Films
DMC Film
DNA Films
Dominic Buchanan
Productions
Dorothy Street Pictures
Double Band Films
Dragonfly Film and Television
Productions
Drama Republic
Dream Team Television
Duck Soup Films
Dura Mater Films
Eagle Rock Entertainment
East Entertainment
Element Pictures
Escape Films
Escape Plan Productions
Expectation Entertainment
Fable Pictures
Films of Record
Firecracker Films
Firecrest Films
Five Mile Films
Flicker Productions
Flint Television
Foreign Material
Forward Films
Fox Cub Films
Free Range Films
Freeform Productions
Fudge Park Productions
Full Fat Television
Fulwell 73
Gingerbread Pictures
Gobstopper Television
Guilty Party Pictures
H.C.A. Entertainment
Halcyons Heart Films
Hardcash Productions
Hat Trick
Heyday Films
Hootenanny Pictures
Hot Property Films
Hot Sauce Television/BFQ
House Productions
Humble Pie Productions (t/a
Studio Ramsay)
Hungry Bear Media
Icon Films
Ignition Creative London
Illuminations
IMG Media
InFilm Productions
Inflammable Films
ITN
ITV
IWC Media
Jamie Oliver Productions
Joi Productions
JolyGood TV
Jon Lloyd (t/a Frieda TV)
Juniper Communications
JW Films
King Bert Productions
Lemonade Money
Liberty Bell Productions
Lime Pictures
Lion Television
Little Dot Studios
Little Gem Media
Livewire Sport
Love Productions
Lupus Films
Mam Tor Productions
Mayfly Television
Me & You Productions
Megalomedia
Mentorn Media
Merman Television
Minerva Media
Minnow Films
Mirrorball Films
Misher Films
Monkey Kingdom
Monumental Pictures
Mr Box Productions
Naked Entertainment
NDF Productions
New Pictures
Nimble Dragon
Nineteen11
NIT Television
Noah Media Group
Noor Pictures
North One Television
Nova International (t/a
Filmnova Production)
Number 9 Films
Numiko
Nutopia
Objective Productions
October Films
On The Corner Entertainment
Open Mike Productions
Optomen Television
Oxford Films
Oxford Scientific Films
Parable Ventures
Parti Productions
Phil McIntyre Entertainments
Picture Films
Playground Television UK
Plimsoll Productions
Plum Pictures
Potboiler Productions
Primal Media
Princess Productions
Quicksilver Media
Quiddity Films
Raise the Roof Productions
Raw Cut Television
Raw TV
Ray Pictures
RDF
Red House Television
Red Sky Productions
Reef Television
Remarkable Television
Remedy Productions
Renegade Pictures (UK)
Renowned Films
Retort
(part of FremantleMedia UK)
Revolution Films
Ricochet Films
Ronachan Films
Rook Films
Rooks Nest Entertainment
Roughcut TV
Rumpus Media
Sandstone Global Productions
SB.TV Global
Scott Free
ScreenDog Productions
See-Saw Productions
Sexy RPC
Shine
Shiny Button Productions
Shoebox Films
Significant Productions
Silver Salt Films
Simplestream
Sky
Sleeper Films
Snowdog Enterprises
Snowman Enterprises
Spark Media/Kindling
Spelthorne Community
Television
Spring Films
Spun Gold TV
Story Films
Stray Bear Productions
Studio Lambert
STV Productions
Sugar Films
Summer Films
Sundog Pictures
Sunset + Vine
Swan Films
Talkback (part of
FremantleMedia UK)
Tern Television Productions
Thames (part of
FremantleMedia UK)
The Bureau Film Company
The Connected Set
The Forge Entertainment
The Garden Productions
The Ink Factory
Thoroughly Modern Media
Tiger Aspect
Time Inc (UK)
Tinderbox Films
Top Hat Productions
Topical Television
Trademark Films
Transparent Television
True North Productions
True Vision
Try Hard Films
Tuesday's Child
Turnover Films
TV Cartoons
Twenty Twenty
Twofour Broadcast (t/a
Natural)
Twofour Productions
Uff Productions
Uplands Television
Various Artists
Vaudeville Productions
Vera Productions
Voltage TV Productions
Wall to Wall
Warp Films
Wayward Films
Wellington Films
Westend Blackbird
Whisper Films
Whitworth Media
Why Not Productions
Wild Pictures
Wildgaze Films
Windfall Films
Wonder Television
Working Title Films
WTFN Entertainment
Young Bwark Productions
Youngest Media
Zandland
Zeppotron
ZKK

Awards

Awards

UK TELEVISION AWARDS

AIB Awards
World's Tiniest Masterpieces
Yeti Television for Channel 4
Arts and Culture

The Hunt for Jihadi John
Nutopia in association with Livedrop Media for Channel 4
International Affairs

BAFTA Television Awards
Dispatches – Myanmar's Killing Fields
Evan Williams Productions/Mongoose Productions for Channel 4
Current Affairs

Cambridge Analytica Uncovered – Channel 4 News
ITN for Channel 4
News Coverage

Broadcast Awards
Derry Girls
Hat Trick Productions
Best Comedy Programme

The Fight For Mosul
Mongoose Pictures for Channel 4
Best Documentary Programme

Prison
Spring Films for Channel 4
Best Documentary Series

Channel 4 News: Cambridge Analytica Uncovered
ITN for Channel 4
Best News and Current Affairs Programme

Married to a Paedophile
Brinkworth Films for Channel 4
Best Original Programme

Awards (continued)

The Football Club: Artist in Residence
Storyvault Films for Channel 4
Best Specialist Factual Programme

Broadcast Digital Awards
Derry Girls Social Campaign
4Creative/OMD for Channel 4
Best Digital Support for a Programme

The Secret Life of 5 Year Olds on Holiday with Thomas Cook
RDF Television for All 4
Best Content Partnership or AFP

Broadcast Technology Awards
The Circle
Joi Polloi, Studio Lambert, Channel 4
Innovative Use of Technology in Storytelling

Married to A Paedophile
Molinare for Channel 4
Best Audio Post Production (non-scripted)

British Arrows Award
Grenfell: Our Home
Parable for Channel 4
Craft – Silver

Broadcasting Press Guild Awards
Derry Girls
Hat Trick Productions for Channel 4
Best Comedy

British Soap Awards
Hollyoaks
Lime Pictures for Channel 4
Best British Soap

Gregory Finnegan (Hollyoaks)
Lime Pictures for Channel 4
Best Actor

Adam Woodward (Hollyoaks)
Lime Pictures for Channel 4
Best Male Dramatic Performance

Nathan Sussex (Hollyoaks)
Lime Pictures for Channel 4
Villain of the Year

Edinburgh International Television Festival Awards
Old People's Home for 4 Year Olds
CPL Productions for Channel 4
Best Popular Factual Series

Gogglebox
Studio Lambert for Channel 4
Best Entertainment Series

Grierson Awards
The Football Club: Artist in Residence
Storyvault Films for Channel 4
Director: Marcus Plowright
Best Arts or Music Documentary

Three Identical Strangers
Raw for Channel 4. First shown General theatrical release. Director: Tim Wardle
Best Entertaining Documentary

Prison
Spring Films for Channel 4
Director: The Production Team
Best Documentary Series

Leaving Neverland
Amos Pictures for Channel 4
Director: The Production Team
Best Documentary Series

First Dates Hotel
Twenty Twenty Television for Channel 4
Director: The Production Team
Channel 4 Best Constructed Documentary Series

Dorothy Byrne
BBC Grierson Trustees' Award

Inside Soap Awards
Hollyoaks
Lime Pictures for Channel 4
Best Soap

Adam Woodward (Brody Hudson, Hollyoaks)
Lime Pictures for Channel 4
Best Actor

Stephanie Davis (Sinead Shelby, Hollyoaks)
Lime Pictures for Channel 4
Best Actress

Mind Media Awards
The Virtues
Warp Films for Channel 4
Drama

Channel 4 News
Channel 4
News and Current Affairs

National Reality Television Awards
First Dates
Best Dating Show

One World Media Awards
Britain's Refugee Children
True Vision Wales for Channel 4
Refugee Reporting Award

Unreported World: Venezuela's Lost Children
Channel 4
Refugee Reporting Award

Guillermo Galdos
Channel 4 News
International Journalist of the Year

Riding 'The Death Train' to America's Border
ITN for Channel 4 News
Short Film Award

RTS Journalism Awards
Channel 4 News
ITN for Channel 4
Daily News Programme of the Year

Data, Democracy and Dirty Tricks – Channel 4 News
ITN for Channel 4
News Coverage – International

Cambridge Analytica Uncovered – Channel 4 News
ITN for Channel 4
Scoop of the Year

Andy Davies – Channel 4 News
ITN for Channel 4
Television Journalist of the Year

Riding 'The Death Train' to America's border – Channel 4 News
Pacha Films for Channel 4
Independent Award

Anja Popp – Channel 4 News
ITN for Channel 4
Young Talent of the Year

Dispatches – Myanmar's Killing Fields
Evan Williams Productions/Mongoose Productions for Channel 4
Current Affairs – International

RTS Programme Awards
The Last Leg
Open Mike for Channel 4
Entertainment

Derry Girls
Hat Trick Productions for Channel 4
Scripted Comedy

Prison
Spring Films for Channel 4
Documentary Series

Awards (continued)

Big Narstie and Mo Gilligan
Expectation/Dice Productions for Channel 4
Entertainment Performance

Hollyoaks
Lime Pictures for Channel 4
Soap and Continuing Drama

Lucien Msamati (Kiri)
The Forge Entertainment for Channel 4
Best Actor (Male)

RTS Yorkshire Centre Awards 2019
Ackley Bridge
The Forge Entertainment for Channel 4
Drama

Ackley Bridge
The Forge Entertainment and That Lot for Channel 4
Original Digital Content (Snapchat Stories)

Sheffield Doc Fest
For Sama
Channel 4 News / ITN
Doc Audience Award

For Sama
Channel 4 News / ITN
Grand Jury Award

TRIC Awards
The Great British Bake off
Food Programme Award

The Handmaid's Tale
International Programme Award

TELEVISION INTERNATIONAL

Al Jazeera Balkans Documentary Film Festival
For Sama
Channel 4 News / ITN
Main Award

Antenna Documentary Film Festival
For Sama
Channel 4 News / ITN
Best Film

Biografilm Festival 2019
For Sama
Channel 4 News / ITN
Best Film & Audience Award

Calgary International Film Festival
For Sama
Channel 4 News / ITN
Audience Choice Award

For Sama
Channel 4 News / ITN
International Documentary

Cannes Film Festival
For Sama
Channel 4 News / ITN
Prix L'Oeil d'Or for Best Documentary

Creative Arts Emmy Award
Leaving Neverland
HBO Documentary Films in association with Channel 4 and Amos Pictures
Outstanding Documentary Or Nonfiction Special

Dinard Film Festival
For Sama
Channel 4 News / ITN
Heartbeat Hitchcock Award

DocsMX: The International Documentary Film Festival of Mexico City
For Sama
Channel 4 News / ITN
Mujeres a cuadro' Documentary category

Durban International Film Festival
For Sama
Channel 4 News / ITN
Best Documentary

For Sama
Channel 4 News / ITN
Best Amnesty International Durban Human Rights Award

European Film Academy Awards
For Sama
Channel 4 News / ITN
European Documentary

Galway Film Fleadh
For Sama
Channel 4 News / ITN
Best Human Rights Film

Guanajuato International Film Festival
For Sama
Channel 4 News / ITN
Best International Feature Documentary

Hamptons International Film Festival
For Sama
Channel 4 News / ITN
Brizzolara Family Foundation Awards
Films of Conflict and Resolution

Heartland International Film Festival
For Sama
Channel 4 News / ITN
Documentary Feature

For Sama
Channel 4 News / ITN
Richard D. Propes Social Impact Award
Documentary Feature

Hot Docs 2019
For Sama
Channel 4 News / ITN
Special Jury Prize

Hot Springs Documentary Film Festival
For Sama
Channel 4 News / ITN
Audience Choice Award

ICFF Manaki Brothers Festival (Macedonia)
For Sama
Channel 4 News / ITN
Best Documentary

IDA Documentary Awards
For Sama
Channel 4 News / ITN
Best Feature

For Sama – Waad al-Kateab
Channel 4 News / ITN
Courage Under Fire Award

International Emmy Awards – Current Affairs and News
Data, Democracy and Dirty Tricks: The Cambridge Analytica scandal
ITN/Channel 4 News
International Emmy for News Award

Lighthouse International Film Fest
For Sama
Channel 4 News / ITN
Documentary Feature Audience Award

Los Angeles Asian Pacific Film Festival
For Sama
Channel 4 News / ITN
Grand Jury Prize

Lost Weekend XII Film Festival
For Sama
Channel 4 News / ITN
Best Directing

For Sama
Channel 4 News / ITN
Documentary

Awards (continued)

Milwaukee Film Festival
For Sama
Channel 4 News / ITN
Jury Award

For Sama
Channel 4 News / ITN
Best Documentary

For Sama
Channel 4 News / ITN
Mohamed Amin Courage in Film Award

Minneapolis St. Paul International Film Festival
For Sama
Channel 4 News / ITN
Documentary Audience Award

Mountain Film
For Sama
Channel 4 News / ITN
Norman Vaughan Indomitable Spirit Award

Muhammad Ali Humanitarian Awards
For Sama -Waad Al-Kateab
Channel 4 News / ITN
Conviction Award

Nantucket Film Festival
For Sama
Channel 4 News / ITN
Documentary Feature Audience Award

Naples International Film Festival
For Sama
Channel 4 News / ITN
Impact Award

Newport Beach Film Festival
For Sama
Channel 4 News / ITN
Best Documentary

RiverRun International Film Festival 2019
For Sama
Channel 4 News / ITN
Documentary Cinematography Award

Robert F. Kennedy Human Rights – Journalism Awards
UN Sex Abuse Scandal
Ronachan Films production for WGBH/FRONTLINE and Channel 4 in association with Arte
Television – International

The Harold Wincott Awards for Financial Journalism
Dispatches – The Carillion Scandal – How to Lose Seven Billion Pounds
Channel 4
Video Journalism Award

Sarajevo Film Festival
For Sama
Channel 4 News / ITN
Best Film Award

SXSW 2019
For Sama
Channel 4 News / ITN
Feature Film Grand Jury Awards – Documentary Feature Competition

For Sama
Channel 4 News / ITN
Audience Award Winners – Documentary Feature Competition

Traverse City Film Festival
For Sama
Channel 4 News / ITN
Grand Prize for Best Film

FILM UK

BAFTA Film Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress in a Leading Role

The Favourite – Rachel Weisz
Element Pictures, Scarlet Films
Best Actress in a Supporting Role

The Favourite – Sandy Powell
Element Pictures, Scarlet Films
Best Costume Design

The Favourite – Nadia Stacey
Element Pictures, Scarlet Films
Best Makeup and Hair

The Favourite – Deborah Davis, Tony McNamara
Element Pictures, Scarlet Films
Best Original Screenplay

The Favourite – Fiona Crombie, Alice Felton
Element Pictures, Scarlet Films
Best Production Design

The Favourite
Element Pictures, Scarlet Films
Outstanding British Film

Beast – Michael Pearce (Writer/Director), Lauren Dark (Producer)
Stray Bear, Agile Films
Outstanding Debut by a British Writer, Director or Producer

BAFTA Scotland Awards
Wild Rose – Jessie Buckley
Fable Pictures
Best Actress, Film

Wild Rose – Tom Harper, Nicole Taylor, Faye Ward
Fable Pictures
Best Feature Film

Wild Rose – Nicole Taylor
Fable Pictures
Best Screenwriter, Film/TV

BFI London Film Festival
Saint Maud
Escape Plan
Special Commendation

BIFA
The Personal History of David Copperfield – Sarah Crowe
Kevin Loader
Best Casting

The Personal History of David Copperfield – Suzie Harman, Robert Worley
Kevin Loader
Best Costume Design

Wild Rose – Jack Arnold
Fable Pictures
Best Music

The Personal History of David Copperfield – Cristina Casali
Kevin Loader
Best Production Design

The Personal History of David Copperfield – Armando Iannucci and Simon Blackwell
Kevin Loader
Best Screenplay

The Personal History of David Copperfield – Hugh Laurie
Kevin Loader
Best Supporting Actor

For Sama
Channel 4 News / ITN
Best Film

For Sama
Channel 4 News / ITN
Best Director

For Sama
Channel 4 News / ITN
Best Documentary

Awards (continued)

For Sama
Channel 4 News / ITN
Best Editor

British Writers Guild
American Animals – Bart Layton
RAW
Best Screenplay

London Critics Circle
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Actress of the Year

Beast – Michael Pearce
Stray Bear, Agile Films
Breakthrough British/Irish Filmmaker of the Year: The Philip French Award

Beast – Jessie Buckley
Stray Bear, Agile Films
British/Irish Actress of the Year

The Favourite
Element Pictures, Scarlet Films
British/Irish Film of the Year: The Attenborough Award

Cold War
Opus Film, Apocalypso Pictures, MK Productions
Foreign Language Film of the Year

The Favourite – Deborah Davis, Tony McNamara
Element Pictures, Scarlet Films
Screenwriter of the Year

The Favourite – Rachel Weisz
Element Pictures, Scarlet Films
Supporting Actress of the Year

Cold War – Łukasz Zal
Opus Film, Apocalypso Pictures, MK Productions
Technical Achievement of the Year – Cinematography

FILM INTERNATIONAL

Academy Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

American Cinema Editors Awards (ACE)
The Favourite – Yorgos Mavropsaridis
Element Pictures, Scarlet Films
Best Edited Feature Film (Comedy)

American Society of Cinematographers Awards
Cold War – Łukasz Zal, PSC
Opus Film, Apocalypso Pictures, MK Productions
Best Cinematography for a Theatrical Release

Art Directors Guild Awards
The Favourite – Fiona Crombie
Element Pictures, Scarlet Films
Period Film Feature Film Award

Austin Film Critics Association
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

Widows
See-Saw Films, Lammas Park
Best Ensemble

Widows – Brian Tyree Henry (If Beale Street Could Talk, Widows, Spider-Man: Into the Spider-Verse)
See-Saw Films, Lammas Park
The Robert R. 'Bobby' McCurdy Memorial Breakthrough Artist Award

Australian Academy of Cinema and Television Arts International Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Lead Actress

The Favourite – Deborah Davis, Tony McNamara
Element Pictures, Scarlet Films
Best Screenplay

Chicago Independent Film Critics Circle
The Favourite – Fiona Crombie, Alice Felton
Element Pictures, Scarlet Films
Best Production Design

Cinema Eye Honors
American Animals – Bart Layton
RAW
Heterodox Award

Columbus Film Critics Society
Widows – Bryan Tyree Henry (Hotel Artemis, If Beale Street Could Talk, Spider-Man: Into the Spider-Verse, and Widows)
See-Saw Films, Lammas Park
Actor of the Year (for an exemplary body of work)

The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

The Favourite
Element Pictures, Scarlet Films
Best Ensemble

Widows – Joe Walker
See-Saw Films, Lammas Park
Best Film Editing

Costume Designers Guild Awards
The Favourite – Sandy Powell
Element Pictures, Scarlet Films
Excellence in Period Film

Critics' Choice Awards
The Favourite
Element Pictures, Scarlet Films
Best Acting Ensemble

The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress in a Comedy

Denver Film Critics Society
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

The Favourite – Rachel Weisz
Element Pictures, Scarlet Films
Best Supporting Actress

European Film Academy Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
European Actress

The Favourite – Robbie Ryan
Element Pictures, Scarlet Films
European Cinematography

The Favourite
Element Pictures, Scarlet Films
European Comedy

The Favourite – Sandy Powell
Element Pictures, Scarlet Films
European Costume Design

Awards (continued)

The Favourite – Yorgos Lanthimos
Element Pictures, Scarlet Films
European Director

The Favourite – Yorgos Mavropsaridis
Element Pictures, Scarlet Films
European Editor 2019

The Favourite
Element Pictures, Scarlet Films
European Film

The Favourite – Nadia Stacey
Element Pictures, Scarlet Films
European Hair & Make-Up

Cold War
Opus Film, Apocalypso Pictures, MK Productions
People's Choice Award

GALECA: The Society of LGBTQ Entertainment Critics 'Dorian Award'
The Favourite
Element Pictures, Scarlet Films
Film of the Year

The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Film Performance of the Year – Actress

The Favourite – Deborah Davis, Tony McNamara
Element Pictures, Scarlet Films
Screenplay of the Year

Widows
See-Saw Films, Lammas Park
Unsung Film of the Year

Gaudí Award
Cold War
Opus Film, Apocalypso Pictures, MK Productions
Best European Film

Georgia Film Critics Association
The Favourite
Element Pictures, Scarlet Films
Best Ensemble

The Favourite – Fiona Crombie, Alice Felton
Element Pictures, Scarlet Films
Best Production Design

The Favourite – Emma Stone
Element Pictures, Scarlet Films
Best Supporting Actress

Gold Derby Film Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

The Favourite – Sandy Powell
Element Pictures, Scarlet Films
Best Costume Design

The Favourite – Joe Alwyn, Olivia Colman, Mark Gatiss, Nicholas Hoult, Jenny Rainsford, James Smith, Emma Stone, Rachel Weisz
Element Pictures, Scarlet Films
Best Ensemble

The Favourite – Deborah Davis, Tony McNamara
Element Pictures, Scarlet Films
Best Original Screenplay

The Favourite – Fiona Crombie
Element Pictures, Scarlet Films
Best Production Design

Golden Globe Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Performance by an Actress in a Motion Picture – Musical or Comedy

Hawaii Film Critics Society
The Favourite – *Olivia Colman*
Element Pictures, Scarlet Films
Best Actress

The Favourite – Fiona Crombie, Alice Felton
Element Pictures, Scarlet Films
Best Art Direction

Widows – Elizabeth Debicki
See-Saw Films, Lammas Park
Best Supporting Actress

Houston Film Critics Society
The Favourite
Element Pictures, Scarlet Films
Best Picture

The Favourite – Deborah Davis, Tony McNamara
Element Pictures, Scarlet Films
Best Screenplay

The Favourite – Rachel Weisz
Element Pictures, Scarlet Films
Best Supporting Actress

Independent Spirit Awards
You Were Never Really Here – Joe Bini
Why Not Productions
Best Editing

International Press Academy – Satellite Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Actress in Motion Picture, Comedy or Musical (Major, Independent or International)

The Favourite – Sandy Powell
Element Pictures, Scarlet Films
Costume Design

The Favourite
Element Pictures, Scarlet Films
Special Achievement Award Recipients – Ensemble – Motion Picture

Iowa Film Critics Association
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

The Favourite
Element Pictures, Scarlet Films
Best Film

Munich Film Festival
For Sama
The BAYERN 2 and SZ Audience Award

Music City Film Critics Association (Nashville)
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

The Favourite
Element Pictures, Scarlet Films
Best Comedy

You Were Never Really Here – Lynne Ramsey
Why Not Productions
Best Director

Widows – Joe Walker
See-Saw Films, Lammas Park
Best Editing

National Society of Film Critics
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

North Carolina Film Critics Association
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Best Actress

Awards (continued)

The Favourite – Deborah Davis, Tony McNamara
Element Pictures, Scarlet Films
Best Original Screenplay

Oklahoma Film Critics Circle Awards
Widows – Brian Tyree Henry (Widows, If Beale Street Could Talk, Spider-Man: Into the Spider-Verse)
See-Saw Films, Lammas Park
Best Body of Work

Widows
See-Saw Films, Lammas Park
Best Ensemble

Palm Springs International Film Festival Awards
The Favourite – Olivia Colman
Element Pictures, Scarlet Films
Desert Palm Achievement Award – Actress

Cold War – Joanna Kulig
Opus Film, Apocalypso Pictures, MK Productions
FIPRESCI Prize for Best Actress in a Foreign Language Film

Toronto International Film Festival
How To Build A Girl
Monumental Pictures
FIPRESCI Prize for the Special Presentations

MARKETING

British Arrows Awards
The Great British Bake Off
Channel 4/4Creative
Best Re-Record (Gold)

The Great British Bake Off
Channel 4/4Creative
Best Entertainment Promo (Silver)

100 Years (and counting)
Channel 4/4Creative
The Power of Film (Silver)

100 Years (and counting)
Channel 4/4Creative
Best Writing (Silver)

100 Years (and counting)
Channel 4/4Creative
Best Entertainment Promo (Bronze)

Campaign Magazine
Channel 4
Channel 4/4Creative
Advertiser of the Decade (Second Place)

Creative Circle Awards
The Human Test
Channel 4
Best Integrated Campaign (Gold)

100 Years (continuity)
Channel 4
Best Casting (campaign) (Gold)

The Great British Bake Off
Channel 4
Best use of Music (single) (Gold)

E4 Idents
Channel 4
Best Channel Idents (Silver)

The Great British Bake Off
Channel 4
Best TV 60secs and over (single) (Silver)

The Human Test
Channel 4
Best Innovation/Use of New Technology (campaign) (Bronze)

The Human Test
Channel 4
Best Conceptual Idea (campaign) (Bronze)

The Human Test
Channel 4
Best Digital Activation (campaign) (Bronze)

E4 Idents
Channel 4
Best Channel Idents (Silver)

100 Years (and counting)
Channel 4
Best Charity/Public Service Film (single) (Bronze)

Creative Diversity Network Awards
Channel 4
Channel 4
Digital Technology Award

Creative Review
The Human Test
Channel 4
Apps (In Book)

100 Years (and counting)
Channel 4
Commercials (In Book)

The Great British Bake Off
Channel 4
Commercials (In Book)

Lovie Awards
The Big Bang Theory YouTube Quiz
Channel 4
Internet Video: Comedy (Bronze)

