Strategic key performance indicators

Digital advertising revenue

£346m (34%)

Significantly ahead of 30% target

Description and significance

Digital advertising revenue reflects revenues generated from advertising on Channel 4's own and third-party streaming platforms. This is monitored both in absolute terms and as a percentage of total Corporation revenues. Diversifying our advertising revenues is a key pillar of our strategy, reflecting the changing viewing environment that Channel 4 operates in, and is aimed at ensuring future sustainability. In 2020 we set a clear commercial target: digital advertising revenue to be at least 30% of total revenue by 2025, with Fast Forward going further to target 50% by 2030.

Analysis

- Channel 4's strategic focus on accelerating digital success has continued to pay dividends. At 34% of total revenue, digital advertising was significantly ahead of our 30% target despite intense competition, and increased by 13% year on year
- This included nearly doubling our revenues from YouTube, reflecting our broader Fast Forward focus on reaching audiences wherever they choose to watch

Non-advertising revenue

£105m (10%)

Boosted by Firecrest Films acquisition

Description and significance

Non-advertising revenue includes all revenues not generated directly through either paid for linear or digital advertising – including (but not limited to) from Channel 4 Ventures, rights income, distribution, theatrical, and production revenues. This metric also reflects new revenue streams developed as part of our Future4 strategy and continuing under Fast Forward. Non-advertising revenue is monitored both in absolute terms and as a percentage of total Corporation revenues. Diversifying our revenues, and developing new revenue streams outside of our advertising business, are key pillars of our strategy, aimed at ensuring future sustainability. In 2020 we set a clear commercial target: non-advertising revenue to be at least 10% of total revenue by 2025.

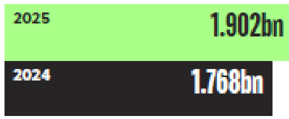
Analysis

- As Channel 4 diversified its revenue base via the Fast Forward strategy during 2025, non-advertising revenue grew to 10% of total revenue (2024: 9%)
- This growth mainly reflected Channel 4's acquisition of Firecrest Films during the year, contributing £5 million of revenue during 2025

Programme streaming views

1.9bn

8% year-on-year growth (slightly behind target)



Description and significance

A streaming view occurs when a full-length programme or clip is accessed on our Channel 4 on-demand platform (as well as long-form views on our Channel 4 YouTube platform). Doubling streaming viewing by 2025 (versus our baseline of 995 million views in 2019) has been a central goal of our strategy, to ensure that Channel 4 remains relevant in an increasingly digital viewing landscape. Streaming views measure our success in attracting viewing to our on-demand platforms in the face of competition, both from traditional broadcasters and global giants.

Analysis

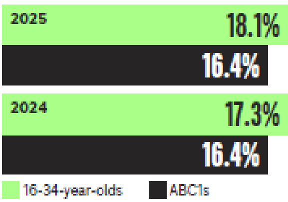
- A digital-first focus across the organisation continues to drive results and another strong year of growth, with 1.9 billion views reached for the year (2024: 1.8 billion)

Share of commercial impacts

18.1% (16-34-year-olds)

16.4% (ABC1s)

Standout growth in 16-34-year-olds, up 0.8 percentage points year on year



Description and significance

Share of commercial impacts ('SOCI') measures our share of the commercial linear viewing audience, and specifically of commercial impacts (one member of a target audience viewing one advert). Channel 4 focuses on its portfolio SOCI across the two target audiences that make up its key demographic – 16-34-year-olds and ABC1s. SOCI is a clear indicator of linear viewing performance, and additionally (unlike a broader general share of viewing metric) acts as an indicator of how viewing translates to revenue generation through the advertising we sell.

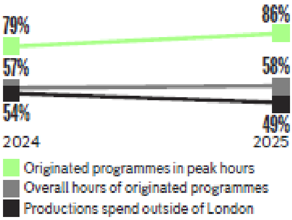
Analysis

- While the linear-to-digital tipping point is still on the horizon for the overall market, it has already arrived for younger audiences. However, Channel 4, as well as growing streaming among younger audiences, also grew portfolio SOCI across 16-34-year-olds, ahead of expectations, and this closed 2025 at 18.1% (2024: 17.3%). This was a Commercial PSB market-leading delivery driven by hit shows such as *Virgin Island*, *Patience*, the return of *Educating Yorkshire*, *UEFA European Under-21 Men's Championship* and a rejuvenated *Bake Off*
- Portfolio SOCI for ABC1s was consistent with prior year at 16.4%

Ofcom requirements

EXCEEDED

Another year of over-delivery against our licence obligations



Description and significance

As a public service media organisation, the Channel 4 main service is set various licence obligations by Ofcom. Targets are set for a range of production and transmission measures; our delivery against these targets is set out on page 60.

Analysis

- During 2025, the main channel achieved 58% of overall hours of originated programmes (target: 45%) and 86% in peak-time hours (target: 70%). As shown on page 60, we also achieved 49% of programme production spend outside London (target: 35%) and 10% of programme production spend in the Nations (target: 9%)

Financial key performance indicators

Revenue outperformed the advertising market decline of 4% year on year and we controlled non-content costs to maintain our investment in British IP.

- **Streaming views** grew by 8%, driven by continued focus on digital first
- **Digital advertising revenue** at 34% of total, exceeding the 2025 target of 30%
- **Deficit of -£10m** in line with 2024, with discipline on non-content costs mitigating the revenue decline, protecting content spend in line with our remit

Corporation revenues

£1.03bn

Broadly in line with 2024

2025	£1.027bn
2024	£1.036bn

Description and significance
Corporation revenues represent Channel 4's total trading income for the year across all revenue sources, from traditional advertising to diversified revenue sources. While Channel 4 transacts advertising sales on behalf of our partners UKTV and Warner Bros. Discovery, we only recognise our commission on these sales within Corporation revenues.

Analysis
- Despite the challenging advertising market, digital advertising revenue grew by 13% against 2024 to £346 million (2024: £306 million)
- Total revenue from advertising (linear and digital) of £922 million outperformed the market decline of 4%, reducing by 2% (2024: £941 million)
- The challenging trading environment underlines the importance of diversifying Channel 4's revenues, with 44% of revenue now generated from non-linear streams (2024: 39%), helping to mitigate the linear advertising market constraints

Content spend

£640m

Continuing to invest in British IP

2025	£640m
2024	£643m

Description and significance
Channel 4's unique creative remit is funded solely from commercial revenues, and we seek to optimise returns from our commercial activities and minimise our overheads in order to maximise our spend on screen. Our headline content spend metric quantifies creative investment making its way on screen during the financial year, with cash investment throughout the commissioning pipeline captured on the Group's balance sheet during the lead time to broadcast.

Analysis
- Despite the reduction in advertising revenue, we continued to protect content spend in the UK
- We continued to prioritise investment in homegrown content and genres that drive streaming growth while ensuring all Ofcom licence obligations were met or exceeded. Regarding Ofcom licence obligations, we met our Nations and Regions quota of 35%, but at 49% we were marginally below our voluntary target of 50%

Pre-tax deficit

-£10m

Remaining disciplined on non-content costs

*After exceptional restructuring expenses of £10 million.

Description and significance
As a not-for-profit public service media organisation, our aim is to be commercially self-sufficient in the long term, generating surpluses and maintaining a strong balance sheet. This model allows us to ensure that surpluses are appropriately reinvested as they arise, planning deficits in certain years (for example, to make upfront investment in digital transformation via our Fast Forward strategy). Clear decision-making parameters are in place to ensure a surplus/cash-positive position over the financial planning cycle as a whole. Adjusting for exceptional items where these arise provides stakeholders with additional relevant information to ensure transparency around the underlying performance of the business.

Analysis
- Channel 4 revenue performed better than the overall advertising market decline with a marginal reduction in revenue, and a modest £2 million reduction in the pre-tax deficit. Before exceptional items, the deficit before tax increased by £8 million to £10 million (2024: £2 million), mainly due to a gain on sale of investments in 2024 not repeated in 2025
- This performance was underpinned by another year of strong digital revenue growth which, combined with tightly controlling non-content other operating expenditure (£49 million; 2024: £47 million), meant we were able to continue to invest in content in line with 2024 and our remit

Net cash reserves

£49m

Cash outflow due to deficit, working capital and pension movements

Description and significance
Net cash reserves reflect the sum of the Group's cash and cash equivalents and other financial assets, net of any cash borrowings if these exist at the balance sheet date. Net cash reserves are presented as an alternative performance measure with further details provided on page 147. Channel 4's net cash reserves and borrowing facilities are representative of our capacity for investment in our strategy and resilience in the event of future economic shocks.

Analysis
- Our closing cash position of £49 million (2024: £111 million) provides resilience amid continued economic uncertainty
- The year-on-year cash reduction reflects investment in our programme and film rights (-£22 million), the 2025 deficit after tax (-£16 million), pension contributions (-£10 million), and capital expenditure (-£10 million)
- While Channel 4 utilised its revolving credit facility ("RCF") in the course of 2025 to manage in-year working capital movements, the facility was not drawn as at the year end. In early 2026 the RCF was renewed for a further five years to 2031

Net assets

£428m

Modest reduction linked to lower cash balance

Description and significance
Channel 4's net assets indicate the value the organisation has generated over time and underpin its long-term sustainability, ensuring we continue to deliver on our remit well into the future.

