

4 VENTURES LIMITED

Directors' report and financial statements

Registered number 4106849

for the year ended 31 December 2016

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4 VENTURES LIMITED

Directors' Report and Financial Statements for the year ended 31 December 2016

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Country of incorporation of parent company:	United Kingdom
Registered office and principal place of business:	124 Horseferry Road London SW1P 2TX
Legal form:	Limited Company
Registered number:	4106849

4 VENTURES LIMITED

Directors' Report

for the year ended 31 December 2016

The Directors present their report and the financial statements of 4 Ventures Limited (the "Company") for the year ended 31 December 2016.

Ownership

The Company is a wholly owned subsidiary of Channel Four Television Corporation (the "Corporation").

Principal activities

The primary functions of the Corporation, as defined under the Digital Economy Act 2010, include content delivery across the main Channel 4 service and the digital channels, digital media and exploitation of content rights.

The Company holds investments in other entities which carry out activities within the primary functions on behalf of the Corporation, and also continues to carry out activities which are incidental to the primary functions of the Corporation. The activities incidental to the primary functions were the provision of creative design and production services to parties outside of the Corporation.

Business review

The Company generated revenue of £0.6 million in 2016 (2015: £1.0 million) and made a profit after tax for the year of £0.1 million (2015: £0.2 million).

The directors do not recommend the payment of a dividend (2015: £nil).

The Company has met the small company requirements of the Companies Act 2006 to obtain the exemption provided from the presentation of a strategic report. The results for the year are set out on pages 7 to 14 of these financial statements.

Directors

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

David Abraham
Jonathan Allan (appointed 19 April 2017)
Martin Baker
Sarah Rose
Glyn Isherwood

All of the directors are employees of the Corporation.

Going concern

As a wholly owned subsidiary of the Corporation, the Company has support and resources such that the directors believe that the Company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis in preparing the annual financial statements.

Employees

The Company has no employees (2015: none). Its activities are carried out by employees of the Corporation.

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 and she ought to have taken as a director to make himself and herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

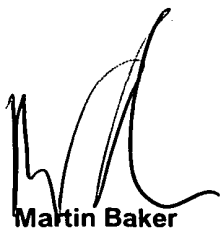
4 VENTURES LIMITED

Directors' Report for the year ended 31 December 2016 (*continued*)

Auditors

The Audit Committee of the Corporation have agreed to carry out an audit tender process in 2017 which will include the audit of the Company.

By order of the Board

A handwritten signature in black ink, appearing to be 'M. Baker', written over a horizontal line.

Martin Baker
Director
3 August 2017

Statement of Directors' Responsibilities
for the year ended 31 December 2016

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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 101 *Reduced Disclosure Framework*.

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.

Independent Auditor's Report
to the Directors of 4 Ventures Limited

We have audited the financial statements of 4 Ventures Limited for the year ended 31 December 2016 set out on pages 8 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

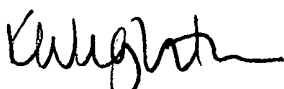
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Karen Wightman (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

7 August 2017

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Statement of Comprehensive Income for the year ended 31 December 2016

	Note	2016 £m	2015 £m
Turnover	2	0.6	1.0
Cost of transmission and sales		<u>(0.4)</u>	<u>(0.8)</u>
Gross profit		<u>0.2</u>	<u>0.2</u>
Profit before taxation		0.2	0.2
Tax on profit	5	<u>(0.1)</u>	<u>-</u>
Profit for the financial year		0.1	0.2
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>0.1</u>	<u>0.2</u>

All recognised gains and losses are included in the profit and loss account.

All results relate to continuing operations.

The notes on pages 10 to 14 form part of these financial statements.

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Balance Sheet as at 31 December 2016

	Note	2016 £m	2015 £m
Fixed assets			
Investments	6	<u>12.0</u>	<u>2.1</u>
Current assets			
Debtors	7	<u>127.7</u>	<u>138.6</u>
Creditors: amounts falling due within one year	8	<u>(0.1)</u>	<u>(1.2)</u>
Net current assets		<u>127.6</u>	<u>137.4</u>
Net assets		<u>139.6</u>	<u>139.5</u>
Capital and reserves			
Share capital	9	-	-
Retained earnings		<u>139.6</u>	<u>139.5</u>
Shareholders' funds		<u>139.6</u>	<u>139.5</u>

These financial statements were approved and authorised for issue by the Board of Directors on 3 August 2017 and were signed on its behalf by:



Glyn Isherwood
Director

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Statement of Changes in Equity for the year ended 31 December 2016

	Share capital £m	Retained earnings £m	Total £m
At 1 January 2015	-	139.3	139.3
Profit for the year	-	0.2	0.2
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	0.2	0.2
At 31 December 2015	-	139.5	139.5
At 1 January 2016	-	139.5	139.5
Profit for the year	-	0.1	0.1
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	0.1	0.1
At 31 December 2016	-	139.6	139.6

The notes on pages 10 to 14 form part of these financial statements.

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Notes to the financial statements for the year ended 31 December 2016

1. Significant accounting policies

Basis of preparation

4 Ventures Limited (the "Company") is a company incorporated, domiciled and registered in England in the UK.

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) under the historical cost and going concern conventions. The policies have been consistently applied to all the years presented, unless otherwise stated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted EU IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by the Corporation.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of the Corporation. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

Revenue recognition

Revenue from the provision of creative design and production services is recognised net of value added tax when the relevant service has been provided.