The Big Bang Theory YouTube Quiz
Channel 4
Internet Video: Music and Entertainment (Gold)

The Big Bang Theory YouTube Quiz
Channel 4
Internet Video: Best Use of Interactive Video (Bronze)

Derry Girls
Channel 4
Social: Best Use of Stories (Bronze)

Drag SOS
Channel 4
Online Advertising: Social Video (Silver)

Promax Awards
E4 Brand Spot
Channel 4/4Creative
Best Entertainment – Clip Based (Bronze)

Hollyoaks
Channel 4/4Creative
Best Drama – Originated (Gold)

The Great British Bake Off
Channel 4/4Creative
Best Entertainment – Originated (Bronze)

The Circle
Channel 4/4Creative
Best Reality – Clip Based and Originated (Gold)

Shipwrecked
Channel 4/4Creative
Best Reality – Clip Based and Originated (Bronze)

Complaints Welcome
Channel 4/4Creative
Best Brand Spot/Channel Spot – Clip Based and Originated (Gold)

Derry Girls
Channel 4/4Creative
Best 360 Campaign (Silver)

E4
Channel 4/4Creative
Best Identity (Silver)

Awards (continued)

Complaints Welcome
Channel 4/4Creative
Best On-Air Campaign (Bronze)

Derry Girls
Channel 4/4Creative
Best Press/Out Of Home (Gold)

Derry Girls Social
Channel 4/4Creative
Best Use Of Social Media – Content or Brand (Bronze)

The Great British Bake Off
Channel 4/4Creative
Best Use Of Direction (Gold)

Complaints Welcome
Channel 4/4Creative
Best Use Of Direction (Bronze)

The Great British Bake Off
Channel 4/4Creative
Best Use Of Editing (Gold)

Complaints Welcome
Channel 4/4Creative
Best Use Of Humour (Gold)

Derry Girls
Channel 4/4Creative
Best Key Art (Gold)

The Virtues
Channel 4/4Creative
Best Key Art (Silver)

Rugby Champions Cup Launch – Socials
Channel 4/4Creative
Best Use Of Motion Graphic Design (Bronze)

Derry Girls – Spotify
Channel 4/4Creative
Best Radio or Podcast (Bronze)

4Creative
Channel 4/4Creative
Creative Channel or Brand of the Year (Winner)

SALES

British Media Awards
4Sales
Channel 4
Best Commercial Team

Campaign Big Awards
Together Against Hate
Channel 4, The Outfit and Wavemaker for Nationwide, McCain's and Maltesers
Best Idea for a Purpose: TV and Cinema – Single

Campaigns for Good Awards
Together Against Hate
Channel 4, The Outfit and Wavemaker for Nationwide, McCain's and Maltesers
Brand Led: Best Equality and Inclusion Campaign

Together Against Hate
Channel 4, The Outfit and Wavemaker for Nationwide, McCain's and Maltesers
Campaign of the Year

European Sponsorship Association
Wickes – sponsorship of Channel 4's homes related programmes
Channel 4
TV Sponsorship

Mediatel Connies 2019
Contextual Moments
Channel 4
Best Use of Connected Data

4Sales
Channel 4
Connected Consumer of the Year

Mediatel Research Awards
4Sales
Channel 4
Media Owner of the Year

WTF is Dovetail?
Channel 4
Excellence in Research Presentation

Media Week Awards
Derry Girls (C4 Marketing)
OMD UK for Channel 4
Media Idea Large (Bronze)

Together Against Hate
Channel 4, The Outfit and Wavemaker for Nationwide, McCain's and Maltesers
Media Idea Large (Silver)

Together Against Hate
Channel 4, The Outfit and Wavemaker for Nationwide, McCain's and Maltesers
Large Collaboration (Silver)

Contextual Moments
Channel 4
Best Research Insight (Bronze)

The Secret Life of 5 Year Olds on Holiday with Thomas Cook
Channel 4
Best Use of Content (Silver)

Hollyoaks Does Race for Life
Channel 4
Media Idea Small (Silver)

Together Against Hate
Channel 4, The Outfit and Wavemaker for Nationwide, McCain's and Maltesers
Media Creativity (Gold)

The Sponsorship Awards
Citroen sponsors First Dates
Channel 4
Best TV Sponsorship

The Secret Life of 5 Year Olds on Holiday With Thomas Cook
Channel 4
Branded Content

Thinkbox TV Planning Awards
Together Against Hate
Channel 4, The Outfit and Wavemaker for Nationwide, McCain's and Maltesers
Best Use of Content

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 2019.

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 2019. 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
28 September 2020

* 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 2019

In this section

FINANCIAL REPORT AND STATEMENTS

Financial review and highlights

£985m
CORPORATION REVENUE

- Increased by £10 million in 2019 despite challenging linear ad market conditions
- Strong digital revenue growth and revenues contributed by the full acquisition of The Box Plus Network ('Box') on 31 December 2018 were offset by lower TV and sponsorship revenues, driven mainly by -3% linear market decline in light of continuing economic and political uncertainty

£163m
DIGITAL REVENUES

- Digital revenues increased by 18% and now comprise 17% of total Corporation revenue
- All 4 reached 995 million views in 2019 – its highest ever level
- Growth reflects our strong strategic focus on accelerating digital and the rate of viewer migration from linear to digital

£660m
CONTENT SPEND

- Overall content investment of £660 million in 2019 in line with 2018 spend (£662 million) allows us to maintain creative momentum
- £492 million portfolio spend on originated content has increased by £3 million since 2018 and reflects our strong remit delivery
- Content investment has helped defend audience share, with 16-34s maintaining share year-on-year on our main channel
- Overall portfolio viewing down from 10.2% to 9.9% in 2019 driven by declines on our digital channels and younger viewers migrating from linear to digital

£26m
PRE-TAX DEFICIT

- 2019 was a year of significant business transformation for Channel 4. We budgeted a deficit in 2019 to allow for significant spend in delivering our 4 All the UK programme and accelerating our investment in digital transformation whilst maintaining current levels of content spend
- This was achieved despite the significant linear ad market decline due to strong digital growth, the acquisition of Box and effective cost management
- Our strategy remains to maintain sustainability over the medium to long term

£17m
UNDERLYING OPERATING DEFICIT

- Our underlying operating result for the year excluding 4 All the UK spend is a deficit of £17 million – further details of this alternative performance measure are provided on page 184

£15m
UPFRONT INVESTMENT IN ESTABLISHING 4 ALL THE UK

- First phase of the programme successfully delivered on time and under budget
- £15 million investment in 2019 includes £10 million expenditure recognised in the income statement, plus £5 million of capital expenditure
- National HQ in Leeds and two regional hubs in Glasgow and Bristol opened
- Further investment expected during 2020 ahead of opening our permanent National HQ office at the Leeds Majestic Building

£385m
NET ASSETS

- Net assets have decreased since 2018 (2018: £439 million) reflecting our £26 million deficit as we invested further in our strategic priorities and a material increase in our pension deficit
- Our balance sheet remains a sound financial platform for growth and commercial self-sufficiency

£137m
CASH RESERVES

- £43 million reduction versus 2018 largely due to investment in our strategic initiatives, key capital expenditure (including £5 million for 4 All the UK) and pension deficit contributions of £11 million, allied with strong cash management across the Corporation in 2019
- Cash reserves were boosted by successful exits from the Indie and Commercial Growth Funds during the year
- Further details of this alternative performance measure are provided on page 184

Financial highlights

Income statement highlights

£m	2019	2018
Sales House revenues[1]	**1,161**	1,183
Corporation revenues	**985**	975
Content spend	**660**	662
Originated content spend	**492**	489
Underlying operating (deficit)/surplus[2]	**(17)**	4
Pre-tax (deficit)/surplus	**(26)**	5

1 Sales House revenues includes the gross revenues of our partners UKTV 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 gains or losses arising outside the ordinary course of business – see more detailed definition on page 184. In 2019 these items were £10 million of costs relating to the 4 All The UK programme (£9 million recognised in Other Operating Expenditure and £1 million in Cost of Transmission and Sales). 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.

Despite a challenging environment during 2019, Channel 4 delivered results in line with expectation. We completed the first phase of our 4 All the UK programme on time and ahead of budget, strengthening the Corporation's presence outside of London whilst delivering other corporate objectives.

Our TV and sponsorship revenues decreased in 2019 as the linear advertising market experienced year-on-year decline of -3%, creating a shortfall in our revenue with advertisers continuing to display caution in the context of economic uncertainty around Brexit. Despite this, our Corporation revenues increased by £10 million to £985 million (2018: £975 million) as another year of strong growth in our digital revenues and the revenue contributed from the full acquisition of Box in December 2018 mitigated the impact of linear market decline.

Content spend was £660 million (2018: £662 million), reflecting our commitment to maintaining content investment, at the same time as accelerating spend on our digital strategy. A strong schedule still allowed us to defend viewing share amongst our key demographics on our main channel, although there was a decline in total portfolio viewing share, down from 10.2% in 2018 to 9.9% in 2019 as our digital channels experienced declines in the face of strong competition and a higher rate of migration from linear to digital viewing for young viewers versus other broadcasters.

Our underlying operating deficit was £17 million in 2019 (2018: £4 million surplus). This alternative performance measure was introduced in 2018 to reflect the underlying performance of the business and is calculated by eliminating the impact of gains or losses arising outside the ordinary course of business – this year predominantly relating to the costs of the transformational 4 All The UK programme.

Balance sheet highlights

	2019	2018
Net assets	**385**	439
Freehold land and buildings	**100**	94
Growth Fund investments	**27**	26
Programme stock and film rights	**291**	285
Cash reserves[1]	**137**	180
Pension deficit	**(79)**	(56)

1 This alternative performance measure reflects the sum of the Group's cash and cash equivalents and other financial assets at the balance sheet date; further details are provided on page 184.

As shown on page 182, the net assets of the Group decreased by £54 million in the year. This mainly reflects a net increase in our pension deficit of £23m, as well as our deficit after tax of £25 million.

Our balance sheet remains strong, keeping us well prepared to meet the challenges of the current uncertain political and economic environment and potential associated volatility in advertising revenues.

The net pension deficit has increased to £79 million (2018: £56 million) due mainly to the discount rate assumption underlying the scheme's valuation, offset by contributions made by the Corporation during the year and returns on the scheme's investment assets.

Cashflow

Working capital requirements and cash balances fluctuate during the year due to the seasonality of ad revenues and programme and other spend. To provide additional flexibility to respond to unexpected market movements during certain points in the year, we have a revolving credit facility which makes an additional £75 million of liquidity available in the medium term (see note 15). In March 2020, Channel 4 drew down the full £75m of this facility to provide additional liquidity if required in response to the Covid-19 pandemic and its negative impact on the TV advertising market.

Going concern

The outbreak of Covid-19 in the UK has had a very significant impact on demand for advertising, and while the market has shown some signs of recovery as lockdown restrictions are eased, the full extent of the resulting economic downturn is still unknown. In response, we have modelled a range of revenue scenarios and assessed their impact on the Group's cash flows and revised our financial targets for the next 12 months.

Our working case scenario supports a reasonable expectation that the Group is able to continue as a going concern for the foreseeable future, and the financial statements have been prepared on this basis. While there remains uncertainty around the timing and extent of recovery in the advertising market, analysis of a range of potential downside scenarios modelled (including a second full national lockdown) also indicates that given mitigating actions available the Group would be able to continue as a going concern even in the most severe scenario considered. A detailed review of the Group's financial outlook and the Members' Viability Statement are set out on pages 144 to 145.

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 18 and 19 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 and investment in our digital strategy.

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

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

The Section 172(1) statement made on page 154 sets out how the Members promote Channel 4's success in line with our remit and the business model described above.

Our strategy

The media landscape has transformed significantly over recent years and competition is as intense as ever. The strategy we launched in 2018, based on three pillars – Youth, Digital and Culture – is designed to ensure the Corporation's long-term sustainability.

We aim to supercharge our impact with young people and increase investment in areas that resonate most with 16-34-year-olds.

We aim to accelerate digital growth by increasing our investment in All 4 to drive further viewing growth 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 ensuring that Channel 4 more deeply fulfils its remit to champion inclusion and diversity in the UK.

Linked to our strategy, recent current corporate and financial priorities include:

- Delivering our 4 All the UK plan, to deepen Channel 4's roots in the Nations and Regions
- 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
- Stemming portfolio share decline and targeting growth in 16-34-year-old viewing
- Stabilising our share of commercial viewing, maximising our share of the core TV market and identifying and driving revenue innovation and incremental growth
- Sustaining creative excellence, maintaining and increasing current levels of public service impact
- Increasing the proportion of programmes commissioned from outside London
- Remaining commercially self-sufficient
- 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 which help to maintain our scale and creative impact and available on terrestrial, satellite and cable platforms, our Growth Funds and film investment.

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

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

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

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

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

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

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.

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

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

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

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

Key performance indicators

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.

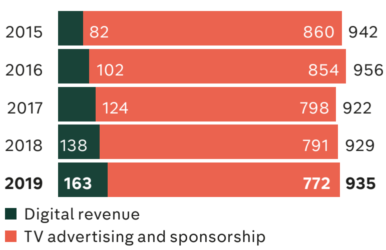
Importance
Channel 4 is funded solely from commercial activities, without any public subsidy. Our performance is therefore dependent on delivering valuable linear and digital viewing to advertisers, which in turn enables the delivery of our remit.

2019 performance
Total TV advertising and sponsorship and digital revenues increased to £935 million. TV advertising and sponsorship revenues decreased by £19 million due to the net impact of linear market decline and the £20 million additional revenues contributed from the acquisition of Box. This decrease was offset by digital revenues which grew by 18% to £163 million and now comprise 17% of total revenues.

£935m ▲

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.

2019 performance
Originated content spend was £492 million in 2019 (page 85). This was £3 million higher than in 2018, and demonstrates Channel 4's continuing commitment to the UK independent production sector despite total content spend decreasing slightly by £2 million in light of economic uncertainty.

£492m ▲

Originated content spend

Investment in originated content (£m)

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 82 to 115 of this report and the performance metrics set out on pages 218 to 220.

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.

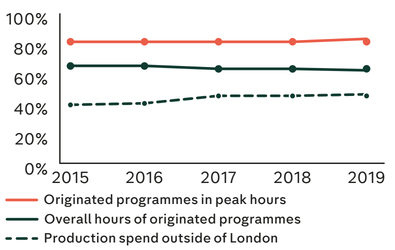
Importance
Channel 4 must demonstrate compliance with its licence obligations. Our delivery against these targets is set out on pages 83 to 95.

2019 performance
In 2019 we met or exceeded all of our licence requirements. Key quotas achieved are shown below. During 2019, the main channel achieved 62% of overall hours of originated programmes (target: 56%) and 83% in peak hours (target: 70%). As shown on pages 88 and 90, we also achieved 46% 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 107 to 110 and 219).

Importance
Portfolio audience share is a broad measure and an easily understood indicator of performance and shows our viewer impact.

2019 performance
In 2019, audience share for the main channel fell slightly to 5.8% (2018: 5.9%), although share for our key demographics either remained stable or improved during the year. Portfolio audience share reduced to 9.9% (2018: 10.2%) as our digital channels continued to be impacted by viewer migration to digital platforms, particularly amongst younger viewers.

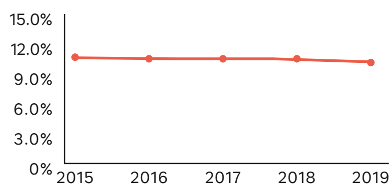
5.8% ▼

Main channel share

9.9% ▼

Portfolio audience share

Portfolio audience share



Digital VoD views

Definition
A Digital Video on Demand ("VoD") view occurs when a clip or full-length programme is accessed on an on-demand platform.

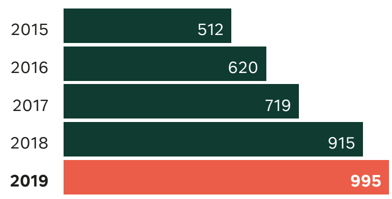
Importance
VoD views measure the success in attracting viewing to our All 4 platform in a highly competitive digital market with ever increasing spend from global giants.

2019 performance
We continued to expand our digital reach, offsetting changes in our linear audience share, with VoD views on our All 4 platform increasing by 9% to 995 million in 2019 (2018: 915 million views).

995m ▲

Digital VoD views

Streaming views



People and corporate social responsibility

People
In 2019 Channel 4 has opened a National HQ in Leeds and two regional hubs in Glasgow and Bristol to promote our presence within the regions as part of the 4 All the UK programme. As part of this programme a number of existing roles based in London transferred to these offices and new roles were created. Some of our affected employees decided to transfer and others unfortunately left the business. Restructuring costs are detailed in note 3 to the financial statements.

This was a significant project for the business, which affected many of our employees both directly and indirectly. Training was provided to line managers on how to manage and work with their teams during this transition, and guidance was given to those managers who had to consult with staff whose jobs were affected by roles moving outside of London.

Now the transition has taken place our continued aim is to ensure our line managers and employees are set up to successfully work and manage teams at different locations. It was important from the outset to provide both employees and line managers with some guidance as well as to invest in new agile technology and training to help achieve this.

During this significant transition it was important for us to assess staff engagement. Although a mid-year staff survey showed us that our engagement score was lower during this time of change the survey revealed that 84% of our staff were 'proud to work for Channel 4'.

Channel 4's focus on Inclusion and Diversity continues to ensure we have a diverse makeup of staff. 81% of our employees indicated they were treated with respect and fairness by their colleagues. Our culture is what makes us strong both on and off screen, with our aim to transform into a people business and drive an inclusive environment.

Channel 4 launched its Inclusion & Diversity Strategy & Targets which focus on three areas:
1 – Inclusive Workforce
2 – On Screen
3 – Leading the industry

Our 'Insights into Diversity and Inclusion' published in October 2019 highlighted the important roles that our employee resource groups ('ERGs') continue to play in raising awareness of difference and fostering an inclusive culture. The ERGs are an earpiece for staff to open up conversation and to challenge us as a business. We promote the ERGs to both applicants and new joiners, and they welcome the support and input of any and all staff.

- 4Mind, our mental health network, hosted talks from guest speakers and ran a stress awareness week in November, with activities each day such as mindfulness colouring, guided mediation and FASH training to improve emotional intelligence.
- 4Women hosted a variety of talks on various subjects to support International Women's Day. 4Women blazed the trail by introducing a menopause policy, which went viral and gained press and international coverage.
- 4Pride raised awareness of LGBT History Month and Trans Awareness Week. 4Pride also worked with Channel 4 to complete the Stonewall Employers Top 100 Index. Channel 4 were ranked 35th.
- 4Purple held 'lunch and learn' sessions featuring internal colleagues and external experts helping us use accessible functionality within our software. 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 gal-dem and Janine Thomas, Akala, podcasts with David Lammy, film screenings and social events.
- 4Earth, our environmental network, was formed during 2019.

Diversity profile
Our employees choose whether to voluntarily share their diversity information with us and have an option to choose 'prefer not to say' for each question. In 2019 we decided to reset our targets and have doubled our targets for disabled employees from 6% to 12% by 2023:

	December 2019	December 2018	2023 target (staff)
Disabled	**10%**	11%	12%
BAME	**17%**	19%	20% (and 20% within the top 100 paid employees)
LGBT	**8%**	7%	6%
Female	**56%**	56%	50% in the top 100 paid employees

Employee breakdown and gender balance
The average number of employees for the year, on a full-time equivalent basis, was 903 in 2019 (2018: 851). The year-on-year increase reflects the inclusion of Box employees in this average for 2019, as well as additional planned headcount as part of 4 All the UK. The average number of people employed by the Corporation for each group of employees was as follows:

2019	Male no.	Female no.
Executive team	6	3
Senior managers	27	23
Employees	363	481
Total employees	396	507
Non-Executive Members	7	3
Total including Non-Executive Members	403	510

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 2019, Channel 4 received 9,779 applications and employed 198 new people as follows:

	Applications	Employed
Disabled	5%	6%
BAME	25%	18%
LGBT	12%	12%
Female	58%	53%

People and corporate social responsibility (continued)

In 2019, Channel 4 and Livity partnered to run 'New Material',a youth-led event series focused on motivating diverse groups of young people to consider a career in the media industry and showcasing the different types of opportunities available at Channel 4 as well as in their local area. New Material offered 612 participants the chance to take part in workshops centred around journalism, marketing, ad sales and production, as well as the opportunity to network with TV industry experts from local creative organisations and Channel 4. A total of 20 Channel 4 staff members attended across all six events, offering insight into their roles and career journeys.

Six events in total were hosted in cities across the UK. These cities were Birmingham, Nottingham and Derry, and (to align with Channel 4's new office openings) Leeds, Bristol and Glasgow.

Investing in people
We have continued to focus on supporting line managers, especially through the transition of roles to our offices outside of London. It was important to ensure that we were providing the training needed at the right time, for line managers to be able to consult with those staff affected by relocation. Our focus for line managers then moved to providing advice and support for building or transferring teams in regional locations.

Relocation support was provided for those staff who decided to move to our regional locations. Staff whose jobs were relocated but didn't transfer were provided with outplacement support.

During this transition we ensured all staff had access to career coaching and our Employee Assistance Programme as well as sessions on resilience, understanding your strengths, emotional intelligence and mindfulness.

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

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

Environmental sustainability
We are bringing Channel 4's creative vision to sustainability

Our sustainability strategy
Channel 4 has a greater impact than any other UK broadcaster in making audiences think, giving diverse viewpoints and inspiring change in people's lives. As a catalyst for social change, we're integrating our model and remit with our approach to sustainability, in particular looking at where our remit overlaps with the UN Sustainability Development Goals, including Climate Action.

We will integrate sustainability into our processes and decisions. We'll do this in four areas:
– Our spaces and people
– Our partners
– Our content
– Our investments

We'll also measure, monitor and report on how we're doing.

Our commitments in 2020 will include the following measures:
– Channel 4 will commit to using 100% renewable energy supplies from April 2020 and maintain its promise of zero waste going to landfill
– Single use, unrecyclable plastics will be removed wherever possible from its Horseferry Road office canteen
– As a member of the BAFTA Albert Consortium, the leading initiative on sustainability for the film and television industries – and as a publisher-broadcaster which commissions all its programming from the independent production industry – Channel 4 will mandate the use of the Albert calculator on all productions. We will be encouraging all suppliers to achieve Albert certification and will be exploring how to provide help especially to smaller suppliers in that process
– All Channel 4 staff will undergo Albert training
– Channel 4 will publish its first environment plan in 2020 with a view to becoming a carbon neutral business

4Earth
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 ensure we embed sustainability practices into the workplace, we created 4Earth which is a group of environment ambassadors formed of staff across Channel 4 to help inspire change, on and off screen, at Channel 4. 4Earth manage this via engagement events and communications in collaboration with departments across the channel, as well as with external partners including Albert and the UK Student Climate Network. The group was set up to reflect the growing passion at Channel 4 for making Channel 4 a more environmentally sustainable corporation.

Our targets
1. Carbon footprint
We have continued with our 5+ year strategy to upgrade and replace existing plant and controls in our London Horseferry Road office with more efficient equipment, to help lower our energy consumption and carbon footprint. Our 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.

We have upgraded the basement plant room and service area lighting to LEDs, optimised the settings on the BMS (building management system) to reflect the current occupancy times as well as implementing a 'too hot/too cold' policy whereby adjustments would only be made to the BMS if they exceeded the 22–24 degree set point parameter. We have also introduced speed control to the heating and cooling pumps.

In October 2019 we opened three new regional offices in Bristol, Glasgow and Leeds. The fit-outs of these offices all had energy efficiency at the heart of their design. These offices will be reported on in the next Annual Report once data is available.

People and corporate social responsibility (continued)

Scope 1 and Scope 2 CO_2 e emissions

Scope 1

F-Gas: In our London Horseferry Road office we have six main chillers, each with two chilling circuits. These have approx 100kgs of R407c each, giving a total of 1,200kgs of R407c.

Scope 2

2019 saw the closure of the Carbon Reduction Commitment ('CRC') scheme and the implementation of the Streamlined Energy and Carbon Reporting ('SECR'). We will report against the SECR framework in the 2020 Annual Report to comply with these new regulations.

Channel 4 qualifies for the Energy Savings Opportunity Scheme and has fulfilled its obligations under Phase 2 of these regulations. Opportunities for energy efficiencies will be reviewed in 2020.

Our greenhouse gas emissions for 2019 are set out in the table below.

	2019	2018
Total carbon footprint (tonnes of CO_2)	3,123	4,239
Total carbon footprint per £m revenue	3.2	4.3

In April 2020 we have committed to purchasing 100% renewable energy ('REGO' certified electricity and 100% green gas).

2. Scope 3 Reporting – Sustainable Procurement

We will be in a position in the first quarter of 2020 to report on Channel 4's Scope 3 value chain greenhouse gas emissions in line with GHG Protocol Guidelines. Reporting will consist of the entire Channel 4 carbon footprint, for example, suppliers, business travel and product disposal.

3. Promoting sustainability on screen

In November 2019, Channel 4 devoted a one-hour special on *Channel 4 News* to address the emergency of climate change. On the day of the Global Climate Strike 4Earth interrupted the Channel 4 weather broadcast by giving airtime to one of the UKSCN strikers who addressed the key facts of the Climate Emergency. *Channel 4 News* hosted the first ever leaders' debate on the climate change crisis. In early 2020 we also aired cutting-edge climate change programmes such as *Meat the Family* and *Apocalypse Cow*.

4. Waste

We produced a total of 154.6 tonnes of general waste from January to December 2019 (2018: 129 tonnes). Overall, we achieved a recycling rate of 59.4% (2018: 66.8%) with the remaining 62.8 tonnes of waste (40.7%) that could not be recycled being converted to produce energy (2018: 33%). This means that in 2019 Channel 4 had zero tonnes of waste going to landfill (0.03 tonnes in 2018).