Analysis
- Primarily reflects the £62 million reduction in cash
- Horseferry Road was valued at £63 million at the end of the year, £13 million lower than 2024 (£76 million), due to headwinds in the property market. We are now planning to put the building on the market in May 2026
- Investments increased by £20 million reflecting additional Channel 4 Ventures investments

Financial review and highlights

Income statement highlights

	2025 £m	2024 £m
Sales House revenues[1]	**1,118**	1,158
Corporation revenues	**1,027**	1,036
Content spend[2]	**640**	643
Originated content spend[3]	**480**	489
Pre-tax deficit before exceptional items[4]	**(10)**	(2)
Pre-tax deficit	**(10)**	(12)

1 Sales House revenues includes Channel 4's advertising revenue as well as those collected on behalf of our partners UKTV and Warner Bros. Discovery. As Channel 4 acts as agency in these relationships, we only recognise our commission on these sales within Corporation revenues.
2 Please refer to further detail on how content spend is defined on page 49.
3 Please refer to further detail provided on the originated content spend metric and how this compares to overall content spend on pages 48 and 49.
4 This alternative performance measure is defined on pages 146 to 147.

Despite the challenging advertising market, particularly towards the end of 2025 before the UK Government budget, digital advertising revenue grew significantly by 13% against 2024 to £346 million (2024: £306 million). At 34% of total Corporation revenues (2024: 30%), this performance significantly exceeded our 2025 target of 30% of revenues generated from digital advertising. Streaming views also grew by 8% to 1.902 billion (2024: 1.768 billion).

Channel 4's overall revenues from advertising (across linear and digital) of £922 million reduced by 2% (2024: £941 million), ahead of the market as a whole which finished the year down 4%.

Non-advertising revenue grew strongly year on year (£105 million; 2024: £95 million), reflecting our diversification into in-house TV production via the Fast Forward strategy. This, along with strong performance in digital, resulted in 44% of Channel 4's revenues being generated from diversified (non-linear) revenue streams, up from 39% in 2024.

2025 saw a small decline in Channel 4's total revenues, down £9 million year on year to £1,027 million (2024: £1,036 million), driven by linear advertising revenue.

On screen, we reinvested 62% of our revenues in content, continuing to prioritise investment in homegrown content and genres that drive streaming growth. As we optimised our linear schedule – dialling up streaming-friendly genres, and scaling back Daytime spend – our total content spend in 2025 was £640 million (a marginal £3 million lower than 2024). Despite a £9 million decrease in originated spend (£480 million; 2024: £489 million) we maintained our out-of-England commitments with Nations spend increasing to £40 million (2024: £37 million).

The revenue decline was largely mitigated by continued tight control of non-content costs, resulting in a modest £2 million decrease in the pre-tax deficit to £10 million (2024 deficit: £12 million, after £10 million exceptional transformation expense). This solid performance was underpinned by two key drivers – another year of momentum in our digital growth, combined with a focus on underlying operating costs, ensuring investment is concentrated on delivering our remit, including content spend and strategic priorities.

Balance sheet highlights

	2025 £m	2024 £m
Net assets	**428**	472
Freehold land and buildings	**63**	76
Growth Fund investments	**90**	70
Programme stock and film rights	**377**	355
Net cash reserves[1]	**49**	111
Pension asset	**27**	24

1 This alternative performance measure reflects the sum of the Group's cash and cash equivalents and other financial assets net of cash borrowings at the balance sheet date; further details are provided on page 147.

The Group's net assets finished 2025 down £44 million year on year at £428 million. The decline was due to a reduction in our net cash reserves (as discussed within cash flow on the next page), ongoing economic challenges which have been reflected in some of our key asset valuations on the balance sheet, along with the deficit for the year. These were partially offset by additional investments by Channel 4 Ventures. Our closing balance sheet position remains healthy, however.

Our Horseferry Road head office building in London was valued at £63 million at the end of the year, £13 million lower than 2024. This was in light of continuing volatility in the commercial property market, with investors staying cautious. As part of Fast Forward, Channel 4 announced in January 2024 the intention to move out of Horseferry Road over the next few years, given the shift towards hybrid working and more roles based in the Nations and Regions; we are now planning to put the building on the market in May 2026.

We also recognised downward revaluations on certain Channel 4 Ventures investments during the course of 2025 given the challenging trading environment, resulting in a £3 million net decrease in the fair value of our investment funds; however, this has been offset by new additions in the year, with Channel 4's overall investment portfolio standing at £90 million at December 2025 (2024: £70 million).

Our programme and film rights balance at the end of 2025 was £377 million on the Group's balance sheet, up from £355 million in December 2024. The lead time between cash committed and content making its way on screen often spans multiple years. This net increase has been driven by spend on new content in the year partially offset by the transmission on screen of programmes within this balance.

Our defined benefit pension surplus has increased to £27 million, following an actuarial revaluation at the year end (2024: £24 million). This increase was due to £10 million contributions to the scheme made by Channel 4 during the year, partially offset by the annual update to actuarial assumptions in relation to the pension scheme. A triennial valuation of the scheme dated 31 December 2024 was completed during 2025. Significant funding by Channel 4 in recent years has increased the funding level of the scheme's liabilities to 96%, resulting in company contributions no longer being required after April 2026.

Cash flow

Channel 4 closed 2025 with net cash reserves of £49 million, down £62 million on 2024. Our closing cash position, in addition to a £150 million revolving credit facility ('RCF'), provides a strong base for future investment and resilience amid continued economic uncertainty.

The year-on-year reduction in our cash reserves was due to a number of factors, including investment in our programme and film rights assets (-£22 million), the impact of the 2025 deficit after tax (-£16 million), contributions to the defined benefit pension scheme (-£10 million), and investment in capital expenditure during the year (-£10 million).

Channel 4 drew down a portion of its RCF during 2025, with this additional liquidity used to manage expected structural in-year working capital fluctuations; the facility was not drawn as at the year end.

Our £150 million RCF was also renewed in early 2026, and now runs for five years until 2031, retaining our flexibility to withstand further economic challenges in an uncertain climate. We are able to access £75 million of this facility immediately as needed, with access to a further £75 million contingent on government consent.

Our remit and business model

Channel 4's business model is unique: a public service media organisation 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 remit (which is set out in the Statement of Media Content Policy) we seek to optimise returns from our commercial activities and minimise our overheads in order to maximise our spend on screen, marketing, and investment in our digital strategy.

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

The delivery of Channel 4's unique remit has always relied on a unique 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.

Following confirmation of the Channel's future public ownership in early 2023, the Government's new Media Act passed in May 2024, with its provisions expected to apply in a staggered approach between 2025 and 2027. The Act has major implications for Channel 4's remit and its previous publisher-broadcaster model, most notably in permitting the organisation to produce and monetise its own intellectual property for the first time. In May 2025 Channel 4 announced its twin-track approach to IP ownership, incorporating a phased move into in-house production and the launch of a new Creative Investment Fund ('CIF'), building on the existing Indie Growth Fund ('IGF'). This will be accompanied by Channel 4 committing to an increased indie quota from 25% to 35%. The new CIF made its first acquisition in September 2025, taking a majority stake in Firecrest Films, a Glasgow-based indie which previously received a minority investment from the IGF.

The Section 172(1) Statement made on page 115 sets out how the Members promote Channel 4's success in line with our remit and the business model described above.

Our strategy

In January 2024, Channel 4 launched Fast Forward, an ambitious strategy to drive our evolution towards becoming a genuinely digital-first public service media organisation by 2030.

Fast Forward remains centred on the same clearly articulated view of Channel 4's purpose that formed the basis for Future4: to create change through entertainment. Our vision is unchanged: to represent unheard voices, challenge with purpose, and reinvent entertainment.

Fast Forward presents three key strategic pillars to deliver on this vision and support Channel 4's transformation into a truly digital-first organisation, getting us into the right shape for the 2030s and enhancing our core public service values:

- Digital growth and transformation
- Diversifying new businesses
- Re-engineering the business for a digital-first world

Fast Forward is outlined in greater detail on pages 12 to 15, including an overview of the current corporate and financial priorities that these key pillars translate to.

The key performance indicators identified to align with these strategic priorities, and used to monitor the business's performance and progress over time, are considered on pages 66 to 69. Our assessment of our key business risks on pages 90 to 97 notes the hurdles faced in implementing Fast Forward in practice, and the mitigations in place to ensure we perform against our strategic ambitions.

Consolidated income statement

for the year ended 31 December

	Note	2025 £m	2024 £m
Revenue	1	**1,027**	1,036
Cost of transmission and sales	2	**(987)**	(996)
Gross surplus		**40**	40
Other operating expenditure	3	**(49)**	(47)
Operating deficit		**(9)**	(7)
Net finance income	5	**1**	1
Gain on sale of investments	7	**–**	5
Impairment losses on investments	7	**(2)**	(1)
Deficit before tax and exceptional items		**(10)**	(2)
Exceptional items	3	**–**	(10)
Deficit before tax		**(10)**	(12)
Income tax (expense)/credit	6	**(6)**	3
Deficit for the year		**(16)**	(9)

Consolidated statement of comprehensive income

for the year ended 31 December

	Note	2025 £m	2024 £m
Deficit for the year		**(16)**	(9)
Net remeasurement deficit on pension scheme	19	**(9)**	–
Revaluation of freehold land and buildings	9	**(14)**	(7)
Deferred tax on pension scheme	12	**2**	–
Loss on revaluation of investments	8	**(3)**	(3)
Other comprehensive expense for the year		**(24)**	(10)
Total comprehensive expense for the year		**(40)**	(19)

None of the items in other comprehensive income/expense will be reclassified to the income statement.

