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:

			Proportion of equity owned at 31 December	
Company	Activity	Registered address	**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).