	2019	2018
Total waste (tonnes)	**154.6**	129
– Recycled	**91.8**	86.1
– Used to produce energy	**62.8**	42.9
– Waste to landfill (tonnes)	**–**	0.03

Split by our offices in 2019

	Total Tonnes	Mixed Recycling Tonnes	Landfill Tonnes
10 Montrose Street, Glasgow	1.060	0.567	–
124-126 Horseferry Road Westminster, London	152.302	90.048	–
82 King Street, Manchester	0.917	0.917	–
Fermentation Bldg South Hawkins Lane, Bristol	0.152	0.152	–
Westgate Grace Street, Leeds	0.174	0.174	–
	154.605	91.858	–

Channel 4 work with a waste management company to ensure that all waste is diverted from landfill wherever possible. Dry recyclables are sent to a material recovery facility. General waste (non-recyclable) is converted into energy (Refuse Derived Fuel) to ensure it is diverted from landfill.

To complement the above we also have a third waste stream to ensure that our paper cups are sent to a reprocessing facility that can separate the plastic film from the paper, thereby allowing material recovery and recycling into new paper products.

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

5. Water

We have continued to monitor our water consumption in 2019; however we have seen a slight rise of 2.6% in water usage compared to 2018. This was due in part to additional flushing works that were required as part of our third-floor refurbishment works which took place throughout 2019.

Channel 4 has a commitment to ensuring water usage is kept to a minimum and will continue to invest in technology and upgrades to our plant to continue to be as efficient as possible.

6. Plastic

We are working with the newly formed 4Earth team and our catering suppliers to ensure single use, unrecyclable plastics will be removed wherever possible from its London Horseferry Road canteen. Plastics across the business and office portfolio will be recycled where possible or converted into energy.

7. Travel

We encourage people to take public transport where possible or use Skype or video conferencing facilities to reduce the need for travel. Where this isn't feasible, our travel management company software allows us to encourage people to look at train options rather than flights for journeys less than four hours for example. We are in the process of considering the appropriate offsetting options available to the business where long-haul travel is unavoidable. Our taxi company is contractually bound to provide eco cars where available, and the most environmentally friendly transportation option for delivering packages, e.g. bicycles as opposed to vans for smaller local deliveries.

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 controversial content. However, we have a low risk appetite for operational risks, and a very low appetite for compliance risks, supported by a governance framework that includes policies, procedures, clear roles and responsibilities and monitoring.

During 2019 we continued to evolve our risk management process, enhancing the information we track on assurance over key controls and further actions in place to reduce the likelihood and/or impact of our key risks. We also increased our focus on emerging risks. For example, risks related to our corporate environmental sustainability were discussed by the Audit Committee, including how environmental matters relate to our remit, understanding stakeholder expectations, visibility through our supply chain, and the likelihood of increased regulation in this area. The evolving risks to Channel 4 posed by Covid-19 have been regularly reviewed by the Executive Committee, Audit Committee and Board, to ensure that appropriate mitigating actions have been planned and implemented.

The Board

Risk management leadership
Sets strategic objectives and risk appetite
Accountable for maintaining sound risk management and internal control systems
Monitors performance

Delegates responsibility

Audit Committee

- Delegated responsibility from the Board to oversee risk management and internal controls
- Reviews the effectiveness of the Group's internal control and risk management processes
- Monitors the role and effectiveness of Business Assurance and the external auditor, and their independence

Reports four times annually to the Audit Committee

Executive Members

- Delegated responsibility from the Board for the operation of systems of risk management and internal control
- Support and help assess risk
- Encourage open communication on risk matters
- Monitor performance
- Assess materiality of risks in context of the Group as a whole
- Monitor controls and mitigating activities
- Facilitate sharing of risk management information and best practices across the Group

Executive Team Committees

- Comprised of commercial, operational and creative Executive team committees
- Define risk management roles at operational and project levels
- Use risk as an explicit part of decision-making and management of external relationships
- Continuous risk identification, self-assessment and assurance

Communicate and disseminate risk management policies

Business Assurance

- Independently reviews the effectiveness of the Group's risk management and internal control processes
- Monitors and validates actions taken by management

Reviews the output of these groups and reports back to the Audit Committee

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 predominantly 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 by 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. This is particularly acute amongst youth audiences, which are core to our commercial proposition and where the trend away from live TV continues. 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, including the planned advertising restrictions on HFSS foods (which we expect to come into effect in 2022). During H1 2020, despite an increase in viewing figures driven by the social distancing measures implemented to contain Covid-19, the unprecedented impact on UK advertising revenues (see also risk 2) has necessitated a reduction in our 2020 content spend. Whilst we are seeing a gradual improvement in the advertising market in H2 2020, the significant drop in revenues in H1, combined with disruption to TV and film production, will unavoidably impact our content strategy into 2021. There remains a circular dependency between content and revenue that is inherent in our business model, although viewing performance in 2020 to date has been positive despite reductions in content spend, protecting our revenues into 2021. TV and film production companies are resuming filming, with Covid-19 filming protocols in place; however, a second wave of Covid-19 could halt production.	Supercharged Youth Inclusive Culture Accelerating Digital	Strategic initiatives in place to: • Invest in youth-skewing content on Channel 4 and E4 • Develop our newly established digital creative unit '4Studio' to produce a pipeline of youth-skewing, digitally-native content aligned to C4 brand values • Invest in the All4 platform to enhance the user-experience (both in terms of content proposition and technical capabilities) • Build a digital culture/mindset across Channel 4 • Continue to evolve our cross-platform measurement of viewer engagement • Scale-up non-advertising revenue streams; e.g. SVOD, Commercial Growth Fund • Monitor for revenue diversification opportunities • Revised editorial strategy in response to the challenges presented by Covid-19, to replace hundreds of hours of lost production, while making substantial savings. Our editorial strategy has the joint aim of keeping audiences informed through high-quality, trusted journalism, whilst lifting the mood of the nation through entertainment and activities. • Covid-19 filming guidelines issued to production companies (complementing joint broadcaster/Pact guidelines), with production companies required to have a risk assessment in place prior to release of funding.	▲
2. Economic downturn The unprecedented impact of the Covid-19 crisis on the worldwide and UK economy had a severe effect on the demand for advertising in the UK, with our linear revenues down nearly 50% at the low point in April 2020. Whilst we are seeing a gradual improvement in the ad market, we expect the recovery to continue into 2021. This has created significant deflationary pressure on our content spend. With the UK now in recession (driven by Covid-19), the risk of a second wave of Covid-19, and ongoing Brexit negotiations, the economic outlook remains uncertain.	N/A	In addition to our routine monitoring and management of cash, investments and operating costs, we are performing regular scenario planning and a series of specific financial measures have been implemented in response to the economic challenges presented by Covid-19: • Temporary 20% pay cut for executive and non-executive Board members and 2020 bonus scheme for executive directors suspended • Substantial reduction of the 2020 content budget • Significant OpEx savings implemented, with further potential savings identified for implementation, should they be required (e.g. in the event of a second wave of Covid-19) • £75m revolving credit facility drawn down to provide additional liquidity • Strict governance over the acquisition of talent and skills, to manage the impact on operating costs • A proportion of Channel 4 staff furloughed under the government's Coronavirus Job Retention Scheme (For full details see our Strategic and financial outlook on page 144.)	▲

Risk management (continued)

Risk and potential impact	Link to strategic priorities	Mitigating actions	Risk movement
3. Government policy With a new government elected in December 2019, a new Culture Secretary appointed in February 2020, and Ofcom conducting a major review of public service broadcasting (paused due to Covid-19), there is potential for changes to government policy relating to PSBs over time. The government's stance on regulation affecting media is yet to be fully articulated (e.g. from the post-Brexit regulatory framework). Additionally, Ofcom published recommendations regarding PSB Prominence in July 2019. Uncertainty over the outcome of these reviews could potentially have a destabilising effect on Channel 4's third-party relationships and employees. On prominence specifically, there is a risk that the regulatory framework supporting PSB prominence does not adapt to the trend in digital media consumption. The current framework addresses PSB prominence for linear TV within the Electronic Programme Guide ('EPG') but does not ensure prominent display of the EPG itself on digital devices, nor does it consider Video on Demand players or other evolving digital technologies. The discoverability of our channels is key to the delivery of our remit and the generation of revenues. There is a risk that if international trade deals are agreed/implemented that incorporate the media sector, this could further complicate the regulatory framework supporting PSBs.	Accelerating Digital	• Ongoing monitoring for any potential changes to policy • Input provided to Ofcom's consultation on PSB prominence, with communication ongoing • We will actively engage with Ofcom's review of PSBs • Continue to maintain effective relations with government	**NEW**
4. 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. The financial impacts of Covid-19 increase this risk.	Accelerating Digital	• Investment and capital allocation framework ensures the strategic importance of investment in technology is appropriately recognised • Executives ensure alignment between strategy and technology spend. • Under our financial plan to navigate the organisation through the impact of the Covid-19 crisis, 2020 technology spend has been prioritised according to need, as will spend in 2021.	▲
5. Inability to attract, motivate and retain talent Competition for talent is high, from traditional broadcasters, digital giants and new entrants. Our business transformation initiatives, including 4 All The UK, create both opportunities and risks in terms of talent acquisition and retention. There is a risk that we don't take sufficient or fast enough action on inclusion and diversity, including in support of our commitment to be a driver of anti-racism in the industry and improve black and minority ethnic representation. Due to the impacts of Covid-19, all but essential recruitment has been placed on hold. With our teams working from home, there is an increased risk that people feel out of touch or de-motivated, or that they lose their sense of 'belonging'.	Inclusive Culture	• Competitive reward packages in place, including a performance-based variable pay scheme and retention payments where necessary • Succession planning and talent development plans in place • Quarterly employee 'pulse' surveys conducted, plus additional surveys specifically related to remote working and the phased re-opening of our offices • A range of inclusion and diversity actions in place focused on our people, including a new, peer-to-peer diversity mentoring scheme to be launched in Q4 2020 • During the Covid-19 pandemic we have placed significant focus on two-way communications with our people, including regular digital 'All Staff' briefings, email updates and advice and support via our intranet site, as well as briefings and communications at a team level. A gradual, phased return to our offices is in progress.	▶

Risk management (continued)

Risk and potential impact	Link to strategic priorities	Mitigating actions	Risk movement
Operational risks			
6. Cyber-attack or data breach The cyber security risk facing all businesses continues to increase as digital dependency grows. 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. We have also seen an increase in phishing attacks during the Covid-19 pandemic as cyber-criminals seek to take advantage of the disruption.	N/A	• 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, with refresh in progress to ensure ongoing business relevance • Monitoring of cyber risk intelligence • Communications to staff to raise awareness of the increased risk of phishing attacks and payment fraud as a result of Covid-19. Additional controls implemented over payments.	▲
7. 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. With the easing of Covid-19 lockdown measures, we have begun the phased re-opening of our offices. Whilst, strict health and safety measures are in place, there remains a risk that an outbreak of the virus occurs within our offices, impacting our people and further disrupting our business operations.	N/A	• 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 • New crisis management structure and framework implemented. Business continuity plans and procedures in place, with a refresh in progress to ensure that these remain relevant to the business • Strict health and safety measures in place within our offices, in line with the government's 'Covid Secure' guidelines, including reduced occupancy, one-way systems and enhanced cleaning regimes.	▶
8. 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 Regulation (GDPR). This risk is somewhat increased while Covid-19 lockdown measures are in force, due to the operational workarounds we have implemented to enable remote working, during which time our teams do not have full access to the facilities and technology normally available. Whilst we are making a phased return to our offices, we expect a significant amount of remote working to continue for the foreseeable future, which may need to be extended in the event of a second wave of the virus.	N/A	• Established legal and compliance framework in place, including policies, procedures, training and monitoring, with a new online training module launched in Q4 2019, accessible to independent producers and freelancers • GDPR-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 • Stringent compliance controls remain in force, despite workarounds required due to Covid-19	▲
9. Impact of exiting the European Union In addition to potential the macro-economic impacts of the UK's departure from the EU (see risk 2), there may be negative impacts on Channel 4's business operations, depending on the outcome of ongoing negotiations. We will 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. The degree to which UK regulations will diverge from EU rules is currently not known, and there may be regulatory implications for EU Co-Productions, funding programmes, tax relief and the transfer of data across borders. There is a risk that if international trade deals are agreed/implemented that incorporate the media sector, terms may not be favourable to PSBs.	N/A	• Cross-functional Brexit steering committee in place monitoring developments and to ensure specific operational risks are identified and mitigated • Status regularly reviewed by management and the Board • Channel 4 is making arrangements to broadcast its linear channels to Ireland under the Luxembourg and French jurisdictions from 1st January 2021; this is in line with the requirements of the Audiovisual Media Services (AVMS) Directive • Continue to maintain effective relations with government, including with regard to the potential impacts of international trade deals	▶

Risk management (continued)

Risk and potential impact	Link to strategic priorities	Mitigating actions	Risk movement
10. 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. This risk is heightened during the current Covid-19 pandemic, due to the operational workarounds implemented to enable remote working. The risk increases when there is a higher proportion of live broadcasting included in our schedule (e.g. Formula 1, which has resumed). Whilst we are making a phased return to our offices, we expect a significant amount of remote working to continue for the foreseeable future, including in the event of a second lockdown.	N/A	• Mature governance framework in place, including continuous monitoring and incident escalation protocols • Business continuity and IT disaster recovery plans in place (with ongoing review to ensure continued relevance), including a backup broadcast location and remote working procedures • Planned phased return to our offices, in line with government guidance	▲
11. 4 All the UK project delivery 4 All the UK is a significant project comprised of multiple workstreams and a key dependency in 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 & Regions commissioning targets within a relatively short timeframe, and a risk that we don't embed effective multi-site ways of working (although remote working due to Covid-19 has accelerated our use of digital collaboration tools). The project is now significantly advanced. However, there remains public interest in the establishment of our regional office and hubs, and there could be a negative impact on our reputation if project objectives are not met. Our ability to invest in this initiative in the near term may be impacted by the financial consequences of Covid-19.	Accelerating Digital Inclusive Culture	• Cross-functional steering committee and project team in place, supported by robust project planning, financial management and stakeholder communications • Regular status reviews by senior management and the Board • Agile working practices implemented, supported by technology, facilitating effective multi-site working, including during Covid-19	▶

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 2020

Our financial strategy is focused on balancing the requirements of Channel 4's unique public service remit with 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. We have a clear set of fiscal parameters to frame our investment activity and safeguard our long-term financial sustainability.

The market outlook for 2020 and beyond remains uncertain for both linear and digital advertising. While lockdown restrictions have been eased in the UK, the full long-term impact of the Covid-19 pandemic on the UK (and global) economy and the demand for advertising are still to be seen. This is in addition to previous challenges in the UK's political and economic climate following Brexit and the rate of viewer migration from linear to digital, particularly in youth audiences.

Our 2020 Budget included a range of contingency scenarios to respond to positive or negative market movements, and we have a greater focus than ever before on financial control and cash commitments. We also have a £75 million revolving credit facility (for a five-year term to 2023) which can increase our total available liquidity at any point during the year. In March 2020 we drew down fully on this facility to provide additional liquidity as we navigated the financial impact of Covid-19.

The outbreak of Covid-19 in the UK had a very significant impact on the demand for advertising, and while we have seen some initial signs of recovery as lockdown restrictions are eased the advertising market is still expected to see material declines year on year. In response to this, we have modelled a range of revenue scenarios and assessed their impact on the Group's cash flow, and revised our financial targets for the next 12 months.

In April 2020, we announced our financial plan to navigate the organisation through the impact of the Covid-19 crisis. This included a reduction in the content budget of £150 million and a further £95 million of cash savings across the business, with further measures identified and available if required.

We continue to anticipate that total revenues will be materially lower than 2019. Our base case expectation is that the year-on-year declines experienced in April and May 2020 will remain the most severe and we have subsequently seen revenues start to recover, although we do not anticipate a full recovery over the course of 2020 and 2021 in any of the scenarios considered.

In our base case scenario we are able to mitigate revenue declines over 2020 and 2021 by implementing identified cost savings, while remaining within our existing credit facility and covenants.

We have considered the potential downside scenarios during 2021 in the eventuality of a deeper recession than our industry analysis currently indicates, or of a second national lockdown in Q1 2021. We have additional contingency plans ready to implement to offset further revenue declines and ensure we remain within our existing credit facility and covenants.

While there remains uncertainty related to the size of the impact and the timing and level of recovery in the advertising market, analysis of these downside scenarios (including a severe case deemed plausible but beyond the worst case scenario currently anticipated by management) and the range of mitigating actions available indicates that the Group will be able to continue to operate for at least 12 months from the date that this Annual Report is approved. Further mitigating actions remain available, although these have not been considered in this analysis due to their longer-term impact on the business.

Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements. The Members remain confident that Channel 4 can continue to play its important role as a public service broadcaster and deliver its remit during the crisis.

Strategic and financial outlook and Viability Statement (continued)

Viability Statement

The Members review the Group's 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 increasing economic downturn and specifically reduced demand for advertising arising from the Covid-19 pandemic, as well as 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 deliver projected growth in digital revenues and other strategic projects.

With regard to the viability statement required in accordance with provision 31 of the UK Corporate Governance Code, the Members have assessed the prospects of the Group over the 12 month period from the date of signing these financial statements, rather than the three-year viability period reviewed in previous years in line with the Group's standard planning horizon. The fast-moving nature of developments in the Covid-19 outbreak has led us to focus in detail on the next 12 months and our formal three year planning process will be finalised later in the year. However, based on our initial high level financial planning and a robust assessment of the principal risks facing the business over the normal three-year planning horizon, we are not aware of any factors which would create uncertainty around the Group's viability over this timeframe.

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 12 months, as well as its current financial position and cash reserves;
- considered each of the principal risks and uncertainties set out on pages 140 to 143 and how they are managed;
- through the Audit Committee, assessed the Group's risk management framework and considered reports summarising Business Assurance work during the year;
- specifically considered scenario modelling regarding the potential financial impact of continuing or further TV advertising market and revenue declines as a result of the Covid-19 pandemic on the Group's revised forecasting over the viability horizon;
- discussed the impact of more severe risks materialising as a result of the Covid-19 pandemic than currently assumed in our scenario planning; 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.

As noted in the Strategic and financial outlook for 2020 (see page 144), modelling performed indicates the Group's ability to continue to operate as a going concern even in a range of further revenue downside scenarios. The Members therefore have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities, as they fall due, over the 12-month period of their assessment.

This report was approved by the Board on
28 September 2020 and signed on its behalf by

Charles Gurassa
Chair
28 September 2020

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, and then was CEO of Foundry, a global software provider.

Appointment to the Board:
30 October 2017

Term completion:
N/A

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

Current external appointments:
Non-Executive Director, **Creative Diversity Network**

Previous roles:
Executive

CEO, **Foundry**

CEO, **Shine Group**

COO, **Talkback Thames**

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

Non-executive

Deputy Chairman, **Foundry**

Senior Independent Director, **Ocado plc**

Chair, **RTS Programme Awards**

Appeal Chair, **Scar Free Foundation**

Chair, **Bandstand**

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

Jonathan Allan
Chief Operating Officer

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

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

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

Appointment to the Board:
13 September 2011

Term completion:
N/A

Committee membership:
None

Current external appointments:
Board Member, **Thinkbox**

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 across Channel 4, its portfolio of channels and All 4. He leads the creative commissioning team to ensure Channel 4's unique remit to innovate, take creative risks and represent all of the UK on screen is reflected in its programmes and content.

Under his leadership the channel has earned a slew of awards for shows including *Derry Girls, Jade, For Sama, Brexit: the Uncivil War, Leaving Neverland* and *Hollyoaks*.

Ian has a background in both broadcast and newspaper journalism and digital innovation. He was editor of the BBC's flagship daily news and current affairs programme *Newsnight* from 2013 to 2017 where he oversaw the programme's award winning coverage of the Grenfell fire and Kids Company scandal.

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

Appointment to the Board:
8 January 2018

Term completion:
N/A

Committee membership:
None

Current external appointments:
None

Previous roles:
Executive

Editor, **BBC Newsnight**

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

The Channel 4 Board (continued)

Non-Executive

Charles Gurassa
Chair

Responsibilities and skills:

Charles has 40 years' experience in management and senior Board roles in industries that have seen radical transformation, including travel, tourism, telecommunications and media.

He has also been Chairman and Non-Executive Director of significant commercial and social enterprises in many different sectors, from heritage and housing to environment and culture.

Appointment to the Board:

28 January 2016

Term completion:

27 January 2022

Committee membership:

Ethics Committee

No formal membership but attends Audit and Remuneration Committee meetings

Current external appointments:

Deputy Chairman, **EasyJet 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

Senior Independent Director, **Merlin Entertainments plc**

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 is a Member of the Select Committee on Democracy and Digital Technologies. He has previously been a Member of the Select Committee 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:

10 June 2021

Committee membership:

Remuneration Committee (Chair)

Current external appointments:

Director and sole shareholder, **CHconserve Ltd**

Director and sole shareholder, **CHedserve Ltd**

Deputy Chair FinTech, **House of Lords**

Member of group focusing on 4th Industrial Revolution, **House of Lords**

Member of **Lords Select Committee on Democracy and Digital Technologies**

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 (former)

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, **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**

Non-Executive Director, **Inmarsat plc**

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 diversity and inclusion 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, **Metropolitan Thames Valley Housing**

Chair, **Ballet Black**

Non-Executive Director, **University College London NHS Foundation Trust**

Previous roles:

Executive

Deputy Chief Executive, **Arts Council**

Director level Senior Civil Servant, **Department for Education**

Executive Director for Education and Culture, **London Borough of Lewisham**

Non-executive

Chair, **National College Creative Industries**

Non-Executive Director, **Goldsmiths College (University of London)**

The Channel 4 Board (continued)

Non-Executive

Paul Geddes
Non-Executive

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

His marketing career began at 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:
5 December 2022

Committee membership:
Audit Committee (currently Interim Chair)

Current external appointments:
CEO, **QA Limited**

Director, **QA Limited subsidiaries**

Previous roles:
Executive

CEO of **Direct Line Insurance Group plc**

Director, **Churchill Insurance Company Ltd**

Director, **DL Insurance Services Ltd**

Director, **UK Insurance Ltd**

CEO, **RBS Group mainland UK retail banking**

Other senior roles in multi-channel retailing and marketing at companies including **Kingfisher**, **GUS** and **Procter & Gamble**

Non-executive

Deputy Chairman, **Association of British Insurers**

Director, **Direct Line Group Ltd**

Director, **Direct Line Insurance Ltd**

Director, **Indemnity Insurance Ltd**

Director, **The National Insurance & Guarantee Corporate Ltd**

Director, **Protection Life Company Ltd**

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 Juror, British Academy of Film and Television Arts**

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 (Chair)

Current external appointments:
Founder CEO, **La Piazza Group Italia**

Chair of the Board, **Downe House School**

Trustee, **Merlin's Magic Wand**

Previous roles:
Executive

Managing Director of Commercial, Online and Interactive, **ITV**

Managing Director, **GCap Media**

Chief Executive, **Virgin Radio**

Managing Director, **Yahoo UK**

Non-executive

Director, **Betfair**

Independent Director, **Merlin Entertainments**

Chair, **Downe House Foundation**

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. 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. Furthermore, 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 Miserables*.

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:
5 December 2022

Committee membership:
Ethics Committee

Current external appointments:
Chief Executive, **The British Library**

Chair, **Conference of European National Librarians**

Trustee, **The British Library Trust**

Trustee, **American Trust for the British Library**

Trustee, **The Gilson Trust**

Trustee, **Friends of the National Libraries**

Trustee, **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**

Chair, **Knowledge Quarter London Ltd**

Andrew Miller
Non-Executive

Responsibilities and skills:
Andrew was recently appointed Chief Executive of Motability Operations plc, a role he takes up at the end of 2020. An accountant by training and a leader in digital transformation, Andrew has also held senior executive positions at a number of multinational consumer and media groups. These include Food Folk Holdings – owner of the McDonalds's licence for the Nordics Scandinavia – Guardian Media Group and Autotrader, taking the latter from a print magazine to a digital platform. Prior to this, Andrew held senior finance roles at Frito-lay Europe, Procter and Gamble and Bass. He has also held Non-Executive Director roles and was Audit Chair at the AA plc and Ocean Outdoor Media plc.

Appointment to the Board:
1 June 2020

Term completion:
31 May 2023

Committee membership:
Audit Committee
(Chair from October 2020)

Current external appointments:
Chief Executive, **Motability Operations plc** (from end 2020)

Previous roles:
Audit Chair, **AA plc**

Audit Chair, **Ocean Outdoor Media**

Director, **Guardian Media Group plc**

Director, **Auto Trader Holding Limited**

Director, **Food Folk Group Holdings AS**

Director, **Top Right Group (Ascential plc)**

Stewart Purvis CBE
Non-Executive

Responsibilities and skills:
Stewart has specialisms in TV journalism (as former CEO of ITN), regulation of broadcast content (as a former Ofcom Partner), and government relations (as a former adviser to DCMS).

Appointment to the Board:
1 September 2013

Term completion:
31 May 2021

Committee membership:
Remuneration Committee

Current external appointments:
Vice-President, **Royal Television Society**

Non Executive Director, **Brentford Football Club**

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)

Board Member, **Brentford Supporters Trust (Bees United)**

Report of the Members

Introduction
In accordance with the Companies Act 2006, the Corporate Governance Report on pages 152 to 159 and the information contained in the Strategic Report on pages 128 to 145 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 2019. Details of the Executive and Non-Executive Members are disclosed on pages 146 to 149.