Consolidated statement of changes in equity

for the year ended 31 December

	Retained earnings £m	Revaluation reserve £m	Total equity £m
At 1 January 2024	468	23	491
Deficit for the year	(9)	–	(9)
Other comprehensive expense	(3)	(7)	(10)
Total comprehensive expense for the year	(12)	(7)	(19)
At 31 December 2024	**456**	**16**	**472**
At 1 January 2025	**456**	**16**	**472**
Deficit for the year	**(16)**	**–**	**(16)**
Other comprehensive expense	**(10)**	**(14)**	**(24)**
Total comprehensive expense for the year	**(26)**	**(14)**	**(40)**
Recognition of put option liability	**(4)**	**–**	**(4)**
At 31 December 2025	**426**	**2**	**428**

Consolidated balance sheet

as at 31 December

	Note	2025 £m	2024 £m
Assets			
Investments accounted for using the equity method	7	**6**	8
Other investments	8	**84**	62
Property, plant, and equipment	9	**72**	86
Right-of-use assets	11	**11**	10
Intangible assets	10	**35**	33
Deferred tax assets	12	**24**	27
Employee benefits – pensions	19	**27**	24
Total non-current assets		**259**	250
Programme and film rights	13	**377**	355
Trade and other receivables	14	**149**	157
Cash and cash equivalents	15	**49**	111
Total current assets		**575**	623
Total assets		**834**	873
Liabilities			
Trade and other payables	16	**(27)**	(15)
Lease liabilities	11	**(10)**	(11)
Deferred tax liabilities	12	**(11)**	(10)
Provisions	17	**(1)**	(1)
Total non-current liabilities		**(49)**	(37)
Trade and other payables	16	**(355)**	(362)
Lease liabilities	11	**(1)**	–
Provisions	17	**(1)**	(2)
Total current liabilities		**(357)**	(364)
Total liabilities		**(406)**	(401)
Net assets		**428**	472
Revaluation reserve		**2**	16
Retained earnings		**426**	456
Total equity		**428**	472

The financial statements on pages 141 to 167 were approved by the Members of the Board on 1 May 2026 and were signed on its behalf by:

Geoff Cooper
Chair

Priya Dogra
Chief Executive

Consolidated cash flow statement

for the year ended 31 December

	Note	2025 £m	2024 £m
Cash flow from operating activities			
Deficit for the year		**(16)**	(9)
Adjustments for:			
Income tax (expense)/credit	6	**6**	(3)
Depreciation	9, 11	**6**	9
Amortisation of intangibles	10	**4**	1
Net finance income	5	**(1)**	(1)
Profit on sale of investments	7	**(1)**	(5)
Non-cash transactions[1]		**(14)**	(14)
Impairment losses on investments	7	**2**	1
Operating cash flows before movements in working capital		**(14)**	(21)
(Increase)/decrease in programme and film rights	13	**(22)**	117
Decrease in trade and other receivables	14	**8**	16
Decrease/(increase) in trade and other payables	16	**(1)**	(85)
Adjustment for non-cash transactions[1]		**(11)**	(1)
Decrease in provisions, excluding unwinding of discounts	17	**1**	2
Cash (used in)/generated by operations		**(39)**	28
Defined benefit pension contributions	19	**(10)**	(10)
Net cash flow (used in)/from operating activities		**(49)**	18
Cash flow from investing activities			
Acquisition of investments	7	**–**	(1)
Acquisition of subsidiary	21	**(1)**	–
Proceeds on sale of investments	7, 8	**1**	5
Purchase of property, plant, and equipment	9	**(5)**	(5)
Internally developed software	10	**(5)**	(2)
Net finance income	5	**(1)**	1
Net cash flow used in investing activities		**(11)**	(2)
Cash flow from financing activities			
Proceeds from borrowings	15	**40**	40
Repayment of borrowings	15	**(40)**	(40)
IFRS 16 payments on lease principal	11	**(2)**	(1)
Net cash flow used in financing activities		**(2)**	(1)
Net (decrease)/increase in cash and cash equivalents		**(62)**	15
Cash and cash equivalents at 1 January		**111**	96
Cash and cash equivalents at 31 December[2]		**49**	111

1 The impact of certain transactions relating to investing activities has been removed from the cash flow statement as a reflection of the non-cash nature of these balances.
2 Please refer to page 147 for a reconciliation of cash and cash equivalents to total net cash reserves of £49 million, presented as an alternative performance measure.

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 2025 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 Corporation 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 1 May 2026. 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 UK-adopted international accounting standards ('UK-adopted IFRS'). The Corporation's individual financial statements have been prepared under Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements as a whole have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the approval of HM Treasury, and are principally prepared under the historical cost convention (except that freehold properties, derivatives, and certain financial instruments are stated at fair value). In line with IFRS 13, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements are presented in Pounds Sterling, rounded to the nearest million.

Critical accounting judgements and sources of estimation uncertainty

In applying the Group's accounting policies (as described in this section), the Members are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised, and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- The following aspects of our programme and film rights policy require judgement (see further detail on page 150):
  - Transmission profile over which to amortise programme and film rights
  - Assessment of programme value with reference to the quality of programme that has ultimately been delivered and its expected viewing performance
  - Assessment of the future revenues from distribution when evaluating the carrying value of film rights held for exploitation
- Management's application of IFRS 16 'Leases' requires judgement regarding the classification of transponder contracts under the standard. Management has concluded that these contracts do not constitute leases under the definition given by IFRS 16, as the Group does not control these assets due to the nature of the operation of these assets and due to certain rights which the supplier retains based on the detailed terms provided in the contracts. Further details of these contracts (including remaining term and estimated payments) are disclosed in note 11
- Management applies judgement in recognising deferred tax assets based on its expectation of available future taxable profit (see below)

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 regard to the level of future taxable surpluses that are expected, meaning significant changes to our estimation of forecast profitability over a ten-year forecast horizon could lead to a material change in the valuation of deferred tax assets (£24 million; 2024: £27 million). A reduction in future profits across the lookout period of over 80% may result in a material change in the valuation of the deferred tax asset recognised (i.e. of more than £10 million).

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.

The Group reports its surplus before tax and exceptional items (also noted as pre-tax surplus before exceptional items) as an APM. This measure is intended to provide stakeholders with additional relevant information to ensure transparency around the underlying performance of the business. During 2025, no exceptional items were recognised. In 2024, the Group recorded £10 million of exceptional costs relating to the organisational transformation programme, primarily redundancy and associated professional fees.

The APM is calculated in 2025 and 2024 as follows:

	2025 £m	2024 £m
Deficit before tax	**(10)**	(12)
Add back exceptional items:		
Organisational transformation programme	–	10
Deficit before tax and exceptional items	**(10)**	(2)

The Group also presents net cash reserves as an APM, which reflects the sum of the Group's cash and cash equivalents, net of any cash borrowings if these exist at the balance sheet date. This measure does not reflect the impact of other debt held on the balance sheet, such as lease liabilities under IFRS 16. This provides stakeholders with additional relevant information relating to the overall cash resources available to the Group, rather than just those categorised as cash and cash equivalents. This APM is calculated in 2025 and 2024 as follows:

	2025 £m	2024 £m
Cash and cash equivalents	**49**	111
Borrowings	**–**	–
Net cash reserves	**49**	111

Going concern

The annual financial statements have been prepared on a going concern basis as the Members have a reasonable expectation that the Group will continue in operational existence, as set out in the Report of the Members. This is supported by continued access to liquidity under the Revolving Credit Facility (RCF), which underpins the Group's ongoing business transformation in the context of the current geopolitical and economic environment.

Our RCF of £150 million was extended in early 2026, and now runs for five years until 2031. We are able to access £75m of this facility immediately as needed, with access to a further £75 million subject to Government approval. To protect liquidity headroom and manage risks arising from the current geopolitical and economic environment and our on-going business transformation, we will continue to adopt a prudent approach to cash management by seeking approval from Government to draw on the RCF beyond the £75 million available immediately.

As part of our 2026 budget and three-year plan, we have considered the potential impact of downside scenarios. These include an advertising market downturn due to geopolitical and economic challenges, diversification of non-advertising revenues not at the pace expected, or business disruption as a result of a cyber incident. Even in the most significant case considered, analysis shows that we retain sufficient liquidity within our existing facilities, including contingency plans being available to mitigate impacts if required. This is supported by continued access to liquidity under the RCF, which underpins the Group's ongoing business transformation in the context of the current geopolitical and economic environment. The Group also has a range of additional levers available to manage liquidity if required, including measures to manage our cost base, working capital and capital investment choices.

During 2024, Ofcom renewed Channel 4's broadcast licence for a ten-year period to 2034; as well as securing its role as a key part of the UK's linear broadcasting landscape for the foreseeable future, the terms of the new licence are designed to support Channel 4's digital-first strategy, while safeguarding its investment in distinctive UK content.

Our scenario analysis and the resources available to Channel 4 (as well as the review of the Group's business activities, future strategy, and other factors likely to affect its future financial performance, position, and cash flows throughout the Strategic report on pages 98 to 99) indicate that the Group will be able to continue to operate for at least 12 months from the date that this Annual Report is approved. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

A subsidiary is an entity that is controlled by the Group. Control exists when the Group has exposure, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee by directing the relevant activities of the investee (i.e. the activities that significantly affect the investee's returns). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

The Corporation financial statements note where the Members have taken the exemption under Companies Act s479A from having an audit of the financial statements for certain subsidiaries controlled and consolidated by the Group.

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.

Group accounting policies cont.

Accounting policies

A summary of the Group and Channel 4 significant accounting policies that are material in the context of the financial statements are set out over the following pages. All accounting policies have been applied consistently in all material respects to all periods presented in these financial statements.

There are no new standards that will become effective during 2026 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 income and deferred income, respectively. Each of the Group's significant revenues are recognised as described below.

Linear and digital advertising revenues

Revenues are stated net of advertising agency commissions and rebates.

Linear and digital advertising revenues 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 over time.

