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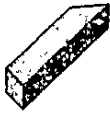
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Front Cover (clockwise from top right corner)
Treasure Hunt, Anneka Rice. *Vidal In Venice*, Gore Vidal.
Channel Four News, Peter Sissons. *Opinions*, Bishop Desmond Tutu.
American Football, A Woman of Substance, Jenny Seagrove.
Wales: The Dragon Has Two Tongues, Wynford Vaughan Thomas and Professor Alf Williams.
Illustrations by Jenny Powell



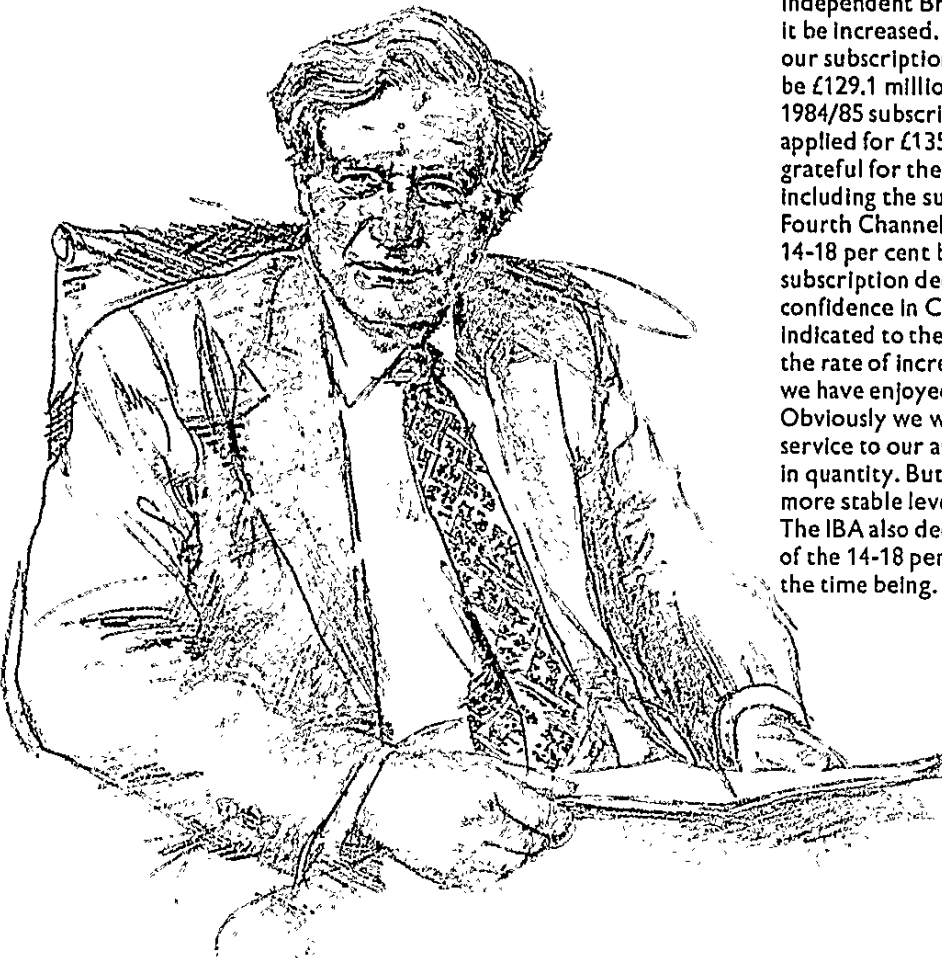
CHAIRMAN'S STATEMENT

CHANNEL 4 has had another successful year both in critical acclaim and in terms of rising audiences. Increasing numbers of people find the Channel's output refreshingly distinctive and a valuable addition to the sum of British television. There is, indeed, some danger of too much being read into the Channel's experience, and of a mistaken understanding of that experience influencing the climate of opinion in which the Peacock Committee will operate. The first genuine lesson is that there is a great deal of talent available in British television. Channel 4 has been able to give that talent its head. But, and this is the second lesson, it has been able to do that because it has enjoyed a reliable income, as well as the encouragement of Parliament, the IBA, and the Independent Television Industry as a whole. There is also a lesson to be learnt from the Channel's success with independent production.

Unfortunately the argument is being pressed further, and the key importance to Channel 4 of a reliable income is in some quarters being ignored. Television in this country has always operated in a regulated climate without competition for revenue. The BBC has been funded by licence. ITV has been

funded by advertising revenue. Because Channel 4, and indeed ITV before it, has demonstrated that in that regulated world, quality television is not incompatible with advertising revenue, there are those who argue that the same would be true if there were competition for television advertising revenue. Channel 4 provides no evidence for that proposition at all. Indeed the opposite is more likely to be true. If the BBC took advertising in any significant measure, the whole basis for the funding of Channel 4 would come into question, and with it the very foundation of Channel 4's success. Channel 4 is, therefore, keenly interested in the outcome of the Peacock Inquiry.

IN October 1981 the IBA decided in consultation with the ITV companies that the total subscription, including that part that goes to the Welsh Fourth Channel, should be levied within the bracket of 14-18 per cent of the net advertising revenue of ITV and Channel 4 in the previous year. That decision was to last for three years after which the upper limit of 18 per cent was to be reviewed to see whether the financial health of the Independent Broadcasting system allowed that it be increased. The IBA has now decided that our subscription for the year 1985/86 should be £129.1 million, a 16 per cent increase on the 1984/85 subscription of £111 million. We applied for £135 million but we are very grateful for the IBA's decision which, including the sum allocated to the Welsh Fourth Channel, remained near the top of the 14-18 per cent bracket. We believe that the subscription decision signals the IBA's confidence in Channel 4. We have, however, indicated to the IBA that we do not expect that the rate of increase in the subscription which we have enjoyed thus far can continue. Obviously we want to go on expanding our service to our audiences, both in quality and in quantity. But we must expect in future a more stable level of subscription in real terms. The IBA also decided to leave the upper limit of the 14-18 per cent bracket unchanged for the time being.



CHANNEL 4 does not sell its own advertising time. That time is sold by the fifteen ITV companies who contribute to the subscription. This arrangement has many advantages for Channel 4. It has enabled us to concentrate on our principal function, the commissioning and purchasing of programmes. Our programme planning has benefited from the fact that we have known at the beginning of each financial year exactly what our income would be. We have had an assurance that, except in very adverse circumstances, our income would not fall. Clearly the ITV companies look for a reduction in the cost to them of Channel 4. The Exchequer looks for an end to the burden placed by Channel 4 on the levy. However, in calculating the cost of Channel 4, it is important that the approximately 20 per cent of the subscription that is paid to the Welsh Fourth Channel should be subtracted. In my annual statements I have several times had to write of the obstacle to the commercial success of the Channel constituted by the industrial relations dispute between the Institute of Practitioners in Advertising and Equity. Fortunately this dispute appears now to have been settled. There is every sign that the settlement will help the ITV companies to increase revenue from selling advertising time on Channel 4. While the advertising revenue invoiced on the Channel, as now reported by the Authority, does not yet cover the subscription, the trend has been satisfactory.

It is impossible at this stage to forecast the effects on Channel 4 of the present levelling-off of television advertising revenue. It is to be hoped that those are right who expect that the particular profile of Channel 4 audiences, which has proved attractive to advertisers, will ensure that the satisfactory trend continues.

CHANNEL 4 has made a significant contribution to the British film industry. The Government has recognised this contribution by inviting us to participate in the formation of the British Screen Finance Consortium. We have agreed to do so and have taken a leading part in establishing the consortium. Our first responsibility is to our viewers and we hope that as a result of our participation British films that might not otherwise have been made will appear on television screens. We hope also that our participation will assist the objective of strengthening the British film industry.

We are delighted that during the year our

Chief Executive, Jeremy Isaacs, to whom so much of the success of the Channel is due, was elected to a Fellowship of the British Academy of Film and Television Arts. His election adds his name to a very short list of some of the most outstanding creators of British films and television. No one would doubt the appropriateness of this award and I am glad that Jeremy continues to regard his appointment at Channel 4 as the best job in television. In confirmation of that judgement, he has entered into a further contract with Channel 4 which extends his appointment as Chief Executive until 31st December 1988.

ON 30th June 1985, in accordance with the IBA's decision to rotate appointments as non-executive directors, so far as possible after five years, Roger Graef, David McCall, Sara Morrison, and Brian Tesler will be retiring from the Board. All of them have been on the Board from its earliest days back in 1980 when we were first appointed as a team of consultants. Each of them has the satisfaction of knowing that they leave the Channel in good shape and that each of them has made a distinguished contribution to its success. After 1st July 1985, only three of the original team will remain, Sir Richard Attenborough, Dr. Glyn Tegai Hughes and myself. We, and the continuing directors, will be joined by Sir Brian Bailey, Carmen Callil, Paul Fox and Detta O'Cathain who, with their varied experience, will have much to contribute to the Board and to the company.

The staff of the Channel has slowly expanded and now stands at about 250. From the beginning the Board has insisted on staff numbers being kept down to the minimum consistent with the efficient operation of the Channel. The staff has certainly expanded no faster or farther than has been necessary, taking account of the need to deal both with a host of different suppliers, and the many other individuals and groups concerned in one way or another with the nature of our output. During the year there has been a review of staff numbers and work load, in the light of which it was decided to permit some few increases. But the Channel remains determined to watch staff numbers carefully. This policy does place a burden on staff and we continue to be grateful to them for the admirable way in which they carry out their duties.

EDMUND DELL—Chairman

25th June 1985

CHIEF EXECUTIVE'S REVIEW

IN its second full year on the air, Channel 4 has grown steadily. We set out with the clear intention of widening choice for all Britain's television viewers. We sought to provide something of interest to everyone, at least for part of the time. I am glad to say that we are doing so. More than 70 per cent of Britain's television viewers now turn to Channel 4 each week for a substantial period. There has been a marked increase in viewing of the Channel over last year. Viewers have liked what they have seen. The trend upwards continues.

Channel 4 is part of the Independent Television system, and is funded by a levy on the revenues of ITV. In the twelve months that ended on 31st March 1985, Channel 4 obtained a share of ITV's total ratings on both channels that matched the share of their revenue they paid to fund us. They paid us 12.3 per cent of

their revenue. Our share of their audience averaged 12.5 per cent. We are close to paying our way, and here, too, the signs are positive.

What gives me particular pleasure is that we have done this with a wide diversity of programmes characteristic of our style and purpose, as subsequent pages of this report demonstrate. I hope to see further growth in their use of the Channel by the various audiences that we serve, and a consequent increase in our audience share. But we have already achieved a level of audience which secures our role. On that firm basis, it is possible to plan to take more risks with the programmes and with the schedule. It is necessary that we do so, because we are asked by Parliament to encourage innovation and experiment. We will do our best to do just that.

In the past year, the Channel has made



strides in every category of programming. *Channel Four News* has gained a high reputation; in current affairs *Court Report* on Ponting broke new ground; *MIS's Official Secrets* made most waves. Our opinionated programmes such as *Diverse Report*, *Comment*, *Opinions* have continued to provoke. Documentaries have maintained high standards. Educational programmes have continued to win followers and friends. In fiction, *Brookside* has gone from strength to strength, as has *Film on Four*; *The Price* was the best series we have yet broadcast, *A Woman of Substance* the most popular. In entertainment, *Countdown*, which encourages viewers to participate, has become an afternoon 'must' for many; *Who Dares Wins...* and *Saturday Live* presage new successes. In *People to People* and *The Eleventh Hour* we have continued to bring new voices, urgent, passionate, committed, to the television

screen. There are different sports for lovers of sport. There is a wide range of stuff that reflects the diversity of this multi-cultural society, and of the sights and sounds of the world outside. In the arts, splendid offerings have graced our schedules; in dance, opera, books, films. We continue to show the best of the world's old movies, and play a modest part in making the best of the new ones.

All this is owed to my colleagues who staff Channel 4 and to all in ITV, in the independent production sector, in the workshop movement, in the business, worldwide, who labour skilfully to make our programmes. They have delivered on budget, and on time. To them all, I am grateful.

JEREMY ISAACS Chief Executive

A Woman of Substance

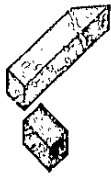


The Price



Channel Four News

INNOVATION



A four-hour studio trial of a 500-year old murder... nightly readings from a current and controversial court case... a seven-part video opera without a single aria... a South African black bishop talking direct to camera for half-an-hour... a three-hour opera in Sanskrit with Sanskrit subtitles... programmes made by the disabled... one man's nightly excerpts from his diary... the first series devoted to black arts... TV's first anthology of British verse... a series telling the history of a hospital through its workers... education for mentally handicapped children that doubles as entertainment for their brothers and sisters too...

All these 1984/5 programmes confirm that Channel 4 continues to find new ground to break and cultivate — sometimes claiming it as its own, sometimes opening the way for other channels. All these programmes won some critical acclaim, though in varying degrees and with varying audience response. But they all exemplify the Channel's continuing commitment to its brief — unique among TV stations — which has fired the enthusiasm of so many of its staff and suppliers: the requirement to innovate in 'form and content' of programmes. And the Channel's other obligations — to cater for tastes and interests

ignored or under-represented on other channels, to commission all its programming from outside with a substantial proportion from 'independent' producers, and to devote an unprecedented proportion of airtime to education — all reinforce innovation as the Channel's single most important *raison d'être*.

