THE BOX PLUS NETWORK

The Box Plus Network Limited

Annual report and financial statements

Registered number 02643552

For the year ended

31 December 2018

WEDNESDAY

L8AVSDFM

LD2 31/07/2019 #49

COMPANIES HOUSE

Table of Contents

Strategic Report	3
Directors' Report	5
Statement of Directors' responsibilities	7
Auditor's Report	8
Profit and Loss Account and Other Comprehensive Income	10
Balance Sheet	11
Cash flow Statement	12
Statement of Changes in Equity	13
Notes forming part of the financial statements	14

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2018.

Business Overview

The Box Plus Network Limited's ("Box Plus" or "Company") principal activity is the production and distribution of music and pop-culture content across its range of UK, international and digital channels. In the UK and Republic of Ireland, Box Plus operates seven TV channels, namely '4Music', 'The Box', 'Box Upfront', 'Box Hits', 'Kiss TV', 'Magic TV' and 'Kerrang! TV'. All seven channels are available on satellite, cable and digital (online and mobile simulcast) platforms and 4Music is also available on Freeview. The Company also operates a dedicated international channel, 'The Box Africa' and BoxPlus.com, a website and OTT application.

Box Plus was a joint venture owned equally by Bauer Consumer Media Limited ("Bauer") and Channel Four Television Corporation ("Channel 4"). On 31 December 2018, Channel 4 acquired the remaining 50% shareholding in Box Plus from Bauer. The Company is now a wholly owned subsidiary of Channel 4 and increases Channel 4's reach and viewing share amongst younger audiences.

2018 performance

The broadcast market for young viewing (16-34 year-olds) continues to contract (-12.9% year on year (YOY)). Box Plus' channels are focused on this market and are being organised to mitigate the impact of these challenges. In May 2018, the Company pivoted its largest channel, 4Music, to focus on entertainment programming, as opposed to music (the market for which declined by 20.5% YoY[1] (2018 vs 2017)) in order to compete for a much wider and more stable audience. Box Plus' overall share of 16-34 commercial impacts (2018: 1.51%, 2017: 1.64%) and average viewing audiences[2] (2018: 11.8, 2017: 14.7) declined. Throughout the year, Box Plus's 7 TV channels reached[3] 65% (9.5m) of its 16-34 target UK audience (2017: 63% (9.2m)). During 2018, revenues declined 10.2% year on year to £26.8m (2017: £29.9m). This was primarily driven through decreased advertising revenues as a result of the viewing decline mitigated by improved returns from advertising. Advertising (including sponsorship and promotions) accounted for 94% of all Box Plus revenue in 2018 (2017: 93%).

Future outlook

Moving 4Music into entertainment opens up a new significant audience. Box Plus will continue to invest in entertainment long-form content that engages the 16-34 audience. Being a wholly owned subsidiary of Channel 4 and operating as a closer part of the Channel 4 portfolio will also help drive growth with enhanced content sharing and cross-promotional opportunities across the Channel 4 portfolio. There has been significant rationalization in the music TV market and the Company continues to operate its 6 dedicated music channels efficiently to maximise our share of this market.

Following the full acquisition of the Company by Channel 4, management of Box Plus and Channel 4 are continuing to work together to assess the most appropriate integration of the Company into Channel 4 to ensure the acquisition supports Channel 4's wider strategy to enhance engagement with youth audiences.

---

[1] Music TV viewing is measured against all 23 channels contained in the music section of the EPG on the Sky satellite platform as at the 31st December, 2018.

[2] Average viewing audience or average audience is measured every minute and we use the average of this number to determine our key viewing metric: average audience in 000s. Figures stated are always for 16-34 adults between the hours of 06:00 and 26:00. All viewing is measured by BARB (Broadcasters Audience Research Board).

[3] Figure stated is for all 16-34s, all day, 3+ consecutive minutes as measured by BARB.