Commission revenue earned from advertising representation for third parties is recognised on transmission of the related advertisements in line with contractual arrangements. The Group has concluded that it does not control the specified goods or services in these transactions before they are transferred to the customer, and therefore it 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.

Non-advertising revenue

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.

Revenue from internally produced programmes is recognised on customer acceptance.

Revenue, arising from media-for-equity arrangements called Channel 4 Ventures, is recognised in line with the Group's advertising revenue policies, upon transmission of the advertising airtime provided.

The Group's contracts with customers do not contain significant financing components or material aspects of variable consideration except for variable consideration in relation to value pot airtime.

Segment reporting

IFRS 8 'Operating Segments' requires the segment information presented in the financial statements to be that which is used internally by the chief operating decision maker to evaluate performance and allocate resources.

The Group has determined that the Board of Members is its chief operating decision maker, and the financial statements are presented in aggregate as a single operating segment consistent with how the Board evaluates performance and allocates resources.

Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is also recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Investments in associates and joint ventures

Investments in associates and joint ventures are recognised using the equity method, where the investment is recorded at cost and adjusted thereafter to include the Group's share of profit or loss and other comprehensive income and dividends received.

Other investments

Other investments include equity holdings without significant influence, as well as investments made via other financial instruments, such as convertible loan notes. Equity investments are normally carried at fair value in accordance with IFRS 13 'Fair Value Measurement'. Level 1 and Level 2 inputs under IFRS 13 can be obtained for certain investments and are used where available for assessing their fair value. Where only Level 3 inputs are available (that is, where an active market value or other observable indicators of fair value cannot be obtained), the investment is recorded at cost less provision for impairment. Where indicators exist which indicate that cost might not be representative of fair value, including equity issuances by the investee, fair value is measured. The Members believe that this valuation reflects a reasonable approximation of fair value. In line with IFRS 9 'Financial Instruments', the Group elects at initial recognition to recognise any changes in the fair value of its other equity investments through other comprehensive income ('FVTOCI'), reflecting the fact that the management of these investments is not part of the Group's core activities. Changes in the fair value of other financial instruments, including debt and convertible debt instruments, are recognised through profit and loss.

Property, plant, and equipment

Freehold land and buildings are stated at open market valuation (fair value, using Level 2 inputs per IFRS 13) and are revalued at 31 December each year. Directions from the Secretary of State for 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 eight 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 a 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 a bargain purchase is recognised in the income statement in the year that it arises.

Impairment

The carrying values of the Group's non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is determined by discounting the future net cash flows for the specific asset, or, if the asset does not generate independent cash flows, the discounted future net cash flows for the cash-generating unit to which it belongs.

Estimates are used in deriving these cash flows and the discount rate that reflects current market assessments of the risks specific to the asset and the time value of money. The complexity of the estimation process, including projected performance, discount rate, and long-term growth rate applied, affects the value-in-use calculation and amounts reported in the financial statements.

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').

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Reversal of impairments

An impairment charge in respect of freehold land and buildings is reversed in the event of a subsequent increase in fair value. Such a gain is recognised in other comprehensive income, unless the gain reverses an impairment of the same asset previously recognised in the income statement, in which case it is also recognised in the income statement. An impairment charge in respect of goodwill is not reversed. In respect of other assets, an impairment charge is reversed when there is an indication that the impairment may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

Group accounting policies cont.

Programme and film rights

All programme and film rights are valued at the lower of their direct cost (as applicable to the relevant type of rights; see further detail below) 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 – commissioned rights

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).

Direct cost – acquired programme and film rights

Direct cost is defined as the total expected value of the acquired rights over the life of the associated contract.

Acquired programme and film rights are recognised as content assets when the Group obtains control of the rights and the related future economic benefits. Where acquired rights are not yet available for use, the associated costs are classified as content in the course of production within content assets. When the rights become available for exploitation, the content asset is reclassified to available for broadcast and is amortised in line with the expected pattern of consumption of the economic benefits.

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.

Where it becomes certain that a programme or acquired film will not be broadcast or otherwise exploited, the carrying value of that programme is written off in full immediately to the consolidated income statement. Where recoverable value remains, but is lower than the carrying amount, the asset is written down to its recoverable amount based on best estimates of future economic value.

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 is recognised to reflect the unavoidable costs in relation to the remaining commitment.

Amortisation

Programme and acquired film rights are exploited by transmission on the Channel 4 suite of channels and availability on the Group's streaming platform. The costs of broadcast programmes and acquired films are wholly written off on first transmission, except for certain feature films, sports rights, and certain acquired series, the costs of which are written off over more than one transmission in line with the expected value to the Group. Content exclusive to Channel 4 streaming is written off in line with the anticipated viewing profile and therefore expected value generation by the Group.

Developed film and programme rights

Direct cost

Direct cost is defined as payments made or due to the film or programme producer.

Direct cost of developed film and programme rights is recorded on the balance sheet as these amounts fall contractually due, from the point that the Group commits to financing a film or programme and expects this to proceed to production.

Value to the Group

Developed film and programme rights are exploited both through broadcast on Channel 4's suite of channels and through distribution.

Broadcast film and programme rights are assessed in the same way as programme and acquired film rights.

To the extent that developed film and programme rights are expected to generate revenue, where Channel 4's share of the distribution revenues that 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 classified as at FVTOCI under IFRS 9 'Financial Instruments'. For trade and other receivables with a remaining life of less than one year, the Group applies the practical expedient under IFRS 9 to assume that there is no significant financing component, and the receivables are therefore initially measured at the transaction price. All other receivables are recognised at fair value, estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. These balances are reflected net of any expected credit loss; changes in the carrying amount of these receivables as a result of foreign exchange gains and losses, or impairment losses, are recognised in the income statement, in line with how these amounts would otherwise be recognised if these receivables were held at amortised cost. Any other changes in the fair value of these assets are recognised in other comprehensive income and reclassified to the income statement at the point the assets are derecognised. Financial assets are derecognised at the point that risks and rewards are deemed to be substantially transferred in line with IFRS 9, with historical trend analysis and current risk profile considered in this judgement if required.

Trade and other payables

Trade and other payables are recognised as current if due for payment in less than one year, or as non-current if settled over a longer period. Trade and other payables are recognised based on contractual cash flows, and no differences have been identified between the book value of trade and other payables and their fair value.

Other financial assets

Other financial assets comprise deposits of three or more months' duration and other funds with time-restricted access, and are stated at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits of less than three months' duration from the date of placement, including money market funds repayable on demand.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Derivative financial instruments

The Group transacts primarily in Sterling but also in Euros and US Dollars. Certain exposures to fluctuations in exchange rates are managed by transactions in the forward foreign exchange markets. These derivative financial instruments are stated at fair value based on quoted market rates. Changes in the fair value of these derivative financial instruments are recognised in the income statement. The Group does not hold or issue derivative financial instruments for trading purposes.

Channel 4 has not sought to apply hedge accounting treatment for any of its foreign exchange hedging activity in either of the years presented. As a result, changes in the fair value of hedging instruments have been recognised in the income statement as they have arisen.

Where Channel 4 has identified forward foreign exchange derivative instruments within certain contracts (embedded derivatives), these have been included in the balance sheet at fair value. Fair value of these derivatives is determined by reference to quoted market rates. The value of the derivatives is reviewed on an annual basis or when the relevant contract matures.

Leases

A right-of-use asset is recognised in the Group's financial statements reflecting its right to control the underlying lease assets and use them to generate future economic benefits. A corresponding lease liability is also recognised in line with the principal and interest to be repaid over the lease term. These amounts are determined based on the present value of the minimum lease payments to be made over the contract term, discounted using the rate implicit in the lease if this can be determined, and otherwise using the Group's incremental borrowing rate.

The Group subsequently recognises depreciation relating to the right-of-use asset, as well as interest accrued on the lease liability, in the income statement.

The Group applies the practical expedients provided in IFRS 16 to exclude short-term and low-value lease contracts from the new accounting model, and these are presented as operating costs.

Employee benefits – pensions

Defined benefit scheme

The Group maintains a defined benefit pension scheme. The net obligation under the scheme is calculated by estimating the future benefits that employees have earned in return for their service in the current and prior periods, discounting to determine a value at today's prices, and deducting the fair value of scheme assets at bid price. The assumed discount rate for the liabilities is the current rate of return of high-quality corporate bonds with similar maturity dates.

The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses that arise in calculating the Group's obligation in respect of the plan are recognised directly in other comprehensive income within the statement of comprehensive income in the period in which they arise. The finance cost is recognised in the income statement.

Defined contribution scheme

Obligations under the Group's defined contribution scheme are recognised as an expense in the income statement as incurred.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is significant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Before provisions are established in relation to onerous contracts, impairment reviews are carried out and impairment charges recognised on assets dedicated to the contract.

New or amended accounting standards

The following new standards and/or amendments were effective 1 January 2025 but have not had a significant impact on the Group's results or Consolidated balance sheet.

Accounting standard	Requirement	Impact on financial statements
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'	The amendment clarifies how an assessment is made as to whether a currency is exchangeable, and how estimates of a spot rate are made when a currency lacks exchangeability.	No material changes to the Group's financial position or performance.

Accounting standards effective in future periods

IFRS 18 'Presentation and Disclosure in Financial Statements', which is effective from 1 January 2027, has now been adopted by the UK Endorsement Board. The Group's process to determine the potential impact of applying this standard is ongoing.

The Directors have considered the impact on the Group of other new and revised accounting standards, interpretations or amendments that are not yet effective and do not expect them to have a significant impact on the Group's results and Consolidated Statement of Financial Position.