Innovation is not confined to obscure experimentation or worthy representation of the previously unrepresented. It underpins the planning and scheduling of the Channel's drama, entertainment and movies too, and — far from conflicting with commercial aspirations — actually helps to deliver the kind of distinctive audience profile that helps secure the viability of a fourth complementary channel.

LET A THOUSAND VOICES BE HEARD

Let a thousand flowers bloom: let a thousand voices be heard. One of the Channel's central aims has been to break with the tradition in which only a relatively narrow range of opinions are presented blandly and mediated through the filter of conventional notions of TV production. The Channel is animated by the conviction that TV should — and can — allow articulate people from all kinds of background express their many

Philip Glass composer of *Satyagraha* a three-hour opera in Sanskrit



Bacchanal, the first series devoted to black arts

People's Minds, a documentary about a theatre company whose members are physically handicapped



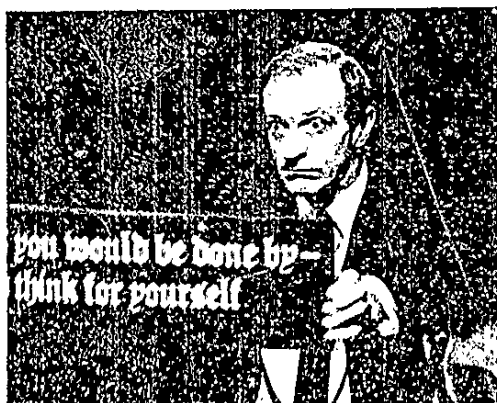
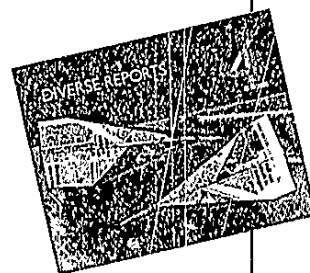
diverse opinions direct to camera, with the absolute minimum of editorial intervention or visual gimmickry. That this can be done within the Broadcasting Act and without alienating the audience, is triumphantly proved by both *Opinions* and *Comment*.

Comment is now well established as an institution four nights a week in which all kinds of people — from unemployed teenagers to retired admirals — have three minutes to talk on a topical subject of their choice. (And this format has been accepted by the political parties as a welcome alternative to the party political broadcasts on other channels — the Wednesday-night slot is divided between the parties on the same basis as the longer, less frequent broadcasts on other channels.) More audaciously, *Opinions* allow speakers half-an-hour's airtime to deliver an argument, often without a single camera cut or edit. A range established by E.P. Thompson, Enoch Powell, Edward Teller (the father of the H-bomb) and New Yorker journalist Ved Mehta talking about his blindness has been continued in 1984/5 with Bishop Desmond Tutu's dignified but impassioned denunciation of Apartheid, Graham Chapman's onslaught on conventional morality — serious yet decked with some touches reminiscent of his Pythonesque past

— and many other speakers.

That attitude to the diversity of opinion (though without the deliberately restrained visual presentation) underlies the philosophy and very name of the Channel's most consistently controversial current affairs programme, *Diverse Reports*. What guarantees the controversy is the programme's determination to allow its reporters — and guest editors — to develop and express an argument through their reports in the way that reporters in newspapers or magazines might, reflecting over the series many diverse committed points of view. Not only is this a novelty in TV, where most reporters express no opinions, but there can be few newspapers or magazines which reflect anything like the diversity of opinion to which the Channel 4 programme (and Diverse Production, its makers) are committed, and which is essential under the Broadcasting Act.

Even in the blockbuster documentary series, Channel 4 has commissioned radical and expert figures to contribute a considered series, as Basil Davidson did with *Africa*, which proved a worthy follower to *The Heart of the Dragon's* account of China in the previous year. And, *Wales: The Dragon Has Two Tongues* confronted the debate about whose opinion of a nation's history should be expressed by

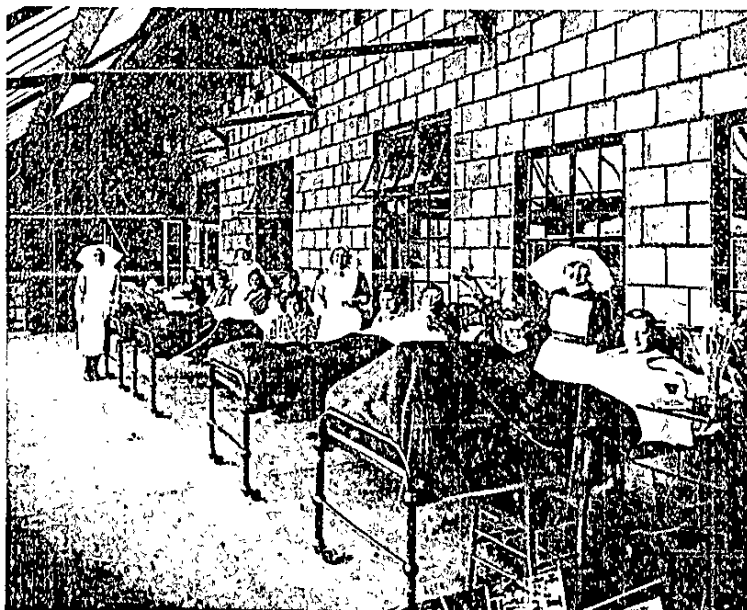
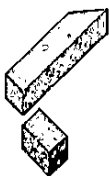


Wales: The Dragon Has Two Tongues



Opinions

Africa



City General



Majdhar



building the series around just such a debate. It focussed on two sparring partners, Marxist historian Professor Gwyn Alf Williams and the veteran broadcaster Wynford Vaughan Thomas, who argued their conflicting interpretations of Welsh history over 20 centuries and 13 half-hour programmes.

DIVERSITY OF PROGRAMME-MAKERS

Channel 4's commitment to diversity is not just a matter of the choice of those speaking in front of the camera, but also of those shaping programmes behind the camera. Relying on a 'substantial proportion' of independent production guarantees some innovation — ideas produced in fresh ways unshaped by the conventions of in-house bureaucracies, or in-house design and technical facilities. But many of those producers, though operating in a new way outside the main system, are committed to continuing professional careers within the established broadcasting system.

The Channel is also keen to allow people from outside the ranks of TV professionals to make programmes. Through its *People to People* strand the Channel encourages communities or groups to communicate their experience directly, but through a more flexible relationship with sympathetic professionals than is implied in the original concept of access broadcasting. Young people in Birmingham questioned the record industry's opposition to home taping in *'What They Telling Us It's Illegal For?'*; *Just Like Coronation Street* traced the history of an Oldham community uprooted by wholesale slum clearance, intercutting new interviews with archive footage of earlier documentaries about the area; and TV History Workshop extended their own form of people's history (initiated in the Channel's first few months by *Making Cars*) with *City General*, a hospital's story, told by those who work or worked in it. A group of disabled people formed Interface Productions and collaborated with RPM Productions to make several documentaries about the position of disabled people, in *Insult to Injury* and *Second to None*.

From its inception, the channel allocated a commissioning editor and a specific slot late on Mondays, *The Eleventh Hour*, to bring onto TV the work of film-makers working outside the commercial film and TV system.

The Channel has found a way of funding workshops to make films and videos in their own way and with their own code of practice. Under the Workshop Agreement, the Channel provides an annual grant and — with

union support — can then buy the resulting programmes for transmission. The results include documentary work, an enterprising attempt at radical sitcom in *Domestic Bliss* (Newsreel Collective) and some of the outstanding pieces in a *New Waves* season of fiction films, including *Acceptable Levels*, a feature about media treatment of the Irish troubles, jointly made by Frontroom Productions and a Belfast collective, and Michael Eaton's study of Victorian sexuality *Darkest England*, and *Majdhar*, a film by an Asian collective. During the year of the miners' strike, *The Eleventh Hour* also provided an opportunity for the views of striking miners themselves to be heard in several programmes, including *Coal, Not Dole*. *The Eleventh Hour* has also shown innovative work from overseas, and from an *avant garde* working in Britain.

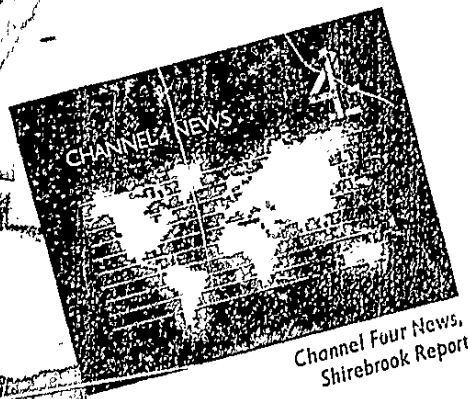
N EWS & CURRENT AFFAIRS

The miners' strike was judged by many as a turning-point for *Channel Four News*. The first few months on air had proved this one of the riskiest of the Channel's attempts to alter the forms and agenda of a particular kind of TV. But gradually the ITN team has found a way of marrying high professional standards to a distinctive set of news priorities. And the miners' strike was the story that provided the scope for the team to demonstrate their increasing authority and exploit the advantages — as opposed to the problems — of their greater length. This scope allowed them to make news themselves by staging a revealing confrontation between Ian McGregor and Arthur Scargill. It also allowed them greater opportunity to reflect different views on the issue as in the award-winning 20-minute report from Shirebrook, and this extensive reporting of all sides (rather than any actual bias in the programme) may

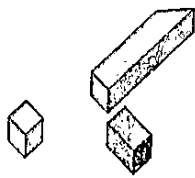
Domestic Bliss



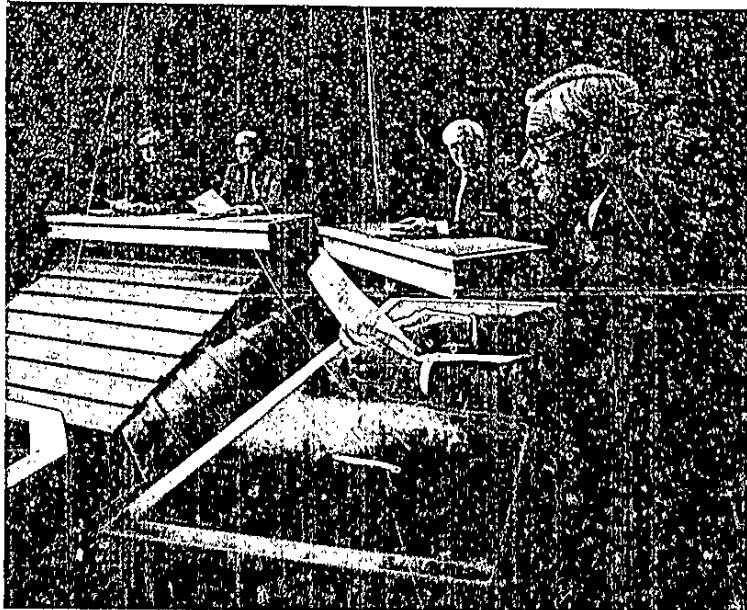
Acceptable Levels



*Channel Four News,
Shirebrook Report*



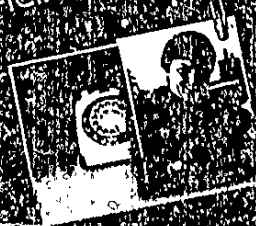
Trilogies from
20/20 Vision:
Child Sex Abuse and
MIS's Official Secrets



Court Report



MIS's OFFICIAL SECRETS



10

explain why striking miners regarded *Channel Four News* as the only news programme fair to them.

Channel 4 played a major part, with the other channels, in the experimental period for televising the House of Lords. And with its own exclusive nightly *Court Report* on the Ponting Secrets Trial, it pioneered a breakthrough which may eventually rank with the developments in the late '50s in breaking the 14-Day Rule and the limitations on the reporting of election campaigns. Channel 4 had been seeking a formula to provide on TV the kind of detailed court reporting — in cases of serious public concern — that is found in quality newspapers. The Ponting Secrets Trial was the first appropriate case. Channel 4 wanted to use actors to read nightly excerpts from the transcript, not to dramatise but simply to deliver the text. When the trial judge forbade the use of actors, Channel 4 substituted a team of three newsreaders who shared the reading between them. This

The Business Programme

alternative procedure received the judge's approval. The programmes were watched by around half-a-million viewers late each night. And while TV news bulletins are often derided for containing so few words by comparison with a newspaper page, Channel 4's *Court Report* provided more detail of the hearings than any newspaper account.