The Chair and Chief Executive present their statements on pages 8 to 11 and 12 to 15 respectively. A review of the Group, outlining its business model, development and performance during the financial year, together with its position at 31 December 2019 and financial outlook is provided in the Strategic Report on pages 128 to 145. The Strategic Report also outlines the principal risks and uncertainties facing Channel 4.

The Group's financial statements are set out on pages 180 to 211 and Channel 4's financial statements are set out on pages 208 to 213.

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 15 to the financial statements includes the Group's approach to financial risk management, including its financial instruments and hedging activities and its exposures to liquidity and credit risks. Based on normal business planning and control procedures the Group has sufficient financial resources and the Members believe that the Group is well placed to manage its business risks.

As detailed on pages 144 and 185, there remains uncertainty around the impact and the timing of recovery in the advertising market. Sensitivity analysis performed on our base case assumptions suggests that even in the most severe scenario currently considered in our modelling, the Group is expected to be able to continue as a going concern for at least 12 months from the date of approving this Annual Report, and realise its assets and discharge its liabilities in the normal course of business.

Accordingly, the Group continues to adopt the going concern basis in preparing its 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 2019, Members, in addition to their salaries, benefits and/or fees as disclosed on page 166, were interested in the following transactions negotiated at arm's length on normal commercial terms with the Group:

Alex Mahon is a Director of Creative Diversity Network Limited. During 2019, Channel 4 paid £197,206 to Creative Diversity Network Limited.

Stewart Purvis is Vice President of the Royal Television Society. During 2019, Channel 4 received £3,321 from and paid £32,142 to the Royal Television Society.

Althea Efunshile is a Director of Goldsmiths College (University of London). During 2019, Channel 4 paid £750 to Goldsmiths College.

Uzma Hasan is a member of the Selection Committee of the British Independent Film Awards. During 2019, Channel 4 paid £23,363 to the British Independent Film Awards. Uzma Hasan is also a member of the jury for British Academy of Film and Television Arts (BAFTA). During 2019, Channel 4 paid £59,148 to BAFTA.

Tom Hooper is a Governor at the British Film Institute. During 2019, Channel 4 paid £7,886 to and received £16,582 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 2019 by continuing to act as a 'Disability Confident Leader' as part of a government scheme and offering a

Report of the Members (continued)

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 136.

Providing information to employees
Employees are provided with information on matters of concern to them via presentations by the Executive team in regular all-staff meetings, regular e-news updates and through other email communication when appropriate.

There is also an employee representative committee of individuals across the Corporation who represent all staff and consult with senior management on matters that affect staff.

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 158. Following the Digital Economy Act 2010, revised arrangements, approved by Ofcom, were implemented from 15 September 2016.

The Members are responsible for the maintenance and integrity of the corporate and financial information included on the Corporation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the Group and the Corporation and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, and the Corporation and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Corporation's position,performance, business model and strategy in accordance with the UK Corporate Governance Code.

This report was approved by the Board on 28 September 2020 and signed on its behalf by

Charles Gurassa
Chair
28 September 2020

Corporate governance

The Board is committed to high standards of corporate governance. The Members voluntarily prepare a Corporate Governance Statement to demonstrate that they apply the principles, where relevant, of the UK Corporate Governance Code issued by the Financial Reporting Council ('FRC') in 2018, and the disclosure and transparency 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

Channel Four Television Corporation is controlled through its Board of Members. The Board's main role is to discharge Channel 4's statutory functions and ensure the fulfilment of the public service remit in accordance with all applicable laws and regulations.

The Board meets at least eight times a year and has a schedule of matters reserved for its approval as noted in the table below. In addition, as part of its overall responsibility to ensure the fulfilment of Channel 4's statutory duties and functions, the Board continues to focus on ensuring the successful delivery of Channel 4's remit and other public service responsibilities. Content output and plans for future investment of the content budget are regularly discussed as part of the overall Board agenda, as are regular updates on audience reactions to Channel 4's content. The Board also approves Channel 4's proposed Statement of Media Content Policy (incorporating the Statement of Programme Policy and Review) prior to publication.

Board sub-committees

The Board has an established Audit Committee, Remuneration Committee and Ethics Committee to assist with the discharge of its functions and has delegated each certain responsibilities, as set out below.

Board nominations

Given its constitution and specific statutory provisions regarding the appointment of Members, Channel 4 does not have a formal Nominations Committee. Instead, there are formal nominations procedures which are described below.

The following formal nomination procedures are in place:
- Non-Executive Members are appointed for fixed terms by Ofcom following consultation with Channel 4's Chair and the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Chair is appointed by Ofcom for a fixed term with the approval of the Secretary of State for Digital, Culture, Media and Sport
- The Deputy Chair is appointed by Ofcom
- The Chief Executive is appointed by the Board
- Other Executive Members are appointed to the Board after nomination by the Chief Executive and the Chair acting jointly

We work with Ofcom to ensure that each Board appointment brings to the Board the skills and experience that are required to meet Channel 4's needs and contribute to its long-term success.

The division of responsibilities between the Chair of the Board and the Chief Executive is clearly defined as described on the following page.

The Board

The following matters must be referred to the full Board:

- Channel 4's annual budget and three-year financial plan and strategy
- The appointment of the Chief Executive
- Confirmation of the appointment of the other Executive Members nominated by the Chief Executive and the Chair acting jointly
- Banking arrangements and loan facilities
- Any significant proposal outside the ordinary course of Channel 4's business
- The appointment and reappointment of the statutory auditor
- The audited Annual Report and financial statements
- The establishment, purchase or acquisition of any qualifying company and the approval or variation of terms of reference for any subsidiary
- Approval of any significant new business investment or programme investment
- Significant proposed changes to Channel 4's headcount
- Such other matters as the Board may from time to time resolve to review or decide upon

The Board has delegated certain responsibilities to the sub-committees below.

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the Corporation's financial statements, reviewing the Corporation's internal control and risk management systems and making recommendations to the Board in respect of the external auditor. The Audit Committee Report is set out on pages 160 to 163.

Remuneration Committee

The Remuneration Committee oversees all aspects of pay for Channel 4, reviewing proposals for the annual pay awards and variable pay schemes applicable to all staff. It recommends to the Board remuneration for the Chief Executive and sets remuneration for the rest of the Executive team. The Members' Remuneration Report is set out on page 164 to 172.

Ethics Committee

The Ethics Committee reviews any conflicts of interest that may arise for Channel 4's Board and matters relating to the Code of Conduct as may be referred to it by the Chairman or otherwise and offers advice to the Chairman on conflicts of interest relating to Non-Executive Members and/or Executive Members.

Corporate governance (continued)

The role of the Chair

The Chair is responsible for:

- Leading the Board in setting the values and standards of Channel 4
- Maintaining a relationship of trust with and between the Executive and Non-Executive Members
- Leadership of the Board, ensuring its effectiveness on all aspects of its role, including the setting of the agenda
- Ensuring that all Members receive accurate, timely and clear information
- Ensuring that all Members continually update their skills and the knowledge and familiarity with Channel 4 required to fulfil their role both on the Board and on committees
- Facilitating the effective contribution of Non-Executive Members and ensuring constructive relations between Executive and Non-Executive Members
- Undertaking an annual evaluation of Board and committee performance

Charles Gurassa was appointed Chair for an initial three-year term from 28 January 2016 and was reappointed for a further three-year term to 27 January 2022.

The role of the Chief Executive

The role of the Chief Executive is to run the business of Channel 4 under the delegated authority from the Board, to implement the policies and strategy agreed by the Board, and to communicate with Ofcom and other key stakeholders.

During 2019, Alex Mahon continued as Chief Executive.

Members and Members' independence

The 2019 Board Members and their skills, experience and responsibilities are set out on pages 146 to 149.

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 150)
- Receives remuneration from Channel 4 other than their Member's fee
- Has close family ties with any of the Group's advisers, Members or senior employees
- Holds cross-directorships or has significant links with other Members through involvement in other companies or bodies, with the exception of Charles Gurassa and Fru Hazlitt who both served on the Board of Merlin Entertainments plc during the year
- Has served on the Board for more than nine years from the date of their first election

Professional development

On appointment, the Members take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Executive Committees and the powers delegated to those committees, the Group's corporate governance practices and procedures including the powers reserved to the Group's most senior executives, and the latest financial information about the Group. This is supplemented by meetings with members of the senior management team. On appointment, all members are advised that they have access to advice and the services of the Head of Corporate Governance. Throughout their period in office the Members are continually updated on the Group's business and environment and other changes affecting the Group and the industry it operates in as a whole, by written briefings and meetings with senior executives.

A formal Board effectiveness review that uses a detailed questionnaire to allow Board Members to express both qualitative and quantitative views on Board performance is undertaken annually. In 2019, the Corporation Secretary conducted a review of the Board and of the Audit and Remuneration Committees using the tools and approach designed in 2017 by an independent reviewer, Independent Audit. Findings and analysis were presented to the Board by the Corporation Secretary and discussed at the January 2020 Board meeting. Committees also held their own discussions on the findings. Overall, the Board and Committees were found to be performing well, with a positive culture and good relationships between Non-Executives and management. Proposals for actions to ensure continuous improvement of the Board and Committees were tabled and agreed. Areas for focus that were identified included the potential for increased engagement with the business and its culture, and the continuing importance of long-term thinking and strategic decision-making.

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 Corporation Secretary's responsibilities include ensuring an effective flow of information within the Board and its committees, induction of new Members, assisting with professional development as required, and advising the Board through the Chair on all governance matters.

Corporate governance (continued)

Board meetings

The number of full Board meetings and committee meetings attended by each Member during the year is shown in the table below:

Name	Board meetings attended (invited)	Audit Committee meetings attended (invited)	Remuneration Committee meetings attended (invited)	Ethics Committee meetings attended (invited)
Charles Gurassa	9 (9)	4 (4)[1]	5 (5)[1]	–
Lord Chris Holmes	6 (9)	–	2 (5)	–
Simon Bax	8 (9)	4 (4)	–	–
Althea Efunshile	9 (9)	3 (4)	–	–
Paul Geddes	8 (9)	4 (4)	–	–
Uzma Hasan	8 (9)	–	–	–
Fru Hazlitt	9 (9)	–	5 (5)	–
Tom Hooper	5 (9)	–	–	–
Roly Keating	9 (9)	–	–	–
Stewart Purvis	9 (9)	–	5 (5)	–
Alex Mahon	9 (9)	3 (4)[1]	4 (5)[1]	–
Jonathan Allan	9 (9)	–	–	–
Ian Katz	9 (9)	–	–	–

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 eight times a year; extraordinary sessions were also held in 2019. 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 2019.

Board diversity

As shown on pages 48 to 53, 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 September 2020, the Channel 4 Board comprised three Executive Members and ten Non-Executive Members. As stated on page 152, Non-Executive Members are appointed by Ofcom, and Executive Members by the Chief Executive and the Chair.

At 31 December 2019, one of the three Executive Members was a woman (December 2018: one of three). At 31 December 2019, the Board comprised four women and eight men, with the four women making up 33% of the Board membership (December 2018: 31%).

At 31 December 2019, the Board comprised two Members who were from BAME backgrounds (December 2018: two).

Section 172 statement

In July 2018 a revised version of the UK Corporate Governance Code was published, containing an updated set of principles that emphasise the value of good corporate governance to long-term sustainable success. As stated above, as a statutory corporation without shareholders, Channel 4 voluntarily applies the principles of the Code, where relevant.

The Code requires the Board to assess the basis on which Channel 4 generates and preserves value over the long term. The Board believes that the annual review of Channel 4's performance in relation to its Statement of Media Content Policy (presented on pages 82 to 115 of this Annual Report) represents a strong statement of the value generated by the Group. Our corporate strategy (set out on page 132) is aimed at ensuring we can continue to generate and develop this value over the long term. As a not-for-profit public service broadcaster, our aim is to remain commercially self-sustainable with a strong supporting balance sheet over the long term. A key element of our financial strategy is the way we cross-fund commercially challenging genres with profitable programming. We believe surpluses built up over time should be prudently reinvested back into original content and digital innovation to enhance our commercial business model and to ensure the continuing relevance and reach of our remit.

Some of the ways in which Channel 4's value is measured externally currently remain rooted in a traditional, linear PSB paradigm and do not reflect structural and strategic changes. The number of measures reviewed in relation to our Statement of Media Content Policy also makes our focus and decision-making complex. As a result the Board continues to review how we articulate and measure Channel 4's long-term impact in a changing landscape.

The Code also requires boards of directors to understand the views of their companies' key stakeholders and describe in the annual report how their interests, and the matters set out in section 172 of the Companies Act 2006, have been considered in Board discussions and decision-making. Section 172 deals with the directors' duty to promote the success of the company for the benefit of its shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term and the entity's wider relationships.

Although provisions around shareholders' interests are not directly applicable to Channel 4, our Board seeks to make decisions remaining mindful of our remit, values and strategy, and taking into account their impact on our key stakeholders. Engagement with these stakeholders is key to maintaining the Corporation's reputation. The Board received an update during 2019 on the Corporation's key stakeholders, how the organisation engages with them, and where challenges in this engagement may arise in future. The table below identifies these stakeholders, outlines how we engage with them, and provides examples of how these relationships have shaped Board decision making during the year.

Corporate governance (continued)

Our stakeholders

Stakeholder	Engagement	Impact on Board agenda and decision making
Viewers (mainstream, youth, BAME and underrepresented, Nations and Regions)	We monitor audience engagement via both proprietary trackers and third-party trackers, bespoke audience studies (pilot testing, biometrics, focus groups, genre and trend studies, behavioural studies) and an annual digital landscape study.	The Board receives regular updates on viewing performance to inform their decision making. This informs Board approvals for commissioning of new and returning content when Board approval is required under Channel 4's delegation of authority. The Board has taken the growing importance of digital viewing into account in approving three-year financial plans and annual budgets. They have also requested further information on trends among younger audiences to inform their decision making in future. The Board has also focused in the year on the growing importance of digital audiences when assessing strategic partnerships on other digital platforms.
Creative partners (production companies, talent)	We engage with creative partners via direct meetings, industry events, talent outreach programmes, partnerships, qualitative and quantitative research (including direct feedback) and third-party industry data. Channel 4's Creative Contract, announced in 2018, sets out our commitments to the independent production community to foster creative partnerships, and maintain our reputation as the best partner for producers.	The Board receives regular updates on Channel 4's creative performance including awards received, to help inform their decision making. They are also updated on the results of stakeholder surveys, and oversee actions to ensure positive relationships with our creative partners are maintained. Members of the Board attended a House of Commons Select Committee during 2019 as part of which they discussed the importance of contributor care in reality television. The Board received an update on the outcomes from this session. The Board also focused on the impact of the 4 All The UK programme on creative relationships, and opportunities to develop new partnerships with producers in the Nations and Regions.
Commercial partners (media agencies, advertisers, trade organisations)	Engagement with commercial partners comes in the form of regular meetings, 4Lives agency takeovers, our Big TV Festival and Up Fronts, as well as sponsorship of industry platforms, insight events and projects. We also carry out an annual reputation survey with commercial stakeholders.	During the year the Board has received regular updates on conditions in the TV advertising market. The Board reviews the success of previous commercial ventures and the stakeholder relationships built to ensure that lessons learned are applied in future. Key stakeholder relationships are carefully considered by the Board when approving major commercial agreements, and they are regularly briefed on the development of existing partnerships as well as new ventures in the pipeline. The Board have also received updates during the year on the reorganisation of the Ad Sales team during 2019 to optimise commercial relationships across linear and digital.

Corporate governance (continued)

Stakeholder	Engagement	Impact on Board agenda and decision making
Employees	Engagement with Channel 4 employees comes in many forms including all-staff sessions, staff forums, regular internal communications, and staff surveys	The Board reviews the results of regular staff surveys, particularly with regard to the Corporation's strategic focus on inclusion and diversity, and assesses whether the right metrics are in place to ensure improvement going forward and inform their future decision making. Althea Efunshile took up a Board employee engagement role on behalf of the Non-Executive Members, to act as the independent link between the Board and employees and report to the Board on themes concerning the Channel 4 workforce. The Board, and in particular the Remuneration Committee, has also received regular updates regarding the impact of the 4 All The UK programme on Channel 4's employees.
Political and regulatory (decision makers, influencers and opinion formers)	We ensure engagement with our political and regulatory stakeholders via one-to-one meetings as well as events including roundtables, screenings and hospitality, constituency-based events, briefings, and quarterly stakeholder meetings. We are in regular contact with our key regulator Ofcom through meetings and reporting. We are also currently engaging with Ofcom's consultation on prominence and its review of the future of public service broadcasting. In 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's engagement with DCMS – to provide information to DCMS and to secure DCMS approval in certain limited cases outside the normal course of Channel 4's business. The Channel 4 Annual Report is laid before Parliament, and members of the Channel 4 Board attend an annual Select Committee session to discuss the report and the Channel's current activities. We also report to regulatory stakeholders via our pay gap and diversity reporting, and carry out an annual reputational survey.	The Board performs an annual review of the effectiveness of the Corporation's compliance activities and agrees action points where necessary. The Board have received updates on potential regulatory changes, including those around HFSS advertising and gambling. They have also received updates on Ofcom consultations on prominence and the future of public service broadcasting. They have also reviewed internal policy in light of any concerns raised by our regulators during the year and proposed actions to address these.

Corporate governance (continued)

Internal control
In accordance with good corporate governance practice, the Board:
- Is responsible for maintaining sound risk management and internal control systems, ensuring they are effective in identifying key risks and reporting on the adequacy of actions to respond to and manage those risks
- Seeks regular assurance and receives regular reports that enable it to satisfy itself that the system is functioning effectively
- Is responsible for the Group's process for the preparation of the consolidated 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 its quarterly meetings.

All expenditure is authorised in line with a delegated authorities framework. An electronic invoice authorisation system is used to further enhance the control environment. Authorisation and payment duties are strictly segregated, and bank signatory limits are clearly defined by bank mandate.

Risk management
In addition to its requirements under Schedule 9 of the Communications Act 2003 set out below, the Board and management have a clear responsibility for the identification of risks facing the Group and for putting in place procedures to monitor and mitigate such risks. Channel 4 has a high appetite for creative risk-taking, 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 weaknesses (if any) are reported to the Board and appropriate actions taken. This framework has been developed in accordance with relevant good practice guidance on internal controls and risk management. 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 139 to 143.

Editorial and compliance
Channel 4 has a long-established compliance culture, which is fully integrated into its commissioning process and provides clear editorial 'reference-up' to senior executives and appropriate Board oversight. Its importance is widely recognised and understood by independent production companies we work with and they share equal responsibility for ensuring that programmes and online content conform to the compliance culture we work within. The Commissioning team works in close collaboration with the Legal and Compliance department on all significant commissions. There are strong editorial, legal and compliance systems and controls in place over the content commissioned by Channel 4.

These include specific guidance and protocols contained within the Channel 4 Producers' Handbook, which encompasses the Ofcom Broadcasting Code, other relevant regulations, media law and best practice guidelines. This is supported by extensive training for both staff and independent producers. At the heart of Channel 4's creative risk-taking and compliance is the editorial 'reference-up' procedure. The Members are satisfied that Channel 4 has in place suitable procedures to fulfil the requirements of paragraph 3b of the 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 2019. The Trustees, who meet several times each year, also meet the Plan's investment managers from time to time: Legal & General Assurance (Pensions Management) Limited, Veritas Asset Management LLP, BMO Global Asset Management, JP Morgan Asset Management, Ruffer LLP, IFM Investors and Just Retirement Limited during the year.

Corporate governance (continued)

During the year, the Trustees were as follows:

Channel 4 Executives	
Martin Baker	Director of Commercial Affairs
Keith Underwood[1]	Chief Operating Officer
Channel 4 Non-Executive Trustees	
Lord Chris Holmes MBE	Non-Executive Member
Member-nominated Trustees	
Neil Pepin	Deputy Head of Legal & Compliance
Rebecca O'Connor[2]	Senior Production Finance Manager
Dinesh Visavadia, Independent Trustee Services Limited	Independent Corporate Trustee

1 Resigned as a Trustee on 31 January 2020
2 Resigned as a Trustee on 14 November 2019

Further details of the Channel Four Television Staff Pension Plan are provided in note 18 to the financial statements.

Requirements of Schedule 9 of the Communications Act 2003 (the 'Act')

The Act requires Channel 4 to submit proposals to Ofcom detailing the arrangements under which it proposes to secure, so far as reasonably practicable, that all significant risks to the primary function are identified, evaluated and properly managed. These proposals are referred to as 'the Arrangements'.

In addition, the Arrangements must include proposals which Channel 4 considers appropriate for securing the transparency objectives as set out in the Act, namely:

- an appropriate financial and organisational separation between the activities of Channel 4 that relate to the carrying out of their primary functions and their other activities; and
- an appropriate degree of transparency in financial and other reporting where resources are shared between separated activities or where there is some other financial or practical connection between otherwise separated activities.

The Act sets out the matters to which the submitted Arrangements may relate. These include the procedures and other practices to be followed by Channel 4 in the case of the initiation and management of new ventures, the exercise of particular powers, the assessment of risks, the imposition of charges and the keeping of records.

The Act requires Channel 4 to put in place regular checks to confirm that Channel 4 is complying with the Arrangements. The Arrangements proposed by Channel 4 must contain provision for compliance, with the Arrangements to be checked regularly by a person (other than Channel 4's auditor) appointed in accordance with that provision. Revised Arrangements came into force on 15 September 2016.

Channel 4 appointed BDO LLP to review compliance with the Arrangements. Copies of the Arrangements are available from the Corporation Secretary.

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 2019 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 2019 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 2019. 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 2019.

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
28 September 2020

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 building on work in previous years to identify wider business risks arising in the Corporation's activities, and ensure that these are managed appropriately and that robust mitigating controls are in place. This is as important as ever given the range and scale of risks facing the Corporation as disclosed in the Strategic Report on pages 139 to 143.

Composition
During 2019 the Audit Committee comprised Simon Bax (Chair until his departure on 4 December 2019), Paul Geddes (Interim Chair following Simon Bax's departure) and Althea Efunshile. All the members of the Committee are Independent Non-Executive Members. As disclosed on page 147 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. As disclosed on page 148 Paul Geddes brings previous experience as CEO of Direct Line Group and QA Limited to the Committee. Having been appointed to the Board in June 2020 following Simon Bax's departure in December 2019, Andrew Miller will commence his term as Audit Committee Chair following the approval of the 2019 Annual Report, thereby ensuring that the Audit Committee has sufficient members to comply with the UK Corporate Governance Code. Further details of the Members of the Audit Committee can be found on pages 146 to 149.

The Committee met four times during 2019. Details of attendance at Audit Committee meetings by the Members of the Committee are disclosed in the Corporate Governance Report on page 154.

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 Corporation Secretary and the external audit partner (among others) attended Committee meetings. The external audit partner and Head of Business Assurance have direct access to the Chair of the Audit Committee.

Role of the Audit Committee
The Committee monitors the effectiveness of the Group's financial reporting, systems of internal control and risk management and the integrity of the Group's external and internal audit processes.

Responsibilities
As noted in the Corporate Governance Report on page 150, 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 2019 and 2020 to date as set out below.

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 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 auditor 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
- Received Business Assurance updates around business continuity and the Corporation's whistleblowing policy

June 2019 meeting

- Reviewed the current performance of the Commercial Growth Fund and the Group's accounting policy with regard to the Fund
- Received an Internal Audit and Risk update
- Reviewed the Group's treasury policies
- Received an update on the Group's payment practices and working capital management
- Received risk updates on key Technology projects

September 2019 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 2019
- Considered the key audit risks to be disclosed in the 2019 Annual Report and other key areas of focus for the external audit
- Discussed the audit plan for 2019 with the external auditor
- Considered the impact of IFRS 16 Leases on the Corporation's financial statements for 2019 and beyond
- Discussed the impact of the updated UK Corporate Governance code on the 2019 Annual Report
- Considered the Group's accounting policy for variable consideration under IFRS 15 'Revenue from Contracts from Customers'
- Received an update on the Group's cyber security activities

January 2020 meeting

- Confirmed with the external auditor the key audit risks to be disclosed in the 2019 Annual Report and discussed the external auditor's progress to date on the audit for the year ended 31 December 2019
- Approved the proposal to take the Companies Act exemption available regarding audits of subsidiary financial statements
- Considered the Viability Statement in the 2019 Annual Report, particularly in light of Brexit uncertainty and conditions in the TV advertising market, and assessed the appropriateness of the going concern basis for preparation of the 2019 financial statements
- Reviewed the principal risks and uncertainties facing the Corporation and the mitigating actions in place
- Reviewed and approved changes to our risk management process, including criteria implemented to assess risk likelihood and impact
- Approved updates to the Delegated Authorities matrix for expenditure approval
- Reviewed the Business Assurance work performed in 2019 and approved the Business Assurance plan for 2020

March 2020 meeting

- Reviewed the 2019 financial statements and other sections of the Annual Report including the Statement of Media Content Policy and discussed whether these were fair, balanced and understandable to stakeholders
- Reviewed the Corporation's accounting policies in respect of the key audit risks, significant accounting and reporting issues and a detailed financial report in respect of 2019 and discussed these with the external auditor
- Considered the report of the external auditor on their key findings for the 2019 audit
- Reviewed the findings of the independent reporting accountants concerning compliance with the arrangements under Schedule 9 of the Communications Act 2003 in relation to 2019
- Reviewed the Viability Statement and the going concern assumption for the 2019 financial statements (previously considered at the January 2020 meeting) further in light of the Covid-19 pandemic
- Considered Business Continuity updates with regards to Covid-19

May 2020 meeting

- Reviewed the Viability Statement and the use of the going concern assumption for the 2019 financial statements with regard to the latest status of the Covid-19 outbreak, government lockdown measures, current market visibility and updated financial modelling over the revised planning horizon
- Considered uncertainty around timing of improvement in the advertising market in light of the use of the going concern assumption in the 2019 Annual Report

Audit Committee Report (continued)

June 2020 meeting
- Discussed the latest status of the Covid-19 outbreak and its market impact
- Received updates on the Group's tax status and reviewed updates to the Treasury policy
- Received updates on Business Assurance activity and the Group's key risks
- Considered the annual Health & Safety update

September 2020 meeting
- Reviewed the Viability Statement and the use of the going concern assumption for the 2019 financial statements with regard to the latest status of the Covid-19 outbreak and the Group's current financial outlook over the revised planning horizon

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 related to revenue recognition.