Staff

Being a largely creative business, the quality of the output largely depends on the Box Plus team, whom are valued greatly. Average headcount for the year on a full-time basis was 46 (2017: 64) with total staff costs of £3.1m (2017: £3.2m). At the end of 2018 the female/male staff make-up was as follows:

	Female No.	Male No.
Total employees	26 (2017: 32)	20 (2017: 32)

Principal risks and uncertainties

1. Dependency on advertising and sponsorship revenues

The vast majority (94%) of the Company's revenue is derived from advertising and sponsorship. Dependency upon one form of revenue means that the Company is susceptible to cyclical fluctuations as well as structural changes in the advertising market, including those arising from changes in regulation, and in the competitive landscape.

Levels of advertising and sponsorship income are variable and have the potential to change during the course of the year as a result of changes in audience share or broader market and economic conditions. The Company monitors the advertising market and its share of the market very closely to identify trends and to allow it time to respond.

2. A Decline in 16-34 Music TV Viewing Demographic

The 16-34 Music TV and general TV audience demographic's viewing has declined over recent years and is expected to decline further through 2019.

The Company plans to improve its performance within the market by diversifying its content mix and also distributing its linear channels (simulcast) via many digital (web & OTT) platforms.

3. Brexit

In its overall assessment of the viability of the Company, the members have specifically considered the potential financial impact of Brexit by reviewing the Company's three-year plan under a wide range of TV advertising market scenarios. The Company has sufficient financial resources and, based on normal business planning and control procedures and additional consideration given to the risks to the business posed by Brexit, the Members believe that the Company is well placed to manage its business risks. As a wholly owned subsidiary of Channel Four, the Company is further able to manage the impact of Brexit.

The Company confirms that it has received acceptance of its notification request to the Service des Medias for confirmation of Luxembourg jurisdiction and regulatory authority over The Box Plus Network Limited's channels post-Brexit on 4 December 2018. Therefore, in the event the UK exits the EU on 31 October 2019 without any new or transitional arrangements to allow The Box Plus Network Limited to continue to broadcast into the EU under its existing OFCOM licences, Luxembourg would inherit jurisdiction over The Box Plus Network Limited's channels.

By order of the board

Matt Rennie
Managing Director

30th **July 2019**

124 Horseferry Road, London, SW1P 2TX

Directors' Report

The directors present their report and the audited financial statements of The Box Plus Network Limited for the year ended 31 December 2018.

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' report. The disclosures that are required to be disclosed in the Directors' report which have been elevated to the strategic report include:

- Review of the Company's business
- Business performance review
- Indication of future developments
- Principal risks and uncertainties

Results and dividends

The Company generated a net loss after tax of £(0.8)m in 2018 (2017: Profit after tax £0.7m).

No dividends were recommended for the current year and there were no dividend payments made to the shareholders during the year. (2017: nil).

Directors

The directors who held office during the period and to the date of this report were as follows:

Paul Keenan	(Resigned 31/12/2018)
Dee Ford	(Resigned 31/12/2018)
Jonathan Allan	
Matthew Rennie	
Sarah Vickery	(Resigned 31/12/2018)
Richard Brent	(Appointed 14/05/2018) (Resigned 28/02/2019)
Keith Underwood	(Appointed 14/05/2018)

The directors are employees either of the Company, Channel 4, or Bauer.

Employment policy

The Box Plus Network Limited is an equal opportunities employer and does not discriminate on grounds of sex, sexual orientation, marital status, race, colour, ethnic origin, disability, age or political or religious belief in its recruitment or other employment policies.

Going concern

The Company has considerable financial resources based on normal business planning and control procedures, the directors believe that the Company is well placed to manage its business risks. The directors have considered the decline in the music TV market when making the going concern assessment but believe it is appropriate due to the significant cash, net assets, strong position within the market and continued support of Channel Four as part of their consolidated group.