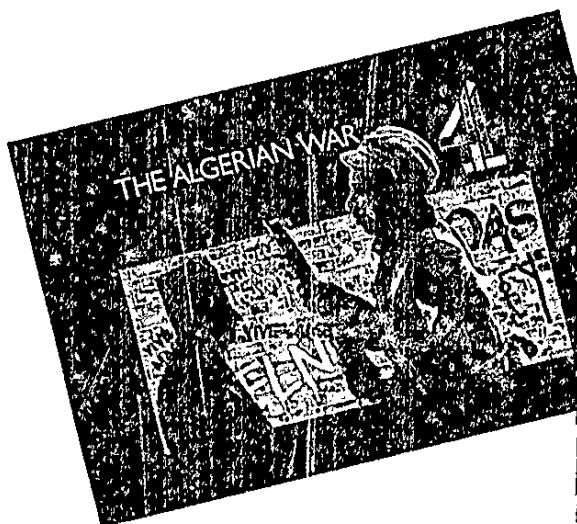
Despite the proven success of *20/20 Vision* and *Broadside* as weekly current affairs programmes made by women that stood comparison with any other well established competitor, Channel 4 cancelled that strand (*Broadside* had already ended because of internal problems) in favour of further experiment. The Channel instead tried a new format, commissioning Gambles Milne to make a series of trilogies, under the *20/20 Vision* title, each examining a particular social issue in three different ways. One trilogy emerged — virtually one single programme with follow-up discussions, *MIS's Official Secrets* — an exposé which certainly was the



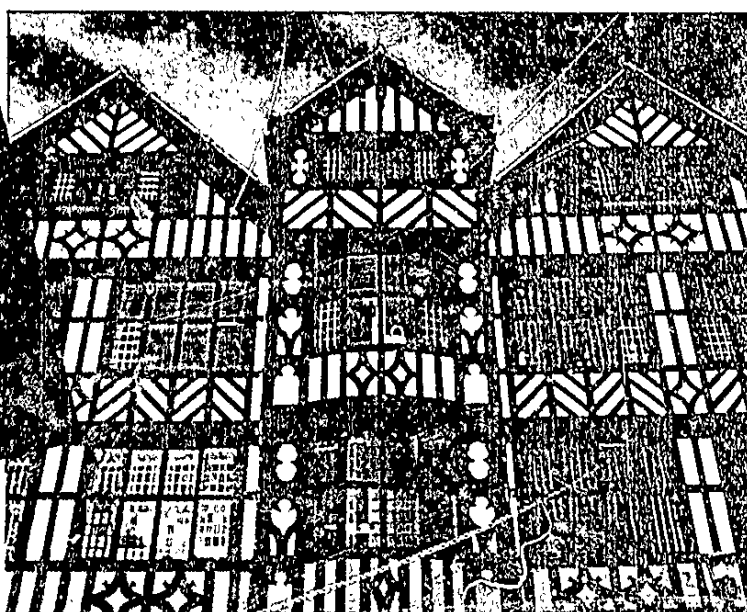
Ancient Lives



Survive



Worldwise season:
Buildings - Who Cares?



Channel's most controversial current affairs programme.

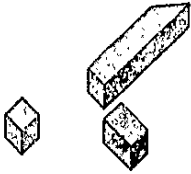
In its attempts to address specific aspects of industry, the Channel scored an early success with the continuing *Union World*, and matched it in 1984/5 with British TV's first regular programme specifically designed for businessmen and others with a serious interest in business, *The Business Programme*.

EDUCATION & DOCUMENTARIES

Among those programmes maintaining the distinction of Channel 4 documentaries this year, apart from Basil Davidson's series on *Africa* (already mentioned), John Romer illuminated the study of ancient history with his Egyptian series *Ancient Lives*, and Nick Downie's *Survive* found a way of putting some unimaginable yet somehow endurable sufferings into a context that proved heartening rather than prurient. Among

one-offs, Paul Oremland's *If They'd Asked for a Lion Tamer* attracted a large late-night audience for a sympathetic study of a drag artist. Lavinia Warner's *G.I. Brides* was feted as one of the outstanding documentaries of the year for the judicious choice of interviewees serving a fascinating subject. *The Algerian War*, the sort of major five-part documentary series that normally emerges from a team of writers, directors and producers backed by a large organisation, was made by one producer/writer/director, Peter Batty, and his own one-man company.

Natural history programmes are one of TV's most popular non-fiction forms. Besides the estimable qualities of its shooting, editing and sound-track, *Fragile Earth* is informed by a particular concern with the threat to particular areas and ecological systems. *Fragile Earth* and other programmes were grouped together in early 1985 for an unprecedented five-month umbrella season on conservation, *Worldwise* (which ran on into the 1985/6 year



and ended with a four-hour live spectacular *The Longest Running Show on Earth*).

Channel 4's policy is to blur the institutional boundaries between educational programmes and other kinds of output. *Worldwise* also counted as education — as did *Citizen 2000*, several programmes each year in a unique 18-year project following through the development of a group of children born in 1982 until they come of age in the year 2000. *The Wine Programme* with Jancis Robinson showed it is possible to construct a coherent and serious, but genuinely educative series, about one of life's great enjoyments. *Baby, Baby* triumphantly found a new tone, derived from the rock style of *The Tube* to help young people adjust to the prospect of another of life's great enjoyments — having children. *The Tube* presenters Jools Holland and Paula Yates and other rock star interviewees all contributed their experience as recent parents. Even basic 'how to' programmes can

take an original theme, like making furniture out of cheap and available oddments such as oil cans, and package it in a stylish and entertaining way, as did *Low Tech*.

Religious programming is not noted for its innovation, but *Jesus the Evidence* which examined the Biblical evidence in a deliberately populist style attracted larger audiences and more vociferous controversy than any religious programme in years. And Karen Armstrong's series of interviews with people exemplifying *Varieties of Religious Experience* took an unusually detailed look at the nature of its subject.

ARTS & MUSIC

Channel 4's arts policy is informed by a particular preference for contemporary art and innovative contemporary interpretations of classical works. This explains the presence of one of the strangest yet most admired of modern



Citizen 2000

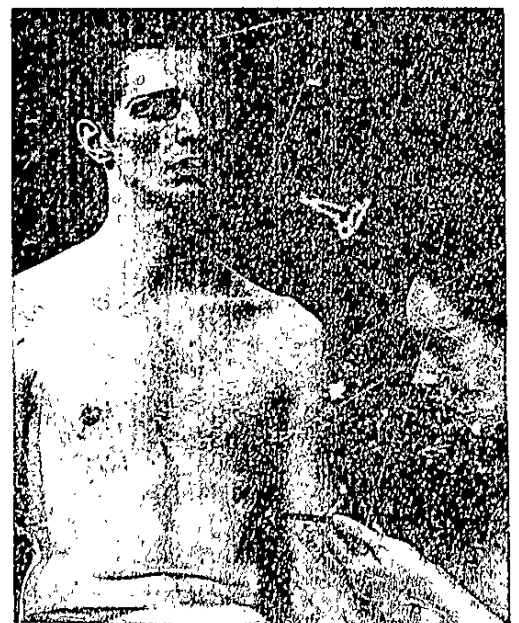


Jesus the Evidence

Pina Bausch's 1980



The presenters of
Baby, Baby and
The Tube



dance works, Pina Bausch's massive 1980, the three films with different casts of Peter Brook's pared-down intense chamber version of *The Tragedy of Carmen*, and the recording of Philip Glass' mesmerising three-hour opera about Gandhi in Sanskrit, *Satyagraha*, complete with Sanskrit (and some English) subtitles. In television terms, the most radical departure was the world premiere of Robert Ashley's video opera *Perfect Lives*, conceived in seven parts screened over seven nights, telling its elliptical story of a middle American bank raid that wasn't, with a combination of 'sprechgesang', rhythmic speech rather than formal arias, jazz piano and the sort of state-of-the-art video effects which will subsequently be found only in commercials. It was made in the USA, but commissioned by Channel 4, for it found no adequate professional backers there.

Peter Greenaway's specially-commissioned documentaries on Ashley and Glass, Meredith

Monk and John Cage, *Four American Composers*, were innovative works of art in themselves, in which Greenaway matched his style to reflect and comment obliquely on the originality of his subjects. *Bacchanal* was the first series commissioned to reflect black arts in Britain today. And *Repercussions* captured a host of remarkable performances in Africa, the US and the Caribbean to trace the path of influence of Afro-American music over several hundred years and several continents, an unprecedented feat of musicology on TV.

But apart from these programmes, the Channel has also devoted unparalleled attention to the English tradition of poetry and the performance of its greatest master in *Playing Shakespeare*, John Barton's intensive workshops with the Royal Shakespeare Company, the 16-part anthology *Six Centuries of Verse*, and *The Sonnets of William Shakespeare*.



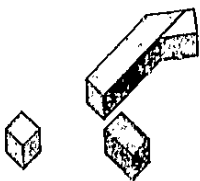
The Sonnets of William Shakespeare



Repercussions



The Tragedy of Carmen



FICTION

Innovation on Channel 4 is not limited to the experimental and *avant garde*, nor is it incompatible with popularity. Channel 4's most consistently popular series, *Brookside*, breathed new life into one of TV's most accessible genres, the continuing soap opera, by building in more contemporary relevance to the Britain of today than other older soaps could bear, and by shooting the entire series on location in a close of real houses on Merseyside. This has given the entire project a

quite different feel from serials that venture out of the studio—if ever—only for odd sequences. Of course, innovation implies risk: in the first weeks, that contemporary relevance veered towards sententiousness and the confined location of the small modern houses posed problems for lights and microphones that took some months to conquer. But *Brookside* is boosting Merseyside and attracting a younger audience nationwide.

Film on Four has consistently backed fresh talent among writers and directors, sometimes both as in Brian Gilbert's professional debut as writer/director with the exceptional *First Love* film, *Sharma and Beyond*. Robert Wynne Simmons' *The Outcasts* essayed a strange almost timeless fantasy of Irish peasant life and Mike Hodges' *Squaring the Circle*, written by Tom Stoppard, made imaginative and stylish use of the studio and some star comedy actors for its less than comic account of Solidarity.

Apart from the individual merits of the

Brookside



Home Video

The Young Visitors



Squaring the Circle



films, the most radical departure about *Film on Four* has been its very existence as a precarious but valuable bridgehead between the prestige and financial risk of cinema movies and the increasing body of filmed drama on TV. Overlaps between the interests of cinema and TV—in union agreements, distributors' needs, and areas of demarcation between critics—make that straddling act difficult to sustain, and perhaps explain why it hasn't been attempted before. But the project continues to deliver some 20 films a year and, with one or two honourably failed exceptions, they have matched critical acclaim with good audience response.

The originality of filmed drama is supported by *The Eleventh Hour* seasons, by James Hill's stylish and successful attempt to match the naiveté of the nine-year-old Daisy Ashford's vision and prose in *The Young Visitors* and by a number of shorter pieces such as Michael Whyte's *A Profile of Arthur J. Mason*, Mike

Figgis' *The House* and Ray Davies' imaginative first feature, with his own music, *Return to Waterloo*.

Although the majority of the Channel's fictional work is on film, a number of productions have exploited the possibilities of video: *Home Video* was shot on one hand-held camera to simulate the amateur record of a particularly ghastly family wedding party; *Two Track Mind* exploited the potential of video effects and lightweight video shooting on location; and Roger Graef's *Nagging Doubt* found an artistically economical and stylish way of translating Jack Klaff's one-man show from fringe theatre to the TV studio. From its opening with the RSC's *Nicholas Nickleby* in 1982, the Channel has pioneered new techniques to allow viewers to share some great theatrical performances in a form suitable to TV: *The Biko Inquest* was the first production conceived from the start for both theatre and TV.

A Profile of Arthur J. Mason



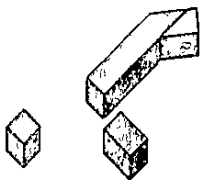
The Biko Inquest



Return to Waterloo

First Love — Sharma and Beyond

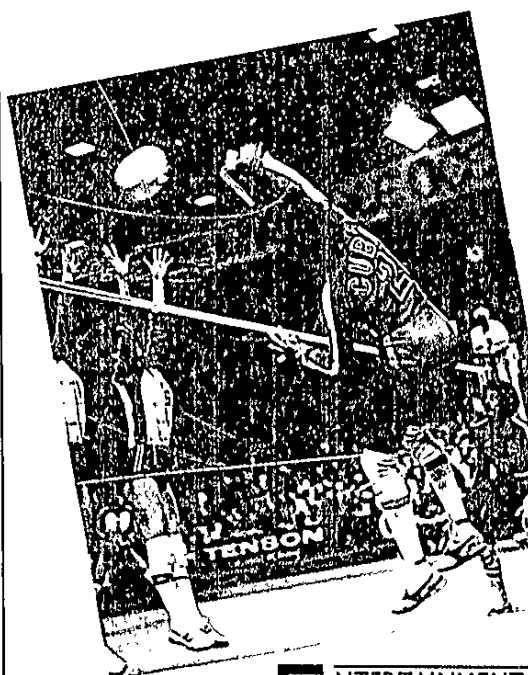




Fairly Secret Army

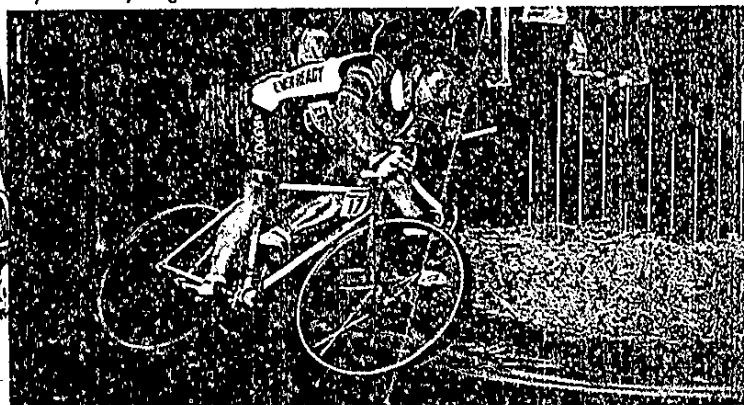


Who Dares Wins...