This key risk was discussed while the audit strategy was being reviewed and at the conclusion of the audit of these financial statements.

Revenue recognition

Advertising revenue is recognised on transmission of the advertisement while sponsorship revenue is recognised on a straight-line basis in accordance with the transmission schedule for each sponsorship campaign. Although revenue is processed through automated transactional processes and the general accounting policy is not complex, there are occasions where judgement is required around the timing and value of revenue.

Certain advertising revenues are recognised from barter and other similar contractual arrangements and revenues are measured with reference to the fair value of the goods or services received. Judgement is required in assessing the fair value of the goods or services received.

Total revenue for 2019 was £985 million as detailed in note 1 to the financial statements. The revenue recognition accounting policies of the Corporation are disclosed on page 186. 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 2019 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.

Critical accounting judgements and key sources of estimation uncertainty

The Audit Committee received updates from both management and the external auditor with regard to new critical accounting judgements made in the year on the application of IFRS 16 'Leases' (a new accounting standard which became effective on 1 January 2019) to the Group's satellite transponder contracts.

The Committee has also received confirmation that management continues to make other critical accounting judgements in line with previous years relating to the Programme and Film rights amortisation profile and the valuation of film rights held for exploitation.

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 all misstatements that it found in the course of its work over the reporting threshold previously agreed with the Committee. No material misstatements remain unadjusted.

After reviewing the presentations and reports from management and consulting where necessary with the auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect to the amounts reported and the disclosures. The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Fair, balanced and understandable

The Audit Committee has satisfied itself that the Annual Report and financial statements, when considered as a whole, are fair, balanced and understandable and provide the information necessary for stakeholders to assess the Corporation's position, performance, business model and strategy.

External audit

Audit tender

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.

Audit Committee Report (continued)

Auditor independence
Channel 4 will not use its external auditor to provide other services unless it is efficient and effective to do so and authorised by the Chair of the Audit Committee. The Committee has also taken action to ensure the objectivity and independence of the external auditor is maintained. To discharge this responsibility, the Committee has:
- approved the proposed audit fee and scope of the audit;
- reviewed all non-audit fees payable to the Group's external auditor; and
- reviewed Deloitte LLP's annual statement to the Audit Committee to confirm its independence within the meaning of regulatory and professional requirements.

A summary of the fees earned by Deloitte LLP in respect of all services provided in 2019 to the Corporation is shown in note 3 to the financial statements. Other services provided by Deloitte LLP during 2019 relate to certain permitted advisory services which the Committee considered to be appropriate.

Audit effectiveness
The Committee has reviewed the external audit process and has satisfied itself that it is effective by reviewing:
- the external auditor's plan for the audit of the Group's 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 2019;
- 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.

The Business Assurance function undertook a number of specific projects during 2019 to provide assurance that control processes were appropriate and working effectively, and where necessary recommend improvements. Key areas of work during 2019 included business continuity and crisis management, cyber security, regionality of content spend, and Growth Fund governance.

The Head of Business Assurance is responsible for coordinating the risk management framework for the Group and for taking a risk-based approach when setting out the Business Assurance plan for the year. To provide a wide range of expertise across a number of specialist areas, the Head of Business Assurance supplements resources by bringing in specialist expertise from PwC. Whistleblowing procedures are led by the Head of Business Assurance and reported to the Audit Committee.

This report was approved by the Board on 28 September 2020 and signed on its behalf by

Paul Geddes
Interim Chair of the Audit Committee
28 September 2020

Members' Remuneration Report

Chair's introduction
During 2019, the Committee has focused on ensuring fair remuneration decisions for staff in the context of challenging market conditions, economic uncertainty around Brexit and a transformational year for the organisation as the 4 All the UK programme was implemented.

In addition, the Committee increased its focus on pay gap reporting, including LGBT+ and disability metrics for the first time in its 2019 Pay Report.

Annual statement by the Chair of the Remuneration Committee
This report sets out the activities of the Remuneration Committee for the year ended 31 December 2019. 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 2019 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 2019 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 2019, the Remuneration Committee comprised Stewart Purvis (Chair), Lord Chris Holmes and Fru Hazlitt. In September 2020, Fru Hazlitt took over as Chair of the Committee. 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 Board Secretary attended meetings by invitation as appropriate.

Members' Remuneration Report (continued)

Responsibilities of the Remuneration Committee

The Committee's principal responsibilities are:

- to recommend to the Board the level of any average annual salary increases and variable pay awards and the structure of remuneration;
- to recommend to the Board the structure of the annual Corporate Variable Pay and Advertising Sales Schemes and to review progress against the targets set for the schemes;
- to review any other aspect of HR strategy or performance as appropriate; and
- to review any other significant change in Channel 4's remuneration arrangements and policies.

The Chair of the Remuneration Committee reports to the Board on the Remuneration Committee's discussions and recommendations, and brings to the Board's attention any matters of an unusual or sensitive nature.

Activities of the Remuneration Committee

The Committee's work in 2019 and 2020 to date included making an award recommendation to the Board for the Corporate Variable Pay Scheme in respect of 2019 and reviewing the structure and appropriateness of the Corporate Variable Pay and Advertising Sales Schemes for 2020:

- The variable pay award for 2019 and the details of the Corporate Variable Pay Scheme are detailed on pages 167 to 168.
- The Committee reviewed the framework and the 2020 corporate objectives for the Corporate Variable Pay scheme to ensure performance achievement was appropriately linked to scheme rewards.
- In January 2020, the Committee agreed the corporate objectives framework for the 2020 bonus. They will target and measure in equal weighting key corporate metrics (linear and digital viewing targets and financial performance), strategic objectives (digital transformation, inclusion and diversity and creative success), and personal objectives. A review has been undertaken of senior executive pay but in view of the impact of the Covid-19 pandemic its implementation has been deferred, with interim decisions made by the Remuneration Committee during 2020 in response to the current situation (see page 170). The Committee reserves the right to adjust quantum and target in bonus plans for 2020 given the unprecedented volatility and uncertainty caused by the outbreak.

In January 2019, the Committee agreed that an average pay award of 2% would be made to all staff effective 1 April 2019.

In February 2019, the Committee updated and approved the Remuneration Committee Terms of Reference to reflect new terms relating to the UK Corporate Governance Code.

In January 2020, after careful consideration and review, the Committee agreed that an average pay award of 1.5% would be made to all staff effective 1 March 2020. The commitment to make this payment was made in January 2020 when the decision was communicated to staff and payment was made in February 2020, at which point it was impossible to foresee the impact of the Covid-19 pandemic and take this into account in the Committee's decision. This reflects an average pay award of 1% for the Executive and Leadership teams and 2% for other staff.

Throughout 2019, the Committee agreed adjustments to existing Executive remuneration in light of increased responsibilities and agreed remuneration for new Executive positions in the year. The Committee also received regular updates throughout the year on the impact of the 4 All The UK programme on Channel 4 employees.

The Committee also revised the Channel 4 redundancy policy during the year.

Gender and BAME Pay Report 2019

The 'Channel 4 Pay Report 2019' was published in October 2019. Following on from the 2018 report, where the Corporation chose to be more transparent and expand the scope of the report to include the publication of BAME data, in 2019 it was decided to broaden the scope further to include LGBT+ and disability pay data reflecting the importance of inclusion and diversity within Channel 4's strategy.

The report revealed a mean gender pay gap of 23.3% as at March 2019 (March 2018: 22.6%). The increase in the pay gap was due to the acquisition of The Box Plus Network Limited ('Box') in December 2018 which had a larger gender pay gap than Channel 4. On a like-for-like basis, the gender pay gap as at March 2019 would have been 21.5%. While this decrease indicates steps in the right direction, the gender pay 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 like-for-like gender pay gap is the consequence of a concerted focus to increase the proportion of senior women in the organisation (43 women in the top 100 earners in 2019, up from 41 in 2018). 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 19.0% as at March 2019 (March 2018: 19.1%); on a like-for-like basis (excluding the impact of the Box acquisition) this decreases to 17.7%. 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 2023, Channel 4's target is to have 20% BAME employees across Channel 4 and in the top 100 paid. The number of BAME employees in the top 100 earners increased to 15 in the year, from ten in 2018.

Channel 4 reported a LGBT+ pay gap of 17.7% at March 2019, driven as in other diversity groups by having fewer employees identifying as LGBT+ in the most senior roles. However, the report showed no disability pay gap as at March 2019 (-0.4%).

The Remuneration Committee appointed PricewaterhouseCoopers LLP in 2019 to provide assurance over the Corporation's diversity pay methodology and the disclosures in the 'Channel 4 Pay Report 2019'.

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 2019 and 2018 is made up as follows:

£000	**Salary**	**Taxable benefits**	**Variable pay**	**Pension**	**Total for 2019**	Salary	Taxable benefits	Variable pay	Pension	Total for 2018
Alex Mahon	**578**	**2**	**247**	**116**	**943**	564	3	256	113	936
Jonathan Allan	**446**	**1**	**205**	**38**	**690**	418	1	202	33	654
Ian Katz[1]	**360**	**1**	**123**	**44**	**528**	350	1	125	30	506
Dan Brooke[2]	**–**	**–**	**–**	**–**	**–**	301	1	55	47	404
Total	**1,384**	**4**	**575**	**198**	**2,161**	1,633	6	638	223	2,500

1 Appointed on 8 January 2018
2 Ceased to be a Member on 11 December 2018

The figures in the table above represent the gross amounts received by Executive Members in 2019 and 2018, after taking account of salary increases during the year where applicable.

In 2019 and 2018, all of the Executive Members received pension benefits in the form of cash payments.

In 2019 and 2018, Jonathan Allan's variable pay was split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme.

Taxable benefits includes private medical insurance for all Executive Members.

The remuneration of the Non-Executive Members for the years ending 31 December 2019 and 2018 is as follows:

£000	**2019 salary and fees**	2018 salary and fees
Charles Gurassa	**95**	95
Lord Chris Holmes	**30**	26
Stewart Purvis	**22**	22
Simon Bax (term concluded on 4 December 2019)	**20**	22
Althea Efunshile	**22**	22
Paul Geddes	**22**	22
Uzma Hasan	**22**	22
Fru Hazlitt	**22**	22
Tom Hooper	**22**	22
Roly Keating	**22**	22
Total	**299**	297

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 regularly monitored performance as part of its oversight of variable pay across the business. The Committee met in January 2020 to agree on a recommendation to the Board on variable pay once results for the year were available.

Corporate Variable Pay Scheme outline

The Corporation's business model and strategy are set out in the Strategic Report on page 132. The Corporate Variable Pay Scheme has been designed specifically to link variable pay with the business model. Progression against corporate objectives for the year including diversity targets 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 considered.

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.

The scheme is based on a mix of both qualitative and quantitative information, and a degree of judgement is required around certain creative performance measures. The weighting allocated to each corporate objective in a given year is at the discretion of the Committee.

After due consideration of performance during the year, the Remuneration Committee makes a judgement on the overall performance for the year and proposes an amount, based on what 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 2019

It was reported that the first gateway to the scheme – meeting the Ofcom licence requirements – had been met. The second gateway, of achieving the budgeted deficit before tax for the year, was revised, as agreed by the Board, due to adverse advertising market conditions driven by uncertainties about Brexit. Although the Corporation was able to mitigate the majority of the revenue shortfall arising from the market downturn, it was agreed to revise the financial result target in order to maintain creative and viewing performance.

The Committee undertook a detailed review of all the information available to it, including the CEO and Executive team's 2019 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 218 to 220 and includes programme quality, creative achievements, linear and digital viewing performance, commercial impact performance in key demographics and financial and commercial performance. The creative achievements and financial results are also outlined in detail throughout this Annual Report.

The Committee acknowledged that 2019 had marked a second year of major transformation in the organisation. The Committee reviewed significant operational achievements during the year, particularly with regard to the successful implementation of the 4 All The UK programme, integration of Box following the acquisition in 2018 and the new corporate strategy – focusing on digital, youth and an inclusive culture.

The first phase of the 4 All The UK programme was successfully delivered in 2019, on time and ahead of budget with three new offices opening during the year in line with a highly challenging timetable and a large number of staff now located outside of London. The Executive have used the creation of the new bases as a catalyst for strengthening our relationship with regional indies, especially small and medium sized ones.

Digital VoD views were also up 8% year on year to 995 million, offsetting the decline in linear viewing, with viewing reach also up 10%. A number of key updates were made to the All 4 product that have driven increased customer satisfaction and usage. All 4+, a subscription based ad-free version of All 4, was also successfully deployed.

A strong schedule on Channel 4 delivered Share of Commercial Impacts ('SOCI') growth in our key 16-34 and ABC1 demographics, with the Corporation's strategic emphasis on supercharging youth also driving 16-34 SOCI growth across the portfolio. However, overall portfolio viewing share decreased year on year from 10.2% to 9.9%, driven mainly by declines on our digital channels in a highly competitive environment.

The Committee considered the Corporation's 2019 performance across the range of its Statement of Media Content Policy ('SMCP') metrics (pages 82 to 115) and determined that 2019 had represented another successful year of remit delivery. The Corporation maintained its strong lead over other broadcasters compared to 2018 across a range of the SMCP metrics. Originated content spend increased from £489 million in 2018 to £492 million in 2019.

Members' Remuneration Report (continued)

The Great British Bake Off continued to pull in some of the largest audiences in Channel 4's history, while *Hollyoaks* picked up eight awards including winning Best British Soap at The British Soap Awards for the first time in its history. Our outstanding slate of drama drove large volumes and received critical acclaim, from *The Accident, Brexit: The Uncivil War, The Virtues* and *The End Of The F***ing World* Series 2, which became Channel 4's biggest instant box-set – the first title ever to be bigger on All 4 than linear. The Committee recognises that in the pursuit of creative innovation not all endeavours will be successful; however, overall, 2019 had been another strong year of creative performance.

Channel 4 also won 96 awards in 2019; the most in five years, and more wins than any other channel at the Broadcast Awards. 2019 was also another successful year for Film, with *The Favourite* winning one Oscar and seven BAFTAs.

The Committee acknowledged that commercial performance in 2019 had to be set in the context of challenging conditions in the linear advertising market, driven by Brexit uncertainty and leading to a 3% decline year on year. Despite this, overall revenues increased to £985 million driven by our acquisition and investment in Box and digital revenue growth of 18%, which was significantly ahead of target, and now forming 17% of the Corporation's revenues.

The Indie Growth Fund ('IGF') and Commercial Growth Fund ('CGF') both acquired several new investments in 2019, further strengthening our investment portfolios, while there were successful exits from both the IGF and CGF with Barcroft and Pinterest realising gains.

As well as the progress made in accelerating digital and improving appeal to young audiences, the Committee also noted the increased focus during 2019 on the strategic goal of improving Channel 4's inclusive culture. In a year of huge change, the Corporation has made positive strides to empower its employees and to be open about the impact of change.

Inclusion & Diversity measures have improved throughout the year, as referenced in the 'Channel 4 Pay Report 2019'. In particular the proportion of senior women in Channel 4's top 100 paid roles increased from 41% to 43% ahead of the 50% target by 2023. Channel 4 was also the first PSB to publish detailed pay data on four key diverse demographics – gender, BAME, disability and LGBT+ – and is one of a very small number of media companies to disclose data across all four of these groups.

After a careful and detailed consideration, following a strong year of creative and commercial performance in light of extremely challenging market conditions and the highly successful implementation of the 4 All the UK programme, the Committee recommended to pay out an average award of 85% of the maximum opportunity under the Corporate Variable Pay Scheme in 2019.

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 in 2019 comprised 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 2019 performance:

- Alex Mahon was awarded an amount of 42.5% of year-end salary under the Corporate Variable Pay Scheme
- Jonathan Allan was awarded an amount of 25.5% of the portion of his year-end salary which is subject to the Corporate Variable Pay Scheme. He also received £89,142 through the Advertising Sales Scheme
- Ian Katz was awarded an amount of 34% of year-end salary under the Corporate Variable Pay Scheme

Taxable benefits*

Executive Members are eligible for a range of taxable benefits, which can include a pension allowance and membership of a private medical insurance scheme (which is provided to all staff). No expenses claimed by Executive Members were chargeable to UK income tax as they were incurred wholly for the purposes of the business of the Corporation.

Pension*

The Corporation has two pension schemes: a defined contribution scheme open to all staff, and a defined benefit scheme which is closed to new entrants and closed to future accrual from 31 December 2015. Further details relating to the defined benefit plan are provided in note 18 to the financial statements.

All of the Executive Members received cash payments in lieu of pension benefits in 2019.

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 2018 and 2019:

	CEO	All staff[1]
Salary and fees	+2%	+2%
Variable pay	-3%	-13%
Total	**+1%**	**-1%**

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.

Members' Remuneration Report (continued)

The decline in total remuneration of the 'All Staff' population of -1% was driven by the acquisition of Box and a lower Advertising Sales Scheme award in 2019.

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.

Payment for loss of office*

No payments were made for loss of office in 2019 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 the end 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 166 relates to his period of service as a Member to 11 December 2018.

No other payments were made to past Members in 2019.

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 content spend and other content related 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 12% (2018: 11%) of on-screen expenditure.

Total employee pay is detailed in note 4 to the financial statements.

This report was approved by the Board on 28 September 2020 and signed on its behalf by

Fru Hazlitt
Chair of the Remuneration Committee
28 September 2020

Members' Remuneration Report (continued)

Remuneration policy for 2020

The remuneration of Executive Members is determined by the Remuneration Committee, the membership and terms of reference of which are detailed on pages 164 to 165. In framing its remuneration policy, the Committee has given full consideration to the best practice provisions of the UK Corporate Governance Code. There have been no significant changes to the remuneration policy for 2020 except as noted below.

Future policy table

The following table sets out the key components of the remuneration package for Executive Members:

Component	How this supports the strategic aims of the Group	How this operates	Maximum amount payable	Performance measures
Salary	Offering competitive remuneration packages helps the Corporation attract, motivate and retain a high-calibre Executive team.	Salaries are paid monthly. The Remuneration Committee discusses the performance of each Member with the Chair of the Board and with the Chief Executive for other Executive Members.	Annual salaries for the year to 31 December 2020 are approved as follows: – Alex Mahon – increase from £580,635 to £586,441 with effect from 1 March 2020 – Ian Katz – increase from £362,100 to £365,550 with effect from 1 March 2020 – Jonathan Allan – increase from £455,000 to £486,000 with effect from 1 February 2020 In April 2020 the Group publicly announced a series of financial measures in response to the Covid-19 crisis, which included a voluntary 20% pay cut for the Executive Members. At the June 2020 Remuneration Committee it was agreed that, in light of the Group's performance through the crisis and financial outlook, as well as the Executive team's leadership in an unprecedented environment, previously agreed salaries would be reinstated with effect from July 2020. 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 2020 is expected to range from £1,000 to £2,000 for Executive Members.	None.
Pensions		The Corporation currently offers a defined contribution pension scheme for new staff. Certain Executive Members also receive cash payments in lieu of pension benefits.	All of the Executive Members receive cash payments in lieu of pension benefits and are not members of the defined contribution 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. Following his change in role, Jonathan Allan's variable pay is no longer split between the Advertising Sales Scheme and the Corporate Variable Pay Scheme. In 2020, he will participate in the Corporate Variable Pay Scheme only. The Remuneration Committee reserves the right to adjust the targets and quantum in 2020 given the exceptional circumstances of the Covid-19 pandemic. In April 2020 the Group publicly announced that at the request of the Executive Members, the Remuneration Committee had decided to suspend the Corporate Variable Pay Scheme with regard to the Executive Members in light of the Covid-19 crisis. The Corporate Variable Pay Scheme remains suspended for the Executive Members as at the date of this report.	In 2019, the Corporate Variable Pay Scheme paid between 40% and 50% of total gross salary for the Executive Members. The maximum amount payable for the Chief Executive remains at 50% of gross salary in 2020.	Performance measures of the schemes are set out on pages 167 to 168.

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 2020 were expected to be: Chair – £95,000 Deputy Chair – £29,940 Committee Chairs – £25,177 Other Non-Executive Members – £22,177 In April 2020 a voluntary 20% cut in fees for Non-Executive Members was announced as part of the Group's Covid-19 response. Their full fees were reinstated with effect from July 2020.

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.

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.

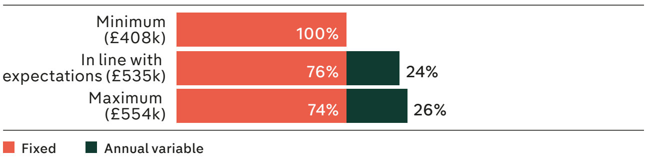
Members' Remuneration Report (continued)

Illustration of application of remuneration policy

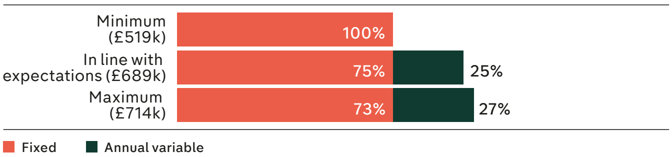
The graphs below represent the variations in the remuneration at different levels of performance for the 2020 remuneration policy for the Executive Members. These reflect the standard terms of the Corporate Variable Pay Scheme, and have not been adjusted for the current suspension of the scheme as part of Channel 4's Covid-19 response.

Chief Executive Officer

Director of Programmes



Chief Operating Officer



The variable element of total remuneration in relation to 'in line with expectations' reflects the average award under the Corporate Variable Pay Scheme over the last five years.

Audited information

The Members' Remuneration Report (pages 164 to 172), where indicated, has been audited by the Corporation's auditor in accordance with Schedule 8 of the Companies Act 2006 as if those requirements were to apply to the Corporation.

Independent auditor's report

To the Department for Digital, Culture, Media and Sport on Channel Four Television Corporation

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Channel Four Television Corporation (the 'Corporation') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Corporation's affairs as at 31 December 2019 and of the Group's deficit 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 statements of changes in equity;
- the consolidated and Corporation balance sheets;
- the consolidated cash flow statement;
- the related notes 1 to 22.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Corporation financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note 3 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Corporation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

While the Corporation is not a public interest entity subject to European Regulation 537/2014, the members have decided that the Corporation should follow the same requirements as if that Regulation applied to the Corporation.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – Recognition of non-cash revenue; and – Going concern. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £9.6 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.
Significant changes in our approach	In 2018 we identified a key audit matter in relation to the accounting for the acquisition of The Box Plus Networks Limited. Since that transaction took place in 2018, we have not identified a similar key audit matter for 2019. We have identified an additional key audit matter in 2019 related to going concern owing to the level of management judgement and increased audit effort. There are no other significant changes in our approach.

Independent auditor's report (continued)

4. Conclusions relating to going concern, principal risks and viability statement

4.1. Going concern

We have reviewed the members' statement on page 150 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them 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 members' 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 members' 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.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

4.2. 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 139 to 143 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the members' confirmation on page 145 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the members' explanation on page 145 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.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the members.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report (continued)

5.1. Recognition of non-cash revenue

Key audit matter description	The Corporation earns a significant portion of its revenues from TV advertising, for which most contracts are standard and the recognition of such revenue is processed through automated transactional processes. There is a sub-set of contracts which have 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 programme rights or equity investments. 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. The amount of revenue which is not settled in cash was £34 million (2018: £47 million). The Corporation's policy in relation to this is included on page 186. Refer to page 162 where this is included as a significant matter in the Audit Committee report.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the process by which revenue is recognised, including transactional advertising revenue, and the non-cash revenue to which our key audit matter relates. As part of this process, we obtained an understanding of the relevant controls. We reviewed a statistical sample of contracts to identify any unusual contractual terms to determine whether these were accounted for appropriately. We selected a sample of non-standard revenue contracts, focusing on those which in our judgement had a higher probability of error, and assessed whether the accounting treatment for these contracts was in line with their terms, the Corporation's accounting policy and relevant accounting standards including IFRS 15 Revenue from Contracts with Customers. For non-cash revenue, we obtained and assessed evidence to support the fair value of the non-cash consideration received. For programming received in these barter contracts in return for advertising, we agreed consideration received to 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.
Key observations	We consider the accounting policies applied to be in accordance with IFRS 15 Revenue from Contracts with Customers and the Corporation's accounting policy. We are satisfied the valuation of non-cash consideration was appropriate and in line with the fair value requirements of IFRS 13 Fair Value Measurement.

5.2. Going concern

Key audit matter description	The Members are required under IAS 1 Presentation of Financial Statements to make an assessment of the Group's and the Corporation's ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. In making this assessment, management prepared forecasts and scenario planning over the going concern period which modelled available liquidity and covenant calculations. As a result of the Covid-19 pandemic and the subsequent economic impact, there was significant judgement involved in preparing the forecasts and financial models for future periods used in the going concern assessment. Owing to the increased level of audit effort involved, we identified a key audit matter in relation to the appropriateness of the going concern basis of accounting. Further details of the Directors' assessment, including the sensitivities applied, are included within the Strategic Report on page 144, in the Group Accounting Policies on page 185, and in note 22 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls relating to the Group's forecasting process and the preparation of management's going concern models. We obtained management's updated financial models used to support their going concern assumptions and tested their numerical accuracy. We obtained and assessed evidence used to support the assumptions used by management and considered whether reasonable downside scenarios were considered and whether any potential mitigations were reasonable, realistic and within management's control. We obtained and read analyst reports, industry data and other external information, comparing these with management's estimates to determine if they provided corroborative or contradictory evidence in relation to management's assumptions. We obtained and reviewed the revolving credit facility documents to understand the nature of any financial covenants to determine the impact on the going concern assessment and we obtained evidence of the draw down. We considered the amount of liquidity and covenant headroom available in management's forecasts and we assessed the historical accuracy of forecasts prepared by management.
Key observations	We are satisfied that management's adoption of the going concern basis of accounting is appropriate.