(continued)

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board

Jonathan Allan
Director and Chairperson

30th **July 2019**

124 Horseferry Road, London, SW1P 2TX

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of The Box Plus Networks Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Box Plus Networks Limited (the 'company') which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the cash flow statement;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

(Directors Report continued)

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate J Houldsworth, FCA (Senior statutory auditor)

K. J. Houldsworth.

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 30 July 2019

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2018

	Note	2018 £000s	2017 £000s
Turnover	2	**26,842**	29,885
Cost of transmission and sales		**(20,209)**	(20,641)
Gross profit		**6,633**	9,244
Administrative expenses		**(7,572)**	(8,377)
Operating (loss)/profit	3	**(939)**	867
Interest receivable	6	**18**	20
(Loss)/profit before taxation		**(921)**	887
Tax on (loss)/profit	7	**166**	(172)
(Loss)/profit for the financial year		**(755)**	715
Other comprehensive (loss)/income		**-**	-
Total comprehensive (loss)/income		**(755)**	715

The notes on pages 14 to 29 are an integral part of these financial statements.

Balance Sheet

as at 31 December 2018

	Note	2018 £000s	2017 £000s
Fixed assets			
Tangible fixed assets	9	**474**	823
Intangible fixed assets	10	**313**	312
Current assets			
Stock	11	**658**	333
Debtors	12	**4,593**	5,362
Cash at bank and in hand		**5,175**	3,592
Total current assets		**10,426**	9,287
Creditors: amounts falling due within one year	13	**(5,832)**	(4,284)
Net current assets		**4,594**	5,003
Net assets		**5,381**	6,138
Capital and reserves			
Called-up share capital	14	**1**	1
Share premium account		**1,714**	1,714
Profit and loss account		**2,613**	3,370
Other reserves		**1,053**	1,053
Shareholders' funds		**5,381**	6,138

The notes on pages 14 to 29 are an integral part of these financial statements

These financial statements were approved by the Board of directors on 26th July 2019 and were signed on its behalf by:

Keith Underwood
Director

30 **July 2019**

The Box Plus Network Limited

Registered number 02643552

Cash flow Statement

for the year ended 31 December 2018

	Note	2018	2017
		£000s	*£000s*
Reconciliation of operating profit to net cash-flow from operating activities			
(Loss)/profit for the year		**(755)**	**715**
Adjustments for:			
Taxation	7	**(166)**	172
Interest	6	**(18)**	(20)
Depreciation charges and amortisation	9.10	**392**	407
(Increase)/decrease in stock	11	**(325)**	1
Decrease in debtors	12	**691**	1,257
Increase/(decrease) in creditors	13	**1,561**	(2,440)
Tax received/(paid)		**229**	(1,028)
Net cash flows (used in)/ from operating activities		**1,609**	(936)
Cash flows from/(used in) investing activities			
Returns on investments and servicing of finance	6	**18**	20
Capital expenditure	9.10	**(44)**	(189)
Net cash flows used in investing activities		**(26)**	(169)
Cash flows used in financing activities			
Dividends paid on shares classified in shareholders' funds		**-**	-
Net cash flows used in financing activities		**-**	-
Increase/(Decrease) in cash in the period		**1,583**	(1,105)
Cash at bank and in hand at 1 January		**3,592**	4,697
Cash at bank and in hand at 31 December		**5,175**	3,592

There were no movements in net funds in the period other than the decrease in cash stated above and consequently no reconciliation of net cash flow to movement in net funds has been presented.

Statement of Changes in Equity

	Called-up share capital	Share premium account	Profit and loss account	Other reserves	Shareholders funds
	£000s	*£000s*			*£000s*
At January 1 2017	1	1,714	2,655	1,053	5,423
Profit/(loss) for the year	-	-	715	-	715
Total Comprehensive Income	-	-	**715**	-	**715**
At 31 December 2017	**1**	**1,714**	**3,370**	**1,053**	**6,138**
At January 1 2018	1	1,714	3,370	1,053	6,138
Profit/(loss) for the year	-	-	(755)	-	(755)
Total Comprehensive Loss	-	-	**(755)**	-	**(755)**
At 31 December 2018	**1**	**1,714**	**2,613**	**1,053**	**5,381**

Other reserves relates to a distributable cash contribution received from Bauer Consumer Media Limited, in order for the Company to achieve the target working capital value at the date the joint venture was formed on 21st March 2007.