Volleyball

City Centre Cycling



ENTERTAINMENT
Finding innovative forms of comedy and entertainment has proved a difficult challenge. From Channel 4's opening night *The Comic Strip Presents* suggested one solution — the group's anarchic humour disciplined to parody a particular form each time and served by skilfully-directed film resources. The Channel marked its second anniversary with *The Bullshitters*, parodying a highly-popular violent drama series. *Who Dares Wins...* found a promising formula for a weekly sketch show; *Saturday Live* proved a successful pilot for a future series, and Jasper Carrott found an effective vehicle for mixing his stand-up routines with filmed sketches in *American Carrott*. Adapting yet building upon its original French format, *Treasure Hunt* continues to prove a pleasant contrast to the studio values of most TV quizzes. And among sitcoms, *Fairly Secret Army* was the first comedy of its kind to be shot entirely on film

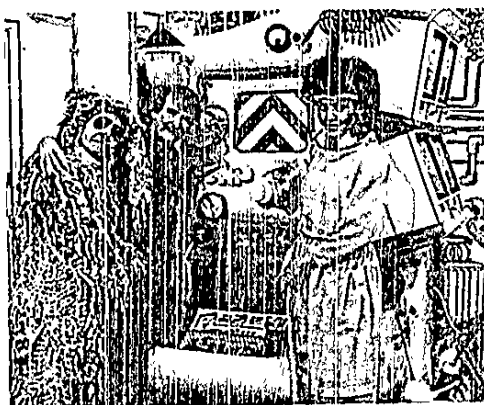
on location, though *Father's Day* was shot on tape out of the studio. Within the apparent confines of sitcom with a studio audience, writers Andrew Norriss and Richard Fegen made a stunning debut by importing the wild logic and faultless mechanics of farce for *Chance in a Million*, which produced a new genre, sitfarce.

SPORT
Channel 4 has broken with existing sports coverage both by rethinking the treatment of familiar sports — the camera work, graphics and commentary of tennis for instance — and by the conscious promotion of less familiar sports: *Basketball*, the successful *City Centre Cycling* championship and above all *American Football*. The Channel also pays attention to women's sports — volleyball and netball — and to young people's sport with *BMX* and *Henry Cooper's Golden Belt*.



Almonds and Raisins

Just Like Mohicans



Chips' Comic

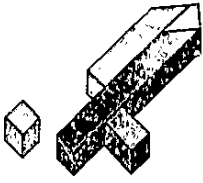
MOVIES

Buying in cinema movies may be the last area of TV transmission anyone would associate with innovation, yet even here the catholicity of Channel 4's purchasing and scheduling policy reveals major breakthroughs in particular seasons, such as Leslie Halliwell's selection of the treasures of Hollywood and also *The British at War* season, assembling wartime documentaries and propaganda films alongside features. Munni Kabir organised the first British TV season of Indian films (now an annual event), and Derek Hill assembled the first seasons from Latin America and Africa and probably the first TV season anywhere of French Canadian films from Quebec. *Visions* continues to analyse cinema in a manner quite unlike any other TV cinema magazine. Russ Karel's *Almonds and Raisins* was a quite exceptional portrait of the long-forgotten Yiddish cinema that thrived in the US before the war.

AUDIENCES

The Channel has sustained its commitment to particular kinds of audience long neglected on TV, notably the young and the ethnic communities, with established programmes such as *The Tube*, *Black on Black* and *Eastern Eye* and other series such as *Baby, Baby*, and *Bacchanal* and the successful competition for black and Asian writers, *Debut '84* whose winner *Just Like Mohicans* was produced and transmitted.

But the Channel has also addressed particular series to farmers (*Farming on Four*), launched the first series targetted specifically at businessmen (*The Business Programme*), a series aimed at the deaf (*Listening Eye*, featuring the first presenter, Clark Denmark, to communicate entirely in sign language), and the first series for mentally handicapped children, (*Chips' Comic*), carefully structured for them but entertaining enough to encourage other children to watch as well.

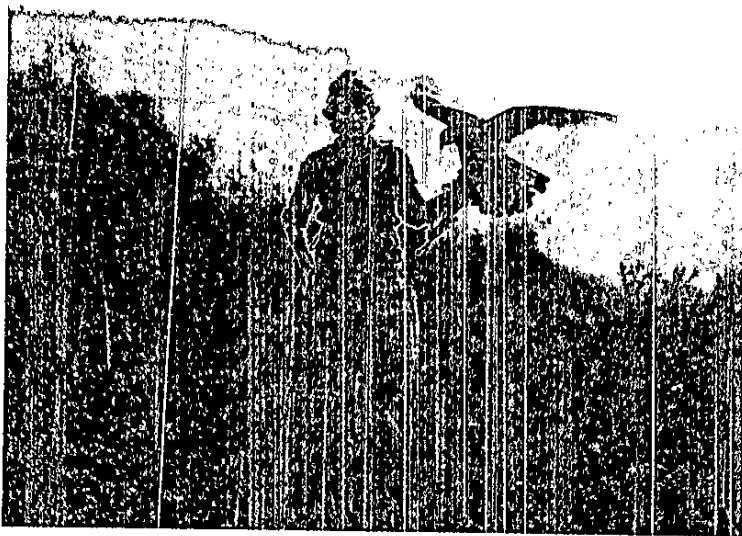


SCHEDULING

Channel 4's scheduling recognises that viewers are unlikely to watch more than one or two programmes a night on a 'minority' channel, so there is no value in the conventional art of trying to build and keep an audience *throughout* an evening (though some programmes certainly inherit their predecessors' viewers). Programmes are scheduled at the time that is thought right for them, and to contrast with what is on ITV at a particular time. The Channel aims at winning audiences outside other channels' conventional peaktime, when the battle for viewers is less intense.

The Channel has yoked some programmes together as seasons, such as the five-month *Worldwise* season or the week-plus *Pictures of Poland*, linking together series and one-offs, purchases and commissions in a range of different slots. And the Channel has successfully cleared whole evenings (or large parts of evenings) for special events like *An Evening with Mary Tyler Moore*, featuring a

Worldwise season:
The Falconer's Tale



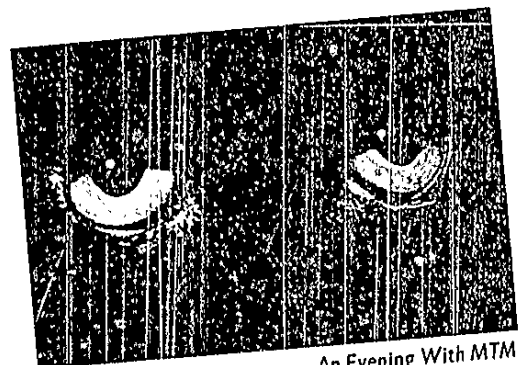
Pictures of Poland:
Man of Iron

The Trial of Richard III

documentary *Cat Among Lions* about MTM Productions together with some examples of MTM's work, Tony Palmer's *Wagner* which achieved an audience of 1.4 million or the four-hour studio-based *Trial of Richard III* which averaged 1.1 million and was judged the year's outstanding programme by at least one critic. In breaking schedulers' patterns, the Channel also offered *Ian Breakwell's Continuous Diary*, five minute contributions each night, quirky and personal in tone and visual style.

THE FUTURE

Channel 4 is committed to maintaining the momentum of innovation, but there is one snag. As the Channel becomes more successful, there are fewer failures that write themselves off. It becomes increasingly difficult to find the budgets or airtime for new ideas—as the Channel will insist on doing—unless it cancels some good and successful projects to allow others a chance. Such is the cost of continuing innovation. But the viewer deserves it.



An Evening With MTM



AWARDS FOR CHANNEL 4 PROGRAMMES

Prior to the year ended 31st March 1985



The Life and Adventures of Nicholas Nickleby

Angel

Director — Neil Jordan:
Durban Film Festival Award 1982 — Best First Feature Film.
Antwerp Intl. Film Festival 1983 Jury Prize.
The Standard Film Awards 1983 — Most Promising Newcomer — Neil Jordan.
The Standard Film Awards 1983 — Technical Achievement — Chris Menges (for ANGEL and LOCAL HERO).

Another Time, Another Place

Director — Michael Radford:
Taormina Film Festival Award 1983 — Best Actress and Best Actor.
The Standard Film Awards 1983 — Best Actress — Phyllis Logan.

Black on Black

LWT:
Voice Newspaper — Best Programme Award 1983.

Cause of Ireland

Platform Films:
Tyneside Film Festival Award 1983.

The Comic Strip Presents

Five Go Mad in Dorset
The Comic Strip:
Broadcasting Press Guilds Award 1983 — Best Comedy.

Coping

John and his Mum
Tyne Tees Television:
New York Intl. Film & TV Festival 1983 — Bronze Award.

The Curious Case of Santa Claus

Edinburgh Film Productions:
New York Intl. Film & TV Festival 1983 — Silver Award.

Dangerous Music

HTV:
Intl. Emmy Award 1983 — Best Performing Arts Programme.

Hey Good Looking!

LWT:
BAFTA Craft Award 1983. Graphics — Pat Gavin

Tom Keating on Painters

Moving Picture Company:
Broadcasting Press Guilds Award 1983 — Best on the Screen performance in a non-acting role.

King Lear

Granada Television:
Intl. Emmy Award 1983 — Best Drama.

The Lady is a Tramp

Regent Productions:
Pye Television Award 1983.

The Life and Adventures of Nicholas Nickleby

Primetime TV:
Intl. Emmy 1982/3 — Outstanding Limited Series.
Christopher Award 1983.
New York Intl. Film & TV Festival 1983 — Silver Award.



Dangerous Music

Malvinas

Scratch SA:
Latin American Festival Award 1983.

Manscape

Kennet and Avon Canal
HTV:
New York Intl. Film & TV Festival 1983 — Gold Award.

Midsummer Night's Tube

Duran Duran Film
Tyne Tees Television:
New York Intl. Film & TV Festival 1983 — Silver Award in Entertainment Category.

Moonlighting

Director — Jerzy Skolimowski:
Cannes Film Festival Awards 1982 — Best Screenplay.
The Standard Film Awards 1982 — Best Film.

The Ploughman's Lunch

Greenpoint Films:
Standard Film Awards 1983 — Best Film Award and Best Screenplay — Ian McEwan.

Remembrance

Producer/Director — Colin Gregg:
Taormina Film Festival 1982 — Golden Cyclops Award.

The Spice of Life

TVS:
New York Intl. Film & TV Festival 1983 — Silver Award.

The Snowman

Snowman Enterprises:
BAFTA Award 1983 — Best Children's Programme — Drama.
Gijon Children's Festival, Spain 1983 — Grand Prix.
The Design and Art Directors' Award 1983 — Best Animation.
Chicago International Festival Children's Films 1983 — First prize for animation short over 20 mins.
New York Intl. Film & TV Festival 1983 — Gold Medal for Best TV Entertainment for Children.
Oscar Nomination 1983.

Start Here

The Fantastic Power of Air
Video Arts Productions:
BISFA Award 1983 — Certificate of Special Merit.

Jumping Molecules

Video Arts Productions:
British Association of Merit Award 1983 for Television.

Taking a Line for a Walk

Persistent Vision Animation:
London Film Festival 1983 — Outstanding Film of the Year.
Chicago Intl. Festival 1983 — Certificate of Merit.

AWARDS FOR CHANNEL 4 PROGRAMMES

In the year ended 31st March 1985



*Another Time,
Another Place*



G.I. Brides



Concealed Enemies

Acceptable Levels

Front Room Productions:
Celtic Film Festival.
Rank Film Labs. Award 1984—Most Outstanding
Production on Film.

Acting Tapes

Zero One:
Tyneside Festival 1984—Tyneside Video Award.

Africa

Mitchell Beazley/RM Arts:
New York Intl. Film & TV Festival 1984—Gold Medal,
Social Commentary.

Almonds and Raisins

Russ Karel/David Elstein:
Chicago Intl. Festival 1984—Best Documentary.
Festival Americas Houston Intl. Film Festival 1984—
Bronze Award.
Berlin Intl. Film Festival 1984—Certificate of Merit.

Another Audience With Dame Edna

Richard Drewett—LWT:
BAFTA Award 1984/85—Best Light Entertainment
Programme.

Another Time, Another Place

Director—Michael Radford:
BAFTA Award 1984—Most Promising Newcomer—
Phyllis Logan.

Channel Four News

ITN:
Broadcasting Press Guilds Award 1985—
Best News/Current Affairs Programme.
Outstanding front of camera contribution to
Peter Sissons.
Glaxo Writers Fellowship Lawrence McGinty.
Wincott Award 1983 for Outstanding Achievement
In Economics & Financial Journalism. (Awarded May
1984)
Shirebrook Report
Royal Television Society 1985—Topical Feature
Award.

The Company of Wolves

Palace Productions:
The Critics' Circle Award 1984.

Concealed Enemies

Goldcrest Film Productions:
Intl. Emmy 1984—Outstanding Limited Series,
Intl. Emmy 1984—Outstanding Directing in a
Limited Series or Special.

Coping

Andrea
Tyne Tees Television:
New York Intl. Film & TV Festival 1984—
Silver Award in Community Service Category.

The Devil's Lieutenant

Bavaria Atelier:
Monte Carlo Festival 1985—Young Directors Award.