Notes to the consolidated financial statements

1. Revenue

	2025 £m	2024 £m
Linear advertising revenue	**576**	635
Digital advertising revenue	**346**	306
Non-advertising revenue	**105**	95
Total revenue	**1,027**	1,036

The Group had three individual external customers with gross revenues comprising more than 10% of the Group's overall revenues in 2025 (2024: two). The Group's major customers are all media buying agencies. Approximately 5% of the Group's revenues (2024: 4%) are attributable to external customers outside the UK and these are therefore not separately presented.

The Group has material contracts with customers with a duration of more than one year, relating to partnerships and distribution of channels and services. The aggregate amount of the transaction price for these contracts allocated to performance obligations which are still unfulfilled as at 31 December 2025 is £28 million (2024: £47 million). The Group expects to recognise £27 million of revenue relating to these performance obligations in 2026 (2024: £29 million to be recognised in 2025), with the remainder recognised on a straight-line basis until 2026.

The Group recognised £43 million of revenue during 2025 that was recorded as a contract liability at the previous year end (2024: £40 million).

2. Cost of transmission and sales

	2025 £m	2024 £m
Content	**640**	643
Other content-related costs	**103**	112
Broadcast and transmission costs	**95**	102
Other cost of sales	**149**	139
Total cost of transmission and sales	**987**	996

The Group's cost of transmission and sales is reported here as one segment as described in the 'Group accounting policies' section on page 148. Other cost of sales includes direct costs of linear and digital advertising and rights, marketing, technology, and audience research costs.

3. Other operating expenditure

Other operating expenditure includes:

	2025 £m	2024 £m
Depreciation of property, plant, and equipment (notes 9, 11)	**6**	9
Amortisation of intangible assets (note 10)	**4**	1
Other administrative expenses	**39**	37
Other operating expenditure	**49**	47

During 2025, no exceptional items were recognised. In 2024, other operating expenditure relating to operational transformation and amounting to £10 million was recognised as an exceptional item and disclosed separately to the above (see further detail on page 147).

Auditor's remuneration

Fees in respect of services provided by the auditor were:

	2025 £000	2024 £000
Audit of these financial statements	**431**	427
Amounts receivable by auditor and its associates in respect of:		
Audit-related assurance services	**69**	63
Auditor remuneration	**500**	490

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:

	2025 £m	2024 £m
Aggregate gross salaries	**101**	102
Employer's National Insurance contributions	**13**	11
Employer's defined contribution pension contributions	**8**	7
Total direct costs of employment	**122**	120

The Executive Members are considered to be the key management of the Corporation. As disclosed in the Members' Remuneration report on page 128, the total remuneration of the Executive Members for the year ending 31 December 2025 is £2,200,000 (2024: £2,858,000).

The salary multiple of the highest paid Executive Member to employees at the 25th, 50th, and 75th percentiles was as presented below. The Chief Executive was the highest paid Executive Member in 2024 and 2025.

	2025 £000	2024 £000
Total remuneration of highest paid Executive Member (page 128)	**945**	1,290
Total remuneration of employee at 75th percentile	**105**	105
Total remuneration of employee at 50th percentile	**75**	74
Total remuneration of employee at 25th percentile	**52**	51
Multiple of highest paid Executive Member to employee at 75th percentile	**9.0**	12.3
Multiple of highest paid Executive Member to employee at 50th percentile	**12.6**	17.5
Multiple of highest paid Executive Member to employee at 25th percentile	**18.2**	25.1

Total remuneration is defined as base salary, variable pay, employer pension contribution, and other benefits. The total remuneration of employees in the 25th, 50th, and 75th percentiles is calculated based on the methodology set out under Option A provided in the Companies (Miscellaneous Reporting) Regulations 2018. The decrease in these pay multiples from 2024 to 2025 reflects the lower bonus award across the organisation in 2025, and the relative proportion of base to variable pay for the highest paid Executive Member in line with the Group's remuneration policy on page 133.

The average monthly number of employees, including Executive Members, was as follows:

	2025 Number	2024 Number
Commercial	**255**	257
Creative	**423**	458
Operational	**542**	524
4Talent	**56**	45
Total	**1,276**	1,284

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.

5. Net finance income

Net finance income recognised in the year comprised:

	2025 £m	2024 £m
Interest receivable on short-term deposits	**2**	3
Net interest income on pension scheme (note 19)	**2**	1
Other finance expense	**(3)**	(3)
Net finance income	**1**	1

Notes to the consolidated financial statements cont.

6. Income tax expense/(credit)

The taxation charge is based on the taxable profit for the year and comprises:

	2025 £m	2024 £m
Current tax:		
Current year	–	–
Prior year	–	–
Deferred tax: origination and reversal of temporary differences (note 12)		
Current year	**6**	(3)
Prior year	**–**	–
Total income tax expense/(credit)	**6**	(3)

Corporation tax is charged at an effective standard UK rate of 25% for the year (2024: 25%).

Reconciliation of income tax:

	2025 Rate	2025 £m	2024 Rate	2024 £m
Deficit before income tax		**(10)**		(12)
Income tax using the UK corporation tax rate	**25.0%**	**(3)**	25.0%	(3)
Effects of:				
Non-deductible expenses		**1**		1
Deferred tax on trading losses not recognised		**8**		–
Other tax adjustments		**–**		(1)
Total income tax expense/(credit)		**6**		(3)

The income tax expense excludes the Group's share of income tax of investments accounted for using the equity method of £nil (2024: £nil), which has been included in the Group's share of post-acquisition profits, net of income tax (note 7).

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:

	Total £m
Carrying value at 1 January 2024	10
Acquisitions	1
Disposals	(2)
Impairment loss	(1)
Total carrying value at 31 December 2024	8
Carrying value at 1 January 2025	**8**
Impairment loss	**(2)**
Total carrying value at 31 December 2025	**6**

7. Investments accounted for using the equity method continued

Creative Investment Fund (formerly the Indie Growth Fund)

In 2025, Channel 4 invested £nil million (2024: £1 million) in the Creative Investment Fund ('CIF'). During the year the Fund acquired a majority shareholding in Firecrest Films (see note 21) which reflected the CIF's strategy of supporting fast-growing independent production companies in the Nations and Regions, as well as digital and diverse businesses across the UK.

Channel 4 set out two key aims when launching the CIF. 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 businesses. 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 CIF companies are held for investment purposes and it is not management's intention to control these entities. The CIF 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.

There were no exits from the CIF during 2025 but the investment in Firecrest Films Limited was transferred out of the CIF following its reclassification as a subsidiary after the Group acquired an additional 50% interest during the year, increasing its shareholding to 75% (note 21). Uplands Television Limited was wound up in 2025 and the Group's investment reduced to nil. During 2024, Channel 4 sold its stake in one CIF entity – Eagle Eye Drama Limited (for total consideration of £7 million of which £2 million deferred to future years, recognising a gain on disposal of £5 million).

The CIF investments are assessed annually to identify any indicators of impairment, and if any are noted then a full impairment review is performed. £2 million of impairment losses were recognised in non-operating expenditure during 2025 (2024: impairment loss of £1 million).

Of the £640 million (2024: £643 million) total of programme rights recognised as expenses in 2025 (note 13), Channel 4 commissioned £16 million (2024: £8 million) of content from CIF companies. Channel 4 owed the CIF companies £nil in respect of these transactions at 31 December 2025 (2024: £nil).

Channel 4 had committed £nil for subsequent investment in CIF entities as at 31 December 2025 (2024: £nil).

The CIF comprises the following entities incorporated in the United Kingdom:

Company	Activity	Registered address	Proportion of equity owned at 31 December 2025	2024
Dial Square 86 Limited	TV programme production activities	136 Lower Richmond Road, London SW15 1LU	**5.1%**	5.1%
Spelthorne Community Television Limited	TV programme production activities	2nd Floor, 63–64 Margaret Street, London W1W 8SW	**25.0%**	25.0%
Parable Ventures Limited	TV programme production activities	101 New Cavendish Street, 1st Floor South, London W1W 6XH	**18.0%**	18.0%
Firecrest Films Limited	TV programme production activities	Fairfield, 1048 Govan Road, Glasgow G51 4XS	**–**	25.0%
Two Rivers Media Limited	TV programme production activities	James Miller Building, 4th Floor, 98 West George Street, Glasgow G2 1PJ	**17.0%**	17.0%
Candour Productions Limited	TV programme production activities	Springfield Mill, Unit 15, 1 (E) Bagley Lane, Farsley, Pudsey LS28 5LY	**25.0%**	25.0%
Five Mile Films Limited	Artistic creation	34 Whiteladies Road, Bristol BS8 2LG	**17.5%**	17.5%
Eaglet Films Limited	Television programme production activities	14-16 Great Pulteney Street, London W1F 9ND	**5.0%**	5.0%
Yeti Media Limited	TV programme production activities	Lon Cae Ffynnon Unit 1i, Cibyn Industrial Estate, Caernarfon LL55 2BD	**25.0%**	25.0%
Proper Content Limited	TV programme production activities	6th Floor, Charlotte Building, 17 Gresse Street, London W1T 1QL	**25.0%**	25.0%
Uplands Television Limited	TV programme production activities	59 Imperial Way, Croydon CR0 4RR	**–**	25.0%
Duck Soup Films Limited	Motion picture production activities	39 Oakwell Crescent, Roundhay, Leeds LS8 4AF	**25.0%**	25.0%
Paper Entertainment Limited	TV programme production activities	39 Long Acre, Covent Garden, London WC2E 9LG	**25.0%**	25.0%
Salamanda Media Limited	TV programme production activities	135 Church Street, Horwich, Bolton BL6 7BR	**25.0%**	25.0%
Spirit Media Studios Limited	Video production activities	12 Gloucester Road, Teddington TW11 0NU	**25.0%**	25.0%
Freedom Scripted Entertainment Limited	TV programme production activities	126-128 Baltic Chambers 50 Wellington Street, Glasgow G2 6HJ	**25.0%**	25.0%
Rockerdale Studios Limited	TV programme production activities	19 Lynton Road, Acton W3 9HJ	**25.0%**	25.0%
Warp Films Limited	Motion picture distribution activities	37 Gilbert South Street, Park Hill, Sheffield S2 5QY	**20.0%**	20.0%
Studio Crook Limited	TV programme production activities	Amelia House, Crescent Road, Worthing BN11 1RL	**25.0%**	25.0%

The equity owned for each of the entities listed above relates to ordinary shareholdings.