Independent auditor's report (continued)

6. *Our application of materiality*

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group and Corporation-only financial statements
Materiality	£9.6 million (2018: £9.6 million)
Basis for determining materiality	We determined materiality using a benchmark of 1.0% of revenue (2018: 1.0% of revenue).
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 reinvest surpluses into original content and digital innovation, and we consider revenue to be the key metric of interest to the users of the financial statements.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered the following factors:

- Our risk assessment, including the quality of the control environment; and
- Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £480,000 (2018: £480,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. *An overview of the scope of our audit*

7.1. Identification and scoping of components

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to risks of material misstatements was performed directly by the audit engagement team.

The Group maintains a single aggregated set of accounting records for all of its operations and we therefore audited the entire Group as a single component, covering 100% of net assets, revenue and deficit before tax. For the audit of the Corporation, management deconsolidated the Group financial information in order for us to identify the relevant Corporation-only balances and transactions.

7.2. Our consideration of the control environment

In assessing the control environment of the Group, we obtained an understanding of the relevant IT controls associated with the Group's key accounting and reporting system. On IT systems related to the processing of transactional advertising revenue and programme inventory, we have identified certain control deficiencies and accordingly took a substantive approach to our audit testing.

We also gained an understanding of the relevant controls associated with certain business processes, being transactional advertising revenue, non-cash based revenue, programme inventory, payroll, trade payables and trade receivables. This was to assess whether we could adopt a controls reliance approach which would impact the extent of substantive testing that was required.

We planned and took a controls reliance approach in relation to non-cash based revenue. For this process we tested the relevant controls based on a sample of control instances, determined by the frequency of the control's operation. We did not plan to take a controls reliance approach in the other business processes. For transactional revenue and programme inventory we would have planned to take a controls reliance approach if we had been able to rely on the IT systems involved in their processing. We expect to adopt a controls reliance approach for the 2021 audit.

Independent auditor's report (continued)

8. *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.

We have nothing to report in respect of these matters.

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.

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.

9. *Responsibilities of members*

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Group's and the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group or the Corporation or to cease operations, or have no realistic alternative but to do so.

10. *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations 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.

Independent auditor's report (continued)

11. 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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for members' remuneration, bonus levels and performance targets;
- results of our enquiries of management, business assurance and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the recognition of non-cash based revenue. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Broadcasting Act 1990, the Communications Act 2003, the UK Companies Act and Listing rules (as if they were to apply to the Group), pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Corporation's ability to operate or to avoid a material penalty. The key laws and regulations we considered in this context included compliance with the Ofcom Broadcasting Code, Ofcom on-demand rules, and Advertising Standards Agency guidelines.

11.2. Audit response to risks identified

As a result of performing the above, we identified the recognition of non-cash revenue as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing Business Assurance reports and reviewing correspondence with HMRC and summaries of correspondence with Ofcom;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the members' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, as if that Act were to apply to the Corporation.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the members' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Corporation and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members' report.

Independent auditor's report (continued)

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the terms of our engagement we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

13.2. Members' remuneration

Under the terms of are 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.

14. Other matters

14.1. Auditor tenure

We were appointed with the approval of the Secretary of State for Digital, Culture, Media and Sport on 10 August 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years, covering the years ending 31 December 2017 to 31 December 2019.

14.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Department for Digital, Culture, Media and Sport, in accordance with the Broadcasting Act 1990 and the terms of our engagement. Our audit work has been undertaken so that we might state to the Department for Digital, Culture, Media and Sport those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Department for Digital, Culture, Media and Sport, for our audit work, for this report, or for the opinions we have formed.

Kate J Houldsworth FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
28 September 2020

Consolidated income statement

for the year ended 31 December

	Note	**2019 £m**	2018 £m
Revenue	1	**985**	975
Cost of transmission and sales	2	**(967)**	(951)
Gross surplus		**18**	24
Other operating expenditure	3	**(45)**	(28)
Other operating income	3	**–**	12
Operating (deficit)/surplus		**(27)**	8
Net finance expense	5	**(1)**	–
Gain on sale of investments	7, 8	**4**	1
Impairment losses on investments	7	**(2)**	–
Fair value loss on joint venture	7, 21	**–**	(9)
Gain on bargain purchase	21	**–**	5
(Deficit)/surplus before tax		**(26)**	5
Income tax credit/(expense)	6	**1**	(2)
(Deficit)/surplus for the year		**(25)**	3

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	**2019 £m**	2018 £m
(Deficit)/surplus for the year		**(25)**	3
Net remeasurement (deficit)/surplus on pension scheme	19	**(33)**	3
Revaluation of freehold land and buildings	9	**2**	(4)
Deferred tax on pension scheme	12	**6**	–
Adjustment to non-controlling interest	21	**(4)**	–
Loss on revaluation of investments	7, 8	**–**	(9)
Other comprehensive cost for the year		**(29)**	(10)
Total comprehensive cost for the year		**(54)**	(7)

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			
	Other retained earnings £m	Content reserve £m	Revaluation reserve £m	Total equity £m
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**
At 1 January 2019	**365**	**20**	**54**	**439**
Deficit for the year	**(25)**	**–**	**–**	**(25)**
Transfer	**20**	**(20)**	**–**	**–**
Other comprehensive (cost)/income	**(31)**	**–**	**2**	**(29)**
Total comprehensive (cost)/income for the year	**(36)**	**(20)**	**2**	**(54)**
At 31 December 2019	**329**	**–**	**56**	**385**

We established a content reserve in 2014 to ensure surpluses generated are reinvested into original content and digital innovation in order to maintain the relevance and reach of our remit. Our aim is to remain commercially self-sufficient in the long term. In 2019, the deficit after tax for the year of £25 million has been partially funded by a £20 million transfer from the content reserve. This transfer reflects the Group's strategic investment during 2019 in youth and digital, and in delivering our Nations & Regions remit.

Consolidated balance sheet

as at 31 December

	Note	2019 £m	2018 £m
Assets			
Investments accounted for using the equity method	7	**7**	10
Other investments	8	**22**	16
Property, plant and equipment	9	**114**	103
Right-of-use asset	11	**3**	–
Intangible assets	10	**30**	36
Deferred tax assets	12	**22**	17
Total non-current assets		**198**	182
Programme and film rights	13	**291**	285
Trade and other receivables	14	**179**	167
Other financial assets	15	**7**	48
Cash and cash equivalents	15	**130**	132
Total current assets		**607**	632
Total assets		**805**	814
Liabilities			
Employee benefits – pensions	19	**(79)**	(56)
Lease liability	11	**(3)**	–
Deferred tax liabilities	12	**(4)**	(5)
Total non-current liabilities		**(86)**	(61)
Trade and other payables	16	**(332)**	(313)
Provisions	17	**(2)**	(1)
Total current liabilities		**(334)**	(314)
Total liabilities		**(420)**	(375)
Net assets		**385**	439
Revaluation reserve		**56**	54
Retained earnings:			
Content reserve		**–**	20
Other retained earnings		**329**	365
Total equity		**385**	439

The financial statements on pages 180 to 211 were approved by the Members of the Board on 28 September 2020 and were signed on its behalf by:

Charles Gurassa
Chair

Alex Mahon
Chief Executive

Consolidated cashflow statement

for the year ended 31 December

	Note	2019 £m	2018 £m
Cashflow from operating activities			
(Deficit)/surplus for the year		**(25)**	3
Adjustments for:			
Income tax (credit)/expense	6	**(1)**	2
Depreciation	9	**6**	5
Amortisation of intangibles	10	**2**	–
Impairment of intangibles	10	**–**	8
Net financial expense	5	**1**	–
Gain on sale of investments	7, 8	**(4)**	(1)
Impairment losses on investments	7, 8	**2**	–
Fair value loss on joint venture	7, 21	**–**	9
Gain on bargain purchase	21	**–**	(5)
		(19)	21
(Increase)/decrease in programme and film rights	13	**(6)**	(30)
(Increase)/decrease in trade and other receivables	14	**(12)**	2
Increase in trade and other payables	16	**19**	31
Increase/(decrease) in provisions, excluding unwinding of discounts	17	**1**	(3)
		(17)	21
Defined benefit pension contributions	19	**(11)**	(11)
Net cashflow from operating activities		**(28)**	10
Cashflow from investing activities			
Acquisition of investments	7, 8, 21	**(14)**	(6)
Acquisition of subsidiary (net of cash acquired)	21	**–**	(5)
Proceeds on sale of investments	7, 8	**9**	2
Purchase of property, plant and equipment	9	**(11)**	(6)
Additions to internally developed software	10	**–**	(7)
Interest received and effects of foreign exchange rates	5	**1**	2
Decrease in other financial assets[1]	15	**41**	27
Net cashflow from investing activities		**26**	7
Net (decrease)/increase in cash and cash equivalents		**(2)**	17
Cash and cash equivalents at 1 January		**132**	115
Cash and cash equivalents at 31 December		**130**	132

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 2019 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 28 September 2020. 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.

Critical accounting judgements

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
- Management's application of IFRS 16 'Leases' requires judgement regarding the classification of transponder contracts under the standard. Management have concluded that these contracts do not constitute leases under the definition given by IFRS 16, as the Group does not control these assets due to the nature of the operation of these assets and due to certain rights which the supplier retains based on the detailed terms provided in the contracts. Further details of these contracts (including remaining term and estimated payments) are disclosed in note 18.

In 2018 management recognised a critical accounting judgement in relation to the acquisition accounting for The Box Plus Network Limited ('Box') on 31 December 2018, as the valuation of significant intangible assets arising on the acquisition was judgemental, particularly in the absence of observable inputs to assess their fair value. The accounting treatment for this transaction is discussed in note 21. There is no ongoing critical accounting judgement in the 2019 financial statements with regard to this transaction or the intangible assets arising.

Key sources of estimation uncertainty

Under IAS 12 Income Taxes, deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which they can be recognised. Management applies estimates in calculating the deferred tax assets with regards to the level of future taxable surpluses that are expected, meaning significant changes to our estimation of forecast profitability could lead to a material change in the valuation of deferred tax assets or their derecognition.

Alternative performance measures

In reporting financial information the Group presents alternative performance measures ('APMs') which are not defined or specified under the requirements of IFRS. The Group believes that the presentation of APMs provides stakeholders with additional and helpful information on the performance of the business, but does not consider them to be a substitute for or superior to IFRS measures. APMs are also used to enhance the comparability of information between reporting periods, by adjusting for uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Group accounting policies (continued)

The Group presents its underlying operating surplus as an APM in the Strategic Report to provide stakeholders with additional useful information on the underlying performance of the business. 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. This APM is calculated in 2019 and 2018 as follows:

	2019	2018
Operating (deficit)/surplus	**(27)**	8
Add back:		
4 All the UK costs	**10**	–
Impairment of technology assets	**–**	8
Gain on disposal of distribution rights	**–**	(12)
Underlying operating (deficit)/surplus	**(17)**	**4**

The Group also presents Cash reserves as an APM which reflects the sum of the Group's cash and cash equivalents and other financial assets at the balance sheet date. This provides stakeholders with additional relevant information relating to the overall cash resources available to the Group, not only those categorised as cash and cash equivalents.

Going concern

The annual financial statements have been prepared on a going concern basis where the Members have a reasonable expectation that the Group will continue in operational existence, as set out in the Report of the Members. As noted on page 144, the outbreak of Covid-19 in the UK had a very significant impact on the demand for advertising, and there remains uncertainty around the timing of recovery. In response to this, we have modelled a range of revenue scenarios and assessed their impact on the Group's cash flow, and revised our financial targets for the next 12 months.

We anticipate that total 2020 revenues will be materially lower than 2019, but our base case expectation is that the year-on-year declines experienced in April and May 2020 will remain the most severe. We have subsequently seen revenues start to recover, although we do not anticipate a full recovery over the course of 2020 and 2021 in any of the scenarios considered. In our base case scenario we are able to mitigate revenue declines over 2020 and 2021 by implementing identified cost savings, while remaining within our existing credit facility and covenants.

We have considered the potential downside scenarios during 2021 in the eventuality of a deeper recession than our industry analysis currently indicates, or of a second national lockdown in Q1 2021. We have additional contingency plans ready to implement to offset further revenue declines and ensure we remain within our existing credit facility and covenants. While there remains uncertainty related to the size of the impact and the timing and level of recovery in the advertising market, analysis of these downside scenarios (including a severe case deemed plausible but beyond the worst case scenario currently anticipated by management) and the range of mitigating actions available indicates that the Group will be able to continue to operate for at least 12 months from the date that this Annual Report is approved. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

A subsidiary is an entity that is controlled by the Group. Control exists when the Group has exposure, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee by directing the relevant activities of the investee (i.e. the activities that significantly affect the investee's returns). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Investments in associates and joint ventures are accounted for using the equity method. Associates are those entities over which the Group has significant influence. Where the Group holds 20% or more of the voting power (directly or through subsidiaries) of an investee, it will be presumed the Group has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, it will be presumed the Group does not have significant influence unless such influence can be clearly demonstrated. Significant influence exists when the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Joint arrangements are those entities over whose activities the Group has joint control. Joint control is established by a contractual agreement whereby the decisions about the relevant activities (i.e. the activities that significantly affect the investee's returns) of the entity require the unanimous consent of the two or more parties sharing joint control of the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under equity accounting, the consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases or until the associate or joint venture is classified as held for sale.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

Intra-Group balances and any unrealised gains and losses or income and expense arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies

A summary of the Group and Channel 4 significant accounting policies that are material in the context of the accounts is set out on the next page. All accounting policies have been applied consistently in all material respects to all periods presented in these financial statements.

Group accounting policies (continued)

The following new standards became effective for the first time from 1 January 2019:

- IFRS 16 'Leases'
- IFRIC 23 'Uncertainty over Income Tax Treatments'

Neither of these standards has had a material impact on the consolidated financial statements of the Group during 2019. Consideration of how the Group has implemented IFRS 16 is set out on pages page 189 and the critical accounting judgement made by management in applying IFRS 16 is disclosed on page 184.

There are no new standards that will become effective during 2020 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. The total recognised for such revenues in 2019 is £43 million (2018: £47 million).

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.

Revenues generated from the exploitation of developed film rights (for example, from theatrical box office releases) are recognised when revenues can be reliably measured.

Segment reporting

IFRS 8 'Operating Segments' requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision-maker to evaluate performance and allocate resources.

The Group has determined that the Board of Members is its chief operating decision-maker, and the financial statements are presented in aggregate as a single operating segment consistent with how the Board evaluates performance and allocates resources.

Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary 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

Group accounting policies (continued)

at cost less provision for impairment. The Members believe that this valuation reflects a reasonable approximation of fair value. On adopting IFRS 9 'Financial Instruments' during 2018 the Group elected to recognise any changes in the fair value of the Commercial Growth Fund investments through other comprehensive income, reflecting the fact that the management of these investments is not part of the Group's core activities.

Property, plant and equipment

Freehold land and buildings are stated at open market valuation (fair value) and are revalued at 31 December each year. Directions from the Secretary of State for Digital, Culture, Media and Sport require freehold land and buildings to be valued at current value. The Members believe that the fair open market value approximates the current value.

Any gain arising from a change in fair value is recognised directly in other comprehensive income, unless the gain reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. Any loss arising from a change in fair value is charged directly to other comprehensive income to the extent of any credit balance existing in the revaluation surplus of that asset. Otherwise, the loss is recognised in the income statement.

Fixtures, fittings and equipment are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost or valuation of the asset evenly, on a straight-line basis, over its estimated useful life. Useful lives are estimated taking into account the rate of technological change and the intensity of use of each asset. The annual rates used for this purpose are as follows:

Freehold buildings	2%
Computer hardware	25%–50%
Office equipment and fixtures and fittings	25%
Technical equipment	14%–25%

Freehold land is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or other changes in circumstances indicate that the carrying values may not be recoverable. Where an indicator of impairment exists, an estimate is made of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

Intangible assets

Expenditure on internally developed computer software applications is capitalised to the extent that the project is technically and commercially feasible, sufficient resources exist to complete the development and it is probable that the asset will generate future economic benefits. The expenditure capitalised includes the cost of software licences, direct staff costs and consultancy costs.

Amortisation of capitalised software development costs is charged to the income statement on a straight-line basis over the estimated useful lives of the assets from the date that they are available for use. For capitalised computer software, the estimated useful life is between two and five years.

Other intangible assets acquired by the Group, including network distribution rights, are stated at cost less accumulated amortisation and any provision for impairment. Network distribution rights are amortised over an estimated useful life of 16 years. Broadcast licences are amortised over a useful life of seven years. Where assets are considered to have finite lives, amortisation is charged to the income statement on a straight-line basis over their estimated useful life. Brand intangibles are deemed to have an indefinite useful life and are tested annually for impairment.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested annually for impairment.

A gain realised on bargain purchase arising on the acquisition of an entity represents the excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition over the cost of acquisition.

Any gain realised on bargain purchase is recognised in the income statement in the year that it arises.

Impairment

An impairment charge is recognised if the carrying value of an asset or a cash-generating unit exceeds its estimated recoverable amount. Impairment charges are recognised in the income statement (with the exception of impairments which the Group has elected to recognise in other comprehensive income under IFRS 9 'Financial Instruments').

The carrying values of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is determined by discounting the future net 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

Group accounting policies (continued)

reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. An impairment charge in respect of goodwill is not reversed. In respect of other assets, an impairment charge is reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Programme and film rights

All programme and film rights are valued at the lower of the direct cost incurred up to the balance sheet date and value to the Group. Development expenditure is included in programme and film rights after charging any expenditure that is not expected to lead to a commissioned programme, or a 'greenlit' film, directly to the income statement.

Programme and acquired film rights

Direct cost
Direct cost is defined as payments made or due to programme suppliers.

Payments for programme and film rights made in advance of taking delivery and/or of the legal right to broadcast the programmes are recorded in programme and film rights, but are separately identified as in the course of production. Before being included in programme rights, the rights are disclosed as contractual commitments (see note 18).

Value to the Group
Consistent with Channel 4's business model, in which programmes that generate more revenue cross-subsidise programmes with a higher public but sometimes lower commercial value, the value to the Group of the programme and acquired film rights portfolio is assessed on an aggregate basis.

This assessment is overlaid by an evaluation of individual programmes when there is an indicator that the value of these specific programmes may be less than originally envisaged. Value to the Group of individual programmes is assessed both qualitatively and quantitatively, with reference to the quality of programme that has ultimately been delivered and its expected viewing performance.

In certain instances Channel 4 is committed to funding the acquisition or production of specific programmes where the value to the Group no longer warrants the level of expenditure to which the Group is committed. In these instances provision is first made against the costs incurred to date and then a liability recognised to reflect the unavoidable costs in relation to the remaining commitment.

Amortisation
Programme and acquired film rights are exploited by transmission on the Channel 4 suite of channels. 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 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 in 2018 did not have a material impact on the value of the Group's trade and other receivables as it has no significant record of historical credit losses.

Other financial assets

Other financial assets comprise deposits of three or more months' duration and other funds with time-restricted access, and are stated at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits of less than three months' duration from the date of placement, including money market funds repayable on demand.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Group accounting policies (continued)

Derivative financial instruments

The Group transacts primarily in Sterling but also in Euros and US Dollars. Certain exposures to fluctuations in exchange rates are managed by transactions in the forward foreign exchange markets. These derivative financial instruments are stated at fair value based on quoted market rates. Changes in the fair value of these derivative financial instruments are recognised in the income statement. The Group does not hold or issue derivative financial instruments for trading purposes.

Channel 4 has not sought to apply hedge accounting treatment for any of its foreign exchange hedging activity in either of the years presented. As a result, changes in the fair value of hedging instruments have been recognised in the income statement as they have arisen.

Where Channel 4 has identified forward foreign exchange derivative instruments within certain contracts (embedded derivatives), these have been included in the balance sheet at fair value. Fair value of these derivatives is determined by reference to quoted market rates. The value of the derivatives is reviewed on an annual basis or when the relevant contract matures.

Leases

The Group adopted the lessee accounting model required under IFRS 16 'Leases' on 1 January 2019. This removes the distinction between finance leases and operating leases previously reflected in the Group's accounting policy.

Management have performed a review of the Group's material contracts, including but not limited to those previously classified as leases, applying a control model to identify which contracts should be considered leases in line with the new standard.

On adoption of the standard (and at the inception of subsequent new leases) a right-of-use asset is recognised in the Group's financial statements reflecting its right to control the underlying lease assets and use them to generate future economic benefits. A corresponding lease liability is also recognised in line with the principal and interest to be repaid over the lease term. These amounts are determined based on the present value of the minimum lease payments to be made over the contract term, discounted using the rate implicit in the lease if this can be determined, and otherwise using the Group's incremental borrowing rate.

The Group subsequently recognises depreciation relating to the right-of-use asset, as well as interest accrued on the lease liability, in the income statement.

The Group has opted to apply the modified retrospective approach on implementation with the right-of-use asset equal to the lease liability at the transition date. The Group has applied practical expedients provided in IFRS 16 to exclude short-term and low-value lease contracts from the new accounting model, and these continue to be presented as operating costs.

Employee benefits – pensions

Defined benefit scheme

The Group maintains a defined benefit pension scheme. The net obligation under the scheme is calculated by estimating the future benefits that employees have earned in return for their service in the current and prior periods, discounting to determine a value at today's prices, and deducting the fair value of scheme assets at bid price. The assumed discount rate for the liabilities is the current rate of return of high-quality corporate bonds with similar maturity dates.

The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses that arise in calculating the Group's obligation in respect of the plan are recognised directly in other comprehensive income within the statement of comprehensive income in the period in which they arise. The finance cost is recognised in the income statement.

Defined contribution scheme

Obligations under the Group's defined contribution scheme are recognised as an expense in the income statement as incurred.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is significant, provisions are determined by discounting the expected future 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

	2019 £m	2018 £m
TV advertising and sponsorship revenue	**772**	791
Digital revenue	**163**	138
Other commercial revenue	**50**	46
Total revenue	**985**	975

The Group had no individual external customers with gross revenues comprising more than 10% of the Group's overall revenues in 2019 (2018: one external customer amounting to £111 million). The Group's major customers are all media buying agencies. Approximately 4% of the Group's revenues (2018: 4%) are attributable to external customers outside the UK and these are therefore not separately presented.

The Group has material contracts with customers with a duration of more than one year, relating to 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 2019 is £71 million (2018: £38 million). The Group expects to recognise £24 million of revenue relating to these performance obligations in 2020 (2018: £18 million to be recognised in 2019), with the remainder recognised on a straight-line basis until 2023.

2. Cost of transmission and sales

	2019 £m	2018 £m
Content	**660**	662
Other content-related costs	**70**	63
Broadcast and transmission costs	**98**	97
Other cost of sales	**139**	129
Total cost of transmission and sales	**967**	951

The Group's cost of transmission and sales is reported here as one segment as described in the 'Group Accounting Policies' section on page 186. Other cost of sales includes direct costs of linear and digital advertising and rights, marketing, technology and audience research costs.

The Group's cost of transmission and sales has been reclassified for 2019 and 2018 in the 2019 Annual Report, to more closely reflect the allocation of expenditure used in the Group's internal reporting. The cost of transmission and sales presented in the 2018 Annual Report has been reclassified as follows:

	Per 2018 Annual Report					
2018 £m	Programme and other content	Indirect programme costs	Transmitter and regulatory costs	Cost of sales	Cost of marketing	**Total**
As above						
Content	662	–	–	–	–	**662**
Other content-related costs	9	54	–	–	–	**63**
Transmitter and regulatory costs	2	–	95	–	–	**97**
Other cost of sales	–	6	3	85	35	**129**
Total	673	60	98	85	35	**951**

Notes to the consolidated financial statements (continued)

3. Other operating income and expenditure

Other operating expenditure includes:

	2019 £m	2018 £m
Depreciation of property, plant and equipment (note 9)	**6**	5
Amortisation of intangible assets (note 10)	**2**	–
4 All The UK programme	**9**	–
Other restructuring costs	**1**	2
Impairment of trade receivables (note 14)	**1**	–
Box administrative expenses	**2**	–
Other administrative expenses	**24**	21
Other operating expenditure	**45**	28

The total cost of the 4 All the UK programme recognised in the income statement in 2019 was £10 million, with £9 million recognised in Other operating expenditure and £1 million recognised in Cost of transmission and sales. Other operating income of £12 million was recognised in 2018 relating to gains on disposal of certain distribution rights. No other operating income was recognised in 2019.

Auditor's remuneration

Fees in respect of services provided by the auditor were:

	2019 £000	2018 £000
Audit of these financial statements	**195**	166
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**–**	36
Audit-related assurance services	**35**	35
Total audit and assurance	**230**	237
Total other services	**–**	46
Auditor remuneration	**230**	283

Other services during 2018 relate to certain permitted advisory services provided by Deloitte LLP.

Notes to the consolidated financial statements (continued)

4. Employee expenses and information

A detailed analysis of Members' remuneration, including salaries and variable pay, is provided in the Members' Remuneration Report.