El Salvador's Crucified Church

John Gau Productions:
Festival Americas Houston Intl. Film Festival 1984—
Bronze Award in Religion and Ethics Category.

End and Means

Trade Films:
Tyneside Festival 1984—Tyne North East Award.

4 What It's Worth

Health Kickback.
Thames Television/Meditel Productions:
Intl. Consumer Film Competition 1984—Silver
Award (Health). Thames Television also won Bronze
Awards in the Consumer Magazine & Food Sections.

The Front Line

Directors—Chris Wenner/Jeff Harmon:
Festival Americas Houston Intl. Film Festival 1984
Grand Jury Non-fiction Prize.

The Ganges Gharial

Bedi Films:
Wildscreen 1984—Naresh Bedi—Cameraman
Gold Award.

G.I. Brides

Lavinia Warner:
Broadcasting Press Guilds 1985—Best Single
Documentary.

Mr Halpern and Mr Johnson

HTV:
Pye Colour TV Award 1984—
Writer of the Best Scripted Contribution to TV.

The Heart of the Dragon

Director—Mischa Scorer:
Intl. Emmy Award 1984—Documentary Category.
Festival du Film des Metiers d'Art 1984—
'Prix Special Document de TV'.

King Lear

Granada Television:
American Emmy 1984
Best performance in one off, Laurence Olivier.

Lakeland Rock

Border Television:
British Mountaineering Film Festival Winner.

The Last Cathedral

HTV:
New York Intl. Film & TV Festival 1984 Gold Award
(Religious).

Laughterhouse

Greenpoint Films:
Venice Film Fest. 1984—Joint Winner TV Section.

The Living Body

Goldcrest Film & Television:
Computer Animation Film Festival 1984—Educational.

Lost Tribes

Oxford Ethnographic:
New York Intl. Film and TV Festival 1984—
Bronze Award.



Sibelius

Lovers of The Lake

RTE:
Monte Carlo Festival 1985—Prix Unda (fiction).

Making Cars

Television History Workshop:
British Film Institute—Paddy Whannell TV Award 1984.

Midsummer Night's Tube

Culture Club in Japan
Tyne Tees Television:
New York Intl. Film & TV Festival 1984—
Gold Award in Entertainment Category.

Orpheus and Eurydice

Persistent Vision Animation:
Selected for showing at Cannes Film Festival
1984 Shorts category.

Paris, Texas

Director—Wim Wenders:
Cannes Film Festival 1984—Palme d'Or
Critics' Circle Award 1984—Best English Language
Film and Best Actor Harry Dean Stanton.

Profile of Arthur J. Mason

Director—Michael Whyte:
Gold Plaque Award 1984—Best Short Drama.

Realm of Darkness

Elusive Depths of Mexico
Chameleon Films:
Grenoble Film Festival 1984—Antenne 2nd Prize.

Hollow Mountain of Mulu

Chameleon Films:
Festival Intl. de Cinema, Espeleologie,
Barcelona 1984—Reportage and Adventure Award.

Scotland's Story

Scottish Television:
TV & Radio Industries Club of Scotland
Award for Best Special Programme.

Selva Verde

Partridge Productions:
Wildscreen Award 1984—Best Wildlife Soundtrack.

Siarau—Tidal Forest

Partridge Productions:
Wildscreen 1984—Phil Agland—Gold Award.

Sibelius

Allegro Films:
New York Intl. Film & TV Festival 1984—Silver Award.

Sir William in Search of Xanadu

Scottish Television:
New York Intl. Film & TV Festival 1984—
Gold Award (Network Documentary).

The Skin Horse

Central Television:
Royal Television Society 1984—
Original Programme Award.

The Snowman

Snowman Enterprises:
Prix Jeunesse, Storytelling Award 1984, (shared).

Squaring the Circle

TVS:
New York Intl. Film & TV Festival 1984—Gold Award.

Taking a Line for a Walk

Persistent Vision Animation:
Tarbes Animation Festival 1984—Special Jury Prize
Zagreb Animation Festival 1984—SEPTIMA Award.

The Tragedy of Carmen

Helene Delavault/Peter Brook:
Prix Italia 1984—Music Award
Intl. Emmy Award 1984—Performing Arts Category.

Trauma

Ulster Television:
Medical Journalists Association Pearl Assurance
Award 1984—Best Medical Programme of the Year
on British TV.

Treasure Hunt

Chatsworth Television:
TV Times Editor's Special Award 1985.
BAFTA Award 1984/85—Graham Berrie—
Top Video Cameraman.

The Tube

Tyne Tees Television:
TV Times Editor's Special Award 1984.

Union World

Granada Television:
Shell UK TV Award 1984—Certificate of Merit.

Vietnam—A Television History

Central Television:
San Francisco Intl. Film Festival 1984—
Golden Gate Award—Best Overall Film.
Eric Barnouw Award, Organisation of American
Historians LA 1984.
George Polk Award—Best Documentary Series 1984.
George Foster Peabody Award 1984.
Intl. Emmy Award 1985—Information, Cultural and
Historical Programmes Award, for each of six
episodes.
Intl. Film & TV Festival New York 1984—Gold Award.

Voyage to Cythera

Director—Theo Angelopoulos:
Cannes Film Festival 1984—International
Critic's Prize.
Greek Ministry of Culture Award 1985 and
Best Screenplay Award.

Whose Side Are You On?

Ken Loach:
Festival Del Populi, Florence 1984—First Prize.

The Wine Programme

Telekation/Goldcrest:
Glenfiddich Award 1984—Best Television
Personality—Janis Robinson.



Vietnam –
A Television History



The Wine Programme



CHANNEL FOUR TELEVISION COMPANY LIMITED

PROGRAMME TRANSMISSIONS- SOURCES AND COSTS

In the year to 31st March 1985 the Channel transmitted for 3,593 hours (1984 3,185 hours)—an average of 69 hours per week (1984 61¼ hours per week). Channel 4 commissions programmes from the Independent Television companies and Independent producers and purchases programmes in the international markets. The sources and costs of the programmes transmitted were as shown below.

The programme policy statement promulgated by the IBA in December 1980 stated that in order to achieve an appropriate balance of output the Channel would need to observe a balance between different sources of supply. The statement welcomed the positive injunction given by Parliament to

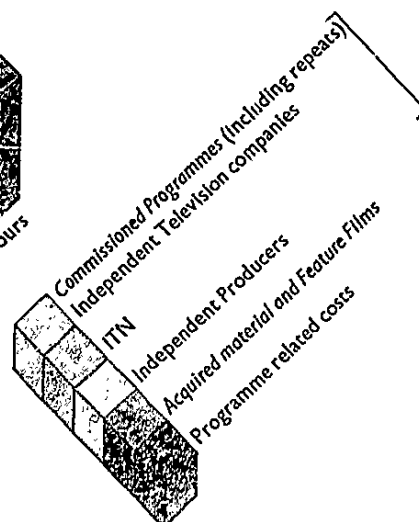
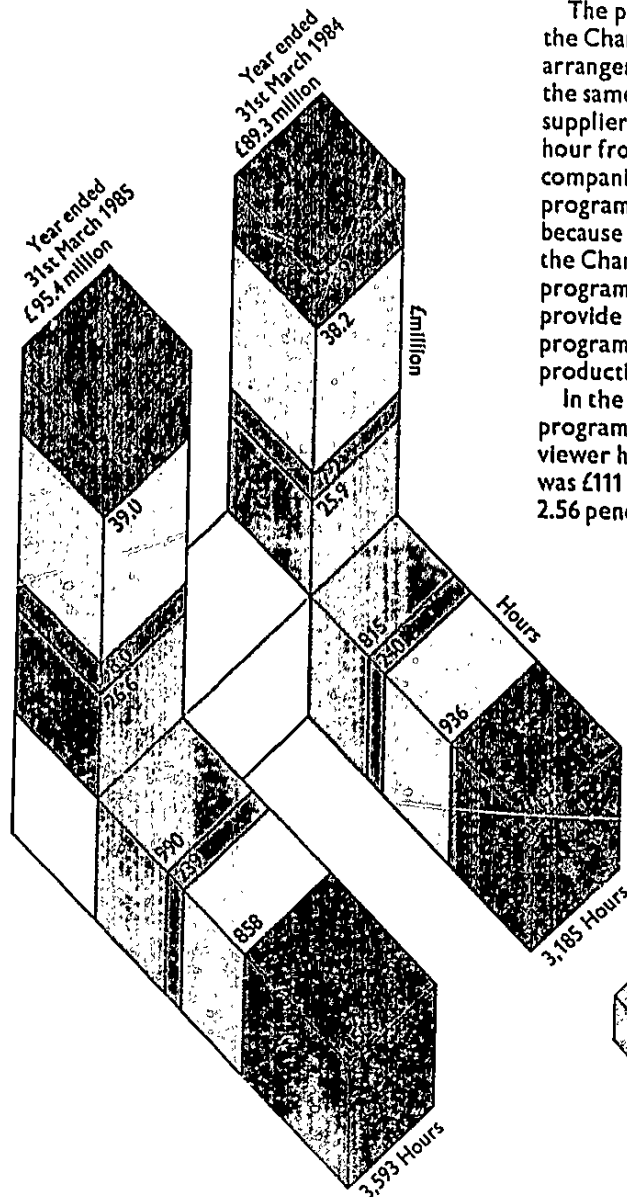
encourage the work of independent producers. It also expected the regional companies within ITV to make a due contribution to the Channel's programme schedules. Though a national network, the Channel is charged to reflect regional diversities.

In the year to 31st March 1985, the Independent Television companies and ITN provided 34 per cent (1984 33 per cent) of Channel 4's hours of programme transmissions for 39 per cent (1984 39 per cent) of the Channel's programme costs. Independent producers provided 24 per cent (1984 29 per cent) of the hours of programme transmission for 43 per cent (1984 45 per cent) of the Channel's programme costs.

The programme policy statement requires the Channel, in making its financial arrangements, to ensure that so far as possible the same terms apply to all programme suppliers. The overall cost per programme hour from the Independent Television companies appears to be less than for programmes from the independent producers because the former produce the majority of the Channel's cheaper studio-based programmes and the independent producers provide the majority of the drama programmes and more expensive location productions.

In the year to 31st March 1985, the Channel's programmes were watched for 4,331 million viewer hours. The total cost of the Channel was £111 million. The cost was therefore 2.56 pence per person viewer hour.

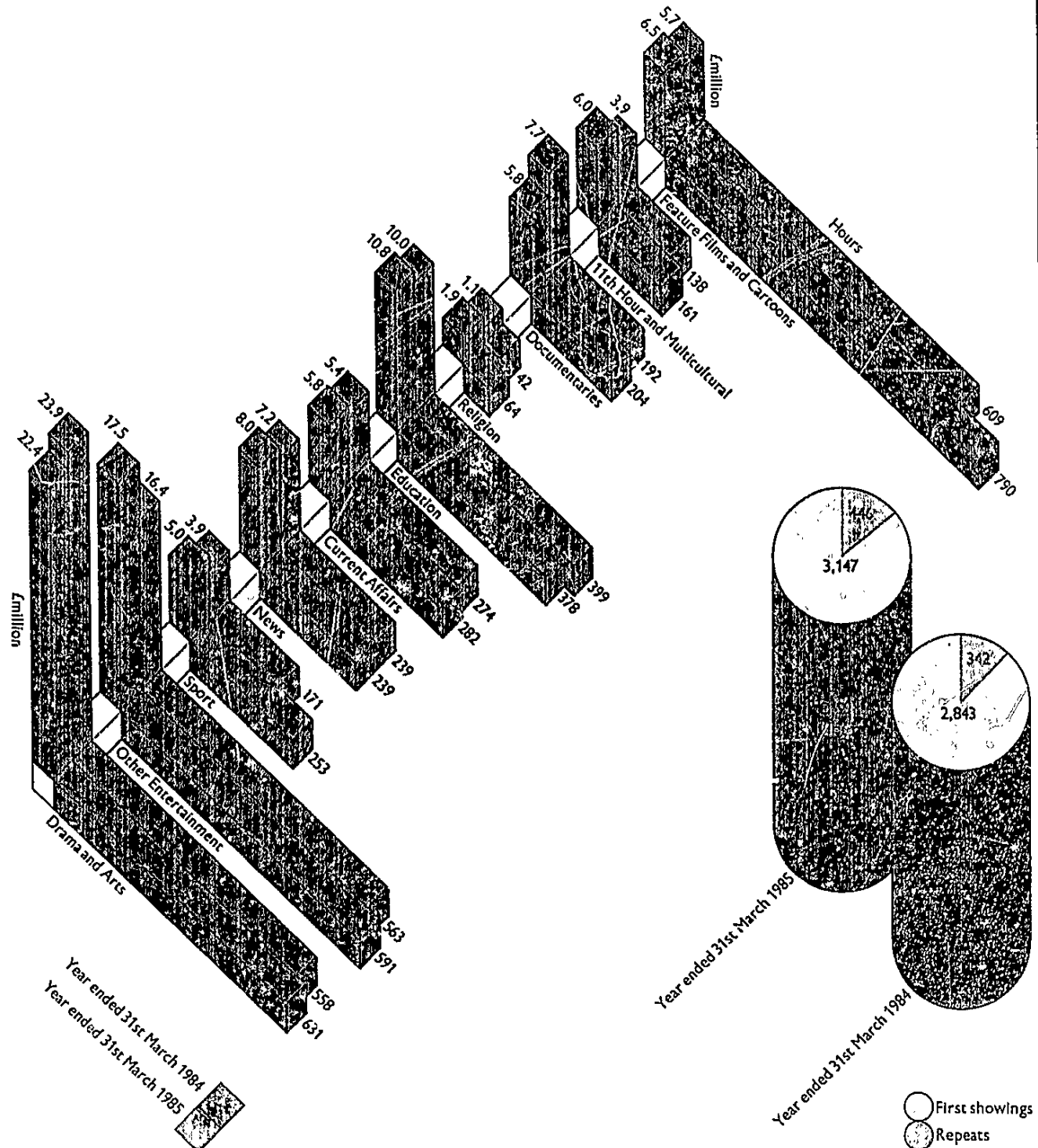
Cost of programme transmissions
In 1985 cost of programmes (excluding programme related costs) were £89.7m (1984 £85.2m)



PROGRAMME TRANSMISSIONS- CATEGORIES

The Channel transmits a wide range of programmes, analysed as shown in the diagrams below. Programmes repeated on the Channel may either be programmes which were first shown on the Channel or first shown on ITV. In the

year to 31st March 1985, 141 hours (1984 182 hours) of the repeated programmes were programmes first transmitted on ITV. Repeat hours exclude feature films which might have been broadcast previously on either the Channel, ITV or the BBC.