Notes to the consolidated financial statements cont.

7. Investments accounted for using the equity method continued

Summary annual financial information of Creative Investment Fund investments

	Current assets £m	Non-current assets £m	Current liabilities £m	Long-term liabilities £m	Revenue £m	Profit from continuing operations £m
2025	**16**	**–**	**(11)**	**(2)**	**43**	**2**
2024	15	1	(10)	(6)	78	2

Other

Channel 4 holds 25% of the shares and voting rights in European Broadcaster Exchange (EBX) Limited, a digital advertising sales venture with other European broadcasters. European Broadcaster Exchange (EBX) Limited is incorporated in the United Kingdom.

			Proportion of equity owned at 31 December	
Company	Activity	Registered address	**2025**	2024
European Broadcaster Exchange (EBX) Limited	Television programming and broadcasting activities	Third Floor, 20 Old Bailey, London, United Kingdom, EC4M 7AN	**25%**	25%

8. Other investments

Channel 4 Ventures

	Total £m
Carrying value at 1 January 2024	50
Acquisitions	19
Fair value movement	(7)
Total carrying value at 31 December 2024	62
Carrying value at 1 January 2025	**62**
Acquisitions	**25**
Fair value movement	**(3)**
Total carrying value at 31 December 2025	**84**

During 2015, Channel 4 launched the Commercial Growth Fund (now renamed Channel 4 Ventures), a fund with the aim of attracting new advertisers to TV and stimulating existing sectors. Channel 4 Ventures exchanges advertising airtime in return for equity shareholdings or convertible loan instruments. During 2025, the Corporation invested a further £25 million (2024: £19 million) in Channel 4 Ventures holdings.

Channel 4 Ventures investments are recorded at fair value. In line with IFRS 9 'Financial Instruments', the Group elects at initial recognition to recognise any changes in the fair value of its equity investments through other comprehensive income, reflecting the fact that the management of these investments is not part of the Group's core activities. Changes in the fair value of other financial instruments, including debt and convertible debt instruments, are recognised through profit and loss. The fair value of equity holdings was £62 million as at 31 December 2025 (2024: £43 million), with £22 million held as other financial instruments (2024: £19 million). Fair value has been assessed against quoted prices in active markets where available or against other observable inputs. A net fair value loss of £3 million has been recognised in 2025 (2024: a net fair value loss of £7 million) of which £3 million through other comprehensive income (2024: £3 million) and £nil to offset associated working capital amounts on the balance sheet in 2025 (2024: £4 million).

There were no other transactions with the Channel 4 Ventures companies in 2025 (2024: none).

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 2024	83	56	2	141
Additions	–	5	–	5
Transfers	1	–	(1)	–
Revaluation	(8)	–	–	(8)
At 31 December 2024	76	61	1	138
At 1 January 2025	**76**	**61**	**1**	**138**
Additions	–	**5**	–	**5**
Acquisition of subsidiary	–	**1**	–	**1**
Transfers	**2**	**(2)**	–	–
Disposals	–	**(1)**	–	**(1)**
Revaluation	**(15)**	–	–	**(15)**
At 31 December 2025	**63**	**64**	**1**	**128**
Depreciation				
At 1 January 2024	–	46	–	46
Charge for the year	1	6	–	7
Revaluation	(1)	–	–	(1)
At 31 December 2024	–	52	–	52
At 1 January 2025	–	**52**	–	**52**
Charge for the year	**1**	**4**	–	**5**
Revaluation	**(1)**	–	–	**(1)**
At 31 December 2025	–	**56**	–	**56**
Net book value				
At 1 January 2025	**76**	**9**	**1**	**86**
At 31 December 2025	**63**	**8**	**1**	**72**
At 1 January 2024	83	10	2	95
At 31 December 2024	76	9	1	86

The Group had no committed expenditure on property, plant, and equipment at the balance sheet date (2024: £nil). No assets have been pledged for security (2024: none).

Valuation of freehold property

The freehold property at 124 Horseferry Road, London SW1P 2TX was valued at 31 December 2025 by independent valuers CBRE Limited, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. CBRE Limited has appropriate qualifications and recent experience in the fair value measurement of properties in the location in question. 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 paid attention to comparable transactions which had taken place in recent months within the Victoria area of London. They also took into account ongoing repair work to the building in arriving at their valuation.

The open market value for this property was £63 million (2024: £76 million). After additions made to the building during 2025 and depreciation charged on the open market value at 31 December 2025 (£1 million), a loss on revaluation of £14 million has been recognised in the statement of other comprehensive income (2024: loss on revaluation of £7 million).

If freehold property had not been revalued it would have been included in the financial statements at the following amounts:

	2025 £m	2024 £m
Cost	**108**	107
Transfers	**2**	1
Accumulated depreciation	**(48)**	(47)
Impairment	**(6)**	(6)
Net book value based on cost	**56**	55

It was announced in January 2024 that Channel 4 intends to move out of the Horseferry Road property in the coming years as part of its new Fast Forward strategy. As at the date of this report, management is continuing to assess options for future workspace including a potential sale or lease of Horseferry Road. The property has therefore not been treated as held for sale under IFRS 5 at the year-end date.

Notes to the consolidated financial statements cont.

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 2024	2	26	5	10	27	1	71
Additions	–	–	–	2	–	–	2
At 31 December 2024	2	26	5	12	27	1	73
At 1 January 2025	**2**	**26**	**5**	**12**	**27**	**1**	**73**
Additions	**3**	**–**	**–**	**5**	**–**	**–**	**8**
Transfer	–	**9**	–	**(9)**	–	–	–
Disposal	–	**(2)**	–	–	–	–	**(2)**
At 31 December 2025	**5**	**33**	**5**	**8**	**27**	**1**	**79**
Amortisation							
At 1 January 2024	–	24	5	–	9	1	39
Amortisation for the year	–	–	–	–	1	–	1
At 31 December 2024	–	24	5	–	10	1	40
At 1 January 2025	–	**24**	**5**	–	**10**	**1**	**40**
Amortisation for the year	–	**2**	–	–	**2**	–	**4**
At 31 December 2025	**–**	**26**	**5**	**–**	**12**	**1**	**44**
Carrying amount							
At 1 January 2025	**2**	**2**	–	**12**	**17**	–	**33**
At 31 December 2025	**5**	**7**	**–**	**8**	**15**	**–**	**35**
At 1 January 2024	2	2	–	10	18	–	32
At 31 December 2024	2	2	–	12	17	–	33

Goodwill represents the excess of the consideration transferred over the fair value of identifiable net assets acquired. The balance relates to the acquisitions of Global Series Network Limited ('GSN') acquired on 30 July 2015 and Firecrest Films Limited ('Firecrest') acquired on 15 September 2025 (note 21). GSN holds the rights to the Walter Presents foreign language content transmitted across the Channel 4 portfolio and Firecrest is a UK-based production company specialising in premium documentary and factual content.

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 arose during 2018 on the acquisition of Box Plus Network Limited, with the carrying value reflecting rights still in use by the Group.

11. Lease assets and liabilities

Right-of-use assets

	Property £m	Total £m
At 1 January 2024	8	8
Additions and changes in terms	4	4
Charge for the year	(2)	(2)
At 31 December 2024	10	10
At 1 January 2025	**10**	**10**
Additions and changes in terms	**2**	**2**
Charge for the year	**(1)**	**(1)**
At 31 December 2025	**11**	**11**

11. Lease assets and liabilities continued

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 £0.2 million in 2025 (2024: £0.2 million).

Lease liabilities

	Property £m	Total £m
Current		
Within one year	1	**1**
Non-current		
Between two to five years	5	**5**
Greater than five years	5	**5**
Total	11	**11**

The interest expense relating to lease liabilities under IFRS 16 was £0.2 million in 2025 (2024: £0.4 million).

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised at 25% (2024: 25%) reflecting the corporation tax rate substantively enacted as at 31 December 2025.

	Assets 2025 £m	Assets 2024 £m	**Liabilities 2025 £m**	Liabilities 2024 £m	**Net 2025 £m**	Net 2024 £m
Property, plant, and equipment	**3**	3	**–**	–	**3**	3
Employee benefits	**–**	–	**(7)**	(6)	**(7)**	(6)
Trading losses	**21**	24	**–**	–	**21**	24
Temporary differences on acquired intangible assets	**–**	–	**(4)**	(4)	**(4)**	(4)
Total deferred tax assets/(liabilities)	**24**	27	**(11)**	(10)	**13**	17

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 2025, based on long-term forecasts, and in line with the Group's aim to remain commercially self-sustainable in the long term with successful delivery of its Fast Forward strategy, management considers it probable that future taxable profit will be available against which to recognise these assets. Unrecognised deferred tax assets include losses carried forward that the Group is not yet able to utilise.