The direct costs of all employees, including Members, appear below:

	2019 £m	2018 £m
Aggregate gross salaries	**73**	69
Employer's National Insurance contributions	**7**	7
Employer's defined contribution pension contributions	**5**	4
Total direct costs of employment	**85**	80

In addition to the above, in 2019 £7 million of restructuring costs were expensed to the income statement, predominantly in respect of the 4 All The UK programme, as well as other initiatives to increase operational efficiency within the Group (2018: £2 million). Of this amount, £3 million is recognised within Cost of transmission and sales, with the remainder in Other operating expenditure.

The Executive Members are considered to be the key management of the Corporation. As disclosed in the Members' Remuneration Report on page 166, the total remuneration of the Executive and Non-Executive Members for the year ending 31 December 2019 is £2,460,000 (2018: £2,797,000).

The salary multiple of highest paid to median employee was as follows:

	2019 £000	2018 £000
Total remuneration of highest paid Executive Member (page 166)	**943**	936
Total remuneration of median employee	**61**	65
Multiple of highest paid to median employee	**15.5**	14.4

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:

	2019 Number	2018 Number
Commercial	**264**	260
Creative	**287**	256
Operational	**329**	309
4Talent	**23**	26
Total	**903**	851

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. The average monthly number of employees increased in 2019 mainly due to the full acquisition of Box on 31 December 2018. In 2019 the average monthly number of employees includes 41 FTEs previously employed by Box (2018: nil).

Notes to the consolidated financial statements (continued)

5. Net finance expense

Net finance expense recognised in the year comprised:

	2019 £m	2018 £m
Interest receivable on short-term deposits	**1**	1
Foreign exchange (loss)/gain on forward contracts and cash and cash equivalents	**(1)**	1
Net interest expense on pension scheme (note 19)	**(1)**	(2)
Net finance expense	**(1)**	–

6. Income tax expense

The taxation charge is based on the taxable profit for the year and comprises:

	2019 £m	2018 £m
Current tax:		
Current year	**–**	–
Prior year	**(1)**	–
Deferred tax: origination and reversal of temporary differences (note 12)		
Current year	**–**	3
Prior year	**–**	(1)
Total income tax (credit)/expense	**(1)**	2

Corporation tax is charged at the standard UK rate of 19% for the year (2018: 19%).

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 2019 has been calculated based on these rates.

Reconciliation of income tax:

	2019 Rate	2019 £m	2018 Rate	2018 £m
(Deficit)/surplus before income tax		**(26)**		5
Income tax using the domestic corporation tax rate	**19.0%**	**(5)**	19.0%	1
Effects of:				
Non-deductible expenses		**1**		2
Non-taxable gains		**–**		(1)
Deferred tax not recognised		**4**		1
Other tax adjustments		**(1)**		(1)
Total income tax (credit)/expense		**(1)**		2

The income tax expense excludes the Group's share of income tax of investments accounted for using the equity method of £nil (2018: £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 2018	21	9	–	30
Acquisitions	–	1	1	2
Share of post-acquisition profits, net of income tax	–	1	(1)	–
Disposals	(12)	(1)	–	(13)
Impairment loss	(9)	–	–	(9)
Total carrying value at 31 December 2018	–	10	–	10
Carrying value at 1 January 2019	**–**	**10**	**–**	**10**
Acquisitions	**–**	**2**	**–**	**2**
Share of post-acquisition profits/(losses), net of income tax	**–**	**–**	**–**	**–**
Disposals	**–**	**(2)**	**–**	**(2)**
Impairment loss	**–**	**(2)**	**–**	**(2)**
Fair value loss	**–**	**(1)**	**–**	**(1)**
Total carrying value at 31 December 2019	**–**	**7**	**–**	**7**

The Indie Growth Fund

In 2019, Channel 4 invested £2 million (2018: £1 million) in the Indie Growth Fund. £2 million is committed for subsequent investment in these companies at 31 December 2019 (2018: £nil). 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 2019, Channel 4 sold its stake in Barcroft Studios Limited for a total consideration of £6 million to Future plc, recognising a total gain on disposal of £4 million. The consideration received comprised cash of £4 million and a £2 million equity shareholding in Future plc (See note 8). 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 identified indicators of impairment relating to certain Indie Growth Fund companies at 31 December 2019 and, following an impairment review, an impairment loss of £2 million was recognised in non-operating expenditure. Channel 4 also recognised a fair value loss of £1 million through other comprehensive income in 2019 on one Indie Growth Fund entity which is not accounted for as an associate.

Of the £660 million (2018: £662 million) total of programme rights recognised as expenses in 2019 (note 13), Channel 4 commissioned £17 million (2018: £18 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 2019 (2018: £nil).

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 2019	2018
Barcroft Studios Limited	TV programme production activities	Quay House, The Ambury, Bath BA1 1UA	**–**	15.0%
Dial Square 86 Limited	TV programme production activities	Somerset House, Strand, London WC2R 1LA	**4.7%**	4.7%
Eleven Film Limited	TV programme production activities	14-18 Great Titchfield Street, 4th Floor, Great Titchfield House, London W1W 8BD	**20.0%**	20.0%
Lightbox Media Limited	TV programme production activities	Regina House, 124 Finchley Road, London NW3 5JS	**22.0%**	22.0%
Spelthorne Community Television Limited	TV programme production activities	2nd Floor, 63-64 Margaret Street, London W1W 8SW	**25.0%**	25.0%
Voltage TV Productions Limited	TV programme production activities	5 Elstree Gate, Borehamwood, Herts WD6 1JD	**15.0%**	15.0%
Whisper Films Limited	Motion picture production activities	Unit B South Avenue Studios, 7 South Avenue, Richmond, Surrey TW9 3EL	**25.0%**	25.0%
Parable Ventures Limited	TV programme production activities	64 New Cavendish Street, London W1G 8TB	**18.0%**	18.0%
Firecrest Films Limited	TV programme production activities	Fairfield, 1048 Govan Road, Glasgow G51 4XS	**25.0%**	25.0%
Two Rivers Media Limited	TV programme production activities	1st Floor, Tontine Building, 20 Trongate, Glasgow G1 5ES	**10.0%**	–
True Vision Yorkshire Limited	TV programme production activities	18 The Glasshouse Studios, Fryern Court Road, Burgate, Fordingbridge, Hampshire SP6 1QX	**16.0%**	–
Five Mile Films Limited	TV programme production activities	Lower Ground Floor, 2 St Pauls Road, Clifton, Bristol BS8 1LT	**18.0%**	–
Eagle Eye Drama Limited	TV programme production activities	35 Soho Square, London W1D 3QX	**2.5%**	–

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
2019	**28**	**1**	**(16)**	**(2)**	**72**	**2**
2018	24	3	(11)	(1)	73	–

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 21 provides details of the disposal and fair value loss for Box presented above, as well as of the subsequent acquisition and business combination.

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 2019	2018
European Broadcaster Exchange (EBX) Limited	Television programming and broadcasting activities	6th Floor 65 Gresham Street, London EC2V 7NQ	**25%**	25%

Notes to the consolidated financial statements (continued)

8. Other investments

The Commercial Growth Fund

	Commercial Growth Fund £m	Other £m	Total £m
Carrying value at 1 January 2018	21	–	21
Acquisitions	9	–	9
Fair value loss	(5)	–	(5)
Impairment loss	(4)	–	(4)
Disposals	(5)	–	(5)
Total carrying value at 31 December 2018	16	–	16
Carrying value at 1 January 2019	**16**	**–**	**16**
Acquisitions	**8**	**2**	**10**
Fair value movement	**2**	**–**	**2**
Impairment loss	**(1)**	**–**	**(1)**
Disposals	**(5)**	**–**	**(5)**
Total carrying value at 31 December 2019	**20**	**2**	**22**

The Commercial Growth Fund

During 2015, Channel 4 launched the Commercial Growth Fund, a fund with the aim of attracting new advertisers to TV and stimulating existing sectors. The Commercial Growth Fund exchanges advertising airtime in return for equity shareholdings or convertible loan instruments. During 2019, the Corporation invested a further £8 million (2018: £9 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 fair value gain of £2 million (2018: loss of £5 million) and an impairment loss of £1 million (2018: £4 million) have been recognised in other comprehensive income during 2019.

There were no other transactions with the Commercial Growth Fund companies in 2019 (2018: none).

Other investments

During 2019 Channel 4 acquired a £2 million equity shareholding in Future plc as consideration relating to the sale of Barcroft Studios Limited, one of its Indie Growth Fund investments.

During 2018, Channel 4 recognised a £1 million gain in the income statement on the disposal of MyBuilder Limited, relating to deferred consideration not previously recognised on the sale which took place during 2017.

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 2018	97	108	–	205
Additions	3	3	–	6
Acquisitions	–	2	–	2
Revaluation	(6)	–	–	(6)
Disposals	–	(61)	–	(61)
At 31 December 2018	94	52	–	146
At 1 January 2019	**94**	**52**	**–**	**146**
Additions	**6**	**4**	**1**	**11**
Transfers from intangible assets	**–**	**4**	**–**	**4**
Revaluation	**–**	**–**	**–**	**–**
Disposals	**–**	**(7)**	**–**	**(7)**
At 31 December 2019	**100**	**53**	**1**	**154**
Depreciation				
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
At 1 January 2019	**–**	**43**	**–**	**43**
Charge for the year	**2**	**4**	**–**	**6**
Revaluation	**(2)**	**–**	**–**	**(2)**
Disposals	**–**	**(7)**	**–**	**(7)**
At 31 December 2019	**–**	**40**	**–**	**40**
Net book value				
At 1 January 2019	**94**	**9**	**–**	**103**
At 31 December 2019	**100**	**13**	**1**	**114**
At 1 January 2018	97	9	–	106
At 31 December 2018	94	9	–	103

The disposals made during 2019 and 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 (2018: £nil). No assets have been pledged for security (2018: none).

Valuation of freehold property

The freehold property at 124 Horseferry Road, London SW1P 2TX was valued at 31 December 2019 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 £100 million (2018: £94 million). After additions made to the building during 2019 and depreciation charged on the open market value at 31 December 2019 (£2 million), a gain on revaluation of £2 million has been recognised in the statement of other comprehensive income (2018: loss of £4 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:

	2019 £m	2018 £m
Cost	**62**	62
Additions	**10**	4
Accumulated depreciation	**(27)**	(25)
Impairment	**(6)**	(6)
Net book value based on cost	**39**	35

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 2018	2	26	5	7	–	–	40
Additions	–	1	–	6	–	–	7
Acquisitions	–	–	–	–	27	1	28
Impairment	–	–	–	(8)	–	–	(8)
Disposals	–	(1)	–	–	–	–	(1)
At 31 December 2018	2	26	5	5	27	1	66
At 1 January 2019	**2**	**26**	**5**	**5**	**27**	**1**	**66**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers to property, plant and equipment	**–**	**–**	**–**	**(4)**	**–**	**–**	**(4)**
Disposal	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2019	**2**	**26**	**5**	**1**	**27**	**1**	**62**
Amortisation							
At 1 January 2018	–	26	5	–	–	–	31
Amortisation for the year	–	–	–	–	–	–	–
Disposal	–	(1)	–	–	–	–	(1)
At 31 December 2018	–	25	5	–	–	–	30
At 1 January 2019	**–**	**25**	**5**	**–**	**–**	**–**	**30**
Amortisation for the year	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Disposal	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2019	**–**	**25**	**5**	**–**	**2**	**–**	**32**
Carrying amount							
At 1 January 2019	**2**	**1**	**–**	**5**	**27**	**1**	**36**
At 31 December 2019	**2**	**1**	**–**	**1**	**25**	**1**	**30**
At 1 January 2018	2	–	–	7	–	–	9
At 31 December 2018	2	1	–	5	27	1	36

Goodwill represents goodwill arising on the acquisition of Global Series Network Limited ('GSN') on 30 July 2015. GSN holds the rights to the Walter Presents foreign language content transmitted across the Channel 4 portfolio.

Developed software represents amounts capitalised on internally developed computer software, principally in relation to the management of advertising and sponsorship revenues, and programme scheduling applications meeting the recognition criteria for internally generated intangible assets.

The network distribution rights and brands arose during 2018 on the acquisition of Box (see note 21).

11. Lease assets and liabilities

Right-of-use assets

	Property £m	Total £m
At 1 January 2019	1	**1**
Additions and changes in terms	2	**2**
Charge for the year	–	**–**
At 31 December 2019	**3**	**3**

The Group expenses short-term leases and low-value assets as incurred in accordance with the exemption permitted by IFRS 16. These expenses amounted to less than £0.1 million in 2019.

Lease liabilities

	Property £m	Total £m
Current		
Within one year	1	**1**
Non-current		
Between two to five years	1	**1**
Greater than five years	1	**1**
Total	**3**	**3**

The interest expense relating to lease liabilities under IFRS 16 was £nil in 2019.

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised at 17% (2018: 17%) reflecting the corporation tax rate substantively enacted as at 31 December 2019.

	Assets 2019 £m	Assets 2018 £m	**Liabilities 2019 £m**	Liabilities 2018 £m	**Net 2019 £m**	Net 2018 £m
Property, plant and equipment	**3**	3	**–**	–	**3**	3
Employee benefits	**13**	9	**–**	–	**13**	9
Trading losses	**6**	5	**–**	–	**6**	5
Channel 4 deferred tax assets	**22**	17	**–**	–	**22**	17
Temporary timing differences on acquired intangible assets	**–**	–	**(4)**	(5)	**(4)**	(5)
Group deferred tax assets/(liabilities)	**22**	17	**(4)**	(5)	**18**	12

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of:

	2019 £m	2018 £m
Carried forward capital losses	**1**	1
Carried forward trading losses	**12**	8
Tax assets	**13**	9

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). At 31 December 2019, based on long term forecasts, and in line with the Group's aim to remain commercially self-sustainable in the long term, management consider it probable that future taxable profit will be available against which to recognise these assets.

Notes to the consolidated financial statements (continued)

12. Deferred tax assets and liabilities continued

Movements in temporary differences during the year

The amount of deferred tax recognised in the income statement in respect of each type of temporary timing difference is as follows:

	Balance at 1 Jan 2019 £m	Recognised in income £m	Arising on acquisition £m	Recognised in other comprehensive income £m	Balance at 31 Dec 2019 £m
Property, plant and equipment	**3**	**–**	**–**	**–**	**3**
Employee benefits	**9**	**(2)**	**–**	**6**	**13**
Trading losses	**5**	**1**	**–**	**–**	**6**
Channel 4 deferred tax assets	**17**	**(1)**	**–**	**6**	**22**
Temporary timing differences on acquired intangible assets	**(5)**	**1**	**–**	**–**	**(4)**
Group deferred tax assets	**12**	**–**	**–**	**6**	**18**

	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**

13. Programme and film rights

	2019 £m	2018 £m
Programmes and films completed but not transmitted	**132**	122
Acquired programme and film rights	**68**	65
Programmes and films in the course of production	**91**	98
Total programme and film rights	**291**	285

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 14% (2018: 11%).

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 £660 million were recognised as expenses in the year across the main and digital television channels (2018: £662 million). Of this amount, obsolete programmes and developments written off totalled £26 million (2018: £29 million).

Programme and film rights include £33 million (2018: £32 million) in respect of developed film rights.

Notes to the consolidated financial statements (continued)

14. Trade and other receivables

	2019 £m	2018 £m
Trade receivables	**139**	133
Prepayments	**24**	18
Accrued income	**16**	16
Total trade and other receivables	**179**	167

There is no difference between the fair value and book value of trade and other receivables. Trade receivables are shown net of impairment charges amounting to £1 million (2018: £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 2019 was £1 million in line with the provision made during the year.

(ii) Counterparty
See interest rate risk and exposure in note 15.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the balance sheet date in relation to trade receivables was £139 million for the Group (2018: £133 million), with £7 million of other financial assets (2018: £48 million), and cash and cash equivalents of £130 million (2018: £132 million). The exposure to credit risk all arises in the UK.

Trade receivables of £139 million for the Group (2018: £133 million) were aged under six months and were not yet due under standard credit terms at the balance sheet date. £119 million of the receivables were insured at the balance sheet date (2018: £121 million) and £136 million (2018: £133 million) has been subsequently collected by the Group since the balance sheet date.

Notes to the consolidated financial statements (continued)

15. Treasury

	2019 £m	2018 £m
Bank balances	**37**	39
Money market funds[1]	**93**	83
Money market deposits maturing in less than three months	**–**	10
Cash and cash equivalents	**130**	132
Money market deposits maturing after three months	**–**	40
Investment funds	**7**	6
Restricted cash	**–**	2
Other financial assets	**7**	48

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

	2019 £m	2018 £m
Cash and cash equivalents at 1 January	**132**	115
Other financial assets at 1 January	**48**	75
Total cash reserves[1] at 1 January	**180**	190
Net cashflow (used in)/from operating activities	**(28)**	10
Net cashflow used in investing activities	**(15)**	(20)
Total cashflow	**(43)**	(10)
Cash and cash equivalents at 31 December	**130**	132
Other financial assets at 31 December	**7**	48
Total cash reserves[1] at 31 December	**137**	180

1 The Group presents Cash reserves as an alternative performance measure; an explanation of this APM is provided on page 184. Cash reserves represents the total of Cash and cash equivalents and Other financial assets above.

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 (2018: £1 million).

At the balance sheet date the Group had no debt and was not exposed to fluctuations in interest rates. In 2018 the Group entered into a revolving credit facility ('RCF'). The RCF is for a five-year term until March 2023 and provides £75 million of additional liquidity. The facility is unsecured and is committed with a single tangible net worth covenant.

15. Treasury continued
The interest rate profile of the Group's cash and deposits at 31 December 2019 and 31 December 2018 is set out below:

	Effective interest rate 2019 %	Effective interest rate 2018 %	**Total 2019 £m**	Total 2018 £m
Interest-bearing deposits maturing in less than three months held in Sterling	**0.7**	0.7	**126**	127
Interest-bearing deposits maturing in less than three months held in foreign currencies	**0.9**	1.5	**4**	5
Total cash and cash equivalents	**0.7**	0.7	**130**	132
Money market deposits maturing after three months held in Sterling	**–**	1.0	**–**	40
Investment funds	**1.0**	0.4	**7**	6
Restricted cash	**n/a**	n/a	**–**	2
Other financial assets		0.9	**7**	48

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 2019, the total net value of forward contracts used as economic hedges of monetary liabilities was £nil (2018: £nil). 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 2019 and 31 December 2018 is set out below:

	Maturity within 12 months of balance sheet date 2019 No.	Maturity within 12 months of balance sheet date 2018 No.	**Maturity more than 12 months after balance sheet date 2019 No.**	Maturity more than 12 months after balance sheet date 2018 No.	**Total 2019 No.**	Total 2018 No.
Forward contracts to purchase Euros	**–**	8	**–**	–	**–**	8
Total forward contracts with fixed maturity dates	**–**	8	**–**	–	**–**	8

It is estimated that if Sterling had strengthened/weakened by 10% at the balance sheet date against other currencies, with all other variables held constant, the Group's deficit before tax would have been £nil lower/higher (2018: £1 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)

16. Trade and other payables

	2019 £m	2018 £m
Trade payables	**38**	40
Taxation and social security	**1**	1
Other creditors	**49**	36
Accruals	**197**	200
Deferred income	**28**	20
VAT	**19**	16
Total trade and other payables	**332**	313

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 2019 and 2018.

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 2019, as calculated using average payable balances, was nine (2018: eight). 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.

17. Provisions

	Onerous lease/ dilapidations £m	Restructuring costs £m	Total £m
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
At 1 January 2019	**–**	**1**	**1**
Utilised in the year	**–**	**(1)**	**(1)**
Charged to the income statement	**–**	**2**	**2**
At 31 December 2019	**–**	**2**	**2**

Provisions have been analysed as current and non-current as follows:

	2019 £m	2018 £m
Current	**2**	1
Non-current	**–**	–
Total	**2**	1

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.

18. Commitments

2019	Due within 1 year £m	Due within 2–5 years £m	Due after 5 years £m	Total £m
Programme commitments	**385**	**303**	**1**	**689**
Transmission contracts	**37**	**108**	**71**	**216**
Total	**422**	**411**	**72**	**905**

2018	Due within 1 year £m	Due within 2–5 years £m	Due after 5 years £m	Total £m
Programme commitments	377	308	6	691
Transmission contracts	37	118	94	249
Total	414	426	100	940

Transmission contracts represent committed capacity costs for transmission on the digital terrestrial and satellite network. Committed payments for digital terrestrial transmission capacity costs amounted to £29 million in 2019 (2018: £30 million). The digital terrestrial transmission contracts expire between 2020 and 2031. Committed payments for satellite transmission capacity costs were £8 million in 2019 (2018: £15 million). The satellite transmission contracts expire in 2024.

In addition to the above, the Group is party to the shareholder agreement for Digital 3 and 4 Limited. The Group is committed to meeting its share of contracted costs entered into by that company. The Group's share of Digital 3 and 4 Limited's committed payments was £23 million in 2019 (2018: £23 million) and is forecast to be £24 million in 2020. Digital 3 and 4 Limited has entered into long-term distribution contracts that expire in 2022 and 2034 and the Group is committed to funding its contractual share.

The Group has commitments for further subscriptions for minority shareholdings in companies in the Indie Growth Fund due within one year as disclosed in note 7.

19. Employee benefits – pensions

During 2015, the Group operated a defined benefit pension scheme – the Channel 4 Television Staff Pension Plan (the 'Plan'), providing benefits based on final salary for employees. The scheme closed to future accrual with effect from 31 December 2015 without material impact to the Group's defined benefit obligation.

Nature of benefits, regulatory framework and governance

The Plan is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Trustees of the Plan are responsible for operating the Plan and have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interests of the beneficiaries of the Plan, and UK legislation (including Trust law). The employer has the power to set the contributions that are paid to the Plan, following advice from the scheme actuary. However, these must be agreed by the Trustees to the extent required by Part 3 of the Pensions Act 2004 (Scheme Funding).

Risks to which the Plan exposes the employer

The nature of the Plan exposes the employer to the risk of paying unanticipated additional contributions to the Plan in times of adverse experience. The most financially significant risks are likely to be:

- members living for longer than expected;
- higher than expected actual inflation and salary increase experience;
- lower than expected investment returns; and
- the risk that movements in the value of the Plan's liabilities are not met by corresponding movements in the value of the Plan's assets.

The sensitivity analysis disclosed on page 208 is intended to provide an indication of the impact on the value of the Plan's liabilities of the risks highlighted.

Plan amendments, curtailments and settlements

There have not been any material curtailments or settlements during the year.

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Investment strategy

The Trustees' primary objectives are that the Plan should meet benefit payments as they fall due; and that the Plan's funding position should remain at an appropriate level. The Trustees are aware that there are various measures of funding, and have given due weight to those considered most relevant to the Plan.

The Trustees' investment objective is to target an appropriate return on the Plan's assets to meet the objectives above whilst managing and maintaining investment risk, taking into account the strength of the employer covenant.

The Trustees, with the help of their advisers and in consultation with Channel 4, undertake a review of investment strategy from time to time. This includes consideration of the broad split between growth and matching assets, as well as asset class and asset manager arrangements.

The Trustees regularly seek advice from their investment adviser about the benchmark allocation and consider the impact of further opportunities to enhance the current investment strategy, taking into account market conditions and anticipated future 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 2019 focused on efficiently achieving returns. Due to new offerings in the liability driven investment (LDI) market, the Plan was able to increase its credit exposure and maintain its exposure to equities, whilst leaving the levels of interest rate and inflation liability matching broadly the same.

The 2019 review, which occurred in conjunction with the actuarial valuation as at 31 December 2018, resulted in the Plan:

- replacing its passive global equity allocation with equity-linked LDI (which maintained overall equity exposure);
- replacing part of the existing LDI allocation with credit-linked LDI (introducing credit exposure but, in combination with the above switch, maintaining overall liability matching); and
- increasing its allocation to absolute return bonds.

These changes increased the expected return of the investment portfolio whilst keeping the investment risk to an acceptable level.

In order to begin to tackle longevity risk (that is, the risk that members of the Plan live for longer than expected over time), the Trustees entered into a c. £45 million bulk annuity policy with Just Retirement in March 2018. This provides income to match the requirements of certain pensioner liabilities (providing protection against interest rates, inflation and longevity risks).

19. Employee benefits – pensions continued

Amounts recognised in the consolidated balance sheet

	2019 £m	2018 £m
Present value of funded obligations	(532)	(461)
Fair value of Plan assets	453	405
Recognised liability for defined benefit obligations	(79)	(56)

Movements in the fair value of Plan assets recognised in the balance sheet:

	2019 £m	2018 £m
Fair value of scheme assets at 1 January	405	439
Interest income on Plan assets	12	10
Return on Plan assets (excluding amounts in interest income)	43	(29)
Employer contributions net of charges	11	11
Benefits paid	(18)	(26)
Fair value of scheme assets at 31 December	453	405

The fair value of the Plan assets at the balance sheet date is comprised as follows:

	2019 £m	2018 £m
Overseas and emerging markets equity	46	66
Total equity securities	46	66
Corporate bonds	87	53
Infrastructure	47	46
Total debt securities	134	99
Multi-asset absolute return	35	32
Liability driven investments	141	163
Total investment funds	176	195
Cash and cash equivalents	58	8
Annuity policy buy-in	39	37
Fair value of scheme assets at 31 December	453	405

The Plan assets do not include any directly or indirectly owned financial instruments issued by the Corporation. The valuation of the assets above is based on Level 1 inputs in the IFRS 13 fair value hierarchy, with the exception of the annuity policy buy-in which is valued in line with relevant Level 2 inputs.

All equities and bonds are held as part of investment portfolios which have quoted prices in active markets.