CHANNEL FOUR TELEVISION COMPANY LIMITED

INCOME FROM THE IBA AND PROGRAMME PAYMENTS

TO THE INDEPENDENT TELEVISION COMPANIES AND INDEPENDENT PRODUCERS

THE funding arrangements are referred to in the Directors' Report. The subscriptions derived by the IBA from the Independent Television companies, (less certain amounts relating to loan repayments) are set out below. The Independent Television companies have the right to sell advertising on Channel 4 and retain the proceeds. The Independent Television companies also produce programmes for Channel 4—for which the Channel pays negotiated market prices.

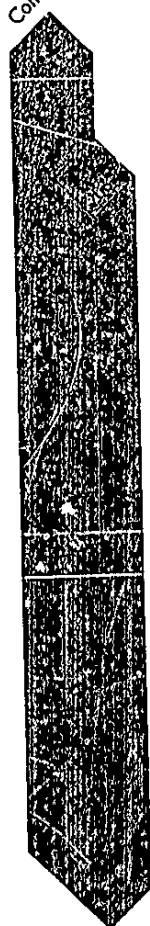
The net advertising revenue obtained by the Independent Television companies for advertisements on Channel 4 in the year to 31st March 1985 was £75.2 million. Net advertising revenue on ITV (excluding TV-am, Channel 4 and S4C) in the same year was £826.4 million. The subscription of £111 million paid to Channel 4 therefore represented 12.3 per cent of total ITV and Channel 4 advertising revenue for the year.

Source:

The division of the subscription payments made by each of the Independent Television companies, and the net advertising revenue for the year, have been advised by the IBA.

	Year ended 31st March 1985	
	Subscription Received by the IBA	Programme Payments by Channel 4
	£million	£million
Anglia	8.1	1.2
Border	0.1	0.3
Central	18.0	1.7
Channel	—	—
Grampian	0.5	0.2
Granada	18.9	3.5
HTV	8.7	0.8
London Weekend	15.7	5.3
Scottish	7.2	0.8
Television South	15.1	1.2
Television South West	2.1	0.1
Thames	22.8	5.3
Tyne Tees	8.0	3.3
Ulster	0.2	—
Yorkshire	13.6	3.1
ITN	—	8.0
	139.0	
Less amount paid by the IBA to the Welsh Fourth Channel Authority	(28.0)	
Subscription received by Channel 4 and programme payments made to ITV companies.	111.0	34.8

Number of
Companies



£0-£100,000

£100,001-£250,000

£250,001-£500,000

£500,001-£1,000,000

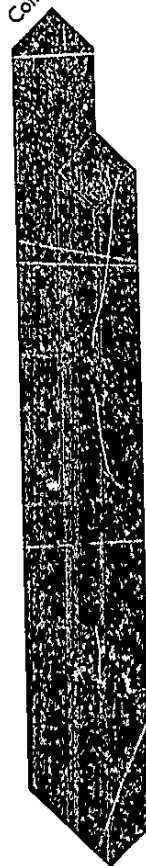
over £1,000,000

Year ended 31st March 1985
Year ended 31st March 1984

In the year to 31st March 1985, Channel 4 made programme payments to 313 Independent Production companies (1984 281 companies). The bar chart, left, sets out the number of companies which received programme payments from the Channel in each of the bands indicated.

In the year ended 31st March 1985 the following Independent Production companies received programme payments in excess of £1 million—
Brook Productions;
Brookside Productions;
Cheerleader Productions;
Diverse Production;
Goldcrest Films & Television; Humphrey Barclay Productions;
Limehouse Pictures;
and Petrofilms UK.

Number of
Companies



1

2-5

6-10

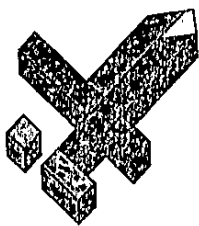
11 or more
programmes or
series

The Channel trades with a large number of small Independent Production companies many of which produce only one programme or series at a time.

The bar chart, left, sets out the number of programmes or series of programmes for which the Channel has made payments to individual Independent Production companies. The chart includes long-running strands of programmes as one-programme series. The *Brookside* series, of which two episodes are transmitted each week, therefore is shown in the table as one series.

CHANNEL FOUR TELEVISION COMPANY LIMITED

AUDIENCE



THE year 1984/85 saw significant progress for Channel 4 on all the major measures of audience size. There were increases in broadcasting hours (i.e. the consistent presence on weekday afternoons) and fundamental changes in the BARB (Broadcasters' Audience Research Board) audience measurement system; the latter being the main cause of the substantial increase in the measured audience to TV as a whole. These changes should be taken into consideration when making year-over-year comparisons.

As a means of reporting the progress in Channel 4's audience, the final month of each financial year has been taken. In BARB terms this means the five weeks ending 1st April 1984 and the four weeks ending 31st March 1985.

Using these periods, analysis of BARB data shows an increase in average weekly TV viewing in the United Kingdom of some 19 per

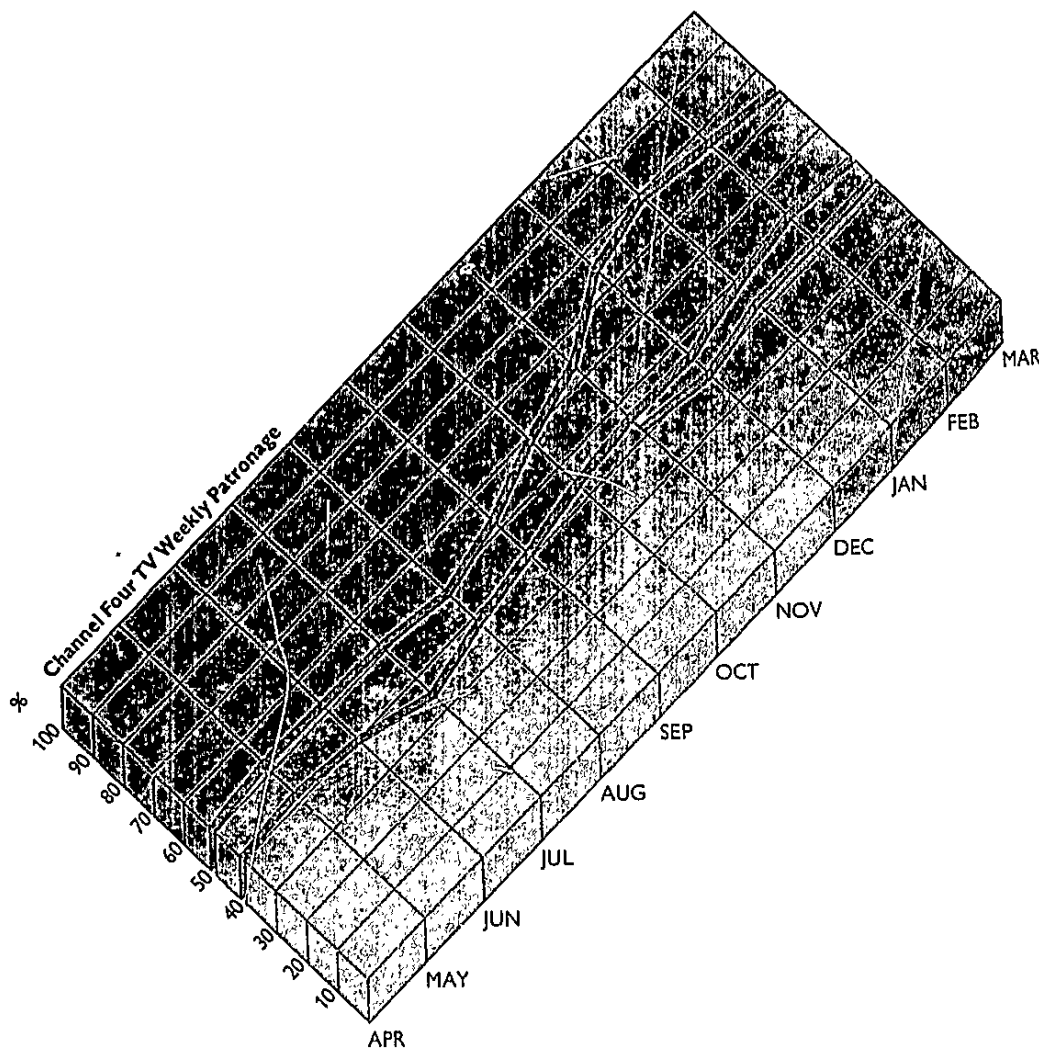
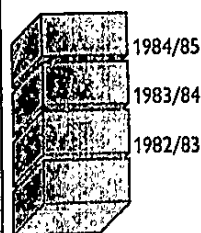
cent from 23hrs 6mins per head in March 1984 to 27hrs 25mins in 1985. Set against this and even allowing for a 25 per cent increase in broadcasting hours, Channel 4's increase of 78 per cent in viewing hours per head (from 1hr 3mins to 1hr 52mins per week) is very significant and shows that the Channel has contributed, as it always aimed to do, towards a real rise in TV viewing.

The most important method of measuring the audience for Channel 4 has always been patronage — the proportion of the potential audience who viewed the Channel at some time during the viewing week or month. Again, the change in the measurement system and more importantly, the 'definition of viewing' from eight minutes in a clock quarter-hour to three consecutive minutes, has affected patronage measures but, even considering this, Channel 4 has made considerable progress. The Channel's weekly patronage has risen from 50 per cent of the

26

Weekly Patronage

In the three comparable months of March (1983, 1984 and 1985) the proportion of the population viewing Channel 4 at some time during the week has risen from 43 per cent to 50 per cent and again to 74 per cent respectively. This steady growth actually reached its highest peak to date in January 1985 when on average 80 per cent of the population (some 41 million people) viewed the Channel each week.



population (some 26 million individuals) in March 1984, to 74 per cent (38 million) by March 1985.

Patronage across the equivalent four-week periods has also risen from 77 per cent (40 million) to 88 per cent (45 million). Such levels of patronage and hours of viewing per head have raised Channel 4's share of total TV viewing from 4.6 per cent in March 1984 to 6.9 per cent in March 1985; the intervening 12 months having seen several individual weeks where share has risen above 9 per cent and one week (the week-ending 6th January 1985) where 10 per cent (the Channel's declared three year target) was achieved.