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Notes to the financial statements for the year ended 31 December 2016 (*continued*)

1. Significant accounting policies (*continued*)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Investments in associates, joint ventures and subsidiaries

Investments are stated at cost, less any provision for impairment.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2. Analysis of turnover

Turnover arises principally from the provision of creative design and production services to parties outside of the Corporation. The destination of £0.6 million of turnover (2015: £1.0 million) is outside of the UK.

3. Auditor's remuneration

	2016 £000	2015 £000
Audit of these financial statements	<u>10</u>	<u>10</u>

No fees are paid to the Company's auditor and its associates for services other than the statutory audit of the Company's financial statements.

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Notes to the financial statements for the year ended 31 December 2016 (*continued*)

4. Remuneration of directors

The directors and staff of the Company are employees of, and remunerated by, the Corporation. No amounts were paid to the directors of the Company for services to the Company (2015: £nil). No retirement benefits were accrued to directors for services to the Company.

5. Taxation

Analysis of charge in the year

	2016 £m	2015 £m
Group relief payable		
Adjustments for prior years	<u>0.1</u>	-
Total tax	<u>0.1</u>	-

Factors affecting the tax charge for the year

The current tax charge for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%). The differences are as follows:

	2016 £m	2015 £m
<i>Current tax reconciliation</i>		
Profit before tax	<u>0.2</u>	<u>0.2</u>
Current tax at 20.0% (2015: 20.25%)	-	-
<i>Effects of:</i>		
Adjustments for prior years	<u>0.1</u>	-
Total tax on profit	<u>0.1</u>	-

6. Investments

	Total £m
Cost and Net carrying amount	
At 1 January 2016	2.1
Acquisitions	<u>9.9</u>
At 31 December 2016	<u>12.0</u>

Commercial Growth Fund

During 2015, the Corporation launched the Commercial Growth Fund, a fund with the aim of attracting new advertisers to TV and stimulating existing sectors, where the Corporation exchanges advertising airtime in exchange for equity shareholdings or convertible loan instruments. During 2016, the Company made six investments through the Commercial Growth Fund totalling £9.9 million in a broad range of companies for a combination of equity interest and convertible loan notes.

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Notes to the financial statements

for the year ended 31 December 2016 (*continued*)

6. Investments (continued)

Global Series Network Limited

During 2015, the Company purchased 80% of the shares and voting interests in Global Series Network Ltd ('GSN') for a consideration of £2 million. The acquisition of GSN secured access to foreign drama content rights for distribution on the Corporation's portfolio of channels and platforms.

Other undertakings

The remaining £0.1 million of the equity investments held at the balance sheet date reflect a 15% direct equity holding in Protagonist Pictures Ltd.

The Company also held equity investments in My Builder Ltd, AudioBoom Plc and ScraperWiki Ltd at 31 December 2016. The shareholding in each company represents an interest of less than 20%. These are recorded at £nil value as at 31 December 2016 and 2015. The Company sold its stake in My Builder Ltd after the balance sheet date.

At 31 December 2016, the Company has direct and indirect shareholdings with over 20% interest in the following companies, each of which is incorporated in the United Kingdom:

Company	Registered Address	Nature of business	Ownership interest
Direct shareholdings			
Film Four Limited	124 Horsferry Road, London, SW1P 2TX	Film distribution	100%*
Channel Four Investments Limited	124 Horsferry Road, London, SW1P 2TX	Indie Growth Fund	100%*
Global Series Network Limited	10 Orange Street, Haymarket, London, WC2H 7DQ	TV and film distribution	80%**
* Issued Ordinary shares of £1 each ** Issued 'A' Ordinary shares of £1,000 each			
Indirect shareholdings			
Eleven Film Limited	25-26 Poland Street, London, W1F 8QN	TV programme production activities	20%
Lightbox Media Limited	Regina House, 124 Finchley Road, London, NW3 5JS	TV programme production activities	22%
Popkorn Media Limited	C/O Williams & Co, 8/10 South, Street, Epsom, Surrey, KT18 7PF	TV programme production activities	25%
Renowned Films Limited	39 Long Acre, London, Covent Garden, England, WC2E 9LG	TV programme production activities	25%
Spelthorne Community Television Limited	2nd Floor 63-64 Margaret Street, London, W1W 8SW	TV programme production activities	21%
True North Productions Limited ***	Grant Way, Isleworth, Middlesex, United Kingdom, TW7 5QD	TV programme production activities	25%
Whisper Films Limited	Unit B South Avenue Studios, 7 South Avenue, Richmond, Surrey, England, TW9 3EL	Motion picture production activities	25%

*** Channel Four Investments Limited sold its stake in True North Productions Limited after the balance sheet date

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Notes to the financial statements for the year ended 31 December 2016 (*continued*)

7. Debtors

	2016 £m	2015 £m
Amounts due from group undertakings	127.7	138.5
Prepayments and accrued income	<u>-</u>	<u>0.1</u>
	<u>127.7</u>	<u>138.6</u>

8. Creditors: amounts falling due within one year

	2016 £m	2015 £m
Amounts due to group undertakings	-	1.2
Corporation tax	<u>0.1</u>	<u>-</u>
	<u>0.1</u>	<u>1.2</u>

9. Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i> 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

10. Ultimate parent company and group undertaking

Channel Four Television Corporation, a statutory Corporation domiciled in the United Kingdom, is the ultimate and immediate parent and controlling party. The consolidated financial statements of the Corporation are available to the public and may be obtained from the Board Secretary, Channel Four Television Corporation, 124 Horseferry Road, London, SW1P 2TX.

The largest and smallest group in which the results of the Company are consolidated is that headed by the Corporation.