Notes

forming part of the financial statements

1. Accounting policies

The Box Plus Network Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The registered office is at 124 Horseferry Road, London, SW1P 2TX.

These financial statements were prepared in accordance with Financial Reporting Standard 102. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The directors do not believe that there are any accounting estimates or significant uncertainties that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The critical accounting judgements made by management in the application of IFRS that have a significant risk of material adjustment on the financial statements relates to the policy setting the transmission profile over which to amortise programme rights.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going Concern

The financial statements have been prepared on a going concern basis.

The directors therefore consider that, based on normal planning and control procedures, the Company has adequate resources to continue in operational existence for the foreseeable future. At 31 December 2018 the Company had net assets of £5.2m (2017: £6.1m) and net current assets of £4.3m (2017: £5.0m). For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

All revenues have been stated net of advertising agency commissions (where these are borne and paid by advertisers) and value added tax. Revenues are recognised when services have been performed, persuasive evidence of an arrangement exists and when collectability is reasonably assured. Revenue recognition follows these principals;

- Television advertising revenue: upon transmission of the advertisement,
- Programme sponsorship: upon transmission of the programme,
- Subscription fees: over the period of the subscription,
- Barter transactions (involving advertising): when the services exchanged are dissimilar and are measured with reference to the fair value of the advertising provided.

Tangible fixed assets and depreciation

The cost of tangible fixed assets net of any estimated residual value on disposal is written down evenly over their expected useful lives as follows:

Plant and equipment: **3-5 years**

Fixtures and fittings: **4-7 years**

Computer software costs which are considered an integral part of the related hardware have been classified as property, plant and equipment

Intangible fixed assets and amortisation

The cost of intangible fixed assets net of any estimated residual value on disposal is written down evenly over their expected useful lives as follows:

Software: **3-5 years**

(continued)

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Employees of the Company are eligible to join the Channel 4 defined contribution pension plan. The assets of the scheme are held separately from those of the Company in an independently administered fund. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Stock

Stock is valued at the lower of cost and net realisable value. Programme rights are stated at direct cost incurred up to the balance sheet date after making provision for programmes which are unlikely to be transmitted or sold. Direct cost is defined as payments made or due to programme suppliers, including Channel 4.

The costs of programme rights are wholly written off on first transmission of the programme.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

(continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses in the case of trade debtors.

Cash and cash equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and cash deposits repayable on demand.

2. Analysis of turnover

	2018	2017
	£000s	*£000s*
By activity		
Advertising, sponsorship, promotions and commercial production	**25,296**	27,986
Other	**1,546**	1,899
	26,842	29,885
By geographical area		
United Kingdom	**26,092**	28,972
Rest of world	**749**	913
	26,842	29,885

3. Operating profit

Operating profit is stated after charging:

	2018	2017
	£000s	*£000s*
Operating lease rentals	**8,973**	8,747
Depreciation and amortisation	**392**	407
Research and development costs	**50**	42
Foreign exchange (losses)/gains	**(19)**	(9)
Auditor's remuneration		
Audit of these financial statements	**15**	15

No other services were provided to the Company by the auditor in the year.

4. Remuneration of directors

	2018	2017
	£000s	£000s
Directors' emoluments	234	210

The aggregate emoluments of the highest paid director were £234k (2017: £210k), inclusive of money purchase scheme contributions : £16k (2017: £16k). The Box Plus Network Limited paid 1 director. Directors paid by Channel 4 and Bauer are not remunerated for services provided to the Company.