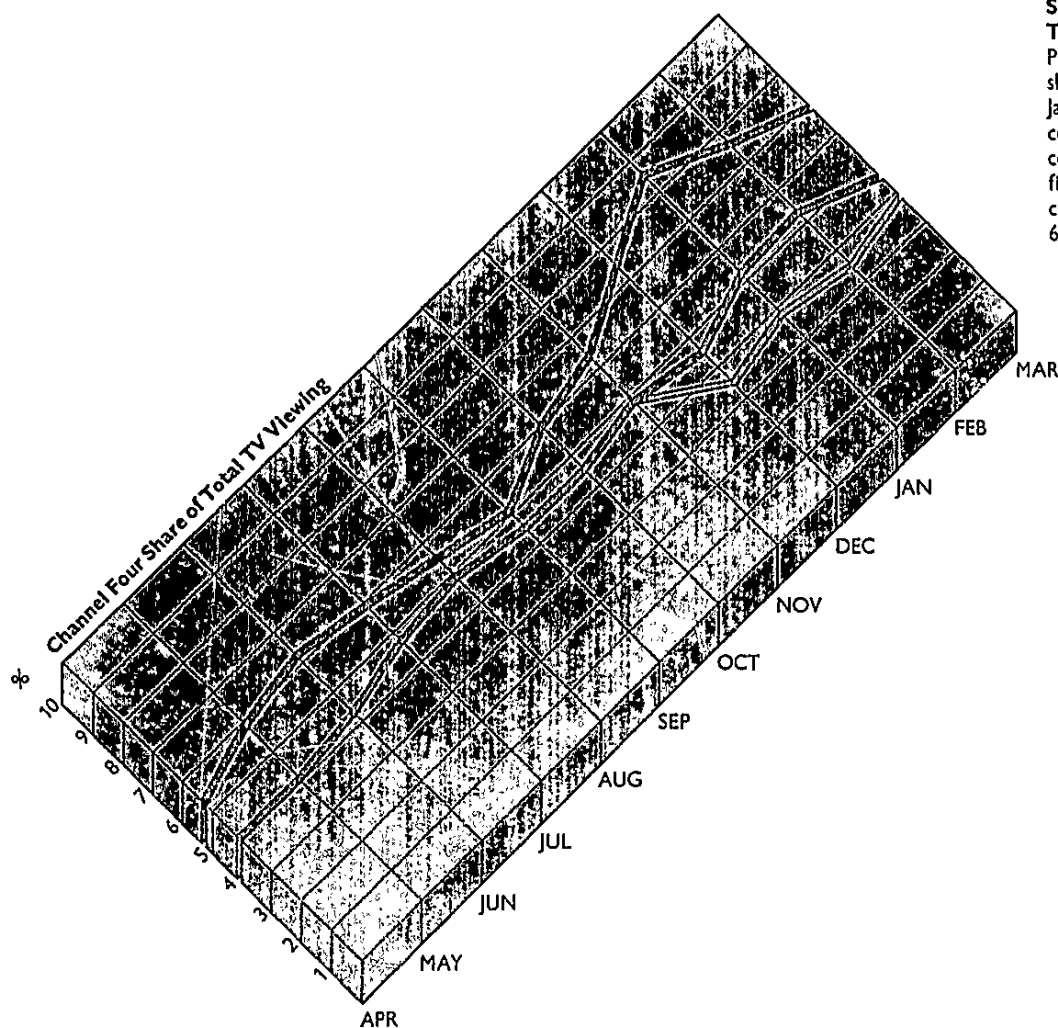
In the year to 31st March 1985 Channel 4 achieved a share of 12.5 per cent of the independent television audience (excluding TV-am but including *all* ITV time after 09.30).

Despite the extension of broadcasting hours into the afternoon and the growth of overall viewing, the Channel continues to fulfil its

commercial obligations of winning an additional audience to that attracted by ITV and of achieving audiences demographically complementary to those viewing ITV.

WHILST broad measures of success (patronage and share) are important it is also the fact that the Channel is required to provide a service to parts of the audience not specifically catered for by ITV. Examination of individual programme audiences is therefore important for this, and other commercially important reasons.

Channel Four News, for example, regularly attracts audiences of over one million, around 40 per cent of whom are in the ABC1 socio-economic groups—a proportion greater than that found in the population as a whole and significantly different to those programmes shown against it on ITV. For programmes like *A Week in Politics* and *The*



Share of total TV Viewing
Peak average monthly share was achieved in January 1985 (8.6 per cent); the three comparable March figures being 3.9 per cent, 4.6 per cent and 6.9 per cent respectively.

AUDIENCE *continued*

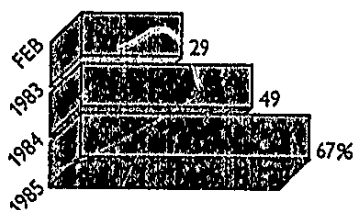
Business Programme this 'up-market' profile rises even higher to 45 per cent—a significantly different 'shape' of audience than that attracted to any ITV programme. Such complementarity of audience profile is maintained through much of the Channel's output and is especially strong through its arts programming.

In terms of age, programmes like *The Tube* which attracts audiences of some 1½ million maintain a bias in their viewing heavily towards teenagers, indeed more so than any comparable programme on any other channel. Other young age groups (for example 25-34's) form the core audiences to a variety of other programmes—*Cheers*, *Brookside*, *American Football with Film on Four* being especially popular amongst 25-44 year olds—again in sharp contrast to the ITV audience which is almost without exception heavily biased towards the 55+ age group.

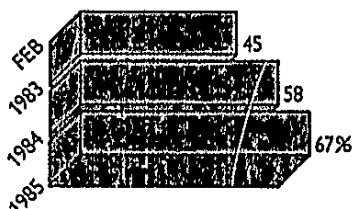
Channel 4's own research, carried out

Yearly attitudinal research carried out by Taylor Nelson & Associates
Percentage agreeing with the statement that:

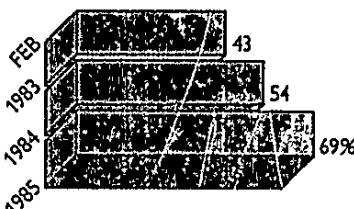
'It looks as professional as the other channels'



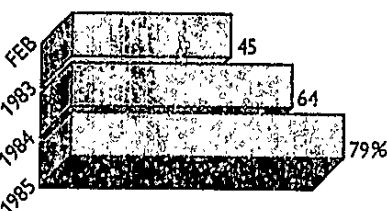
'A good thing about Channel 4 is that it caters for tastes not generally catered for by other channels'



'It covers a wide range of subject matter'



'Overall opinion—enjoyed some/most programmes watched'



through British Market Research Bureau, into special interest programmes is also revealing. Over half the viewers of *Gardeners' Calendar* for instance claim to do most of the gardening in their own households and two-fifths of the programme's total audience claimed the programmes have increased their interest in gardening.

Around half the viewers of *Union World* belong to a Trade Union; this part of the audience professing greater enjoyment of and loyalty to the programme than their non-union counterparts in the audience. *4 What It's Worth* attracts its core audience from those going through the 'setting up home' stage of life and over half of the total audience (numbering some 10 million across a whole series) find the programme helpful to them personally.

Intermingled with the Channel's increasing quantitative success have been distinct alterations in the public perception of the Channel. To gauge this, yearly attitudinal research is carried out by Taylor Nelson & Associates, using agreement or disagreement with a variety of statements about the Channel, as progress measures.

In February 1983, for instance, 29 per cent of our representative sample of 500 adults agreed with the statement 'It (Channel 4) looks as professional as the other channels'. By February 1984, 49 per cent of a matched sample of 500 agreed with the statement and, by February 1985, this proportion had risen to 67 per cent. Amongst many others, agreement or disagreement was sought with statements relating to the Channel's programme range and specific appeal.

Similar significant attitude shifts were also recorded, and are set out on the chart.

In terms of overall opinion, as indicated by an enjoyment of at least some programmes viewed, there has been a shift from 45 per cent agreement in February 1983 to 64 per cent in February 1984 to 79 per cent in February 1985. That shows a substantial coming to terms with what the Channel has to offer.

The Taylor Nelson research also gives the Channel the opportunity to examine the difference in opinion between different age groups. Here the markedly superior coverage the Channel had among the younger age groups has improved but not at the same rate as the older groups, the majority of whom initially claimed not to have seen sufficient of the Channel's output to pass comment. That problem of 'non-trial' has diminished sharply (especially since afternoon broadcasting began) and favourable opinion across all age groups has become the norm.

CHANNEL FOUR TELEVISION COMPANY LIMITED

GENERAL INFORMATION

*The Directors marked with an asterisk are members of the audit committee of the Board.

Directors

- *The Rt. Hon. Edmund Dell (Chairman)
- *Sir Richard Attenborough (Deputy Chairman)

Jeremy Isaacs (Chief Executive)

Justin Dukes (Managing Director and Deputy Chief Executive)

Paul Bonner (Controller of Programmes)

Lord Blake

James Gatward (appointed 1st July 1984)

John Gau (appointed 1st July 1984)

Roger Graef

Dr. Glyn Tegai Hughes

David McCall

- *The Hon. Mrs. Sara Morrison

Anthony Pragnell

- *Peter Rogers

Michael Scott (appointed 1st July 1984)

Brian Tesler

Secretary

David Scott

Registered Office

70 Brompton Road
LONDON SW3 1EY

Bankers

National Westminster Bank plc
21 Lombard Street
LONDON EC3 3AR

Auditors

Coopers & Lybrand
Chartered Accountants
Abacus House
Gutter Lane
Cheapside
LONDON EC2V 8AH

Other related activities

—

Film Director and Producer and Director of Goldcrest Films Limited

Director of Jeremy Isaacs Productions Limited

—

—

—

Director of Television South plc

Independent Producer and Director of John Gau Productions Limited

Independent Producer

Member of Welsh Fourth Channel Authority

Director of Anglia Television Limited

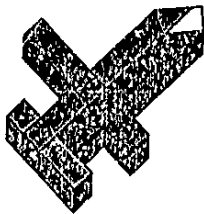
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—

Director of Finance, Independent Broadcasting Authority

Director of Granada Television Limited

Director of London Weekend Television Limited



DIRECTORS' REPORT

The Directors present their report for the year ended 31st March 1985.

1. Principal Activities

The company was set up by the Independent Broadcasting Authority ("IBA") under the terms of Section 12(2) of the Broadcasting Act 1981 to obtain and assemble the necessary material and to carry out such other activities involved in providing programmes for the fourth channel television service as appears to the IBA to be appropriate.

A review of the business for the year is set out in the Chairman's statement on pages 2 and 3.

2. Results

The company derives its income from the IBA. The amounts paid by the IBA are funded from subscriptions received by the IBA from the Independent Television companies.

This income is used to acquire the company's stock of films and programmes for transmission, and to finance capital and overhead expenditure. The balance of this income after costs of programme transmissions and administrative expenses thus represents the principal means of financing the capital employed by the company, and is treated as deferred income in the accounts.

Funding of £129.1 million for the year to 31st March 1986 has been agreed with the IBA. Future funding will be determined by the IBA having regard to the overall condition of the Independent Television Industry, the defined requirements of the company and the level of income from programme sales and other similar sources.

3. Directors

The present directors of the company are listed on page 29. Three directors were appointed to the Board during the year as shown on that page. William Brown, Anthony Smith and Joy Whitby were directors until the completion of their terms of appointment on 30th June 1984. All other directors served throughout the year.

4. Directors' Interests

None of the directors has any interest in the shares of the company.

As indicated in the list on page 29, a number of directors are also directors of companies who supply programmes to the company, and to that extent are also interested in the contracts of the company. In addition, note 17 to the accounts gives the information required to be disclosed in relation to material interests of two directors in contracts with the company.

5. Fixed Assets

The movements of the fixed assets acquired by the company during the year are set out in note 7 to the accounts.

6. Research and Development

During the year the computerised transmission system has been developed further and sales of that software to other broadcasters have been achieved. The results of this activity are included in note 5 to the accounts. The company also devoted substantial resources to the development of scripts and programme outlines for possible commissioning.

7. Auditors

Coopers & Lybrand have expressed their willingness to continue in office in accordance with Section 14 of the Companies Act 1976. A resolution proposing their reappointment as auditors will be put to the members at the Annual General Meeting.

By Order of the Board

D. R. A. SCOTT
Secretary

25th June 1985
London

D R A Scott

REPORT OF THE AUDITORS

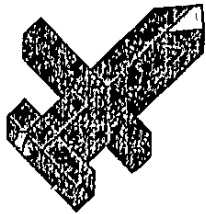
To the Members of Channel Four Television Company Limited

We have audited the accounts on pages 32 to 40 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st March 1985 and of its results and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.


COOPERS & LYBRAND
Chartered Accountants

25th June 1985
London



CHANNEL FOUR TELEVISION COMPANY LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31st March 1985

	Notes	Year ended 31st March 1985		Year ended 31st March 1984	
		£000	£000	£000	£000
Income from the IBA	1(c)	111,000		105,176	
Cost of Programme Transmissions	1(c)	(95,393)		(89,292)	
		15,607		15,884	
Operational and Administrative Expenses	2	(11,817)		(12,081)	
			3,790		3,803
Other Income and Expenditure	5		160		(184)
			3,950		3,619
Net Transfer to Deferred Income	1(c)		(3,950)		(3,619)
			NIL		NIL
Statement of Deferred Income					
Deferred Income at the beginning of the year			54,233		50,614
Net transfer from income and expenditure account			3,950		3,619
Deferred Income at the end of the year			58,183		54,233

The notes on pages 35 to 40 form part of these accounts

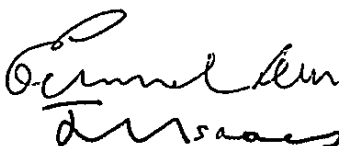
Report of the auditors-page 31

BALANCE SHEET

As at 31st March 1985

	Notes	31st March 1985 £000	31st March 1984 £000
Fixed Assets			
Tangible Assets	1(d),7	9,677	9,706
Current Assets			
Stocks of programmes and film rights	1(c),1(e),8	55,079	46,595
Debtors	9	4,789	6,094
Cash at bank and in hand		502	475
		60,370	53,164
Creditors			
Amounts falling due within one year	11	(11,864)	(8,637)
Net Current Assets		48,506	44,527
Net Assets		58,183	54,233
Capital and Reserves			
Called up share capital £100	12	—	—
Deferred Income	1(c)	58,183	54,233
		58,183	54,233

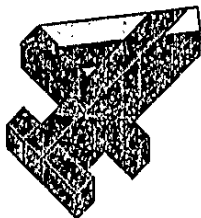
 EDMUND DELL
 JEREMY ISAACS } Directors



These accounts were approved by the Board of Directors on 25th June 1985.

The notes on pages 35 to 40 form part of these accounts.

Report of the auditors - page 31.