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of:

	2025 £m	2024 £m
Carried-forward capital losses	**3**	3
Carried-forward trading losses	**8**	–
Tax assets	**11**	3

Movements in temporary differences during the year

The amount of deferred tax recognised in the income statement or other comprehensive income in respect of each type of temporary difference is as follows:

	Balance at 1 January 2025 £m	**Recognised in income £m**	**Recognised in other comprehensive income £m**	**Balance at 31 December 2025 £m**
Property, plant, and equipment	**3**	**–**	**–**	**3**
Employee benefits	**(6)**	**(3)**	**2**	**(7)**
Trading losses	**24**	**(3)**	**–**	**21**
Temporary differences on acquired intangible assets	**(4)**	**–**	**–**	**(4)**
Total deferred tax assets/(liabilities)	**17**	**(6)**	**2**	**13**

	Balance at 1 January 2024 £m	Recognised in income £m	Recognised in other comprehensive income £m	Balance at 31 December 2024 £m
Property, plant, and equipment	2	1	–	3
Employee benefits	(3)	(3)	–	(6)
Trading losses	20	4	–	24
Temporary differences on acquired intangible assets	(5)	1	–	(4)
Total deferred tax assets/(liabilities)	14	3	–	17

Notes to the consolidated financial statements cont.

13. Programme and film rights

	2025 £m	2024 £m
Programmes and films completed but not transmitted	**104**	118
Acquired programme and film rights	**124**	138
Programmes and films in the course of production	**149**	99
Total programme and film rights	**377**	355

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 40% (2024: 26%).

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 acquisition of content in one line on the balance sheet.

Programme and film rights to the value of £640 million were recognised as expenses in the year across the main and digital television channels (2024: £643 million). Of this amount, obsolete programmes and developments written off totalled £12 million (2024: £13 million).

Programme and film rights include £27 million (2024: £33 million) in respect of developed film rights.

14. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	**119**	131
Prepayments	**18**	15
Accrued income	**12**	11
Total trade and other receivables	**149**	157

There is no difference between the fair value and book value of trade and other receivables. Trade receivables are shown net of impairment charges amounting to £nil (2024: £nil).

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 2025 was £nil (2024: £nil).

(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 £119 million for the Group (2024: £131 million) and cash and cash equivalents of £49 million (2024: £111 million). The exposure to credit risk all arises in the UK.

Trade receivables of £119 million for the Group (2024: £131 million) were aged under six months or were not yet due under standard credit terms at the balance sheet date. £109 million of the receivables were insured at the balance sheet date (2024: £115 million) and £117 million (2024: £130 million) has been collected by the Group since the balance sheet date.

Notes to the consolidated financial statements cont.

15. Net cash reserves continued

The interest rate profile of the Group's cash and deposits at 31 December 2025 and 31 December 2024 is set out below:

	Effective interest rate 2025 %	Effective interest rate 2024 %	Total 2025 £m	Total 2024 £m
Interest-bearing deposits maturing in less than three months held in Sterling	3.45	4.54	46	103
Interest-bearing deposits maturing in less than three months held in foreign currencies	2.86	5.68	3	8
Total cash and cash equivalents	**3.45**	4.63	**49**	111

Foreign currency risk and derivative financial instruments

The Group is exposed to currency risk on sales and purchases that are denominated in currencies other than Sterling. The currencies that give rise to this risk are US Dollars and Euros. The Group uses forward exchange contracts and currency cash receipts to hedge its currency risk. Changes in the fair value of exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement. Both the change in the fair value of the forward contracts and the foreign exchange gains and losses relating to monetary items are recognised as part of net finance expense (note 5).

The Group does not have any foreign subsidiaries and as a result is not exposed to foreign currency risk in this regard. The Group is exposed to currency movements on foreign currency 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 2025, the total value of forward contracts used as economic hedges of monetary liabilities was £nil (2024: £nil). At 31 December 2025, these have been revalued with reference to forward exchange rates based on maturity. The change in fair value of £nil (2024: £nil) has been recognised in the income statement and the associated liability recorded on the balance sheet as at 31 December 2025. The forward contracts have been assessed as Level 2 in the fair value hierarchy under IAS 13 and assessed against observable market inputs.

	Maturity within 12 months of balance sheet date	Maturity within 12 months of balance sheet date	Maturity more than 12 months after balance sheet date	Maturity more than 12 months after balance sheet date	Total	Total
	2025 No.	2024 No.	2025 No.	2024 No.	2025 No.	2024 No.
Forward contracts to purchase US Dollars	4	2	3	–	7	2
Forward contracts to purchase Euros	–	–	–	–	–	–
Total forward contracts with fixed maturity dates	**4**	2	**3**	–	**7**	2

It is estimated that if Sterling had strengthened/weakened by 10% at the balance sheet date against other currencies, with all other variables held constant, the Group's deficit before tax would have been £1 million lower/higher (2024: £2 million).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its assets and liabilities. These risks are managed by the Group's Treasury function as described below.

The Audit and Risk Committee 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 the Treasury function, whose work is overseen by the Treasury Risk Committee reporting to the Chief Financial Officer. Its primary activities are to manage the Group's liquidity, funding requirements, and financial risk, principally arising from movements in interest rates and foreign currency exchange rates within the parameters of the approved treasury policy.

16. Trade and other payables

	2025 £m	2024 £m
Current		
Trade payables	**24**	20
Taxation and social security	**–**	1
Other creditors	**45**	47
Programme and film creditors	**154**	150
Accruals	**62**	75
Deferred income	**55**	43
VAT	**15**	26
Total current trade and other payables	**355**	362

	2025 £m	2024 £m
Non-current		
Other creditors	**4**	–
Programme and film creditors	**23**	15
Total non-current trade and other payables	**27**	15

Programme and film creditors represent amounts payable for both commissioned content (where this is due but not yet invoiced at the reporting date) and acquired content (not yet due but contractually committed).

There is no difference between the fair value and book value of trade and other payables. The contractual cash flows are equal to the carrying amount and (with the exception of certain programme and film creditors not yet due) are payable within six months or less at 31 December 2025 and 2024.

The Group endeavours to pay all invoices in accordance with contract terms and, unless agreed payment terms specify otherwise, the Group's standard payment terms are within 45 days of the date of the invoice, with the exception of certain programme and transmission costs with qualifying independent production companies which are on immediate payment terms. Any complaints about failure to pay on time should be addressed to the Chief Financial Officer, who will ensure that they are investigated and responded to appropriately.

The number of days taken to pay suppliers of services in 2025, as calculated using average trade payable balances, was nine (2024: 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 the £150 million total revolving credit facility are considered to be sufficient to support the Group's medium-term funding requirements.

17. Provisions

	Dilapidations £m	Restructuring costs £m	Total £m
At 1 January 2024	1	–	1
Charged to the income statement	–	2	2
At 31 December 2024	1	2	3
At 1 January 2025	**1**	**2**	**3**
Utilised in the year	–	**(1)**	**(1)**
At 31 December 2025	**1**	**1**	**2**

Provisions have been analysed as current and non-current as follows:

	2025 £m	2024 £m
Current	**1**	2
Non-current	**1**	1
Total	**2**	3

Contingent liabilities

The Members are not aware of any legal or arbitration proceedings, pending or threatened, against any Member of the Group which give rise to a significant contingent liability.

Notes to the consolidated financial statements cont.

18. Commitments

2025	Due within 1 year £m	Due within 2-5 years £m	Due after 5 years £m	Total £m
Programme commitments	**405**	**370**	**–**	**775**
Transmission contracts	**23**	**48**	**12**	**83**
Total	**428**	**418**	**12**	**858**

2024	Due within 1 year £m	Due within 2-5 years £m	Due after 5 years £m	Total £m
Programme commitments	417	336	–	753
Transmission contracts	23	53	24	100
Total	440	389	24	853

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 £21 million in 2025 (2024: £23 million). The digital terrestrial transmission contracts expire between 2026 and 2031. Committed payments for satellite transmission capacity costs were £4 million in 2025 (2024: £7 million). The satellite transmission contracts expire in 2026.

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 £28 million in 2025 (2024: £29 million) and is forecast to be £30 million in 2026. Digital 3 and 4 Limited has entered into long-term distribution contracts that expire in 2028 and 2034 and the Group is committed to funding its contractual share.

The Group's commitments for further subscriptions for minority shareholdings in companies in the Creative Investment Fund as at 31 December 2025 are disclosed in note 7.

19. Employee benefits – pensions

Prior to 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 in line with 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 contributions 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
- 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 166 is intended to provide an indication of the impact on the value of the Plan's liabilities of the risks highlighted.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes which may have implications for some defined benefit schemes in the UK. In November 2025 the government published draft legislation to address uncertainty surrounding the validity of past amendments to pension schemes. The Group is aware of the ruling and the pending legislation and continues to monitor any potential impact on the scheme. Following a review, the Trustees do not believe the scheme is affected by the ruling and therefore no quantification of any potential impact has been determined.

Plan amendments, curtailments, and settlements

There were no material curtailments or settlements during the year.

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 while 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 have also considered how social, environmental, and ethical factors should be taken into account in the selection, retention, and realisation of investments, given the time horizon of the Plan and its members.

The Trustees regularly seek advice from their investment adviser about the target asset allocation and consider opportunities to enhance the investment portfolio, taking into account market conditions and anticipated future cash flows.

19. Employee benefits – pensions continued

The Plan's investment portfolio remains diversified across UK and global equities, infrastructure, fixed income, and a multi-asset mandate. It also retains a significant liability-driven investment portfolio which is designed to hedge, on a partial basis, the impact of movements in long-term interest rates and inflation on the assessed value of the Plan's liabilities.