Movements in the present value of scheme liabilities for defined benefit obligations recognised in the balance sheet:

	2019 £m	2018 £m
Present value of scheme liabilities at 1 January	461	506
Interest expense on pension scheme liabilities	13	12
Remeasurement deficit on plan liabilities arising from changes in demographic assumptions	(7)	–
Remeasurement deficit on plan liabilities arising from changes in financial assumptions	69	(35)
Experience remeasurement	14	3
GMP equalisation	–	1
Benefits paid	(18)	(26)
Present value of scheme liabilities at 31 December	532	461

Notes to the consolidated financial statements (continued)

19. Employee benefits – pensions continued

Expenses recognised in the income statement arose as follows:

	2019 £m	2018 £m
Net interest expense	**1**	2
Other administrative expenses	**–**	1
Net charge to income statement	**1**	3

Following a high court ruling during 2018 regarding the gender equalisation of guaranteed minimum pensions, the Group 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:

	2019 £m	2018 £m
Remeasurement (deficit)/gain on plan liabilities	**(76)**	32
Remeasurement gain/(deficit) on plan assets (excluding amounts in interest income)	**43**	(29)
Net remeasurement (deficit)/surplus on pension scheme	**(33)**	3

The cumulative amount of net remeasurement deficits/gains recognised in the statement of changes in equity since transition to IFRS is a £144 million deficit (2018: £111 million deficit).

Principal actuarial assumptions at the balance sheet date

	2019 %	2018 %
Discount rate	**2.05**	2.85
Rate of increase in salaries	**2.95**	2.70
Rate of increase in pensions	**2.90**	3.10
Inflation	**2.95**	3.20

	2019 years	2018 years
Life expectancy from 65 (now aged 45) – male	**23.4**	23.9
Life expectancy from 65 (now aged 45) – female	**26.0**	26.4
Life expectancy from 65 (now aged 65) – male	**22.2**	23.2
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 2019:

	Revised present value of scheme liabilities £m
0.5% decrease in discount rate	**591**
1 year increase in life expectancy	**553**
0.5% increase in salary assumptions	**537**
0.5% increase in inflation (and inflation-linked) assumptions	**577**

The sensitivities disclosed are calculated using approximate methods taking into account the duration of the Plan's liabilities.

19. Employee benefits – pensions continued

Funding arrangements

The Plan was closed to future accrual with effect from 31 December 2015. The Corporation's contributions to the scheme are determined by a qualified independent actuary (the 'Actuary to the Plan') on the basis of triennial valuation using the projected unit method. The most recent triennial valuation was carried out as at 31 December 2018. The results of the valuation at 31 December 2018 showed that the scheme's assets represented 75% of the benefits that had accrued to Members, reflecting a deficit of £134 million. The next triennial valuation will be carried out as at 31 December 2021.

Following the valuation and discussions with the Actuary to the Plan, the Trustees and the Board agreed a revised schedule of contributions to reduce the Plan's funding deficit of £9 million per annum from January 2020 until August 2028.

The weighted average duration of the Plan's defined benefit obligation is approximately 22 years. The majority of the Plan's benefits are to be paid as annuities from retirement of a Member until their death.

In accordance with the fund rules, the Corporation can realise any surplus on the winding up of the scheme after all other benefits have been paid. As a result, no adjustment is required in respect of IFRIC 14 'IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.'

20. Related party transactions

Members

Details of transactions in which Members have an interest are disclosed in the Report of the Members (page 150).

Details of Members' remuneration are shown in the Members' Remuneration Report (page 166).

Joint ventures and associates

Details of transactions between the Group and its joint ventures and associates as at 31 December 2019 are disclosed in note 7.

Other

The Group also contributes to the funding of the following organisations, each of which is incorporated in the United Kingdom. The table below presents the Group's ownership of the entities, or legal guarantee (indicated with *), and transactions with them during the year.

				Services received		Funding and services provided	
Name	Nature of business	Share class	Ownership interest	**2019 £m**	2018 £m	**2019 £m**	2018 £m
Broadcasters' Audience Research Board Limited	Research	*	–	**–**	–	**2**	2
Clearcast Limited	Regulator	Ordinary, deferred	25.0%	**–**	–	**1**	1
Digital 3 and 4 Limited	Operator	'A' Ordinary	50.0%	**1**	2	**24**	23
DTV Services Limited	Marketing	Ordinary	20.0%	**7**	7	**4**	5
Digital UK	Marketing	*	–	**–**	–	**2**	2
Thinkbox Limited	Marketing	Ordinary	20.0%	**1**	1	**2**	2
YouView Limited	Platform	Voting, non-voting	14.3%	**–**	–	**1**	1

The Group had £3 million trade payables remaining with the organisations listed above at 31 December 2019 (2018: £nil). No dividends were received in 2019 (2018: £nil) from any of the related parties listed above.

These related party disclosures are also applicable to the Channel 4 financial statements.

Notes to the consolidated financial statements (continued)

21. Business combinations

Global Series Network Limited ('GSN')

On 1 January 2019 Channel 4 acquired the remaining 20% holding in GSN for £4 million which comprised cash of £2 million and deferred consideration of £2 million. GSN had been accounted for (following the acquisition of the previous 80% shareholding in 2015) as a subsidiary and fully consolidated into the Group's financial statements. This resulted in an adjustment to the previous non-controlling interest, recognised in other comprehensive income:

Equity adjustment on change in non-controlling interest

	£m
Carrying value of non-controlling interest	–
Consideration on date of acquisition	2
Deferred consideration	2
Adjustment to parent's equity	**4**

The Box Plus Network Limited ('Box')

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. Channel 4 acquired the previous 50% shareholding in Box in 2007. In acquiring the remaining 50% of the business, the Group obtained control of Box and 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 was treated as a step acquisition and is recognised in the consolidated financial statements for 2018 as:

- **the remeasurement (to fair value) and subsequent disposal of the existing holding in Box**

The fair value of the Group's previous holding was estimated to be £12 million. This remeasurement led 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:

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**

From 31 December 2018 Box has been 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 was based on the fair value of the business's identifiable assets and liabilities acquired. The Group 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 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.

Based on the external assessment of the fair value of Box's identifiable net assets, a gain on bargain purchase arose on the transaction, recognised in the income statement on the acquisition date in 2018 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**

22. Post Balance Sheet Events ('PBSE')

In March 2020, Channel 4 drew down its full £75 million revolving credit facility to provide additional liquidity if required as a response to the Covid-19 pandemic and its impact on the TV advertising market.

The financial impact on the Group of the Covid-19 pandemic is considered on page 144. Management's assessment is that the pandemic should not be considered an adjusting event for the 2019 financial statements and that recovery is at too early a stage to quantify the overall impact on the valuation of the Group's net assets. We have summarised below the balance sheet items which may be subject to material changes in valuation as a result of the economic challenges resulting from the outbreak:

Investments – Commercial Growth Fund

Certain investees within our Commercial Growth Fund have been severely affected by restrictions on their business as a result of government lockdown measures. Our investments in these entities are carried at fair value and are therefore required to be revalued at each reporting period end. At 31 December 2019, the fair value of these investments was £20m. Management anticipate that the fair value of investments will change as a result of the impact of Covid-19 on certain investees, but do not expect a material net impact on the value of the Fund at 31 December 2020.

Property, plant and equipment – freehold land and buildings

Our Horseferry Road building (which is currently valued at £100m) will be revalued as at 31 December 2020; it is too early at the date of this report to quantify the impacts of Covid-19 and recession in the UK on the value of this property, but it is possible that any continuing factors could lead to a material decrease in its value. Our valuation exercise later in the year will show any such change and we will continue to monitor the market indicators.

Intangible assets – network distribution rights

The intangible asset recognised in relation to certain acquired network distribution rights (currently valued at £25m) is reviewed for indicators on impairment annually in line with IAS 36 'Impairment of Assets'. No indicators of impairment were noted as at 31 December 2019 and so no detailed impairment testing was considered necessary. It is possible that if a similar review was performed as at the date of signing these financial statements that indicators of impairment would be present as a result of the current economic downturn, and therefore a detailed impairment review would be required. This asset forms part of a wider cash generating unit ('CGU'), and it cannot be quantified as at the date of signing what change (if any) there may in the recoverable amount for the CGU as a whole (or how this might be allocated to the intangible asset). We will review the network distribution rights again for indicators of impairment on 31 December 2020 in line with IAS 36.

Deferred tax assets

Management applies estimates in calculating the Group's deferred tax assets with regards to the level of future taxable surpluses that are expected and against which the assets will be utilised. Due to current economic uncertainty, future iterations of these estimates could be materially different to those currently applied, which creates the risk of a material change in the valuation of (or full derecognition of) the Group's deferred tax asset (recognised at £18m as at 31 December 2019).

Programme and film rights

Although Channel 4 has announced reductions to its content budget in 2020 as a result of the Covid-19 crisis and production was largely paused for several months during lockdown, we maintain a content schedule and cashflow budget that is agile and carefully managed to react to a range of revenue scenarios and we have an ability to defer content when required. Therefore management do not anticipate material write downs in the valuation of the Group's programme or film rights as a result of the Covid-19 outbreak.

Employee benefits – pensions

The actuarial valuation of the pension liability reflected in the financial statements was £79m as at 31 December 2019. The outbreak of coronavirus has subsequently caused significant volatility in financial markets, with a dramatic fall in global stock markets and bond yields. Equities are particularly volatile, as are high yield bond and high risk debt markets. However, government bonds have seen strong performance, pushing yields lower, as investors seek safer assets and the effects of quantitative easing are felt. The Plan's investments have reflected some of this volatility, albeit with some protection against adverse market movements given the Plan's investments are weighted towards matching assets.

Corporate bond yields, on which the Plan's discount rate is based, have also been volatile, with increases over the levels seen at the year-end in March, before falls since. Whilst a fall in the discount rate will place a higher value on pension liabilities, this is likely to be offset somewhat by falls in the level of expected inflation since the year-end.

Channel 4 balance sheet

as at 31 December

	Group note	Channel 4 note	2019 £m	2018 £m
Assets				
Property, plant and equipment	9		**114**	103
Intangible assets		2	**2**	6
Right-of-use asset	11		**3**	–
Investments in subsidiaries and joint ventures		3	**23**	23
Deferred tax assets	12		**22**	17
Total non-current assets			**164**	149
Programme and film rights		4	**289**	280
Trade and other receivables		5	**174**	161
Other financial assets		6	**7**	48
Cash and cash equivalents		6	**125**	127
Total current assets			**595**	616
Total assets			**759**	765
Liabilities				
Employee benefits – pensions	19		**(79)**	(56)
Lease liabilities	11		**(3)**	–
Total non-current liabilities			**(82)**	(56)
Trade and other payables		7	**(441)**	(425)
Provisions	17		**(2)**	(1)
Total current liabilities			**(443)**	(426)
Total liabilities			**(525)**	(482)
Net assets			**234**	283
Revaluation reserve			**56**	54
Retained earnings:				
Content reserve			**–**	20
Other retained earnings			**178**	209
Total equity			**234**	283

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A deficit of £24 million has been recognised in relation to the Corporation in 2019.

The financial statements on pages 212 to 217 were approved by the Members of the Board on 28 September 2020 and were signed on its behalf by:

Charles Gurassa
Chair

Alex Mahon
Chief Executive

The notes on pages 215 to 217 form part of these financial statements.

Channel 4 statement of changes in equity

for the year ended 31 December

	Retained earnings			
	Other retained earnings £m	Content reserve £m	Revaluation reserve £m	Total equity £m
At 1 January 2018	216	20	58	294
Deficit for the year	(10)	–	–	(10)
Net remeasurement deficit on pension scheme	3	–	–	3
Revaluation of freehold land and buildings	–	–	(4)	(4)
Total comprehensive (cost)/income for the year	(7)	–	(4)	(11)
At 31 December 2018	209	20	54	283
At 1 January 2019	209	20	54	283
Deficit for the year	**(24)**	**–**	**–**	**(24)**
Net remeasurement surplus on pension scheme	**(33)**	**–**	**–**	**(33)**
Deferred tax on pension	**6**	**–**		**6**
Revaluation of freehold land and buildings	**–**	**–**	**2**	**2**
Total comprehensive cost for the year	**(51)**	**–**	**2**	**(49)**
Reserve transfer	**20**	**(20)**	**–**	**–**
At 31 December 2019	**178**	**–**	**56**	**234**

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 180 to 211. As permitted by Financial Reporting Standard 101, the Corporation has not presented its own cashflow statement and has not provided the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A deficit of £24 million (2018: £10 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 184 to 189, except as stated below.

In preparing these financial statements the Corporation has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include disclosure of related party transactions with other wholly owned members of the Group headed by the Corporation. Details of transactions between the Group and its related parties are disclosed in Group note 20 on page 209.

Investments in subsidiaries

Investments in subsidiaries are carried at historical cost less provision for impairment.

Investments in associates and joint ventures

Investments in associates and joint ventures are carried at historical cost less provision for impairment.

Equity investments

Equity investments represent equity holdings without significant influence. Equity investments are normally carried at fair value. Where an active market value is not available, the Members believe that valuation at cost less provision for impairment is a reasonable approximation of fair value.

Trade and other receivables

Trade receivables are reflected net of any expected credit loss.

Critical accounting judgements and sources of estimation uncertainty

The critical accounting judgements made by management and the sources of estimation uncertainty in the application of IFRS that have a significant risk of material adjustment on the financial statements of the Corporation are considered to be programme and film rights amortisation and the classification of transponder assets as service contracts under IFRS 16, as disclosed for the Group on page 184.

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 2019 are presented in note 3 to the consolidated financial statements on page 191.

Staff costs

All staff costs are borne by Channel 4 and are presented in note 4 to the consolidated financial statements on page 192 and in the Members' Remuneration Report on pages 164 to 172.

The average monthly number of employees of the Corporation is 854 (2018: 844).

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 2018	26	7	33
Additions	1	6	7
Disposal	(1)	–	(1)
Impairment	–	(8)	(8)
At 31 December 2018	26	5	31
At 1 January 2019	**26**	**5**	**31**
Additions	**–**	**–**	**–**
Transfer to property, plant and equipment	**–**	**(4)**	**(4)**
Disposal	**–**	**–**	**–**
At 31 December 2019	**26**	**1**	**27**
Amortisation			
At 1 January 2018	26	–	26
Amortisation for the year	–	–	–
Disposal	(1)	–	(1)
At 31 December 2018	25	–	25
At 1 January 2019	**25**	**–**	**25**
Amortisation for the year	**–**	**–**	**–**
Disposal	**–**	**–**	**–**
At 31 December 2019	**25**	**–**	**25**
Carrying amount			
At 1 January 2019	**1**	**5**	**6**
At 31 December 2019	**1**	**1**	**2**
At 1 January 2018	–	7	7
At 31 December 2018	1	5	6

Notes to the Channel 4 financial statements (continued)

3. Investments

Subsidiary undertakings and joint ventures

The cost of investments at 31 December is:

	2019 £000	2018 £000
4 Ventures Limited	**1**	1
The Box Plus Network Limited	**23,000**	23,000

The subsidiary undertakings incorporated in the United Kingdom at 31 December 2019 are as follows. Where the Members have taken the exemption under Companies Act s479A from having an audit of the financial statements for subsidiaries controlled and consolidated by the Group, this is noted below:

Name	Nature of business	Issued ordinary £1 shares	Ownership interest
Registered office address is: 124 Horseferry Road, London SW1P 2TX			
4 Ventures Limited[1]	Intermediate holding company and non-primary function activities	1,000	100%
Film Four Limited[1,2]	Film distribution	1,000	100%
Channel Four Investments Limited[1,2]	Indie Growth Fund	1	100%
The Box Plus Network Limited[1]	Music TV channels	1,000	100%
Global Series Network Limited[1,2]	TV and film distribution	2,000	100%
Channel Four Television Company Limited	Non-trading	100	100%
Channel Four Racing Limited[2]	Non-trading	2	100%
E4.com Limited[2]	Non-trading	1,000	100%
E4 Television Limited[2]	Non-trading	1,000	100%
Film on Four Limited[2]	Non-trading	100	100%
Four Ventures Limited[2]	Non-trading	1,000	100%
Sport on Four Limited[2]	Non-trading	2	100%

Name	Nature of business	Issued 'A' ordinary shares of £1,000 each	Ownership interest
Registered office address is: 35 Soho Square, 6th Floor, Soho Square, London W1D3QX			
GSN Holdings International Limited[1]	TV and film distribution	1,000	82.5%

1 Exemption from audit of subsidiary financial statements taken by the Members
2 Indirect shareholding through 4 Ventures Limited.

Associated undertakings

For the Corporation's indirect shareholdings in the Indie Growth Fund through Channel Four Investments Limited and European Broadcast Exchange ('EBX') Limited, refer to Group note 7.

For the Corporation's indirect shareholdings in the Commercial Growth Fund through 4 Ventures Limited, refer to Group note 8.

4. Programme and film rights

	2019 £m	2018 £m
Programmes and films completed but not transmitted	**133**	121
Acquired programme and film rights	**65**	61
Programmes and films in the course of production	**91**	98
Total programme and film rights	**289**	280

Certain programme and film rights may not be utilised within one year as disclosed in note 13 to the consolidated financial statements.

Notes to the Channel 4 financial statements (continued)

5. Trade and other receivables

	2019 £m	2018 £m
Trade receivables	**135**	132
Prepayments	**24**	17
Accrued income	**15**	12
Total trade and other receivables	**174**	161

6. Treasury

	2019 £m	2018 £m
Bank balances	**32**	34
Money market funds	**93**	83
Money market deposits maturing in less than three months	**–**	10
Cash and cash equivalents	**125**	127
Money market deposits maturing after three months	**–**	40
Investment funds	**7**	6
Restricted cash	**–**	2
Other financial assets	**7**	48

7. Trade and other payables

	2019 £m	2018 £m
Trade payables	**37**	39
Taxation and social security	**1**	1
Other creditors	**52**	37
Amounts due to subsidiaries	**118**	120
Accruals	**186**	193
Deferred income	**27**	20
VAT	**20**	15
Total trade and other payables	**441**	425

8. Post Balance Sheet Events ('PBSE')

The Post Balance Sheet Events disclosed in Group note 22 are also considered to be applicable to the Corporation's financial statements.

The Corporation's investment in Box is held at historical cost less provision for impairment, and currently valued at £23m. No indicators of impairment were noted as at 31 December 2019 and so no detailed impairment testing was considered necessary. It is possible that if a similar review was performed as at the date of signing these financial statements that indicators of impairment would be present as a result of the current economic downturn, and therefore a detailed impairment review would be required.

Historical metrics 2014–2019

	Page ref	2014	2015	2016	2017	**2018**	**2019**
Creativity							
Commissioning success							
Originated content spend (£m)	85, 134	430	455	501	510	489	**492**

Engaging audiences	Page ref	2014	2015	2016	2017	2018	2019
Portfolio high peak-time viewing share (8-11pm)		12.5%	12.9%	12.5%	12.7%	12.6%	**12.2%**
Portfolio viewing share ABC1s		10.9%	11.0%	10.8%	10.8%	10.4%	**10.1%**
Portfolio viewing share 16-34-year-olds	109	17.0%	16.5%	16.2%	16.4%	15.9%	**15.7%**
Channel 4 viewing share	108, 135	5.9%	5.9%	5.9%	5.9%	5.9%	**5.8%**
Portfolio viewing share	108, 135	10.9%	10.6%	10.5%	10.5%	10.2%	**9.9%**
Portfolio 15-minute reach	107	85.2%	83.8%	83.5%	81.4%	78.7%	**75.8%**
Digital VoD views (m)	108, 135	492	512	620	727	915	**995**
Registered viewers (m)[1]	16	11.3	13.1	14.9	16.6	19.6	**22.2**

1 Registered viewers are net of duplicate and active users within the last two years.

Sustainability Financial metrics	Page ref	2014	2015	2016	2017	2018	2019
Corporation revenue (£m)	180	938	979	995	960	975	**985**
Digital revenues (£m)	190	63	82	102	124	138	**163**
Content spend (£m)	190	602	629	695	675	662	**660**
Year end cash reserves (£m)	182, 202	222	252	215	190	180	**137**
Other Commercial Revenue (£m)	190	57	37	39	38	46	**50**
Pre-tax surplus/(deficit) (£m)	180	4	26	(15)	(17)	5	**(26)**

Ad sales measures	Page ref	2014	2015	2016	2017	2018	2019
Sales House SONAR	220	25.9%	26.4%	26.6%	26.1%	26.1%	**25.7%**
TV advertising and sponsorship revenue (£m)	190	819	859	853	798	791	**772**
SOCI portfolio high peak-time (8-11pm)		19.1%	19.7%	19.1%	18.7%	17.9%	**17.6%**
SOCI portfolio ABC1s		18.2%	18.5%	17.9%	17.5%	16.6%	**16.2%**
SOCI portfolio 16-34-year-olds		23.3%	22.5%	21.5%	21.4%	20.8%	**20.9%**
SOCI portfolio		16.6%	16.2%	15.6%	15.4%	14.7%	**14.3%**

Historical metrics 2014–2019 (continued)

	2014	2015	2016	2017	2018	**2019**
Performance versus competitors						
Portfolio viewing share						
Channel 4	10.9%	10.6%	10.5%	10.5%	10.2%	**9.9%**
BBC	33.1%	32.8%	32.1%	31.6%	30.9%	**30.7%**
ITV	22.0%	21.2%	21.3%	21.7%	23.2%	**23.2%**
Channel 5	5.9%	6.0%	6.2%	6.5%	6.3%	**6.5%**

Source: BARB all individuals.

Portfolio high peak-time viewing share 8-11pm

Channel 4	12.5%	12.9%	12.5%	12.7%	12.6%	**12.2%**
BBC	33.3%	33.0%	32.1%	31.3%	29.6%	**30.3%**
ITV	24.0%	22.9%	23.5%	23.6%	25.2%	**24.6%**
Channel 5	7.0%	7.1%	7.3%	7.5%	7.2%	**7.3%**

Source: BARB all individuals.

SOCI portfolio

Channel 4	16.6%	16.2%	15.6%	15.4%	14.7%	**14.3%**
ITV	36.2%	34.9%	34.4%	34.5%	36.1%	**35.7%**
Channel 5	9.5%	9.3%	9.2%	9.4%	8.9%	**9.0%**
Sky	25.6%	24.7%	24.8%	25.5%	26.1%	**26.1%**

Source: Techedge.

SOCI portfolio ABC1s

Channel 4	18.2%	18.5%	17.9%	17.5%	16.6%	**16.2%**
ITV	34.6%	33.7%	33.7%	34.0%	35.7%	**35.3%**
Channel 5	8.7%	8.5%	8.6%	8.8%	8.8%	**8.9%**
Sky	25.8%	24.0%	23.6%	24.0%	24.2%	**24.8%**

Source: Techedge.

SOCI portfolio 16-34-year-olds

Channel 4	23.3%	22.5%	21.5%	21.4%	20.8%	**20.9%**
ITV	26.3%	26.2%	27.3%	28.8%	32.4%	**32.9%**
Channel 5	7.7%	7.6%	8.4%	8.4%	8.0%	**8.0%**
Sky	30.1%	26.4%	25.5%	24.8%	24.1%	**24.8%**

Source: Techedge.

Historical record

	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	**2019 £m**
Consolidated results											
Revenue	830	935	941	925	908	938	979	995	960	975	**985**
Operating surplus/(deficit)	4	49	41	(29)	(15)	4	24	(18)	(25)	8	**(27)**
Net financial income/(expense)	(2)	2	2	1	(1)	(1)	(1)	–	(1)	–	**(1)**
Gain on sale of investment	–	–	–	–	–	–	–	–	8	1	**4**
Share of profit/(loss) in joint venture/investments	–	3	2	1	–	1	3	3	1	–	**(2)**
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	**(26)**
Taxation	(2)	(15)	(10)	–	1	(1)	–	(3)	2	(2)	**1**
Surplus/(deficit) for the year	**–**	**39**	**35**	**(27)**	**(15)**	**3**	**26**	**(18)**	**(15)**	**3**	**(25)**

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	**2019 £m**
Channel 4 Sales House	707	819	939	916	935	967	1,047	1,056	1,002	994	**950**
Other	2,179	2,490	2,442	2,430	2,616	2,770	2,922	2,908	2,830	2,820	**2,747**
Total broadcast	**2,886**	**3,309**	**3,381**	**3,346**	**3,551**	**3,737**	**3,969**	**3,964**	**3,832**	**3,814**	**3,697**
	%	%	%	%	%	%	%	%	%	%	%
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	**25.7**
Other share	75.5	75.2	72.2	72.6	73.7	74.1	73.6	73.4	73.9	73.9	**74.3**
Total	**100.0**	**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 %	**2019 %**
BBC	32.6	32.9	32.9	33.6	32.4	33.1	32.8	32.1	31.6	30.9	**30.7**
ITV	23.1	22.9	23.1	22.4	23.1	22.0	21.2	21.3	21.7	23.2	**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	**9.9**
Channel 5	6.1	5.9	5.9	6.0	6.0	5.9	6.0	6.2	6.5	6.3	**6.5**
Other	26.7	26.9	26.5	26.5	27.5	28.1	29.4	29.9	29.7	29.4	**29.7**
Total	**100.0**	**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 %	**2019 %**
BBC One	20.9	20.8	20.7	21.3	21.0	21.7	21.9	22.0	21.8	21.3	**20.9**
BBC Two	7.5	6.9	6.6	6.1	5.8	6.1	5.7	5.9	5.8	5.8	**5.7**
ITV and GMTV	17.9	17.0	16.6	15.7	16.2	15.6	15.0	15.4	15.5	16.9	**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	**5.8**
Channel 5	4.9	4.5	4.4	4.5	4.4	4.4	4.2	4.1	4.2	4.0	**4.0**
Other	41.4	43.8	44.9	45.8	46.5	46.3	47.3	46.7	46.8	46.1	**46.7**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: BARB all individuals

Channel Four Television Corporation