CHANNEL FOUR TELEVISION COMPANY LIMITED

STATEMENT OF SOURCE & APPLICATION OF FUNDS

For the year ended 31st March 1985

	Year ended 31st March 1985 £000		Year ended 31st March 1984 £000	
Source of Funds				
Income from the IBA less cost of programme transmissions and administrative expenses	3,790		3,803	
Surplus/(Deficit) on other income and expenditure	160		(184)	
		3,950		3,619
Adjustment for item not involving the movement of funds:				
Depreciation of fixed assets		1,652		1,311
Total from Operations		5,602		4,930
Application of Funds				
Purchase of fixed assets less disposals		(1,623)		(2,779)
		3,979		2,151
Change in Working Capital				
Increase in stocks of programmes and film rights		8,484		7,161
Decrease in debtors		(1,305)		(1,183)
Increase in creditors		(3,227)		(2,855)
		3,952		3,123
Movement of net liquid funds:				
Increase/(Decrease) in bank and cash balances		27		(972)
		3,979		2,151

NOTES TO THE ACCOUNTS

For the year ended 31st March 1985

1. Principal Accounting Policies**(a) Format of the Accounts**

The format of the accounts is in accordance with that prescribed by the Companies Act 1981, except in the following respects where, due to the nature of the company's activities and the consequent accounting treatment as explained in (c) below, to conform would be impracticable or misleading:

- (i) There is no surplus or deficit to be shown in the Income and expenditure account.
- (ii) In the light of the nature of deferred income, the balance on the deferred income account is shown below capital and reserves in the balance sheet.

(b) Accounting Convention

The accounts have been prepared under the historical cost convention.

(c) Income and Expenditure Account**(i) Income from the IBA:**

Income from the IBA is recognised in the income and expenditure account when it is received.

(ii) Cost of programme transmissions:

The direct cost of films and programmes is wholly written off on first transmission, except as indicated in (iv) below.

(iii) Income received in advance of related expenditure:

As a result of the above policies, income from the IBA is received in advance of the costs of films and programmes being charged in the income and expenditure account. To recognise this, the income in advance (after taking account of operational and administrative expenses and other income and expenditure) is transferred to deferred income. As programmes are transmitted, there is a corresponding transfer of the relevant income back into the income and expenditure account. The income and expenditure account therefore contains a net transfer to or from deferred income comprising these two transfers. The balance of deferred income represents the amount required to finance the fixed assets and working capital of the company.

(iv) Cost of non UK broadcast rights:

In general, costs charged against sales of non UK broadcast rights exclude any amount for the production costs of the film or programme exploited, because of the difficulty of allocating total production costs between UK broadcast and other forms of exploitation. However, where before the programme or film is put into production a co-finance offer, geared to non UK broadcast rights, is received or was available, the amount of such co-finance is taken to represent the cost of non UK broadcast exploitation. This cost is charged against sales income in the proportion of sales to date compared with estimated total sales. The amount not charged against sales is carried forward in stocks unless the balance is not covered by estimated future sales.

(d) Fixed Assets**(i) Fixed assets are stated at cost, together with any incidental expenses of acquisition.****(ii) Depreciation is calculated so as to write off the cost of the asset on a straight line basis over its estimated useful life. The principal annual rates used for this purpose are as follows:—****Assets held by the Company:**

Leasehold properties are amortised on a straight line basis over the remaining period of the lease.

Technical equipment and office furniture 20%

Motor cars 25%

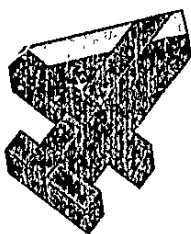
Assets held by third parties:

Leasehold properties are amortised on a straight line basis over 50 years.

Technical equipment 20%-33%

(e) Stocks of Programmes and Film Rights**(i) Programmes and film rights are stated at direct cost incurred to date after making provision for expenditure on material which is unlikely to be transmitted or sold.**

Direct cost is defined as payments made or due to production companies or programme suppliers, but excludes any costs falling due after the balance sheet date.



NOTES TO THE ACCOUNTS *continued*

For the year ended 31st March 1985

1. Principal Accounting Policies

(e) Stocks of Programmes and Film Rights
(continued)

- (ii) Development expenditure consists of funds spent on projects prior to a final decision being made on whether a programme will be commissioned.

Development expenditure is included in programmes and film rights but is fully provided for. At such time as it is apparent that a development will not result in a programme, the development costs and the provision are written out of the accounts. Where development expenditure leads to the commissioning of a programme, such expenditure is transferred to programme cost and the provision released.

- (iii) Stocks of non UK broadcast rights are determined in accordance with the policy set out in 1c(iv) above.

2. Operational and Administrative Expenses

	Year ended 31st March 1985 £000	Year ended 31st March 1984 £000
These may be analysed as follows:		
Employee and freelance staff costs	4,809	4,041
Establishment costs	1,473	1,493
Legal and professional fees	386	606
Advertising and promotions	2,046	3,185
Travel and subsistence	463	365
Repairs and maintenance	280	149
Other general expenses	708	931
Depreciation of Fixed Assets (note 7)	1,652	1,311
	11,817	12,081
and include:		
Auditors' remuneration	18	16
Directors' remuneration:		
Directors fees	57	45
Remuneration for management including pension contributions	166	123
Equipment hire	46	64

3. Directors' Remuneration

The following information is given in accordance with Sections 6 and 7 of the Companies Act 1967 and excludes pension contributions:

	Year ended 31st March 1985 £000	Year ended 31st March 1984 £000
Chairman's remuneration	21	16
Highest paid director's remuneration	53	48
Other directors	Number	Number
£0 - £5,000	14	12
£ 5,001 - £10,000	1	1
£15,001 - £20,000	—	1
£40,001 - £45,000	1	1
£45,001 - £50,000	1	—

One director (included in the above bands) waived emoluments of £2,140 during the year ended 31st March 1985.

NOTES TO THE ACCOUNTS *continued*

For the year ended 31st March 1985

4. Employee Information

(a) The average number of employees, including executive directors, during the year was 230 (1984 202). At 31st March 1985 the company employed 238 (1984 223).

(b) The employment costs for all employees, including executive directors, were as follows:

	Year ended 31st March 1985 £000	Year ended 31st March 1984 £000
Aggregate gross salaries	3,753	3,055
Employers NHI contributions	197	184
Employers pension contributions	524	423
Total direct costs of employment	4,474	3,662

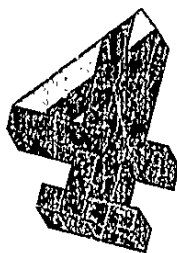
(c) There were seven employees, excluding directors, who earned in excess of £30,000 in the following ranges:

	Year ended 31st March 1985 Number	Year ended 31st March 1984 Number
£30,001 - £35,000	6	1
£35,001 - £40,000	1	—

5. Other Income and Expenditure

	Year ended 31st March 1985 £000	Year ended 31st March 1984 £000
PROGRAMME AND FILM SALES		
Sales	1,809	571
Less costs of sales:		
Direct costs	(686)	(228)
Share of income due to independent producers and third parties	(345)	(112)
Cost of non UK broadcast rights of programmes and films exploited (note 1(c)(iv))	(100)	—
Overhead cost of sales	(528)	(499)
	150	(268)
COMPUTER SOFTWARE SALES AND OTHER INCOME		
Computer software sales	113	—
Costs of computer software sales	(104)	—
Interest receivable and similar income	1	84
	10	84
	160	(184)

Programme and film sales, and costs of sales, exclude £715,000 which was integral to the funding of certain productions and therefore is in the nature of co-finance. In addition to that amount, substantial further sums of co-finance have been paid by co-financiers directly to production companies and hence do not appear in these accounts.



NOTES TO THE ACCOUNTS continued

For the year ended 31st March 1985

6. Taxation

Taxation is not levied on the income from the IBA less related costs.

UK Corporation Tax at 45% (1984 50%) is payable on other net income. No tax liability arises on other income for the two years to 31st March 1985, because of tax losses brought forward.

7. Fixed Assets

(i) Tangible Assets:

	Leasehold Properties £000	Furniture and Equipment £000	Motor Vehicles £000	Total £000
<i>Cost</i>				
At 31st March 1984	5,130	6,517	84	11,731
Additions	368	1,336	33	1,737
Disposals	(3)	(187)	(13)	(203)
At 31st March 1985	5,495	7,666	104	13,265
<i>Depreciation</i>				
At 31st March 1984	305	1,687	33	2,025
Charge for year	223	1,406	23	1,652
Disposals in year	—	(77)	(12)	(89)
At 31st March 1985	528	3,016	44	3,588
<i>Net Book Value</i>				
At 31st March 1985	4,967	4,650	60	9,677
At 31st March 1984	4,825	4,830	51	9,706

(ii) Certain of the fixed assets owned by the company are utilised by programme makers in the independent production sector. The net book value at 31st March 1985 was located as follows:

	Leasehold Properties £000	Furniture and Equipment £000	Motor Vehicles £000	Total £000
Held by the company	4,636	4,291	60	8,987
Held by third parties	331	359	—	690
	4,967	4,650	60	9,677

(iii) The leasehold properties held by the company represent work carried out on the company's offices and transmission centre at 60 Charlotte Street, London W1 which are leased for 25 years from 1981.

The leasehold properties held by third parties relate to 13 houses in Liverpool which are used as a permanent location set for the *Brookside* programme. The company has a 999 year lease from 1982 on each of these properties.

NOTES TO THE ACCOUNTS *continued*

For the year ended 31st March 1985

8. Stocks of Programmes and Film Rights

	31st March 1985 £000	31st March 1984 £000
Programmes and films in the course of production or completed but not transmitted	37,760	31,962
Purchased film rights	17,169	14,633
Cost of non UK broadcast rights in programmes and films for future exploitation	150	—
	55,079	46,595

Depending on programme scheduling and programme and film sales, certain of the above stocks may not be realised within one year.

9. Debtors

	31st March 1985 £000	31st March 1984 £000
Amount due from the IBA (note 10)	1,002	3,735
Other debtors	661	627
Prepayments and accrued other income	3,126	1,732
	4,789	6,094

All the above amounts are receivable within one year.

10. Amount Due from the IBA

The company maintains a current account with the IBA principally for the administration of value added tax, as the company is a member of the IBA group VAT registration. The amount due to the company from the IBA at 31st March 1985 arises from VAT recoverable by the IBA from H.M. Customs and Excise.

11. Creditors

	31st March 1985 £000	31st March 1984 £000
Creditors including taxation and social security	883	536
Accruals	10,981	8,101
	11,864	8,637

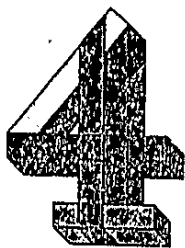
All the above amounts will fall due within one year.

12. Share Capital

The authorised and allotted share capital consists of 100 ordinary shares of £1 each, fully paid.

13. Company Status

The company is a wholly owned subsidiary of the Independent Broadcasting Authority, a body incorporated under Act of Parliament.



CHANNEL FOUR TELEVISION COMPANY LIMITED

NOTES TO THE ACCOUNTS *continued*

For the year ended 31st March 1985

14. Capital Expenditure Commitments

	31st March 1985 £000	31st March 1984 £000
Amounts contracted for but not provided for in the accounts were:	297	423
Amounts authorised but not contracted for were:	1,520	724

15. Programme and Film Commitments

At 31st March 1985, the company had committed and approved future expenditure for programmes and films amounting to £85 million (1984 £84 million), of which £71 million (1984 £65 million) is estimated to fall due for payment in the year ending 31st March 1986 and £14 million (1984 £19 million) thereafter.

16. Contingent Liabilities

There are contingent liabilities in respect of compensation that would be payable in the event of certain production contracts being discontinued. No payments under such arrangements are currently envisaged.

17. Directors' Interests in Contracts

John Gau is a Director and principal shareholder of John Gau Productions Limited, an independent production company which was commissioned to produce a total of thirteen programmes (three *Other Faiths* programmes, eight *Wheels, Wings and Water* programmes, *The British Council* and *In Hannibal's Footsteps*) with a cumulative running time of 8¾ hours. The total production cost of these programmes was £725,389 of which £7,500 is payable to Mr. Gau for his services as Executive Producer. In addition the Channel has agreed production fees, to the production company, totalling £83,939 in respect of these programmes. Of that amount, £64,149 was paid in the year to 31st March 1985, and the balance is divided between the preceding and subsequent years. John Gau Productions Limited is entitled to 30 per cent of the relevant net sales revenues. The *Wheels, Wings and Water* programmes were transmitted in June and July 1984 and *The British Council* was transmitted in December 1984.

The company has agreed to acquire thirteen 52-minute adventure documentaries from Goldcrest Films and Television Limited, in association with John Gau Productions Limited. One of these was delivered and transmitted before 31st March 1985. The remaining twelve programmes are due in subsequent years. The Channel has agreed to pay a licence fee of £25,000 on delivery of each of them. The Channel has no interest in distribution income from these programmes.

Roger Graef was producer and director on two one-hour drama programmes, *Nagging Doubt* and *Fifty Minute Hour*, which were commissioned from Limehouse Productions Limited. *Nagging Doubt* was transmitted in March 1985. The total cost to the Channel for the two programmes was £165,000. A fee of £7,500 was paid to Mr. Graef for his services as producer and director of the two programmes.