At the date of this report, the Plan's latest triennial Actuarial Valuation, in respect of the position as at 31 December 2024, has been completed. Following completion of the 2024 valuation and the associated investment and funding review, the Trustees have:

- undertaken ongoing monitoring and rebalancing activities to keep the investment portfolio broadly aligned with the strategic target allocations; and
- continued to de-risk the investment strategy, reducing the Plan's allocation to global equities while increasing exposure to lower-risk fixed income and matching assets, consistent with the long-term journey plan and the improved funding position identified at the 2024 valuation

To help reduce longevity risk (that is, the risk that members of the Plan live for longer than expected over time), the Trustees entered into a c.£45 million bulk annuity policy with Just Retirement in March 2018. This provides income to match the requirements of certain pensioner liabilities (providing protection against interest rates, inflation and longevity risks).

Amounts recognised in the consolidated balance sheet

	2025 £m	2024 £m
Present value of funded obligations	**(334)**	(321)
Fair value of Plan assets	**361**	345
Recognised asset for defined benefit obligations	**27**	24

Movements in the fair value of Plan assets recognised in the balance sheet:

	2025 £m	2024 £m
Fair value of scheme assets at 1 January	**345**	378
Interest income on Plan assets	**19**	17
Return on Plan assets (excluding amounts in interest income)	**–**	(48)
Employer contributions net of charges	**10**	10
Benefits paid	**(13)**	(12)
Fair value of scheme assets at 31 December	**361**	345

The fair value of the Plan assets at the balance sheet date comprises the following:

	2025 £m	2024 £m
Overseas and emerging markets equity	**16**	13
Total equity securities	**16**	13
Corporate bonds	**67**	62
Infrastructure	**55**	51
Total debt securities	**122**	113
Multi-asset absolute return funds	**33**	30
Liability-driven investments	**165**	163
Total investment funds	**198**	193
Cash and cash equivalents	**2**	3
Annuity policy buy-in	**23**	23
Fair value of scheme assets at 31 December	**361**	345

The Plan assets do not include any directly or indirectly owned financial instruments issued by the Corporation. The valuation of the assets above is based on Level 1 inputs in the IFRS 13 fair value hierarchy, with the exception of the infrastructure assets and annuity policy buy-in which are valued based on relevant Level 3 inputs.

All equities and bonds are held as part of investment portfolios which have quoted prices in active markets.

Notes to the consolidated financial statements cont.

19. Employee benefits – pensions continued

Movements in the present value of scheme liabilities for defined benefit obligations recognised in the balance sheet:

	2025 £m	2024 £m
Present value of scheme liabilities at 1 January	**321**	365
Interest expense on pension scheme liabilities	**17**	16
Remeasurement gain/(deficit) on Plan liabilities arising from changes in demographic assumptions	**4**	(4)
Remeasurement gain on Plan liabilities arising from changes in financial assumptions	**(10)**	(46)
Experience remeasurement	**15**	2
Benefits paid	**(13)**	(12)
Present value of scheme liabilities at 31 December	**334**	321

Income recognised in the income statement arose as follows:

	2025 £m	2024 £m
Net interest income	**2**	1
Net credit to income statement	**2**	1

The remeasurement deficit recognised in other comprehensive income arose as follows:

	2025 £m	2024 £m
Remeasurement (deficit)/gain on Plan liabilities	**(9)**	48
Remeasurement deficit on Plan assets (excluding amounts in interest income)	**–**	(48)
Net remeasurement deficit on pension scheme	**(9)**	–

The cumulative amount of net remeasurement deficits/gains recognised in the statement of changes in equity since transition to IFRS is a £96 million deficit (2024: £87 million deficit).

Principal actuarial assumptions at the balance sheet date

	2025 %	2024 %
Discount rate	**5.60**	5.50
Rate of increase in salaries	**2.35**	2.40
Rate of increase in pensions	**2.80**	2.95
Inflation	**2.90**	3.10

	2025 years	2024 years
Life expectancy from 65 (now aged 45) – male	**24.4**	23.4
Life expectancy from 65 (now aged 45) – female	**26.8**	26.2
Life expectancy from 65 (now aged 65) – male	**23.2**	22.8
Life expectancy from 65 (now aged 65) – female	**25.3**	25.0

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, showing the revised present value of scheme liabilities in each scenario:

	2025 £m	2024 £m
0.5% decrease in discount rate	**358**	344
1 year increase in life expectancy	**348**	334
0.5% increase in salary assumptions	**335**	322
0.5% increase in inflation (and inflation-linked) assumptions	**350**	336

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') based on formal triennial valuations carried out using the projected unit method. The most recent triennial valuation was carried out as at 31 December 2024. The results of the valuation at 31 December 2024 reported that the Plan's assets represented 96% of the benefits accrued to members, corresponding to a funding deficit of £13 million.

Following this valuation and the associated discussions between the Trustees, the Actuary to the Plan and the Corporation, a revised Schedule of Contributions and Recovery Plan were agreed. Under the new Recovery Plan, the Corporation is required to pay deficit-reduction contributions until April 2026. No further contributions are expected from May 2026 onwards.

The weighted average duration of the Plan's defined benefit obligation is approximately 16 years, and the majority of benefits are paid as annuities from a member's retirement until death.

In accordance with the Plan's rules, the Corporation may realise any surplus on winding up the scheme once all members' benefits have been settled. 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', as the Corporation retains an unconditional right to any surplus following the settlement of all obligations.

Under the 2024 valuation's agreed Recovery Plan, the Corporation is required to make deficit-reduction contributions until April 2026. These contributions comprise monthly payments through March 2026 and a final lump-sum payment due in April 2026, after which contributions will cease. No further contributions are expected from May 2026 onwards.

20. Related party transactions

Members

Details of transactions in which Members have an interest are disclosed in the Report of the Members (page 108).

Details of Members' remuneration are shown in the Members' Remuneration report (page 128).

Key management personnel

The Executive Members are considered to be the key management of the Group.

Joint ventures and associates

Details of transactions between the Group and its joint ventures and associates as at 31 December 2025 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. These transactions were negotiated at arm's length on normal commercial terms with the Group.

				Services received		Funding and services provided	
Name	Nature of business	Share class	Ownership interest	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Barb Audiences Limited (formerly Broadcasters' Audience Research Board Limited)	Research	*	–	–	–	**3**	3
Clearcast Limited	Regulator	Ordinary, deferred	25.0%	–	–	**1**	1
Digital 3 and 4 Limited	Operator	'A' Ordinary	50.0%	**1**	1	**28**	29
DTV Services Limited	Marketing	Ordinary	20.0%	**7**	3	**4**	1
Everyone TV Limited (formerly Digital UK)	Marketing	*	–	**6**	4	**10**	7
Thinkbox Limited	Marketing	Ordinary	20.0%	–	1	**1**	2
YouView Limited	Platform	Voting, non-voting	14.3%	–	–	**1**	1
Advertising Association	Marketing	*	–	–	–	–	–

The Group had £4 million trade payables remaining with the organisations listed above at 31 December 2025 (2024: £2 million). The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No dividends were received in 2025 (2024: £nil) from the related parties listed above.

These related party disclosures are also applicable to the Channel 4 financial statements.

21. Acquisition of subsidiary

On 15 September 2025, the Corporation acquired an additional 50% equity interest in Firecrest Films, increasing its ownership from 25% to 75% and obtaining control on that date. Firecrest Films is a UK-based production company specialising in premium documentary and factual content. The acquisition has been accounted for using the acquisition method in accordance with IFRS 3 'Business Combinations'.

The total consideration included an upfront payment of £2 million, together with £1 million of deferred compensation, which falls outside the scope of IFRS 3 'Business Combinations' as it is linked to post-combination service conditions. The fair value of the identifiable assets and liabilities recognised on acquisition was a net liability position of £1 million, resulting in the recognition of £3 million of goodwill (see note 10). A £4 million option arrangement, granted in connection with the future acquisition of the remaining 25% equity interest, has been recognised as a liability under IAS 32, representing the present value of the gross obligation.
Since the acquisition date, Firecrest Films has contributed £5 million of revenue and £1 million of profit to the Group.

No further disclosures are provided in relation to this acquisition on the basis of immateriality to the Group.

Channel 4 balance sheet

as at 31 December

	Group note	Channel 4 note	2025 £m	2024 £m
Assets				
Property, plant, and equipment	9		**72**	86
Right-of-use assets	11		**11**	10
Intangible assets		2	**27**	27
Other investments		3	**–**	–
Deferred tax assets	12		**24**	27
Employee benefits – pensions	19		**27**	24
Total non-current assets			**161**	174
Programme and film rights		4	**368**	348
Trade and other receivables		5	**144**	150
Cash and cash equivalents		6	**39**	104
Total current assets			**551**	602
Total assets			**712**	776
Liabilities				
Trade and other payables		7	**(27)**	(15)
Lease liabilities	11		**(10)**	(11)
Deferred tax liabilities	12		**(11)**	(10)
Provisions	17		**(1)**	(1)
Total non-current liabilities			**(49)**	(37)
Trade and other payables		7	**(393)**	(430)
Lease liabilities			**(1)**	–
Current tax payable			**–**	–
Provisions	17		**(1)**	(2)
Total current liabilities			**(395)**	(432)
Total liabilities			**(444)**	(469)
Net assets			**268**	307
Revaluation reserve			**2**	16
Other retained earnings			**266**	291
Total equity			**268**	307

As permitted by section 408 of the Companies Act 2006, the Corporation has not presented its own income statement. A deficit of £18 million has been recognised in relation to the Corporation in 2025.

The financial statements on pages 168 to 173 were approved by the Members of the Board on 1 May 2026 and were signed on its behalf by:

Geoff Cooper
Chair

Priya Dogra
Chief Executive

The notes on pages 170 to 173 form part of these financial statements.