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was as follows:

	2018	2017
Programming, production and operations	**32**	43
Sales, marketing and administration	**14**	21
	46	64

Aggregate payroll costs of these persons were as follows:

	2018	2017
	£000s	£000s
Wages and salaries	**2,772**	2,762
Social security costs	**221**	331
Other pension costs	**110**	138
	3,103	3,231

6. Interest receivable

	2018	2017
	£000s	*£000s*
Bank interest receivable	**18**	20

7. Taxation

Analysis of charge in period

	2018	2017
	£000s	*£000s*
UK corporation tax		
Current tax on income for the period	**-**	83
Adjustment in respect of prior years	**(82)**	(21)
Total current tax charge	**(82)**	62
Deferred tax (see note 8)		
Current year	**(89)**	93
Adjustment in respect of prior periods	**5**	17
Total deferred tax	**(84)**	110
Tax on profit on ordinary activities	**(166)**	172

Factors affecting the tax charge for the period

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

The differences are explained below:

	2018	2017
	£000s	*£000s*
Tax reconciliation		
(Loss)/Profit on ordinary activities before tax	**(922)**	887
Tax at 19.00% (2017: 19.25%)	**(175)**	171
Effects of:		
Expenditure not deductible for tax purposes	**6**	10
Capital allowances for period in excess of depreciation	**36**	50
Reduction in tax rate	**(25)**	(55)
Adjustment to tax charge in respect of prior periods	**(8)**	(4)
Tax on profit on ordinary activities (see above)	**(166)**	172

8. Deferred tax

Deferred tax assets and liabilities are recognised at 17% (2017: 17%) reflecting the corporation tax rate substantially enacted as at 31 December 2017.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date.

The movement on the deferred tax asset is:

	2018	2017
	£000s	*£000s*
At 1 January	**(14)**	96
Transferred to profit and loss account	**84**	(110)
At 31 December	**70**	(14)

The elements of recognised deferred taxation assets are as follows:

	2018	2017
	£000s	*£000s*
Depreciation in excess of capital allowances	**(7)**	(18)
Recognised on trading losses	**57**	-
Other short term timing differences	**20**	4
At 31 December	**70**	(14)

There is no unrecognised deferred taxation (2017: £nil)

9.Tangible fixed assets

	Plant and equipment	Fixtures and fittings	Total
	£000s	*£000s*	*£000s*
Cost			
At 1 January 2018	1,597	634	2,231
Additions	7	1	8
Transfer	(120)	-	(120)
At 31 December 2018	**1,484**	**635**	**2,119**
Depreciation			
At 1 January 2018	1,008	400	1,408
Charge for the year	205	98	303
Transfer	(66)	-	(66)
At 31 December 2018	**1,147**	**498**	**1,645**
Net book value			
At 31 December 2018	**337**	**137**	**474**
At 1 January 2018	589	234	823

Transfer represents fixed assets reclassified from tangibles to intangibles in line.

10. Intangible fixed assets

	Software	Total
	£000s	*£000s*
Cost		
At 1 January 2018	378	378
Additions	37	37
Transfer	120	120
At 31 December 2018	**535**	**535**
Amortisation		
At 1 January 2018	66	66
Charge for the year	90	90
Transfer	66	66
At 31 December 2018	**222**	**222**
Net book value		
At 31 December 2018	**313**	**313**
At 1 January 2018	312	312

Transfer represents fixed assets reclassified from tangibles to intangibles.

11. Stock

Programme rights represent costs incurred for programmes which had not been transmitted at the balance sheet date. Costs are usually incurred between one and three months before transmission. £2,563k of programme rights were expensed during the year. (2017: £1,682k)

	2018	2017
	£000s	*£000s*
Programme rights	**468**	297
Work In Progress	**190**	36
	658	333

12. Debtors

	2018	2017
	£000s	*£000s*
Trade debtors	**560**	389
Amounts receivable from parent undertakings (see note **18**)	**2,393**	2,865
Corporation tax receivable	**68**	215
Withholding tax	**2**	1
Deferred tax (see note **8**)	**69**	-
Prepayments and accrued income	**1,501**	1,892
	4,593	5,362

No interest is charged on amounts receivable from parent undertakings and are repayable on demand.

13. Creditors: amounts falling due within one year

	2018	2017
	£000s	*£000s*
Trade creditors	**26**	142
Amounts owed to parent undertakings (see note **18**)	**1,776**	1,173
Other creditors	**187**	255
Taxation and social security	**308**	215
Deferred tax (see note **8**)	**-**	14
Accruals and deferred income	**3,535**	2,485
	5,832	4,284

The number of days taken to pay suppliers of services other than programmes and related parties in the year, as calculated using year end creditor balances, was 16 (2017: 28).

No interest is charged on these balances, including amounts owed to parent undertakings.

14. Called-up share capital

	2018	2017
	£	£
Allotted, called-up and fully paid		
500 A shares of £1 each	-	500
500 B shares of £1 each	-	500
1000 Ordinary shares of £1 each	**1,000**	-
	1,000	1,000

Previous A and B shares were re-designated as ordinary shares on 18th March 2019 following the acquisition by Channel Four.

15. Commitments

Operating Lease Commitments

The Company had commitments under non-cancellable operating leases expiring as follows:

	2018	2017
	£000s	*£000s*
Within one year	**411**	309
Within two to five years	-	411
	411	720

The Company had the following non-cancellable operating commitments expiring as follows:

	2018	2017
	£000s	*£000s*
Within one year	**7,435**	8,541
Within two to five years	**6,097**	13,188
	13,532	21,729

The Company had no significant capital commitments at the balance sheet date.

Programme Commitments

At 31 December 2017, the company had committed future expenditure for programmes due for payment, as follows:

	2018	2017
	£000s	£000s
Within one year	**1,789**	1,112
Within two to five years	**409**	126
	2,198	1,238

16. Pension scheme

Channel 4 operates a defined contribution pension scheme on behalf of the Company. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £124,000 (2017: £138,000). The Company owed Channel 4 £32,000 at 31 December 2018 (2017: £19,000) in respect of these contributions which were settled by Channel 4 on behalf of the Company during the year.

17. Related party transactions

During the year, transactions with related parties comprised the following:

	2018	2017
	£000s	*£000s*
Sales to parent undertakings:		
Bauer	**2,403**	3,290
Channel Four	**79**	276
Purchases from parent undertakings		
Bauer	**(1,521)**	(2,062)
Channel Four	**(7,501)**	(9,184)
Dividends paid to parent undertakings	**-**	-
Total paid and payable to/received and receivable from parent undertakings	**(6,540)**	(7,680)

Purchases from parent undertakings mainly related to commissions payable on the sales of television advertising, as well as payments for costs settled on the company's behalf for other services including fixed assets, transmission, programme costs, brand royalties, marketing, facilities management, information systems, finance and other administrative support and pensions.

Bauer is not a parent undertaking as at 31st December 2018. Sales and purchases included for disclosure purposes due to the Company being a joint venture throughout 2018 (see note **18**).

At the year end, the following balances were receivable from / (payable to) related parties:

	2018	2017
	£000s	*£000s*
Amounts receivable from parent undertakings (see note **13**)	**2,393**	2,865
Amounts owed to parent undertakings (see note **14**)	**(1,776)**	(1,173)

None of the balances are secured. All balances will be settled in cash.
Total compensation of key management personnel (including the directors) in the year amounted to £632k (2017: £668k).

18. Ultimate Controlling Parties

Box Plus was a joint venture owned equally by Bauer Consumer Media Limited ("Bauer") and Channel Four Television Corporation ("Channel 4") throughout 2018. Channel 4 acquired full ownership of the company on 31st December 2018.

Copies of Channel Four Television Corporation consolidated financial statements may be obtained from the secretary at the registered office at 124 Horseferry Road, London, SW1P 2TX.

Heinrich Bauer Verlag KG, established in Germany, is regarded by the directors as the ultimate controlling party of Bauer Consumer Media Limited financial statements and copies of Heinrich Bauer Verlag KG's consolidated financial statements are publicly available. Burchardstraße 11, 20077 Hamburg, Germany.